WHAT Cafe CUSTOMERS WANT 2025

How Australians decide where to buy coffee and what they are willing to pay

SEVEN MILES

COFFEE ROASTERS

WHY COFFEE PRICING?

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Coffee pricing was a hot topic in 2024. With the cost of green coffee at record highs, the conversation has been centred on rising costs and how much customers should pay for a cup.

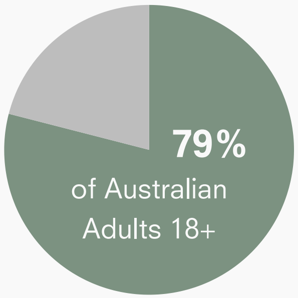
But the missing piece is the customer's perspective:

- How much customers are willing to pay for coffee.
- How customers decide where to buy their coffee.
- How customer behaviour is likely to shift in 2025.

To uncover these insights, we partnered with Lightspeed Research to survey a broad sample of Australian coffee drinkers.

THE COFFEE CATEGORY

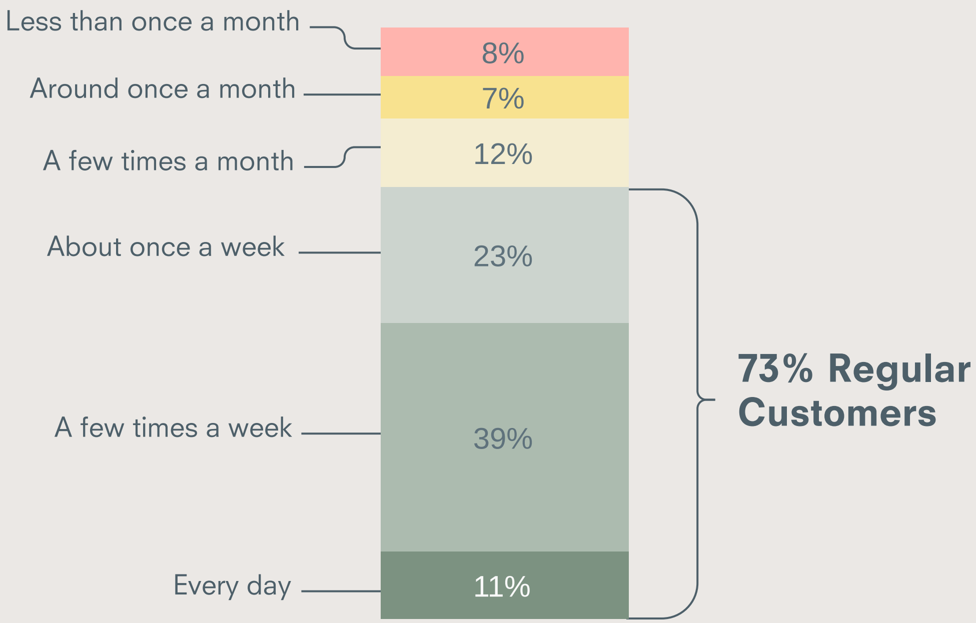
15.7 million people have bought coffee out of home in the last 3 months.
This represents 79% of Australians aged 18 and over.



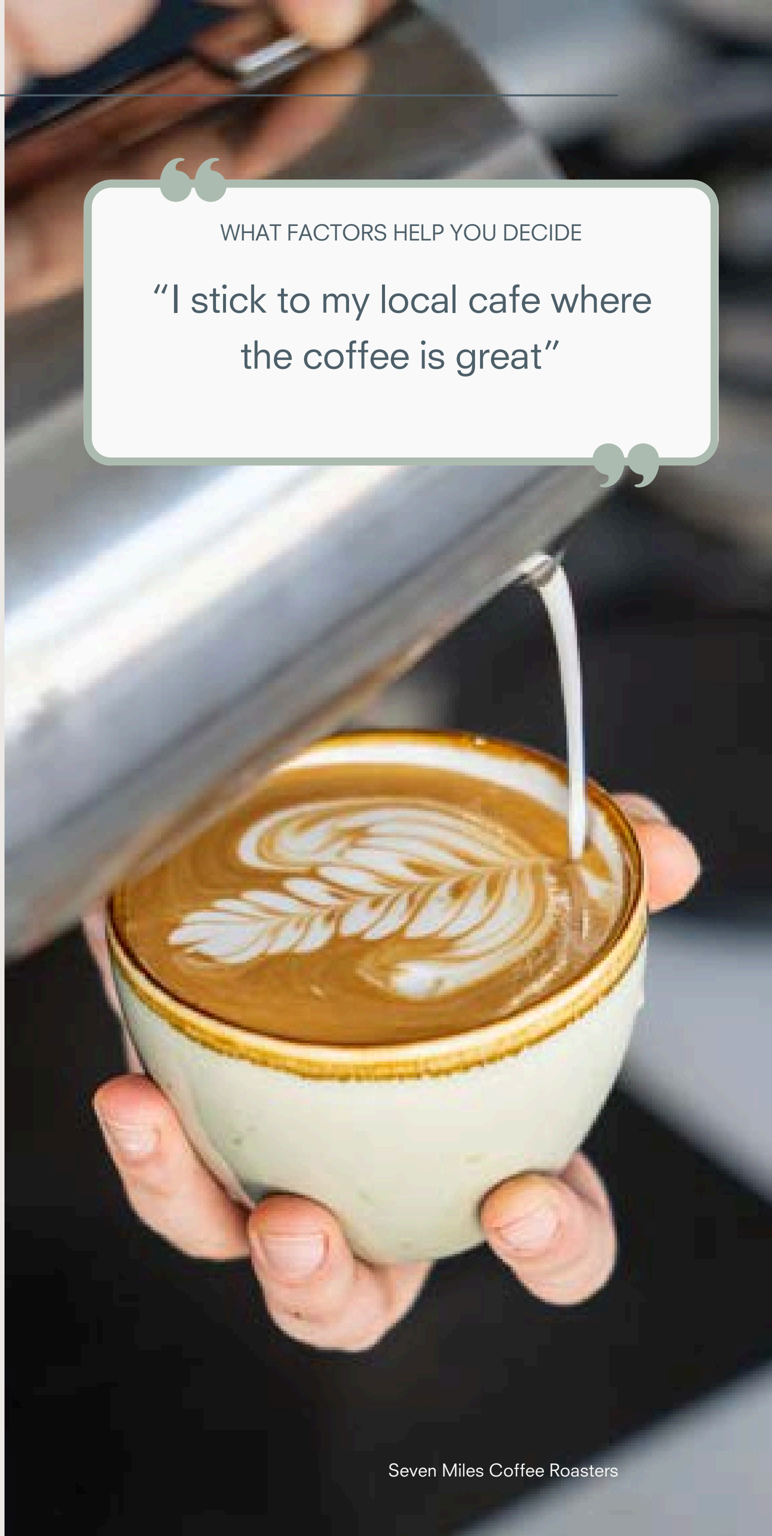
OUT-OF-HOME COFFEE DRINKERS

73% BUY COFFEE FROM A CAFÉ OR RESTAURANT AT LEAST ONCE A WEEK

How often do you purchase coffee made by a barista, in a Café or Restaurant?



Most out of home coffee drinkers are regular cafe customers (73%). This is even higher for the younger 18-34 age group (86%) and for people living in Victoria (79%). However, QLD coffee drinkers (64%) are slightly less frequent buyers.



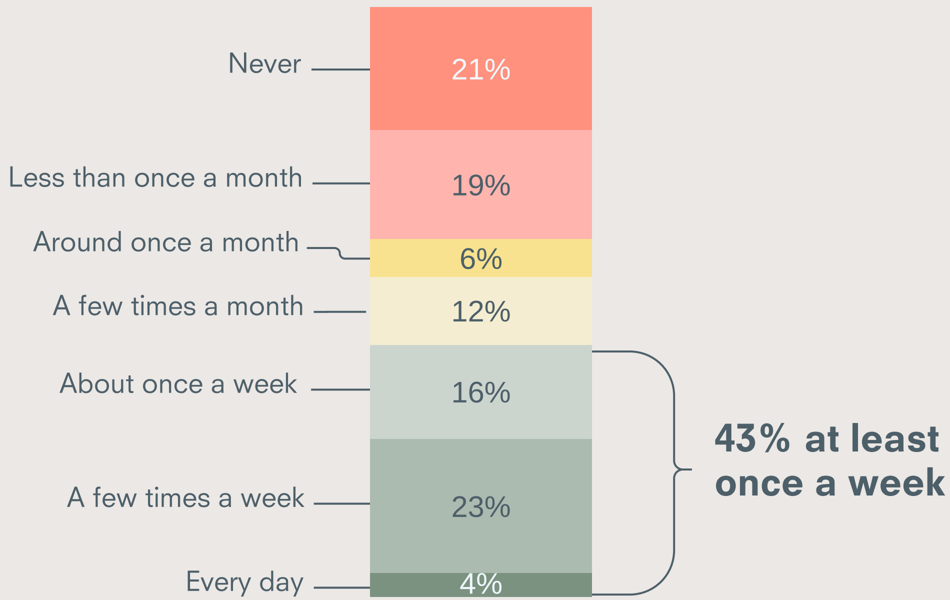
WHAT FACTORS HELP YOU DECIDE

"I stick to my local cafe where the coffee is great"

OUT-OF-HOME COFFEE DRINKERS

43% BUY COFFEE FROM A CONVENIENCE STORE OR SERVICE STATION AT LEAST ONCE A WEEK

How often do you purchase self-service coffee, from a Convenience Store or Service Station?



Nearly 80% of coffee drinkers purchase self-service coffee occasionally, with 43% buy it at least once a week. Frequent purchases are higher among Men (50%) and much lower in the 55+ year age group (15%).

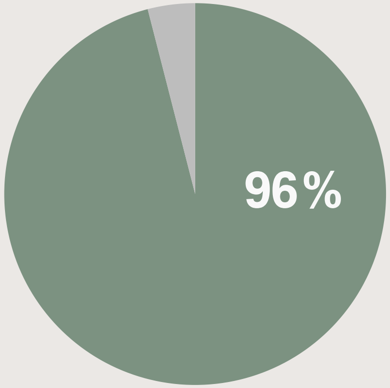
WHAT FACTORS HELP YOU DECIDE

"Quick service, I don't like waiting for more than 10 minutes for a coffee"

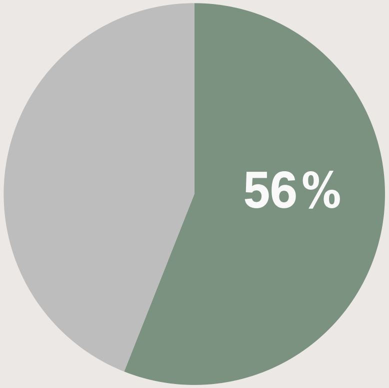
OUT-OF-HOME COFFEE DRINKERS

96% OF REGULAR CONVENIENCE COFFEE CUSTOMERS ALSO BUY FROM CAFES

Weekly Convenience users who also buy coffee from Cafes



Weekly Cafe users who also buy coffee from Convenience Stores

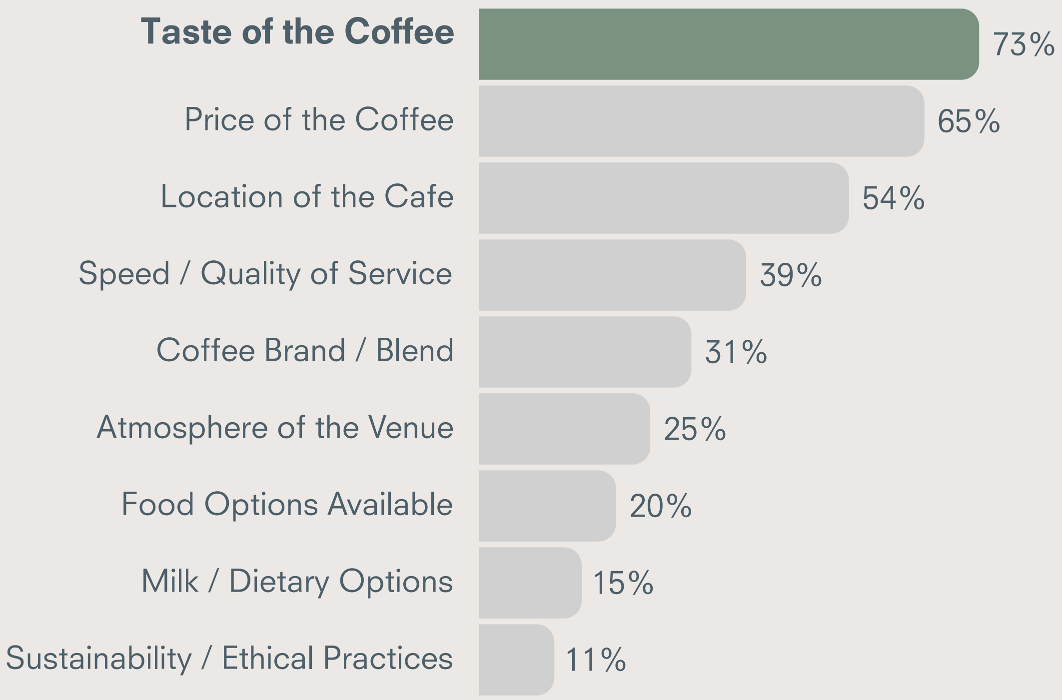


Most coffee drinkers buy coffee from both Cafes & Convenience Stores. Despite the difference in price, almost all regular convenience coffee customers also buy coffee from Cafés. The reverse is also true to a lesser degree, with more than half of regular café customers happy to buy self-service coffee when the need arises.

HOW CUSTOMERS DECIDE WHERE TO BUY

TASTE IS THE MOST IMPORTANT FACTOR WHEN DECIDING WHERE TO BUY COFFEE

When you are deciding where to buy coffee out of home, what are the key factors you take into consideration?*



Across all age groups, Taste, Price, and Location consistently emerge as the top three factors customers consider when choosing where to buy coffee.

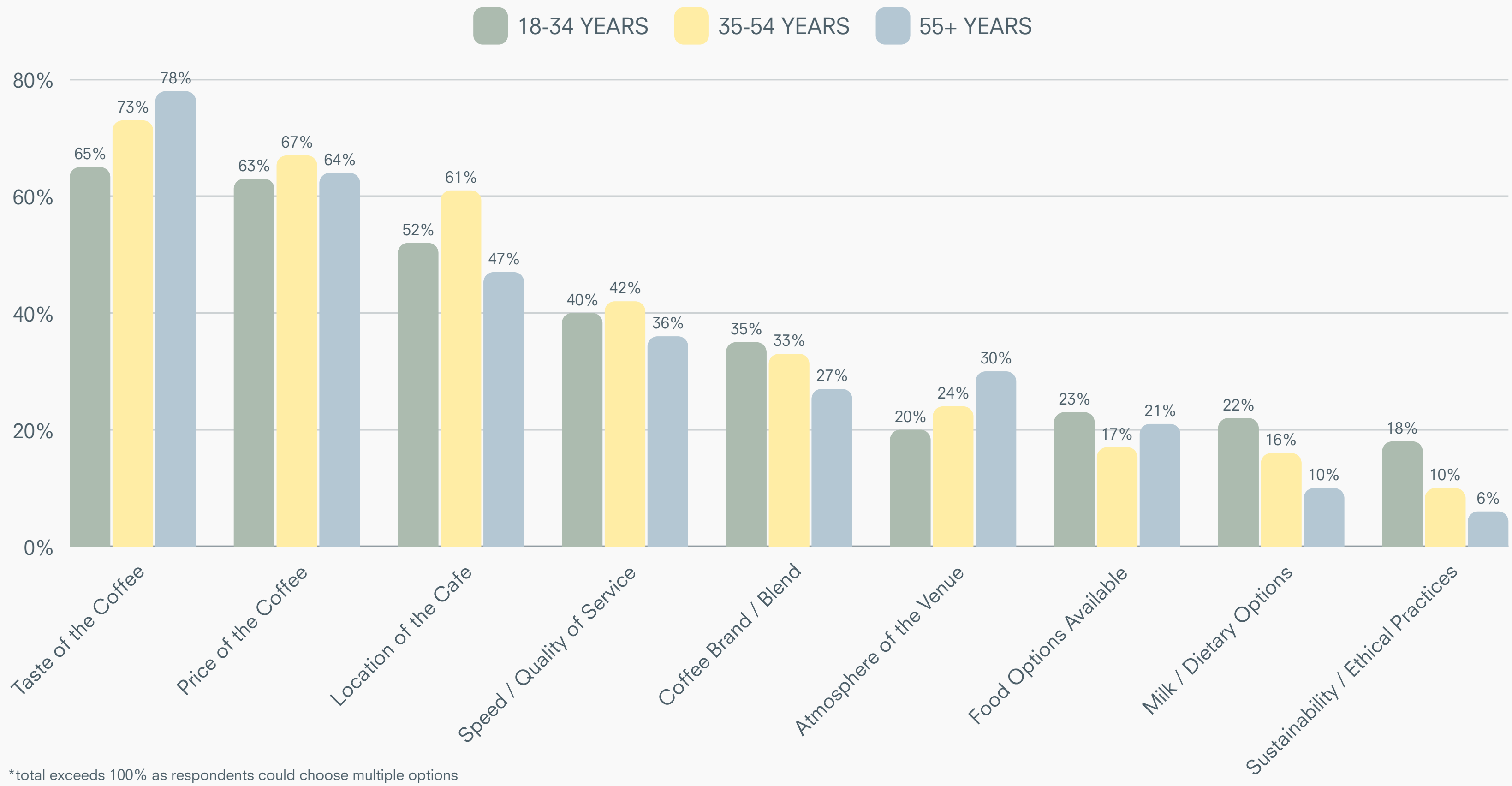
*total exceeds 100% as respondents could choose multiple options

HOW CUSTOMERS DECIDE WHERE TO BUY

YOUNGER COFFEE DRINKERS CONSIDER A WIDER RANGE OF FACTORS

Younger coffee drinkers are comparatively more concerned about dietary options and sustainability, while the 35-54yo segment is more convenience focussed. However, Taste, Price & Location remain the top 3 factors across all age groups.

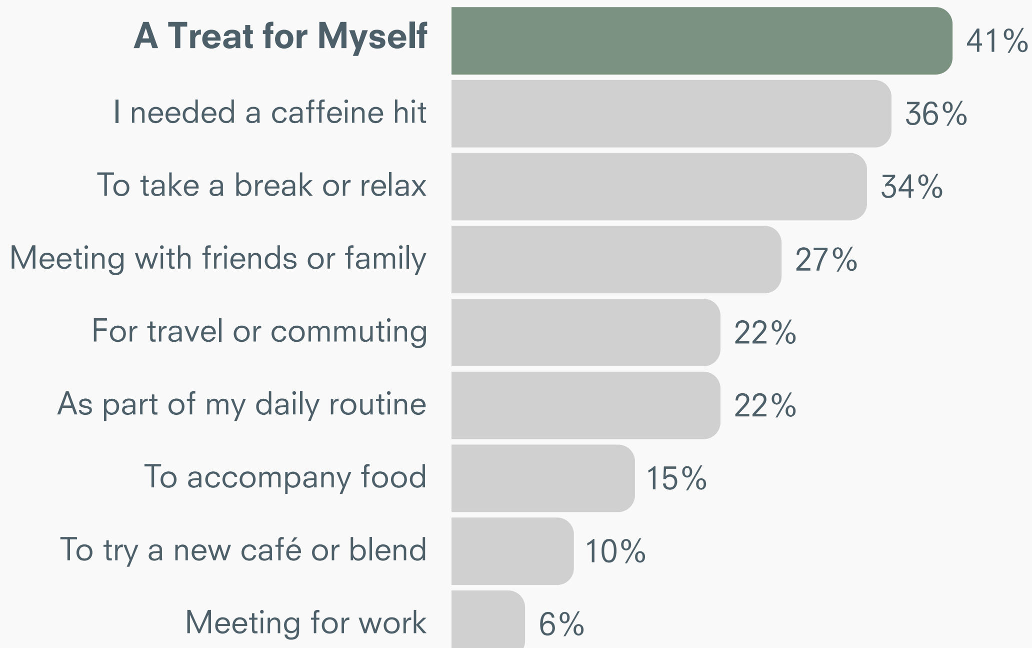
When you are deciding where to buy coffee out of home, what are the key factors you take into consideration?*



*total exceeds 100% as respondents could choose multiple options

BUYING COFFEE IS A TREAT FIRST AND A CAFFEINE HIT SECOND

Thinking about the last time you bought coffee out of home, what was the main reason for the purchase?*



Out-of-home coffee purchases are primarily driven by individual reasons rather than social ones. This is particularly true of the younger 18-34 year age group, 47% said they buy coffee as a treat, compared to just 34% of those aged 55+. Older customers are also much more likely to be meeting with family or friends (34%).

*total exceeds 100% as respondents could choose multiple options

HOW MUCH ARE CUSTOMERS WILLING TO PAY?

MOST CUSTOMERS EXPECT TO PAY UP TO $5.50 FOR A SMALL FLAT WHITE

PRICE SENSITIVITY:

SMALL FLAT WHITE AT A CAFE

In this snapshot of customer expectations, the majority of Australian coffee drinkers expect to pay up to around $5.50 for a Small Flat White at a cafe. As prices increase above $5.50, over 50% of people say it's getting expensive, but might still buy. By the time the price reaches $6.65, more than 50% of people say they would no longer consider buying.

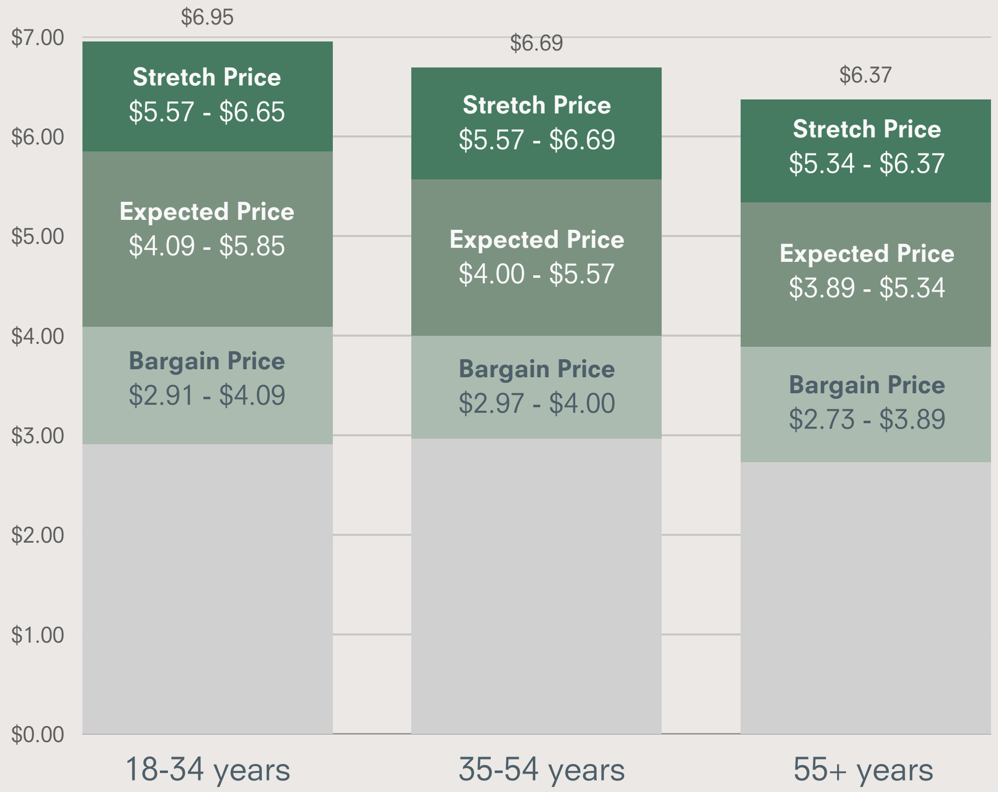
*Source: Friendly Finance Australian Coffee Price Index 2024

HOW MUCH ARE CUSTOMERS WILLING TO PAY?

OLDER CUSTOMERS EXPECT A LOWER PRICE POINT

Age significantly influences price expectations. Customers aged over 55 anticipate prices to be approximately 50-60 cents lower at the top end of the range.

Price Sensitivity: Small Flat White at a Cafe



Seven Miles Coffee Roasters

HOW MUCH ARE CUSTOMERS WILLING TO PAY?

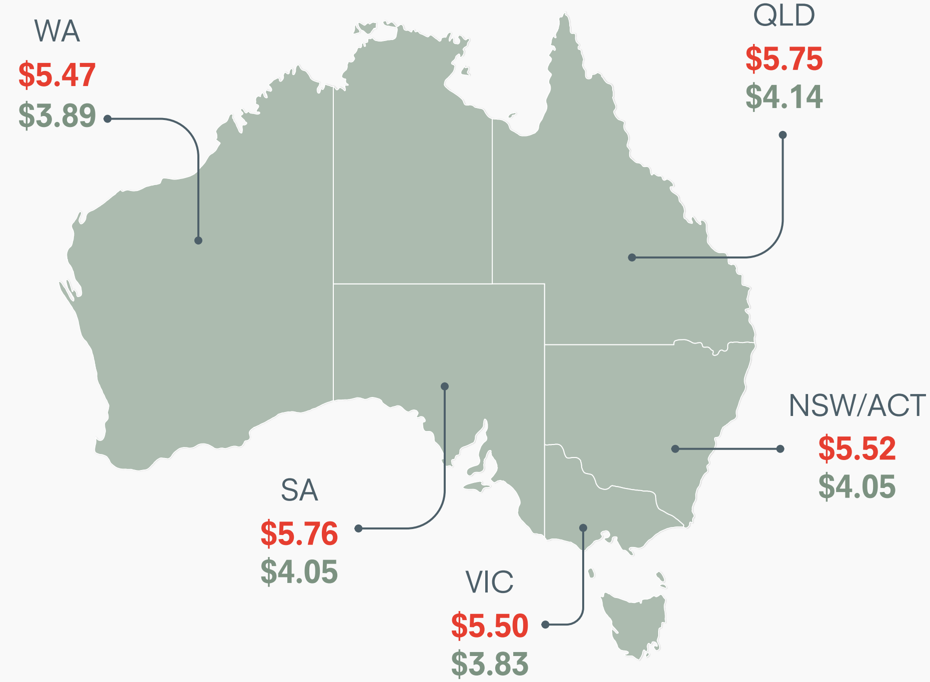
COFFEE PRICE EXPECTATIONS:
STATE BY STATE

Customer price expectations vary across the country, with the highest price expectations in Queensland, 10-20c higher than NSW. Victoria had the lowest price expectations at both ends of the range, slightly lower than WA. Price expectations also vary between the city and the country, with regional customers expecting to pay around 10c more than customers in metropolitan areas.

SMALL FLAT WHITE

EXPECTED PRICE RANGE BY STATE

HIGH LOW



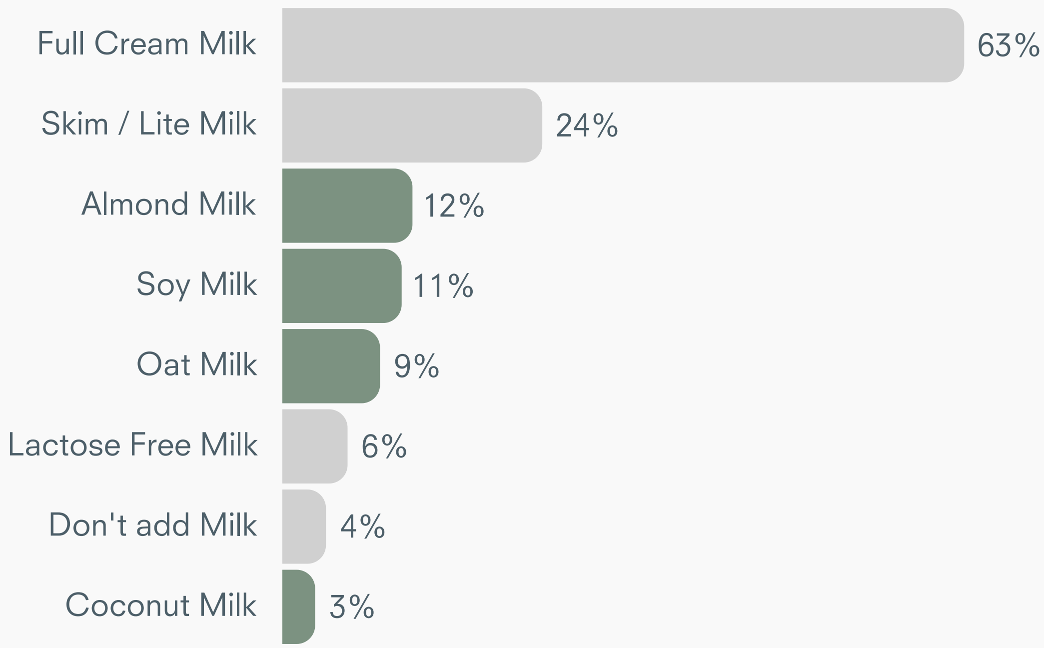
METRO VS REGIONAL AREAS

METRO
$5.54
$3.97

REGIONAL
$5.66
$4.04

28% OF COFFEE DRINKERS ORDER MILK ALTERNATIVES

When you order coffee out of home, which type of milk or milk alternative do you usually choose?*



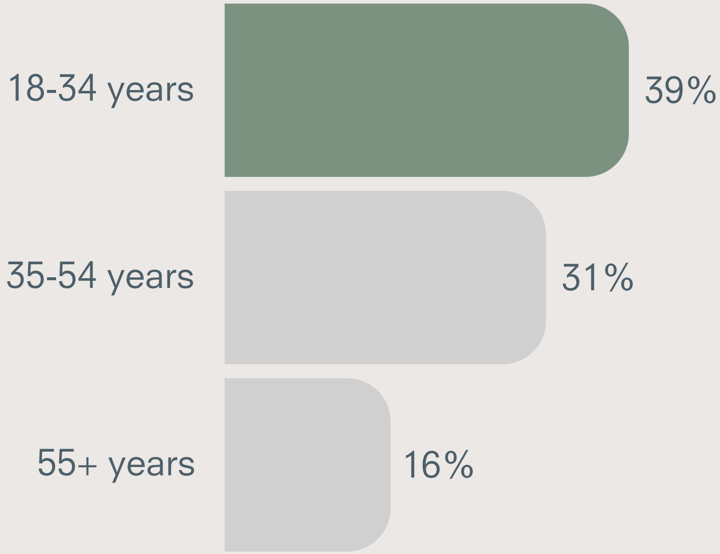
Full-cream cow's milk remains the dominant choice, but nearly 3 in 10 coffee drinkers also use at least one milk alternative. Milk alternatives are more popular in SA (38%) and less popular in QLD (22%)

*total exceeds 100% as respondents could choose multiple options

MILK ALTERNATIVES

YOUNGER PEOPLE ARE TWICE AS LIKELY TO ORDER MILK ALTERNATIVES

Milk Alternative Ordering by Demographic

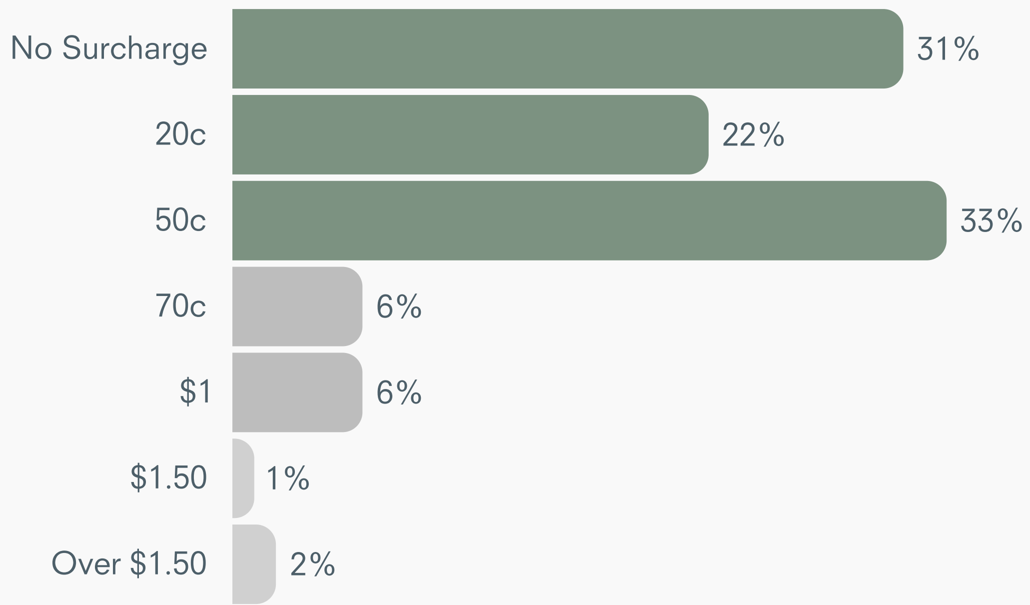


Nearly 40% of younger individuals choose at least one milk alternative, while only about half that percentage is seen in the 55 and older demographic.

MILK ALTERNATIVES

86% CONSIDER 50c OR LESS TO BE A REASONABLE SURCHARGE FOR MILK ALTERNATIVES

What do you think is a reasonable surcharge for milk alternatives like soy, oat, or almond milk when ordering coffee out of home? (question only asked of people who order milk alternatives)

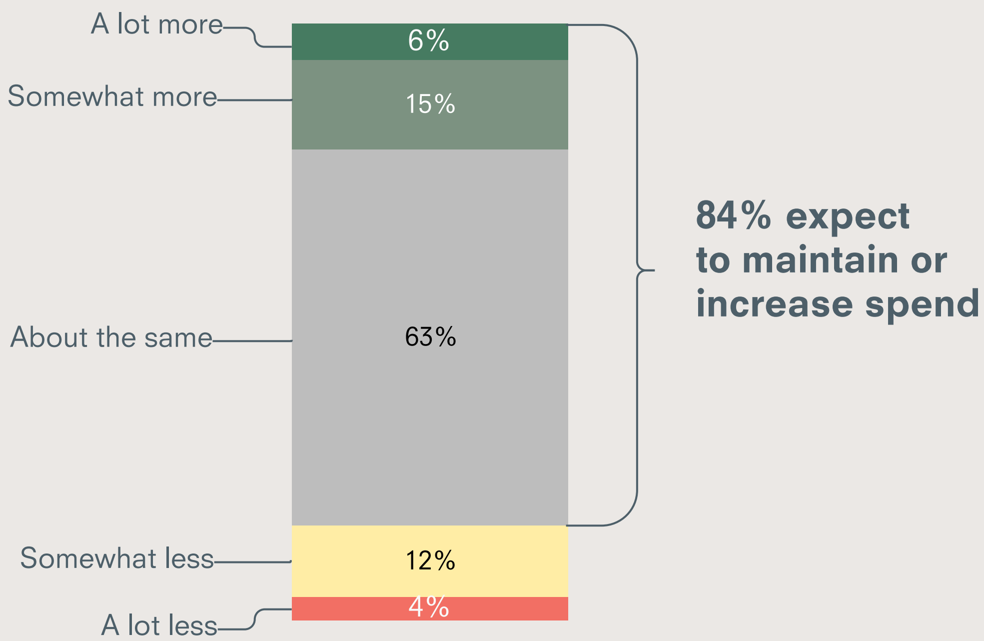


The vast majority of customers who choose Milk Alternatives think they should cost 50c or less. What's more, around a third of people felt there should be no surcharge at all. This is particularly true of the older, 55+ age group (37% no surcharge). Overall, Men ($0.44 average) were more likely to accept a higher surcharge than Women ($0.30 average).

OUT-OF-HOME COFFEE DRINKERS

84% OF PEOPLE EXPECT TO SPEND THE SAME OR MORE ON COFFEE IN 2025

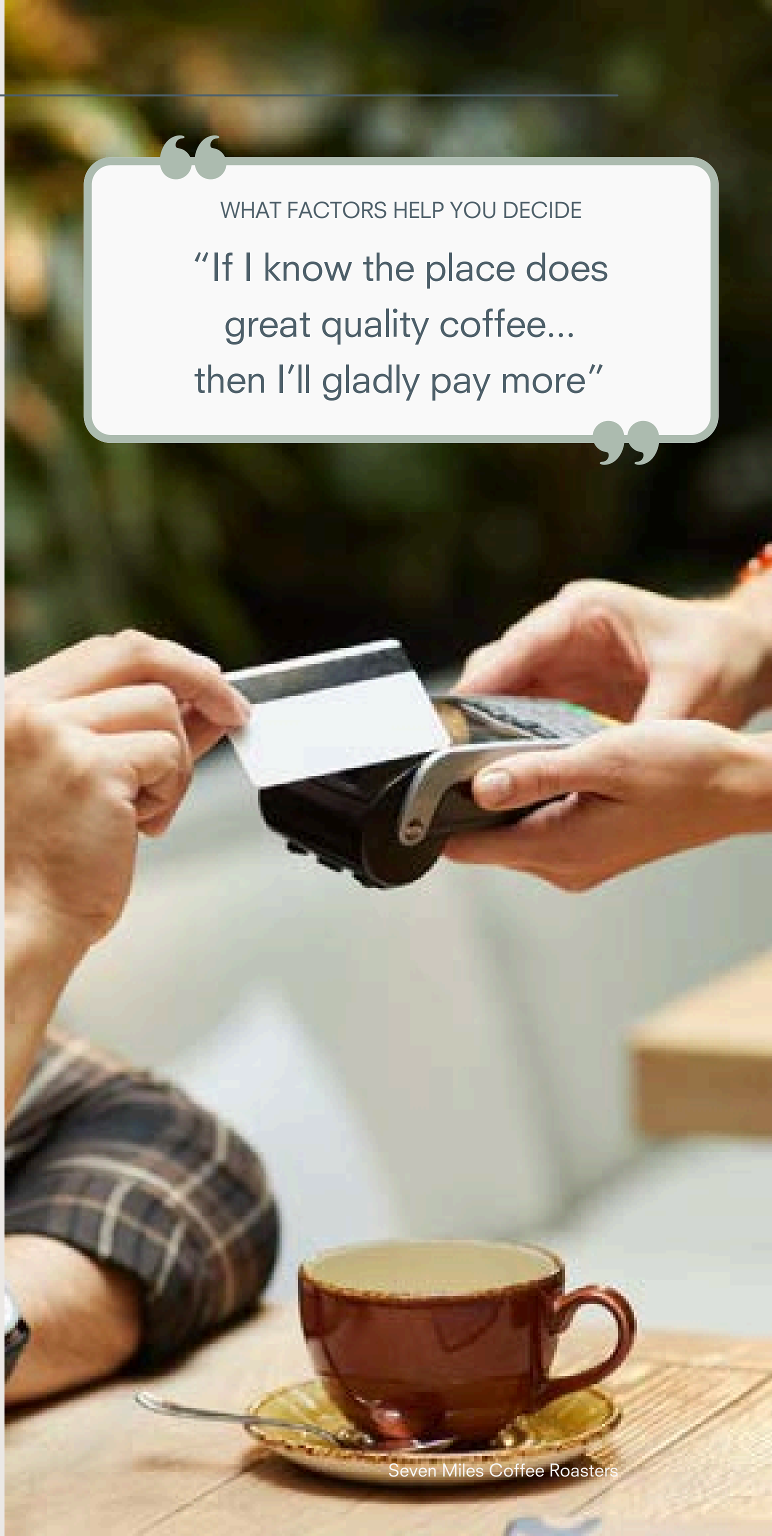
Over the next 12 months, do you expect to spend more, less, or about the same on coffee out of home as you do now?



Despite rising living costs, only 16% plan to cut back on out-of-home coffee in the next 12 months. The percentage of people who expect to be cutting back was consistent around the country, with the exception of SA (8%).

WHAT FACTORS HELP YOU DECIDE

"If I know the place does great quality coffee... then I'll gladly pay more"



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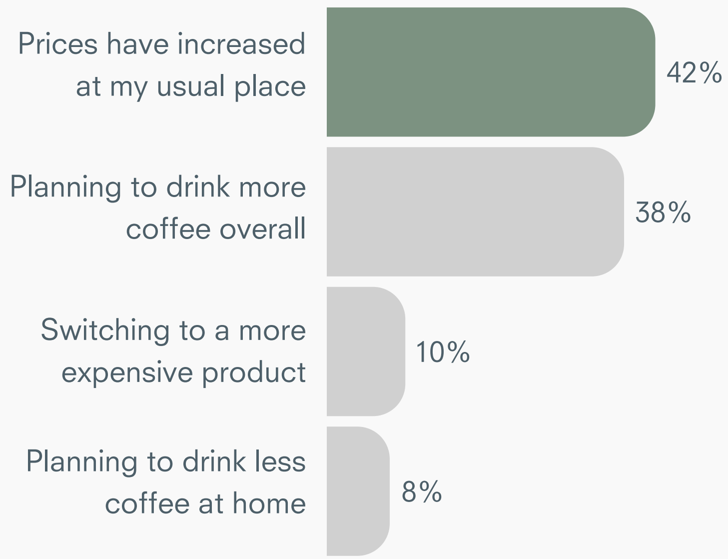
OUT-OF-HOME COFFEE DRINKERS

SPENDING MORE VS SPENDING LESS

Reasons for change in spend on out of home coffee in 2025

SPEND MORE

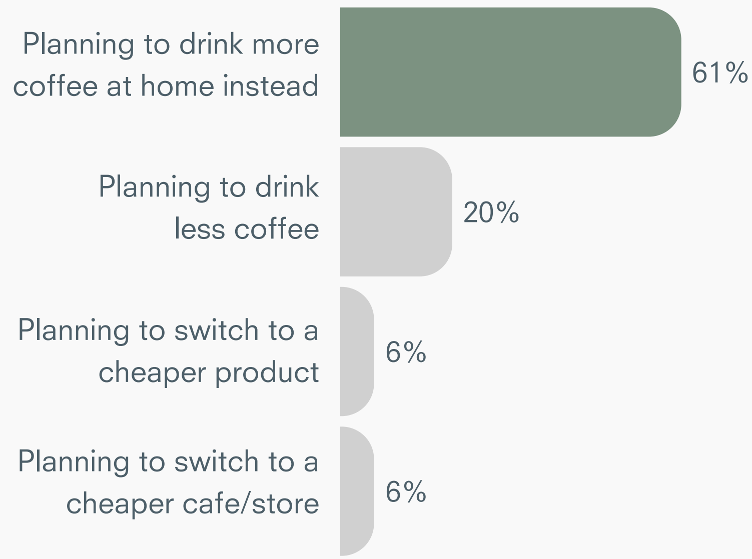
(21% of Customers)



Of the people who expect to spend more, the top reason was simply that prices are increasing.

SPEND LESS

(16% of Customers)



Of those who are cutting back, the majority plan to drink more coffee at home, while only 6% are looking for a cheaper cafe - which represents less than 1% overall

KEY FINDINGS

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COFFEE IS UNDERPRICED

Most customers expect to pay up to $5.50 for a small flat white, yet many cafés are still pricing below this. While the price range varies by age & location, there is room to increase price to offset rising costs.

TASTE IS KING

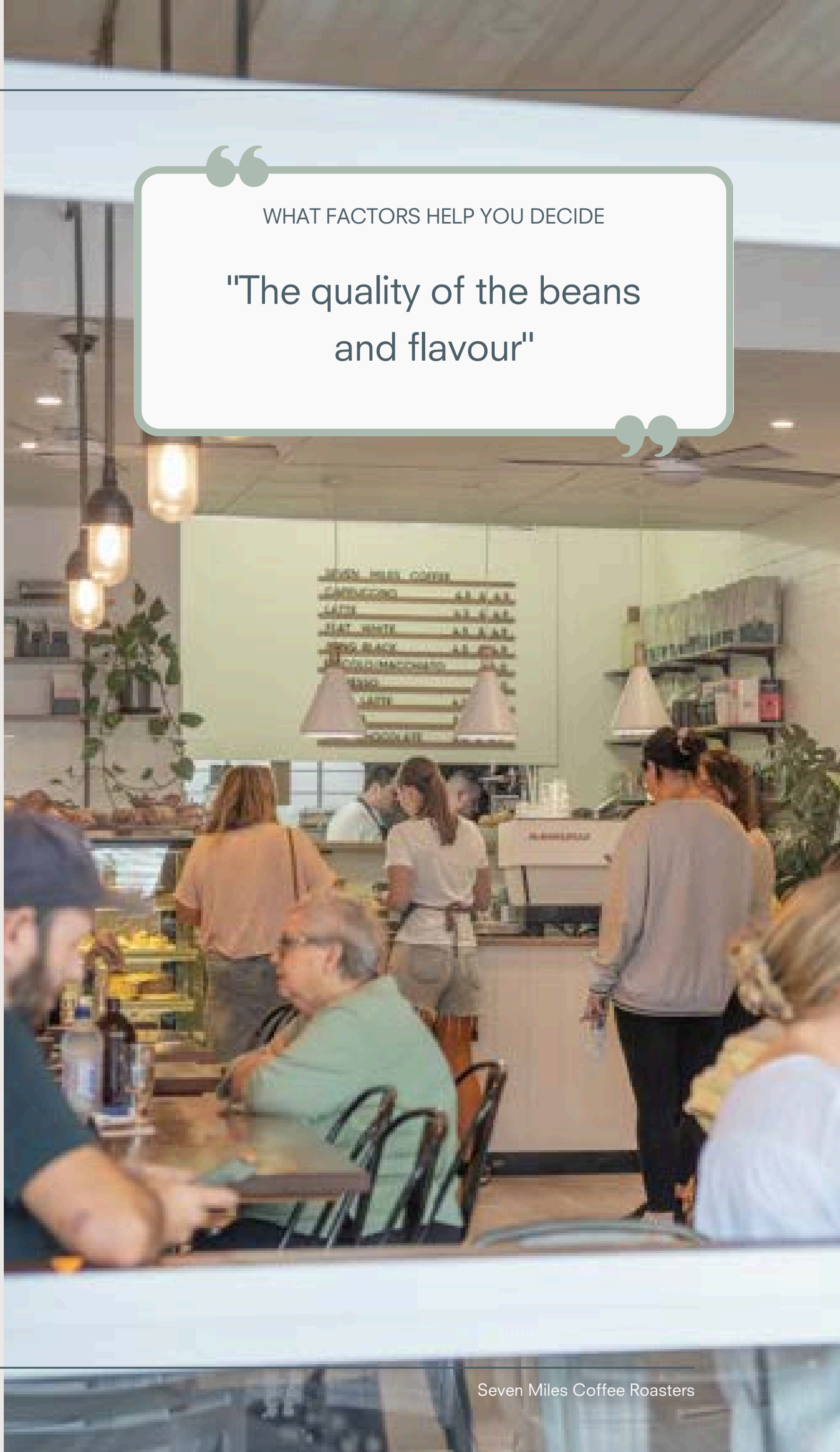
Customers know they can get cheaper coffee elsewhere, or make it at home. But when buying out of home, taste is the #1 factor in their decision.

MOST CUSTOMERS AREN’T CUTTING BACK ON COFFEE

Despite cost-of-living pressures, 84% of people plan to spend the same or more on coffee in 2025. Coffee remains a small luxury that customers aren’t willing to give up.

CUSTOMERS REALLY DON’T LIKE SURCHARGES

Most customers accept a small surcharge for milk alternatives, but few are willing to pay more than 50c. Removing surcharges and adjusting base prices instead could be a competitive advantage.



WHAT FACTORS HELP YOU DECIDE

"The quality of the beans and flavour"

METHODOLOGY

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This report is based on market research conducted to understand the attitudes and behaviours of Australian coffee drinkers. The research was conducted in partnership by Lightspeed Research Australia

Data Collection

- An online survey was used to collect data from a sample of 519 Australian adults. The survey was conducted in December 2024
- Respondents were required to be adults aged 18 and over who had purchased coffee out of home (OOH) within the last 3 months
- A broad spread of respondents across different age groups, genders, and regions was achieved. This ensured that the data was representative of the target population of Australian coffee consumers
- The data collected has a 95% confidence level with a margin of error of 5%. This means that if we ran the survey multiple times, we'd expect the true population result to land within ±5% of our reported numbers 95% of the time.
- Price sensitivity was measured using Van Westendorp's Price Sensitivity Meter

A small flat white was chosen as the benchmark product for assessing price sensitivity for several reasons:

- It is a standard, core product sold by the vast majority of cafes, restaurants & convenience stores.
- Unlike 'regular, 'medium' or 'large' sizes, small has a generally consistent size, making it a good point of comparison for consumer research.

SEVEN MILES

COFFEE ROASTERS