

## THE UK COFFEE TRENDS: Five data led shifts to watch

The UK coffee market continues to evolve amid tightening budgets, rising expectations and intensifying competition, but growth is no longer evenly spread. Consumer demand is increasingly polarised, with momentum concentrating around either clear value propositions or distinct premium offers, while undifferentiated mid priced formats lose relevance. This shift is reshaping where and how value is created across coffee, from pricing architecture and daypart roles to innovation, indulgence and alternative caffeine choices. Drawing on Lumina Intelligence's cross market insights, we explore five shifts redefining the coffee landscape, and how operators can unlock value.

### 1. Value polarisation is reshaping coffee demand

UK coffee growth remains robust, but it is increasingly polarised. Expansion is being driven by operators with either a clear value proposition or a compelling premium offer, while undifferentiated, mid priced formats are losing relevance.

#### Key data points

- Coffee & sandwich turnover reached **£13.4bn (+4.7%)**, with coffee shop turnover – including branded and independent – rising to **£6.2bn (+5.3%)** and outlets growing **+2.1%**, signalling strong overall category momentum.
- Growth is concentrated at the extremes: premium led concepts such as **Gail's (+24.6%)** and challenger brands like **Black Sheep (+24.7%)** continue to scale, while traditional mid market players including **Costa (1.3%)** and **Subway (2.7%)** saw outlet decline.
- **Drink only visits fell by -0.6ppts YoY**, while lunch (+0.9ppts) and dinner (+0.4ppts) occasions gained share, placing pressure on drink first, mid range formats without a strong food or experiential proposition.
- Despite ongoing budget pressures, consumers remain willing to trade up when value is clearly communicated: **72.2%** say freshness signals quality, **47.7%** associate craft with higher standards, and **63.2%** would pay more for seasonal or fresh ingredients.
- Premium formats continue to outperform, with elevated cues such as provenance, artisanal preparation and seasonal innovation underpinning the rise of "**affordable luxury**" across both café and ready to drink coffee.

#### WHAT THIS MEANS:

Consumers are increasingly split between "**save**" and "**treat**" behaviours, favouring either overt value or meaningful premium experiences. The middle ground is shrinking. To unlock value, operators must adopt **clearer price and range architecture**, building a **three tier offer** (value – core – premium), reinforcing premium cues where consumers are willing to pay more, and trimming undifferentiated mid priced items that no longer align with where growth is occurring.

#### WHAT THIS MEANS:

Coffee remains a breakfast essential, but cafés and operators must fight harder for relevance during lunch and dinner, where consumers are pivoting toward soft drinks, functional options, and value-led food bundles.

### 2. Coffee's daypart split: breakfast strengthens while lunch & dinner decline

Coffee consumption patterns are fragmenting across the day, with strong breakfast reliance but softening demand later in the day.

#### Key data points

- Coffee **lost share at lunch and dinner**, with overall declines across non alcoholic drink occasions for these dayparts in Q4 2025, while **soft drinks gained**.
- At breakfast, however, **coffee rose to 57% share**, remaining the dominant morning beverage as consumers rely on caffeine to start the day.
- Drink only visits declined by **-0.6ppts**, indicating that some coffee focused visits are shifting towards food anchored occasions instead of standalone beverage consumption.



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### 3. Coffee innovation accelerates: indulgent, decadent & instagrammable drinks rise

Operators across pubs, restaurants and cafés are borrowing from coffee shop culture, introducing visually striking, dessert style beverages.

#### Key data points

- Hot coffee **gained menu share** in restaurants and pubs while soft drinks declined, signalling a pivot toward barista-style drinks with higher upsell potential.
- Pubs and restaurants introduced **iced matcha lattes, wellness drinks, and global inspired coffees**, reflecting the influence of premium café chains like Joe & the Juice and Blank Street.
- Christmas 2025 saw coffee brands go "bolder", with festive drinks featuring **inventive flavours and layered textures**, such as Starbucks' Toffee Nut Matcha Latte and Costa's dessert style blends.

#### WHAT THIS MEANS:

Indulgence, theatre, and social media friendly visuals are now vital to compete in a crowded beverage marketplace.

#### WHAT THIS MEANS:

Coffee brands can no longer rely solely on traditional espresso based beverages, alternative caffeine is now a core competitive set.

### 4. Alternative caffeine sources gain ground: matcha, hojicha & functional lattes surge

While coffee remains central, consumers increasingly explore gentler, wellness oriented caffeine sources.

#### Key data points

- Matcha has become mainstream, with Blank Street alone generating **£2.8m in matcha sales over June–July 2025**.
- Consumers are now experimenting with hojicha, a lower caffeine roasted Japanese tea, driven by demand for mellow energy and richer flavour profiles.
- Coffee shops such as Black Sheep Coffee are offering **Functional Lattes** featuring ingredients like **Lion's Mane and Chaga mushrooms as well as CBD**, tapping into brain health and cognitive function trends.

### 5. Coffee faces intensifying competition from functional, indulgent & soft drink alternatives

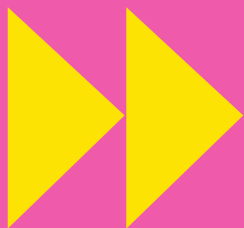
Across menus and convenience, soft drinks, energy drinks and functional beverages are absorbing share previously held by coffee.

#### Key data points

- In convenience retail, **energy drinks gained +1.2ppts** and cola **+0.9ppts** in basket occasions year on year, signalling strong competition for everyday caffeine occasions.
- EDOP data shows coffee losing share as **fruit juices, smoothies, functional drinks and no/low options** appeal to health driven consumers, especially at lunch and dinner.
- Drink-led indulgence is up: dessert style and layered beverages are surging across QSRs and coffee shops, reshaping expectations for sweet and experiential drinks beyond traditional hot coffee.

#### WHAT THIS MEANS:

The coffee category must defend its territory against both high caffeine rivals (energy drinks) and "better for you" wellness led beverages.



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# CONCLUSION: Coffee's role is being redefined across the UK

The UK coffee landscape is no longer dominated by classic espresso led consumption. Instead, it is marked by:

- Value and premium polarisation, squeezing undifferentiated mid-market offers
- Premium cues supporting willingness to pay, despite economic pressure
- Stronger reliance on breakfast, with weaker natural pull at lunch and dinner
- Rising influence of indulgent, experiential drinks on choice and spend
- Intensifying competition from functional, soft drink and alternative caffeine options

### Sources & Methodology

- **Lumina Intelligence – Operator Data Index (ODI):** Used to assess outlet growth, market size, channel performance and operator level dynamics across branded and independent coffee and food to go operators.
- **UK Menu and Food Trends Report 2026:** Informs analysis of menu innovation, premiumisation cues, indulgent beverages, functional drinks and the evolution of coffee formats across channels.
- **UK Food to Go Market Report 2026:** Provides context on overall market value, channel shifts, daypart dynamics and the interaction between coffee, food missions and competing beverage categories.
- **Eating and Drinking Out Panel (EDOP):** Supplies consumer level insights into occasions, share shifts, spend behaviour and changing demand across breakfast, lunch and dinner.



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