# NIQ Perspectives

*Beverages*

July 29, 2025

*“Rising tariffs, volatile commodity costs, and climate-driven supply shocks are brewing a perfect storm for the coffee industry—but instant coffee is in a position of strength. As wallets tighten and supply chains wobble, consumers will be looking for fast, affordable options that still deliver on experience. With favorable pricing and younger generations already leaning in, this storm could be the spark that pushes instant coffee into a whole new era—if manufacturers innovate boldly and retailers give it the space it’s earned.”*


**Chris Costagli**

**Vice President, Food Insights Lead, NielsenIQ**


## Here’s what industry experts are saying:

*“Starbucks is confronting intensifying macroeconomic headwinds as tariff-related pressures and commodity price volatility threaten its cost structure in the back half of fiscal 2025. A key concern is the impending 50% U.S. tariff on Brazilian coffee imports, set to take effect Aug. 1.”* [4]

*“As 2025 continues, we will unfortunately see many coffee companies either go out of business or be acquired opportunistically. They will not be able to raise prices high or fast enough to enjoy their incredibly high margins. Those that survive will do so by understanding the real needs of the consumer, and delivering excellent products at a fair price.”* [5]

**Martin Mayorga**

**Founder, Mayorga Coffee**

NielsenIQ



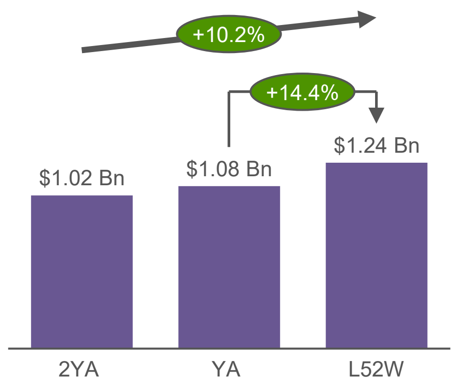
# Brew bold, spend less–instant coffee is a value hero

## Implications for packaged coffee manufacturers

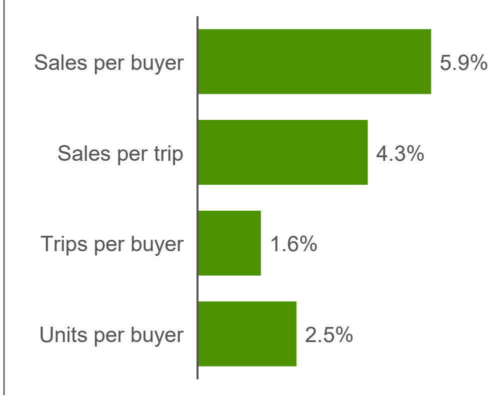
### Instant coffee is a rising star

Instant coffee is on fire—sales are up double digits and it’s fueling nearly 20% of the category’s growth. Shoppers aren’t just paying more because of price—they’re coming back more often and tossing more into their carts each trip. Retailers need to give the shelf space it’s earned, and brands should focus on bold innovation that meets the moment.

INSTANT COFFEE DOLLAR SALES TREND [1]



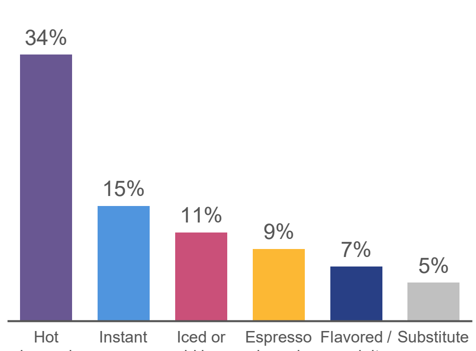

INSTANT COFFEE TREND [2]



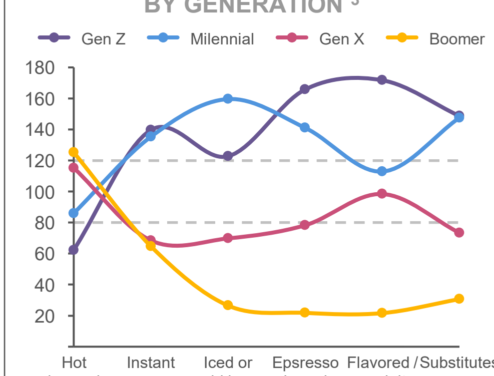

### Younger generations are redefining the instant coffee experience

Only 15% of consumers are choosing instant coffee at breakfast—but Millennials and Gen Z are changing the game. They want convenience, yes—but they also want an experience. That’s the opportunity: to reimagine instant coffee with bold flavors and elevated formats that deliver speed and satisfaction.

COFFEE MOST LIKELY TO BE CONSUMED AT BREAKFAST [3]



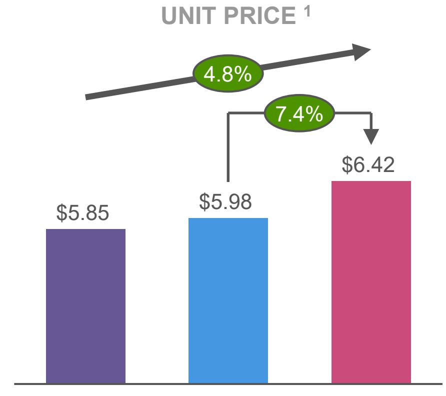

BREAKFAST COFFEE OF CHOICE, BY GENERATION [3]



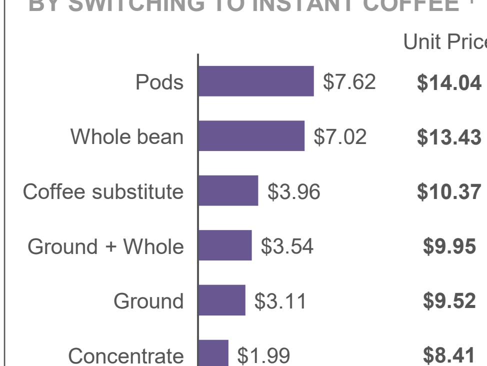

### Instant coffee is a cost-saving hero in the morning routine

With coffee prices climbing thanks to tariffs and commodity costs, instant coffee is stepping up as the go-to value play. Yes, prices are up—but it still delivers big savings compared to other segments. Smart brands will use that edge to win over budget-conscious shoppers and fuel growth with innovation that doesn’t break the bank.

INSTANT COFFEE UNIT PRICE [1]




HOW MUCH MONEY CONSUMERS SAVE BY SWITCHING TO INSTANT COFFEE [1]




Industry Analysts Source: [1] NIQ, Retail Measurement Services Including Fresh, Total US Full View + Conv., 52 Weeks Ending 7/12/25; [2] NIQ, Panel On Demand, Expanded Omnishopper Panel, Total US, Total Outlets, 52 Weeks Ending 6/14/2025; [3] NIQ, BASES Quick Question Omnibus Survey, June 2025, n=986; [4] Nasdaq, Mrithunjoy Kaushik, *Starbucks Faces Looming Brazil Coffee Tariffs: Can It Absorb the Hit*, July 17, 2025; [5] Fresh Cup, Garett Oden, *Experts Share Emerging Coffee Industry Trends of 2025*; June 6, 2025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