

India Coffee Shops/Cafes Market By Ownership (Chained Outlets, Standalone Outlets), By Services (In-Dine, Takeaway), By Product Offering (Coffee, Tea, Snacks, Others), By Region, Competition, Forecast & Opportunities, 2020-2030F

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Abstracts

India Coffee Shops/Cafes Market was valued at USD 345.89 Million in 2024 and is expected to reach USD 523.08 Million by 2030 with a CAGR of 12.78% during the forecast period. The India Coffee Shops/Cafes market is primarily driven by factors such as rising disposable incomes, urbanization, and evolving consumer lifestyles. The growing middle class, particularly among the youth, is increasingly adopting caf? culture as a social and lifestyle choice. With an appetite for international brands and unique caf? experiences, demand for specialty and premium coffee has surged. Also, rapid growth in digital platforms has enabled coffee shops to expand their reach through delivery services. The trend of working and studying in caf?s has also contributed, as consumers seek comfortable spaces with quality beverages and Wi-Fi connectivity.

Key Market Drivers

Growing Coffee Consumption Across the Region

The growing coffee consumption across India is a key driver of the coffee shop and caf? market. As a part of this, according to IBEF, coffee consumption in India has increased from 84,000 tonnes in 2012 to 91,000 tonnes in 2023, owing to a growing cafe culture and changing drinking patterns. Traditionally, tea has been the preferred beverage in India, but coffee consumption is steadily rising due to several factors. A significant shift in consumer preferences is occurring, with younger generations, especially millennials and Gen Z, embracing coffee culture. These age groups are increasingly seeking

premium, international coffee experiences, which has led to the growth of specialty coffee shops and global caf? chains like Starbucks, Caf? Coffee Day, and Barista.

Urbanization plays a crucial role, as cities become hubs for a growing middle class with disposable income. Coffee shops are increasingly seen as social gathering places, offering a modern space for work, meetings, and leisure. Also, coffee consumption has become associated with lifestyle and status, with consumers willing to pay more for premium and artisanal coffee. Along with this, exposure to international coffee culture, through digital media and travel, has fostered a desire for diverse coffee blends, quality brewing techniques, and personalized experiences. Also, the increasing trend of coffee deliveries through mobile apps is making it more convenient to access specialty coffee, thus fuelling demand. As a result, coffee consumption continues to rise across the region, further propelling the market's growth.

Expansion of Coffee Chains

The expansion of coffee chains is a major driver of the coffee shop/cafes market in India. Over the past decade, both global and regional coffee chains have seen rapid growth in the country, capitalizing on the rising demand for coffee and caf? culture. International brands like Starbucks, Dunkin', and Costa Coffee have established a strong presence in major urban centers, while homegrown chains such as Caf? Coffee Day and Barista have expanded significantly across tier 2 and tier 3 cities. As a part of this, as of May 2024, Devyani International Limited (DIL) expanded Costa Coffee across India in the fourth quarter, resulting in strong full-year outlet and revenue growth for the UK-based coffee company. DIL opened 25 net new Costa Coffee locations, and 67 in the previous year, bringing the total to 179 outlets, its largest quarterly and yearly additions since becoming the coffee chain's official India licensee in 2005.

This expansion is supported by a combination of factors, including increased disposable incomes, changing consumer lifestyles, and the growing popularity of coffee as a social and aspirational beverage. Coffee chains have successfully introduced consumers to a range of coffee options, from specialty blends to unique drinks, attracting a diverse customer base. The chains' ability to offer consistent, high-quality coffee and a comfortable, modern ambiance has made them go-to destinations for socializing, working, or relaxing. Also, these chains are adapting to local preferences by introducing region-specific flavors and customizing menus to appeal to Indian tastes. Delivery services, loyalty programs, and online ordering have further boosted their reach. The proliferation of coffee chains is thus reshaping India's caf? landscape,

making coffee more accessible and culturally ingrained, while fuelling the sector's growth.

Rapid Urbanization Across the Region

Rapid urbanization in India is a key driver of the coffee shop/café market. As cities expand and rural populations migrate to urban areas in search of better employment opportunities, there has been a noticeable shift in lifestyle choices, particularly in the way people consume beverages and socialize. As a part of this, according to World Bank Group, India is increasingly urbanizing. By 2036, its towns and cities will house 600 million people, or 40% of the total population, up from 31% in 2011, with urban areas accounting for over 70% of GDP. Urban centers like Delhi, Mumbai, Bengaluru, and Hyderabad are seeing an influx of middle-class consumers with increased disposable incomes, which has contributed to the growing demand for coffee and café experiences.

Urban areas provide the ideal environment for coffee shops to thrive, as consumers seek spaces that offer more than just a beverage but a comfortable environment to relax, work, or meet with others. The demand for cafes is further fuelled by busy urban lifestyles, where people are increasingly looking for quick yet enjoyable coffee breaks amid their hectic schedules. Coffee shops offer not only high-quality drinks but also Wi-Fi, cozy ambiance, and a place to network, study, or simply unwind. With coffee becoming a part of everyday life in urban settings, the proliferation of coffee shops is growing rapidly. In addition, as more malls, shopping centers, and business districts emerge in urban areas, the presence of coffee shops in these locations is becoming essential, creating a strong market growth catalyst driven by urbanization.

Key Market Challenges

Strict Government Norms

Strict government norms present a significant challenge for coffee shops, particularly in India. The regulatory environment surrounding food safety, hygiene standards, labor laws, and environmental regulations can be complex and stringent. Coffee shops must comply with health and safety guidelines, including maintaining proper sanitation, storing ingredients safely, and adhering to local food regulations, which can require constant monitoring and training.

Also, labor laws, including working hours, employee benefits, and wage regulations,

must be strictly followed, which can increase operational costs and administrative work. For smaller coffee shops, staying compliant with these regulations may be particularly difficult due to limited resources. Environmental regulations also pose challenges, as businesses are increasingly required to adopt sustainable practices, such as waste management and energy conservation, which may involve additional investment. The government's push for sustainability, including the use of eco-friendly packaging, places pressure on coffee shops to innovate and meet these expectations. Also, tax compliance and changing policies regarding GST (Goods and Services Tax) can affect pricing strategies and profitability. Navigating these strict norms requires significant time, effort, and financial resources, which can create barriers to growth, especially for newer or smaller coffee businesses.

Supply Chain Issues

Supply chain issues are a significant challenge for coffee shops, impacting both costs and operational efficiency. Coffee beans, a primary ingredient, are subject to global market fluctuations, influenced by factors such as climate change, political instability in coffee-growing regions, and transportation disruptions. These issues can cause unpredictable price increases and even shortages, making it difficult for coffee shops to maintain consistent product offerings. Also, other essential ingredients like milk, sugar, and syrups can be affected by supply chain disruptions, particularly when the demand for these items exceeds local production or when logistics issues delay shipments. For coffee shops relying on specific suppliers or international imports, supply chain delays can lead to service interruptions and dissatisfied customers.

Packaging materials, such as cups, lids, and straws, may also face supply shortages due to global supply chain disruptions, further complicating operations. Increased transportation costs due to fuel price fluctuations or logistical bottlenecks can also affect the overall cost structure of coffee shops. The need to maintain a consistent supply of quality ingredients while managing these challenges requires coffee shops to develop alternative sourcing strategies, plan inventory carefully, and build strong relationships with reliable suppliers to minimize disruptions.

Key Market Trends

Rising Working Population Across the Region

The rising working population across India is significantly influencing coffee shop trends, driving their growth and transformation. As a part of this, according to a recent study, as

of September 2024, India's working-age population has been expanding since 1971 and is expected to reach 64.4% in the upcoming Census. With an increasing number of professionals, especially in urban areas, seeking comfortable spaces outside of their homes or offices to work or hold meetings, coffee shops are becoming popular 'third spaces.' These venues offer not only quality beverages but also a conducive environment for work, complete with Wi-Fi, comfortable seating, and power outlets.

As remote work and flexible work hours become more common, coffee shops have become ideal places for freelancers, entrepreneurs, and remote workers to meet clients, collaborate, or work solo. The demand for 'work-friendly' amenities, such as quieter spaces, long hours of operation, and easy access to digital payment options, is growing. Also, coffee shops are adjusting their offerings to cater to the needs of this working population. Extended hours, convenient grab-and-go options, and premium coffee blends that cater to a busy lifestyle are increasingly being prioritized. Some coffee shops are even introducing co-working spaces within their premises, where individuals can rent desks or private rooms. This trend reflects the evolving role of coffee shops as essential hubs for productivity, networking, and socializing for the working population.

Increased Focus on Eco-Friendly Practices

An increased focus on eco-friendly practices is a prominent trend in the coffee shop industry. As consumers become more environmentally conscious, coffee shops are adopting sustainable practices to reduce their environmental footprint. One major change is the shift toward eco-friendly packaging, such as compostable cups, straws, and lids, to replace single-use plastics. Many coffee shops are also offering discounts or incentives for customers who bring their reusable cups, encouraging more sustainable behaviour.

Sourcing practices are another area of focus, with a growing demand for ethically sourced coffee beans from farms that prioritize environmental sustainability and fair-trade practices. Coffee shops are increasingly promoting their commitment to sourcing beans from farmers who use organic, environmentally responsible farming methods. Waste reduction is also a priority, with many coffee shops implementing systems to minimize food waste, compost coffee grounds, and recycle materials. Also, some are reducing water usage and energy consumption by installing energy-efficient appliances or using solar power. This eco-conscious shift not only meets consumer demand for sustainability but also aligns with broader corporate social responsibility goals, contributing to the long-term success and reputation of coffee shops that embrace these practices.

Increased Consumption of Plant-Based Beverages

The increased consumption of plant-based beverages is a significant trend in the coffee shop industry. As more consumers adopt plant-based diets or seek alternatives due to health, environmental, or ethical reasons, coffee shops are expanding their menus to cater to this growing demand. Alternatives to dairy milk, such as almond, oat, soy, and coconut milk, have become mainstream offerings in many coffee shops, providing customers with options that align with their dietary preferences.

In addition to milk alternatives, coffee shops are introducing plant-based syrups, vegan creamers, and plant-based snacks to appeal to vegan and lactose-intolerant customers. These offerings allow coffee shops to tap into a broader consumer base, providing inclusive options without compromising on taste or quality. The popularity of plant-based beverages is driven not only by dietary restrictions but also by increasing awareness of the environmental impact of animal-based products. Consumers are becoming more conscious of the carbon footprint associated with dairy farming, leading them to choose plant-based alternatives. Coffee shops that embrace this trend are not only meeting consumer demand but also promoting sustainability and inclusivity, further enhancing their brand appeal in an increasingly health-conscious market.

Segmental Insights

Ownership Insights

Chained Outlets dominated the India Coffee Shops/Cafes market, due to their strong brand recognition, consistent quality, and ability to scale rapidly. International chains like Starbucks and Dunkin' and local players like Caf? Coffee Day and Barista have successfully established a wide presence across urban and tier-2 cities. These chains benefit from extensive marketing, loyalty programs, and standardized offerings that appeal to a broad customer base. Their ability to adapt to local tastes, along with a focus on providing premium experiences and convenient services like delivery, has solidified their dominance. The scalability and investment-backed infrastructure of chains have also allowed them to expand quickly and meet growing demand.

Regional Insights

The South region dominated the India Coffee Shops/Cafes market, due to its strong coffee culture, urbanization, and rising disposable incomes. Cities like Bengaluru,

Chennai, and Hyderabad have seen a rapid increase in cafe culture, with both local and international brands thriving. The region's affinity for coffee, particularly in cities like Coorg and Chikmagalur, where coffee is grown, has contributed to the market's growth. Also, the South's young, tech-savvy population, combined with increasing demand for premium and specialty coffees, has driven the expansion of coffee chains and independent cafes. The region's significant urban centers are key hubs for this trend.

Key Market Players

Cafe Coffee Day

Starbucks Coffee Company

Barista Coffee Company Limited

Costa Limited

Brew Berrys Hospitality Pvt. Ltd

Indian Coffee House

Roastery Coffee

Third Wave Coffee

Tim Hortons

Blue Tokai Coffee Roasters

Report Scope:

In this report, the India Coffee Shops/Cafes Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

India Coffee Shops/Cafes Market, By Ownership:

Chained Outlets

Standalone Outlets

India Coffee Shops/Cafes Market, By Services:

Dine-In

Takeaway

India Coffee Shops/Cafes Market, By Product Offering:

Coffee

Tea

Snacks

Others

India Coffee Shops/Cafes Market, By Region:

North

South

East

West

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the India Coffee Shops/Cafes Market.

Available Customizations:

India Coffee Shops/Cafes Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following

India Coffee Shops/Cafes Market By Ownership (Chained Outlets, Standalone Outlets), By Services (In-Dine, Take...

customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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