

Global coffee capsules and pods market set to reach 15 billion in 2023

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The global coffee capsules and pods market is anticipated to accumulate a market value of US\$15.1 billion in 2023 and is expected to garner a valuation of US\$26.8 billion by exhibiting a CAGR of 5.89% in the forecast period 2023 to 2033. The coffee capsules and pods market reflected a growth of 4.1% CAGR in the historical period 2018 to 2022.

The efficiency, quality, and varied choices offered in a single serving of coffee are driving the growth of the coffee capsules and pods market. Consumers are also more interested to purchase coffee machines to recreate the cafe-style experience at home. This trend is expected to boost product demand in the coming years.

Coffee is the most consumed beverage, and its high demand is the primary factor for the growth of the market. One of the key factors responsible for the growing popularity of coffee pods among consumers is their one-time use and disposable features. These days, manufacturers are trying to make environment-friendly and biodegradable coffee capsules.

- For example, in November 2022, a Nestle brand 'Nespresso' introduced biodegradable coffee capsules made from paper. These capsules are perfect for Nespresso coffee machines. These kinds of new product launches will positively benefit market growth.
- The market is growing due to the growing demand for ready-to-drink coffee beverages. People have very hectic lives these days because of industrialisation and urbanisation. Therefore, they demand quick refreshments and easy-to-make coffee.
- Coffee pods save time and provide good-quality coffee within a few minutes. The market players like Nestle are innovating new products for homemade coffees. For example, in November 2022, Nestle brand Nescafe Dolce Gusto introduced 'Neo', the brand's next-generation coffee machines and pods. These coffee pods are paper-based and home-compostable.

Apart from this, the wide availability of coffee capsules and pods through offline and online distribution channels is providing lucrative growth prospects to industry investors. Along with this, key market players are launching innovative coffee flavours to increase their overall sales and profitability. They are also investing in promotional campaigns through social media platforms.

- Region-wise, Europe is expected to lead the market by accumulating over 40% market share by end of the forecast period, with Germany, the United Kingdom, France, and Russia being the countries with profitable growth opportunities.
- Likewise, Asia Pacific is expected to witness significant CAGR growth of 5.7% during the forecast period. As consumption of coffee products is increasing among health-conscious consumers, manufacturers are planning to develop new & innovative formulations such as coffee capsules, sugar-free coffee premix, and other products in the market.

Also, market players have adopted new and advanced technologies to launch innovative products like coffee pods and capsules, in recyclable and compostable packaging. Therefore, the introduction of new formulations and the adoption of technologies is expected to augment growth in the region.

Other factors such as rising demand for instant non-alcoholic beverages due to growing disposable income and the rising popularity of coffee pods and capsules are anticipated to provide lucrative opportunities for the Asia-Pacific market in the forthcoming period.

How Competitive is the Market?

Recent developments and breakthroughs in technology, mergers, acquisitions, tie-ups, and partnerships within the companies involved in manufacturing coffee capsules and pods are expected to create lucrative opportunities for market growth during the forecast period.

In September 2022: The Swiss coffee brand CoffeeB introduced single-serve coffee, an innovative compressed coffee ball that uses a seaweed-based casing rather than plastic or aluminium capsules.

In October 2021, Starbucks introduced a new range of coffee capsules providing Canadian coffee fans more opportunities to enjoy the signature café taste.

What Drives Growth of Coffee Capsules and Pods Market?

The biggest driver of the coffee capsules and pods market is the growth in coffee consumption in recent years and relatively high per capita consumption of coffee among the young consumer groups.

People trying different innovative ways to extract the true flavours of coffee and different formulations to get their favourite type of coffee in lesser time, also the single-serve coffee made possible by pods and convenience to users, results in a sharp rise in demand for coffee capsules and pods, which eventually drives the coffee capsules and pods market.

Which Hindrances are Limiting Coffee Capsules and Pods Market Growth?

Less awareness regarding coffee capsules and pods in developing and underdeveloped regions results in a lack of popularity among consumers in these regions.

Moreover, the cost of coffee capsules and pods is comparatively more expensive than other coffee packs sold in the market, making them unaffordable for most people. These few factors will be affecting negatively to growth of the coffee capsules and pods market.

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