



SUBURBIA PRESENTS



# **THAT COFFEE MORNING KICK COSTS MONEY**

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## Summary

Coffee drinking might be the most common habit people have. Have you ever thought how much do non-coffee drinkers save? This piece is going to look at monthly transactions and expenses for three different price levels of coffees: cheap, average and expensive around university campuses in Utrecht. Students like to spend on their coffee and transactions on expensive coffee have been growing each month.



## 1. Introduction

Even if you do not like coffee, you have ended up typing that text invitation for a coffee to a friend. However, if you are a coffee drinker, have you ever made an estimation of your monthly expenses on coffee?

Some people enjoy drinking more coffees per day than others. That means that how much we really spend on coffee each month remains puzzling. In a study by Amerisleep (2018), 1,008 coffee drinkers were asked about their coffee drinking habits. 79 % of coffee drinkers stated they consume at least one cup on a daily basis, even though 12% of those daily drinkers believed that caffeine is “damaging to their bodies”. One of the most interesting insights from this study is that Millennials spend more on coffee than any other age group.

There is no doubt that demand for coffee has always been solid. The International Coffee Organization estimated that 11.2 million bags of 60kg of coffee were distributed all over the world in August 2018, or 5% more than July of this year.

Some countries drink more cups of coffee per day than others. The Finns, for example, grind their way on top of the ranking through an impressive 12kg per person per year, according to stats from the International Coffee Organization (ICO, 2018). In the same ranking, the Netherlands scores quite high with the average Dutch drinking 1.84 cups of coffee per day.

If Millennials and the Dutch like coffee, it does not take a math wizard to find that the Dutch Millennials love drinking coffee. But, how much do students actually pay on coffee? The following data comes from the Dutch biggest student city of Utrecht. It covers coffee consumption at small kiosks next to university campuses from October 2017 until September 2018.

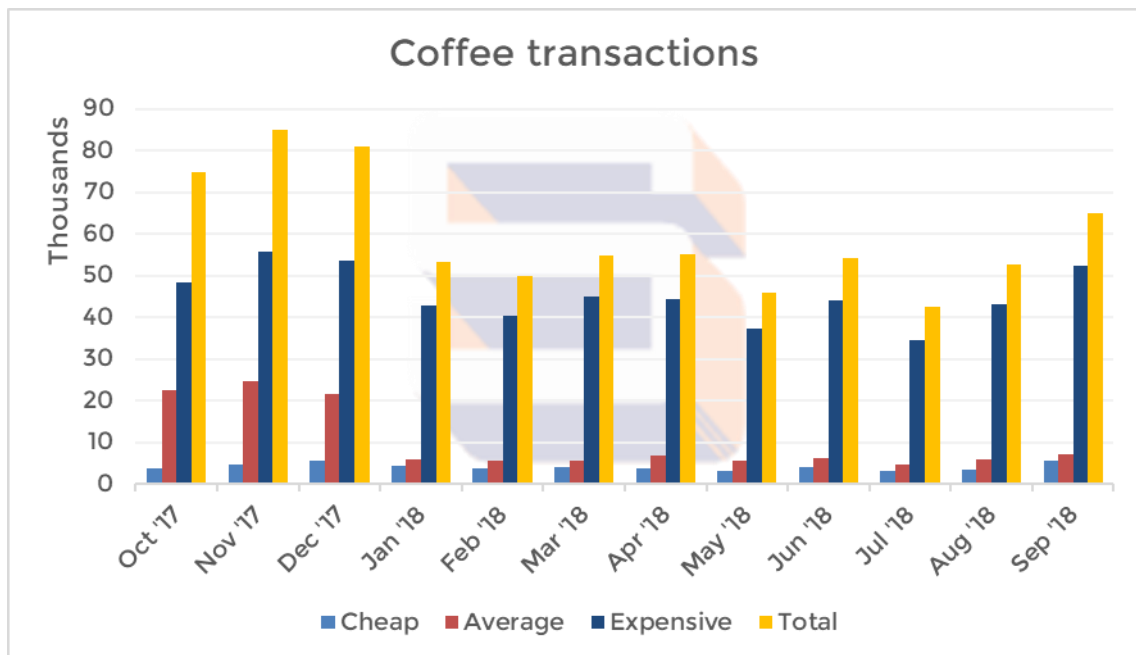


## 2. Data and Insights

When it comes to good coffee, those who do love it are willing to pay a little bit extra and that makes price can be a good measurement of quality. For that reason, looking at coffee by price brackets might be a more insightful picture.

We define cheap coffee as any coffee sold below one euro, average coffee is priced between one and three euros, and expensive coffee is any coffee sold above three euros. Let's begin with transactions. How many cups of coffee are there consumed each month during the last year in the university campuses of Utrecht?

**Figure 1: Coffee transactions in Utrecht each month**

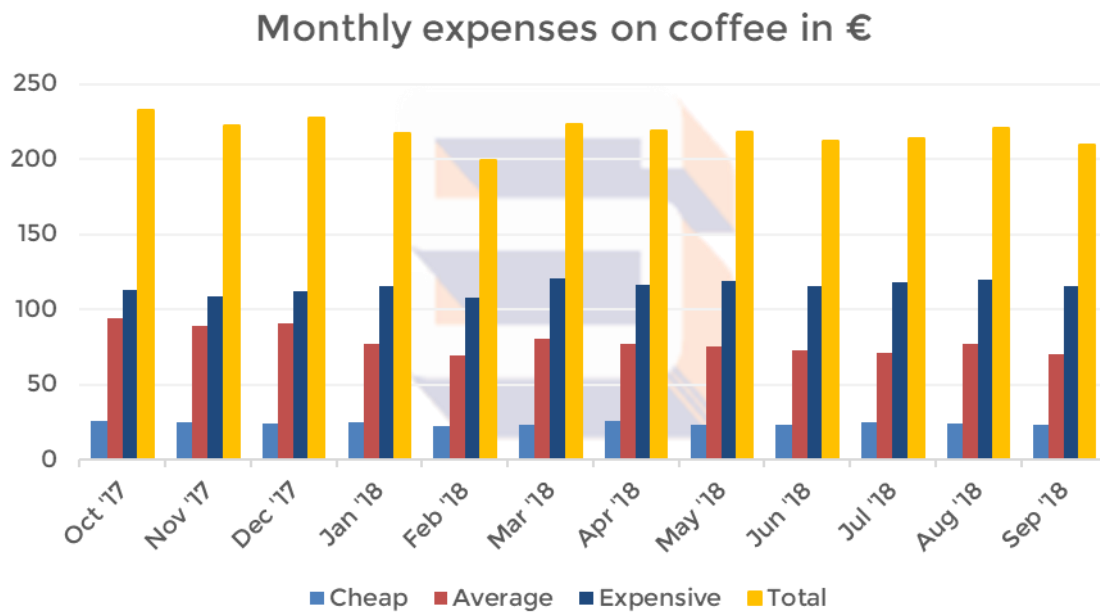


On average, four thousand cheap coffees are sold each month, followed by an average of 10 thousand average-priced coffees and 45 thousand expensive coffees per month. On average, a total of 60 thousand coffees are consumed each month with the months of October through December having a lead.



**How about expenses?** How much do non coffee drinkers save? The figure below shows that cheap-coffee drinkers spend around €25 each month on coffee. The average-coffee drinkers spend around €78 and the expensive-coffee drinkers spend around €110.

**Figure 1: Coffee expenses in Utrecht each month**



What is striking about the figure above is that monthly expenses on averagely priced coffee have decreased by 25%, while those of expensive coffee have increased with almost 10%.

A drop in demand for averagely priced coffee from January onward and a continuous increase in the demand for expensive coffee are the main drivers behind this.

It could also be the case that the price of average coffee went up during the last year and exceeded the threshold of three euros. Keeping in mind how difficult it is to switch to a different type of coffee, the sales boom of expensive type should not come as a surprise.



### 3. References

Amerisleep (2018). Retrieved from: <https://www.amerisleep.com/blog/caffeine-kick/>

ICO (2018). Retrieved from: <http://www.ico.org/>

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