

Coffee Pods And Capsules - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

Market Report | 2026-02-09 | 135 pages | Mordor Intelligence

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Report description:

Coffee Pods And Capsules Market Analysis

The coffee pods and capsules market is expected to grow from USD 32.62 billion in 2025 to USD 34.66 billion in 2026 and is forecast to reach USD 46.91 billion by 2031 at 6.26% CAGR over 2026-2031. Driven by a surge in household demand for premium coffee, a swift expansion of machine installations, and private-label initiatives from retailers, the market is witnessing notable growth. The increasing preference for convenience and high-quality coffee products among consumers has further fueled this demand. As premiumization aligns with sustainability, product innovation is increasingly leaning towards specialty blends and eco-friendly formats, such as recyclable pods and biodegradable packaging. In response to stringent regulations and a commitment to flavor integrity, companies are turning to aluminum and compostable solutions, which not only meet environmental standards but also preserve the quality of the coffee. While global brands are actively seeking alliances, mergers, and acquisitions to bolster their scale and counter the challenge posed by nimble newcomers, the competitive intensity remains at a moderate level, with established players focusing on maintaining their market share and shelf presence.

Global Coffee Pods And Capsules Market Trends and Insights

Premiumization and demand for specialty single-serve coffee

Driven by consumers' willingness to pay a premium for specialty coffee experiences, the market is expanding beyond its traditional commodity roots. This trend is evident as artisanal roasters team up with capsule manufacturers, introducing

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limited-edition flavors that fetch a 30-40% premium over standard offerings. These collaborations not only enhance product differentiation but also cater to a growing segment of consumers seeking unique and high-quality coffee experiences. A prime example is Nestle's partnership with Starbucks, which not only capitalizes on brand equity to support higher price points but also broadens its market reach beyond conventional coffeehouses. By leveraging Starbucks' established reputation and Nestle's distribution network, this collaboration has successfully tapped into the premium coffee segment. This wave of premiumization not only fortifies established players' competitive edges but also paves the way for craft coffee brands to venture into the single-serve arena, offering them a platform to compete with larger players. Furthermore, the pivot towards specialty offerings is spurring technological advancements in brewing systems, with manufacturers crafting machines that adeptly extract optimal flavors from these premium coffee blends. These innovations aim to enhance the consumer experience by ensuring that the quality of specialty coffee is preserved and maximized during the brewing process.

Increasing household consumption

As remote work cements its place in corporate culture, home coffee consumption is on the rise, shifting demand from commercial outlets to residential homes. Globally, coffee consumption jumped by 5% year-over-year, outstripping the 3% growth seen in the U.S. This trend is evident in 11 out of 12 major countries, highlighting a widespread shift in consumer behavior. The shift underscores a growing appetite for at-home brewing solutions that match coffeehouse standards, driven by the increasing time spent at home and the desire for premium coffee experiences without leaving the house. Households are increasingly favoring pod-based systems over traditional methods, drawn by their consistency, convenience, and quicker preparation times. This transition from commercial to home consumption is prompting a rethink in supply chains and a push for packaging innovations, now tailored for retail rather than bulk foodservice. Additionally, manufacturers are focusing on enhancing product offerings to cater to evolving consumer preferences, such as eco-friendly pods and customizable brewing options.

Counterfeit and low-grade refill capsules

Unauthorized refills undermine brand trust and diminish cup quality. Testing by SGS revealed a 10% mislabeling rate in products labeled as "100% Arabica," highlighting significant authenticity concerns. Such mislabeling not only misleads consumers but also poses risks to the reputation of premium coffee brands. While budget-friendly imitations attract price-sensitive consumers, they risk damaging machines and altering taste profiles, leading to potential long-term dissatisfaction among users. In a bid to safeguard their intellectual property, brands are turning to QR codes and pursuing legal actions. QR codes allow consumers to verify product authenticity, while legal actions aim to deter counterfeiters. However, enforcing these measures proves difficult in the fragmented landscape of retail, where counterfeit products often circulate through complex and unregulated supply chains.

Other drivers and restraints analyzed in the detailed report include:

Rapid expansion of closed-system machine install base
Mainstream retailers adding private-label capsules
Intensifying pushback on single-use plastics

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

In 2025, capsules dominated the global coffee pods and capsules market, capturing 51.88% of the segment. Their airtight design not only preserves the coffee's aroma but also ensures precise dosing for each brew. The growth of the capsule segment is closely linked to the rising demand for single-serve coffee machines. Manufacturers are now focusing on making their products compatible with these machines and developing proprietary extraction profiles to enhance flavor consistency. Innovations in capsule materials are also noteworthy; for instance, Keurig recently introduced compostable K-Rounds, moving away from

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traditional plastic casings, showcasing the industry's shift towards eco-friendliness. In commercial settings, hard pods are preferred for their durability during high-volume use, while households lean towards capsules for their convenience and prolonged freshness. The competitive landscape is driven by technological innovations and brand differentiation, with companies aiming to elevate the coffee experience, irrespective of the hardware used.

On the other hand, coffee pods are the fastest-growing segment, with projections of a 6.63% CAGR through 2031. This surge is largely attributed to a growing consumer preference for sustainable options. Paper-based pods, favored by eco-conscious consumers as alternatives to plastic and aluminum, have seen a notable uptick in adoption. In response to these market shifts, manufacturers are blending the sustainability of pods with the convenience of capsules, challenging traditional category boundaries. This approach enables commercial entities to utilize hard pods for their robustness, while households are gravitating towards soft pods that align with curbside composting initiatives. Such adaptability is driving market growth, catering to both home users and foodservice establishments. Competitive strength in the pod arena is bolstered by unique extraction technologies that ensure rich flavor profiles, even as the focus on environmental responsibility grows among consumers.

Conventional coffee pods and capsules command a dominant 82.96% share of the global market. Their leadership is bolstered by well-established supply chains and cost advantages, making them easily accessible to both manufacturers and consumers. Thanks to extensive distribution networks and standardized production practices, these conventional options enjoy consistent availability and stable pricing across various regions. Retailers' familiarity with these formats, coupled with broad consumer acceptance, reinforces their market dominance. Major brands leverage economies of scale, simplifying operations and efficiently catering to large-scale demand. Despite rising sustainability concerns, conventional SKUs still occupy prime shelf space globally, a testament to enduring purchasing habits and competitive pricing. Furthermore, the ability of conventional coffee pods and capsules to cater to a wide range of consumer preferences, including flavor variety and compatibility with popular coffee machines, strengthens their foothold in the market. Their affordability compared to premium or niche alternatives also ensures their appeal to cost-conscious consumers, further solidifying their position.

On the other hand, organic coffee pods and capsules are the market's rising stars, with projections pointing to a robust 7.29% CAGR, outpacing the overall market growth. While organic SKUs hold a smaller slice of the market, their premium pricing bolsters supplier margins, even at reduced volumes. Certifications like Fair Trade and Rainforest Alliance not only foster consumer trust but also align with retailer sourcing policies, boosting organic products' visibility. In Europe, regulatory backing and clear labeling amplify awareness and accessibility of organic offerings. Take Starbucks, for instance: with 98.2% of its beans sourced through C.A.F.E. Practices, the brand's sustainability commitment directly enhances its market value. However, operational challenges, like supply segregation and certification audits, pose entry hurdles, benefiting established players adept in compliance. Moreover, a surge in health consciousness across the Asia-Pacific is expanding the audience for chemical-free, single-serve coffee, propelling the organic segment's growth. The increasing demand for transparency in product sourcing and the growing preference for environmentally friendly packaging further contribute to the segment's expansion. Additionally, the ability of organic coffee pods and capsules to cater to niche markets, such as vegan or allergen-free consumers, enhances their appeal and positions them as a premium choice for health-conscious buyers.

The Coffee Pods and Capsules Market Report is Segmented by Product Type (Pods, Capsules), Category (Conventional, Organic), Packaging Material (Plastic, Aluminium, Compostable/Biodegradable), Distribution Channel (On Trade, Off Trade), and Geography (North America, Europe, Asia-Pacific, South America, Middle East and Africa). The Market Forecasts are Provided in Terms of Value (USD).

Geography Analysis

In 2025, Europe, bolstered by its rich coffee culture and established recycling networks, commanded a dominant 36.21% share of the market. The EU Deforestation Regulation, a testament to policy leadership, incentivizes companies to maintain traceable

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supply chains, ensuring sustainable sourcing practices. Germany, the UK, and France stand out as primary hubs, where specialty single-serve products enjoy premium shelf space due to high consumer demand for quality and convenience. While the EU's Right-to-Repair mandates might challenge machine exclusivity by allowing third-party repairs, they simultaneously pave the way for enhanced service revenue streams as companies adapt to offer maintenance and support services.

Asia-Pacific is poised to lead with a robust 7.05% CAGR through 2031. In China, urban consumers are propelling a 20% annual growth in cold-coffee adoption, driven by changing lifestyles and preferences for ready-to-drink beverages. Nestle is eyeing an expansion of the Starbucks capsule range into India, aiming to tap into the burgeoning middle-class demographic, which increasingly seeks premium and convenient coffee options. While Japan and South Korea ensure consistent sales due to their established coffee-drinking habits, it's the rising disposable incomes in Southeast Asia, coupled with growing urbanization, that promise significant growth opportunities for market players.

North America boasts a solid revenue foundation, thanks to the entrenched Keurig ecosystems and proactive corporate sustainability efforts. Yet, with looming plastic-waste regulations echoing European standards, suppliers are being nudged towards recyclable and compostable materials, which could reshape packaging strategies across the region. South America, while capitalizing on origin marketing to highlight the unique qualities of locally sourced coffee, grapples with income volatility that dampens the premium segment's growth, as affordability remains a concern for many consumers. In the Middle East and Africa, markets, especially in the Gulf Cooperation Council countries, are witnessing steady growth, driven by increasing Western dietary influences, a growing preference for premium coffee products, and robust household incomes that support discretionary spending.

List of Companies Covered in this Report:

Nestle SA JAB Holding - JDE Peet's Keurig Dr Pepper Inc. Luigi Lavazza SpA Starbucks Corporation The Kraft Heinz Company (Maxwell House) Melitta Group Gloria Jean's Coffees Strauss Group Cravium Gourmet Pvt Ltd (Coffeeza) Trilliant Food & Nutrition LLC illycaff S.p.A Death Wish Coffee Company Caffe Borbone Gimoka S.p.A Halo Coffee Ltd PT Kapal Api Global JJ Darboven GmbH & Co. KG UCC Ueshima Coffee Co. Coca-Cola HBC (A Costa Coffee Pods)

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