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RESEARCH ARTICLE

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YOUR GOOD MOOD IS SPONSORED BY PRESSO COFFEE

*Sahaana Sridharan

Center for Management Studies, Jain (Deemed-to-be University)

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*Corresponding author: Sahaana Sridharan

ABSTRACT

Changes in consumer behaviour and his constant search for convenience and practicality in products and services stimulated the demand for coffee capsules, a fast-growing market in India. However, little is known about consumer behaviour and preferences regarding this product, motivating this study. We aimed to understand coffee capsule consumption through the lens of the Theory of Practice, to analyse the specificities that structure this market and guide the behaviour of its consumers. Through a qualitative and descriptive study, supported by the conduction of semi-structured interviews and participant observation in virtual groups of these product's consumers, we found that the consumption of encapsulated coffees is conditioned to the disposition of time and company of the interviewees and that the product's quality perception is still low. In addition, there is great resistance to acquiring and consuming generic capsules. Coffee capsules are ready-to-use sachets that make preparing a single cup of coffee easier. Since they are single-use items, they do not lose aroma, flavour, or intensity once opened. Coffee capsules simplify the process by allowing you to insert the preferred flavour capsule into the machine and press the button.

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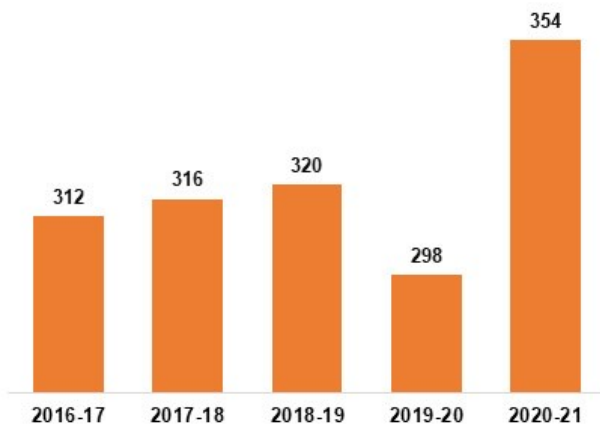
INTRODUCTION

The Growing Prevalence of Coffee Capsules: The desire for coffee capsules is expected to rise due to the rising demand for convenience foods, changing lifestyles, and speciality coffee capsules. Further, demand is likely to increase due to the manufacturer's eco-friendly packaging. Non-alcoholic beverages have gained popularity in recent years. RTD coffee and tea, bottled water, carbonated soft drinks, and fruit juices are examples of non-alcoholic beverages. Consumption of non-alcoholic beverages is expected to rise due to increasing urbanization, greater disposable money, changing lifestyles, and improved health awareness. Coffee is a popular non-alcoholic beverage known for its aroma and caffeine content. Furthermore, it is the world's second most exported commodity behind oil. Coffee is presently cultivated in over 70 tropical countries and shipped worldwide. Coffee consumption is rising due to its health benefits and the proliferation of coffee shops. According to the International Coffee Organization, coffee consumption in 2020/21 is predicted to be 167.58 million bags, a 1.9% increase over the previous year's 164.43 million bags. World consumption exceeded global production in 2021/22. Furthermore, from 116.78 million bags in 2019/20 to 118.96 million bags in 2020/21, shipments climbed by 1.9%. As a result, growing coffee consumption is expected to boost future demand for coffee capsules. In the case of coffee, convenient forms such as coffee capsules are becoming increasingly popular among the public for producing quality coffee at home. Furthermore, according to the Intelligence study, Folgers had the most household penetration

in 2018, with 33.60% of US homes consuming this brand of single-cup coffee. According to the National Coffee Drinking Trends research, single-cup makers are found in 41% of US homes and 28% of enterprises. Single-cup brewers were used to making coffee by 26% of past-day users, up from 19% in 2012. Those with children between the ages of 25 and 39 are the most likely to own a single-cup maker. Demand for organic food and beverages, mainly tea and coffee, is increasing at a faster rate globally because of changes in lifestyle patterns, increased spending on food and beverages, increased awareness of healthy foods, changes in meal patterns and existing food habits, and a desire to try new products. The factors mentioned above are fuelling the demand for speciality and organic coffee capsules. Because of the installation of coffee machines and the increase in the number of coffee shops, the demand for coffee capsules rises. The invention of a bio-biodegradable polymer (PLA) to produce compostable coffee capsules, which might be a solution to the world's rising environmental concerns, is generating quite a stir. As a result, premium coffee capsule sales are expected to profit from the introduction of new, organic, and speciality coffees over the forecast period. Furthermore, clients who are fitness-oriented must consume healthy beverages. As a result, consumer demand for organic coffee capsules is increasing, creating several opportunities for manufacturers to innovate in the industry. In 2019, the Spanish coffee brand Cafés Novell, for example, launched a range of organic coffee capsules for consumption at home and in retail coffee shops. The No Waste line is the first in the UK to provide biodegradable and all-natural coffee capsules. Because of increased product innovation in organic goods, demand for coffee capsules is expected to grow fast

over the projection period, following changing customer tastes and preferences. Once upon a time, there was a coffee bean, then an instant coffee jar, and now the world has embraced a new trend of coffee capsule machines. These coffee capsules are gaining popularity among consumers. However, the adverse effects of packaging are expected to stifle demand for coffee capsules.

India's coffee production trend (million kg)



Source: RBI Handbook of Statistics

Background

The idea of capsule coffee dates to 1975 (not that far back!), when Swiss engineer and inventor, Éric Favre, eagerly wanted to prove to his wife Anna-Maria that he could make the best espresso. The eager engineer and his wife made their way to Italy in pursuit of the finest espresso. It was in Italy where they found inspiration, and, of course, great coffee. The curious couple noted that many locals frequented a specific coffee bar and resolved to learn tricks of the trade from that bar by questioning staff. The bar's barista generously let the couple in on the secret to their brew. It revealed that the barista's method of pumping the espresso was key to releasing the flavours and aromas of the ultimate espresso. Mr Favre had a lightbulb moment and made a prototype espresso machine to mimic the process. He then concluded that the perfect espresso was a frothy espresso, which consisted of air, water, and coffee oils. Mr Favre then invented a sealed coffee capsule with air trapped in it before forcing water through, brewing a frothy espresso. Éric Favre was working for Nestlé® at the time and had a hard time convincing the company of his revolutionary creation. It was only 10 years later, in 1986 when the company permitted Mr Favre to launch Nespresso® and the ever so popular Nespresso® capsule. Today Nespresso® is the market leader when it comes to providing consumers with capsule coffee machines. However, the capsules themselves are often provided by other leading brands that provide premium coffee at a more affordable price to Nespresso®.

Why Presso coffee capsules are preferred?

1. Percolation more espresso: The percolation consists of the method used to extract coffee from a pod or capsule: a flow of water at about 90°C through the package then reaches the cup in the form of espresso coffee. Thanks to its physical characteristics, the percolation of the pods is much simpler. Water does not have to cross-resistant materials such as plastic or aluminium, but only a thin wrap of paper (such as a tea bag) which guarantees a more creamy coffee with a more homogeneous taste.

The coffee extraction process from the pod is also closest to the traditional espresso method (of the coffee shop)!

2. Eco-sustainability: The pods are made of completely biodegradable materials and can therefore be disposed of or recycled safely meaning we will have great composting material guilt free!

On the other hand, capsules cannot be recycled and are destined for landfills and incinerators.

Did you know that only one capsule pollutes much more than an empty coffee bag thrown on the street?

3. Less harmful to our health

With pods, hot water runs through a 100% natural vegetable paper filter which does not release any residue.

The same cannot be said of the capsules, although there are still no scientific findings about them. With the capsules, the hot water jet ploughs through the aluminium or plastic carrying residues of these substances into the espresso coffee. Among other things, plastic capsules have a high concentration of furan which is harmful to our health.

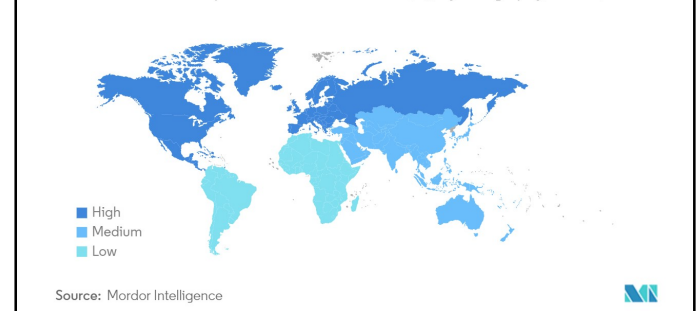
4. Compatibility

The E.S.E. pods are now standard as they all have the same size and are compatible with many coffee machines on the market. This is not always the case with capsules which are often incompatible with the machine you might have at home or in the office.

5. Less Expensive

The absence of materials such as plastic or metal also allows prices to be lowered. On average, the pods cost less than the capsules while providing the same – if not, superior – result.

Coffee Pods and Capsules Market: Market Size (%), By Geography, Global, 2021

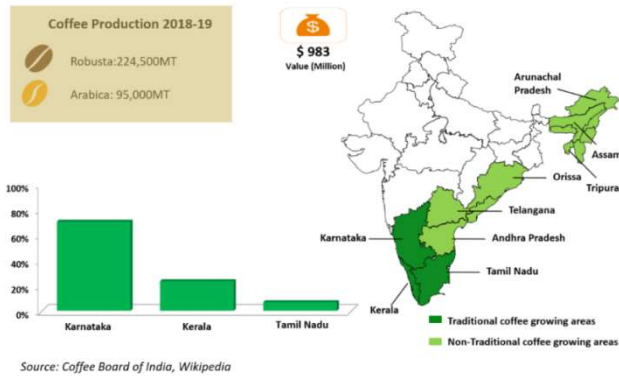


Analysis

Coffee capsules are unrecyclable due to their plastic and aluminium content. Despite recycling efforts, plastic and aluminium capsule packaging are thrown. Recycling necessitates the separation of two materials. In a conventional recycling plant, however, this is not possible. Around 300,000,000 aluminium and plastic capsules are used in the UK each year. As a result, the bulk of the area is now occupied by landfills. Due to their elaborate packaging, coffee capsules are difficult to recycle in standard municipal recycling procedures. As plastic and metal are non-biodegradable, manufacturers are driven to find unique coffee capsule packaging alternatives. Countries are also outlawing the use of portion packaging. For example, as part of a waste-reduction initiative, the German city of Hamburg has banned coffee pods from state-run facilities. As a result, the coffee capsule industry is expected to decline. Manufacturers are creating a packaging alternative with this in mind. Increased use of coffee machines in hotels, restaurants, and companies is expected to raise the demand for coffee capsules. Coffee machines are small electric devices used to prepare coffee. In addition, the coffee machine minimizes the amount of time and effort required to make coffee in cafés and companies. Further, increased travel, changing lifestyles, demanding work schedules, and greater coffee consumption drive rising demand for coffee machines in various venues. Finally, increased millennial demand for non-alcoholic beverages is expected to drive up demand for coffee machines in hotels, restaurants, and companies. Hotels and restaurants are becoming more conscious of the coffee they provide. As a result,

coffee machine manufacturers are more confident in inventing more innovative equipment to provide a better coffee experience. Coffee machines have gained popularity in the workplace due to their multiple benefits. Coffee provides many people with energy and helps them focus on their activities. Employees will also no longer have to leave the workplace to obtain a cup of coffee; they will be able to do so while still working. Coffee is a mild stimulant that speeds up the processes of our brain and body, causing employees to feel more alert and focused.

INDIA COFFEE MARKET-KEY DATA



Significant Developments in the Coffee Capsules Industry:

Customers have been more interested in coffee capsules in recent years as the need for fast non-alcoholic beverages has expanded. Coffee makers use coffee capsules because of their versatility, convenience, and wide range of coffee items and equipment. In addition, the advent of premium coffee shops such as Starbucks has raised customer demand for high-end, freshly brewed coffee. Here are a few examples of recent market developments:

Use of Biodegradable Packaging Methods: Packaging is becoming increasingly important in creating a sensory experience associated with a specific brand or product. The look and feel of a pack influence the consumer experience and can help to drive loyalty. Styling and decorative embellishments lend to an affluent feel and greater shelf presence. Many customers, particularly millennials, want things with concrete benefits and applications. In addition, unusual designs and flexible packaging can be used to create user-friendly options that improve consumption potential. Convenience is highly crucial to busy customers, as seen by the meteoric expansion of the coffee capsule industry, and people are willing to pay a premium for greater ease of use. Simple features like measured-portion packages and foolproof ways of producing superb coffee combine to make the finest drink ever. Some companies have invested in sustainable packaging techniques to offset the environmental effect of aluminium and plastic packaging on the planet. Demand for biodegradable coffee capsules is expected to grow as customers become more health-conscious and aware of the negative environmental repercussions of coffee pod packaging. Biodegradable capsules are much like regular single-use capsules that dissolve in water over time. Compostable capsules extend the biodegradable concept by allowing all materials in the capsule to break down and return to the ground quickly. As a result, several companies have introduced sustainable packaging for coffee capsules to gain a competitive advantage.

The **e-commerce business model** may assist industry leaders in developing global ties with local suppliers and logistical providers. Social media helps these businesses lower the cost of entering new markets and marketing their products on a tight budget. It may also result in crowdsourced services and consumer-targeted marketing based on data and purchasing behaviours. Due to the cheaper rates offered to customers, internet retailing channels for coffee capsules and other coffee goods have increased in popularity. Coffee capsule companies are pouring money into the e-commerce sector as internet marketing becomes less expensive and more successful. According to

various estimates, the number of orders for coffee capsules climbed by 53% in the past year and accounted for more than half of all coffee orders done online.



Introduction of 100% Recyclable Coffee Capsules: Recycling plastic capsules is still tricky since they cannot be thrown away intact, resulting in significant waste creation. As a result, they are incredibly harmful, and disposing of them has become a critical matter. On the other hand, influential rivals in the studied industry are actively developing the category to obtain a competitive edge. In 2020, for example, Nespresso produced its first coffee capsule made of 80% recyclable aluminium. In March, these capsules were made from 95% recyclable material. Furthermore, Nespresso wanted all machines delivered in this new packaging by the end of 2021, which boosted the capsule market development.

Coffee Capsule Adoption in Developing Countries

Germany is Europe's largest importer of green coffee beans, and the vast coffee roasting industry allows the country to service domestic and international markets. Coffee firms aim to grow their operations in Asia-Pacific and South American nations. As consumers are exposed to freshly brewed coffee at speciality coffee cafés, they are enticed to have the same fresh sensation at home, with retail value sales of coffee capsules skyrocketing. Traditional drip machines have declined in recent years, but automatic espresso and capsule machines have gradually risen and gained market share in China, which is primarily a tea-drinking country. Capsules are one of the most important growth drivers for coffee in Australia, contributing to a significant increase in value sales.

Asia-Pacific, the world's **second-fastest-growing** coffee market with the lowest per capita spending, has several growth opportunities. With the rise of speciality cafés and rising income, Asia-Pacific highlights the potential of capsules. Due to Japan's ageing population and busy lifestyles, consumers choose single-serve and simple solutions for in-home coffee consumption, as they spend less time preparing meals and drinks.

Competitive Landscape



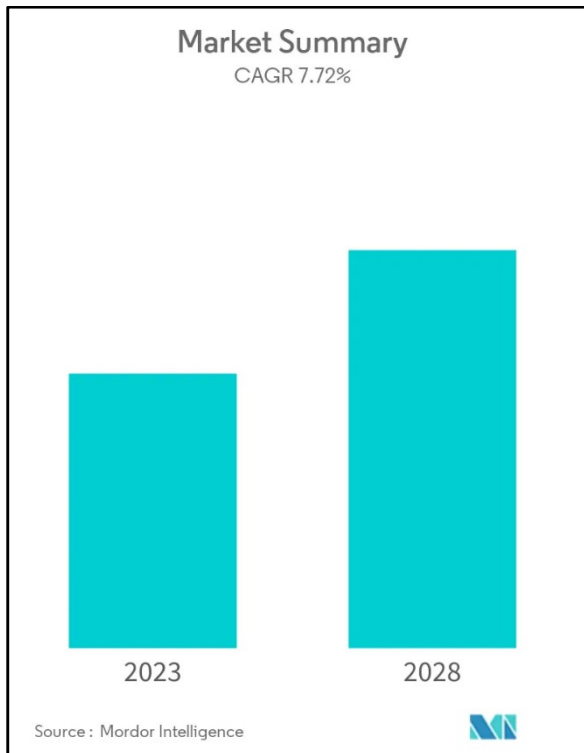
Some of the major players in the global coffee capsules market are:

- Nestle Nespresso SA
- Starbucks Corporation
- Artisan Coffee Co
- Gourmess Coffee
- Dualit Limited

- The Kraft Heinz Company, Gloria Jean's Coffee
- Dunkin Brands, Inc.
- Luigi Lavazza Spa
- Coins Group

FINDINGS

Presso is a pre-apportioned single-use container, or reusable capsules (pods), of ground coffee beans, sometimes with added flavourings. Once inserted into a machine, the capsules are pierced and processed, and water is then forced against a heating element at high pressure meaning that only the quantity for a single cup is warmed. The word Presso is derived from the word Espresso.



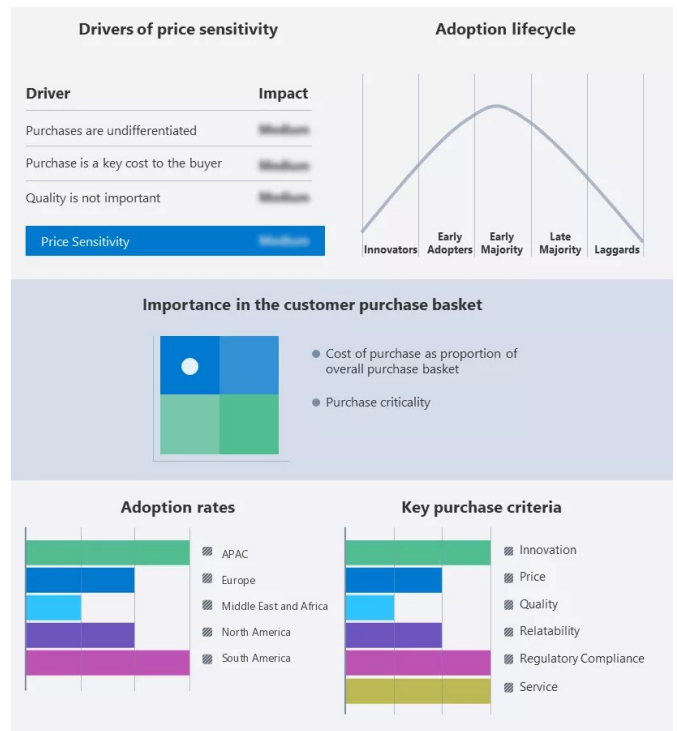
Ground coffee analysis: The capsules were opened and thoroughly emptied to measure the weight of the coffee per capsule (mean of 3 capsules). The roast level was determined using a Colonette 3b meter. Particle size analysis was performed using imaging particle size and shape analyser with a dual camera system Capsizer X2. At least 10 g of coffee was used for each particle size analysis, and three measurements were performed per capsule type. Median particle size (X50) was determined as the volume-weighted median particle size, based on the particle area projected on the images. The share of fines (Q100µm) was defined as the volume share of particles smaller than 100 µm in size. Three particle shape parameters were determined as volume-weighted averages, sphericity (SPHT), symmetry and aspect ratio (b/l) values. Capsule coffee extraction. The weight of the brews was measured online during extraction whereby the aim was to reach 40 g by stopping the extraction manually. The extractions were timed manually from starting of the pump to the cessation of the pump operation.

To Relish a Perfect Cup of Gourmet Coffee: Our Company It all started with a simple idea. We wanted to serve you the perfect cup of gourmet tea or coffee, wherever you are. If you are like us, you have probably travelled around the world, seen things, experienced things, and formed an eclectic taste for the unique and unusual. Imagine gourmet coffee and tea made from the finest beans and leaves; customized for both taste and technology connoisseurs. That's Presso. Marrying rich heritage and advanced technology, we package our gourmet blends in Presso single-serve capsules that have been

developed after years of research to ensure that the rich aroma and flavours of coffee and fine teas are well preserved and brewed to perfection. You will find something to like in our eclectic range because we crafted each drink to appeal to even the most discerning of connoisseurs. We, at Presso, are distilling ancient traditions of flavour in our single-serve capsules. Technology meets refinement for consistent taste, texture, and flavour. We invite you as guests to join us on this journey. Come on board, Indulge and do yourself a world of good with a cup of Presso!



India grows coffee in 7 different regions and each region brings its flavour & vigour to coffee. Presso is committed to working with Indian farmers to curate interesting blends. Each of our blends brings out subtle tastes of Indian coffee with a special focus on Mysore kopi royale, Mysore nuggets, and monsoon Malabar. We also source Indian tea from the best of the estates and use organic blending techniques to create speciality teas Coffee tasting sessions.



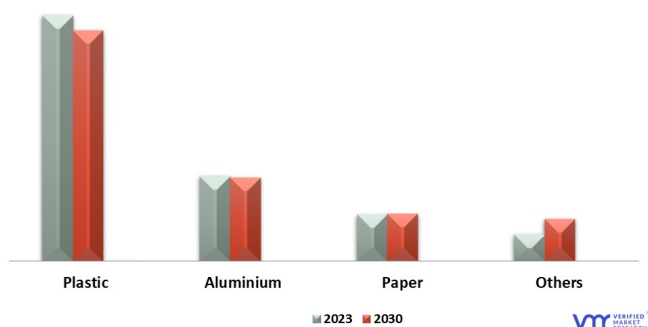
Presso owes its wild taste to the unique monsooning process. When the coffee beans spend months face to the wind, they develop a distinct woody, savoury, spicy taste - as thick and lingering as sea mist. A powerful cup. Using Robusta and Arabica coffee gives it a heavy, syrupy body. We split roast this coffee with a medium and a slightly shorter roast. This coffee roasting process on this Arabica Robusta blend keeps the distinct Arabica and Robusta characteristics alive. The Indian coffees with Presso are a mix of plantation Arabica coffee and Robusta Monsoon - both grown in India's southern highlands. Traditionally the Monsoon coffee process is only done on

Arabica coffee but monsooning Robusta gives India with Robusta Monsoon even more body and brings in tempered woody notes. But monsoon calls for diligence after the coffee harvest - up to three months of regularly raking the beans to ensure only the best aromas develop in the coffee.

How can capsules be recycled?

Used **presso** capsules can be disposed of through the Yellow Bag, the Yellow Bin, recycling bins or at communal recycling centres. It is important to note that the coffee grounds do not need to be removed from the capsules; they do not disrupt the recycling process. Recycled aluminium is used in the car and construction industry. From being re-used in engine blocks and window frames to household goods, spray cans or bikes.

GLOBAL COFFEE PODS AND CAPSULES MARKET, BY MATERIAL (USD BILLION)



What Happens to the Used Capsules?

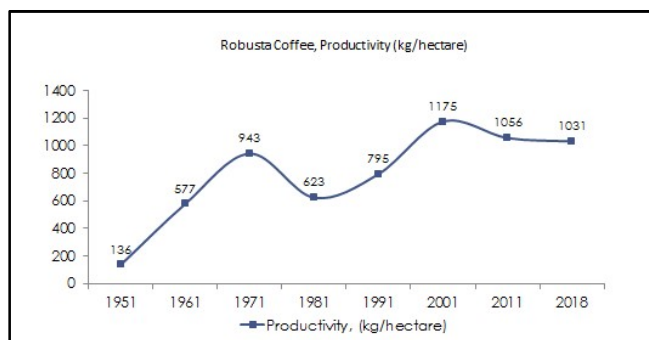
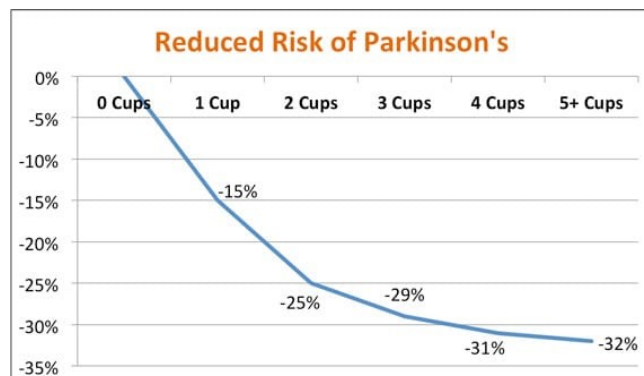
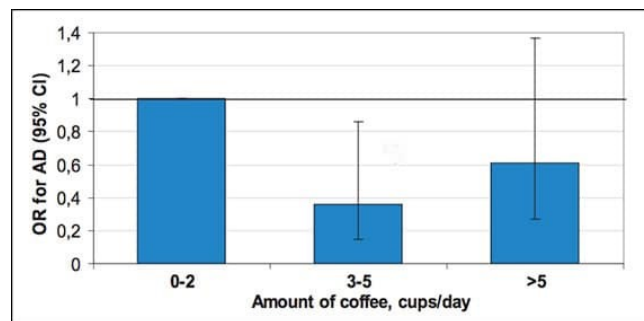
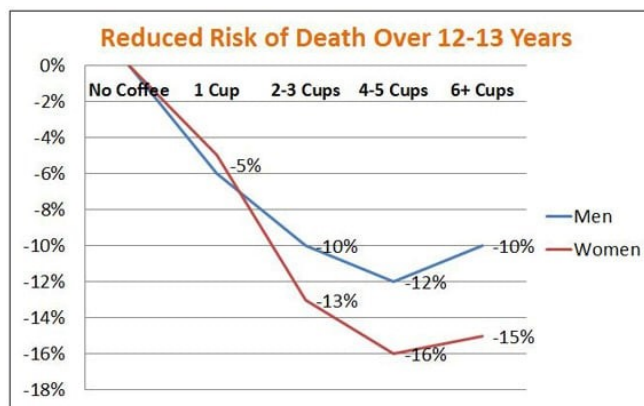
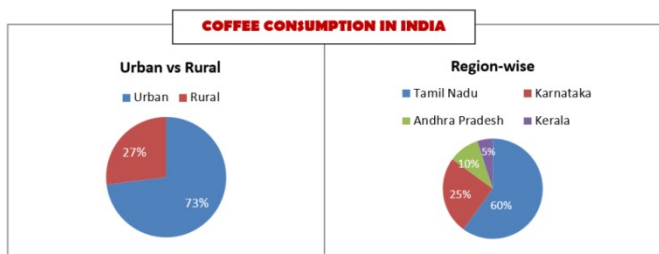
Aluminium is easy to recycle. The amount of waste generated by capsules is negligible, but recycled aluminium is an important part of the metal supply. As a supplier of premium coffee, we bear responsibility for the world in which we live. Our responsibility does not end with the enjoyment of coffee or our commitment to recycling. **presso** is committed to acting responsibly and making a positive difference wherever possible. For our coffee farmers, but also for society and the environment.

CONCLUSION

Our coffee specialists are there for you every day. Regardless of whether you need help using your machine or have a technical problem, they are there to assist you. We make uncompromising choices, one after another, to bring you exceptional coffee.

After all, we are the choices we make, aren't we?

What does a perfect cup of coffee taste like? Is it rich and robust, or subtly aromatic? Marginally acidic, or slightly sweet? Here at the press, we know that taste is subjective, but we also know something objectively true, "the better the bean, the better the coffee." And to get the best beans to create the highest quality cup of coffee for you, we must care for the land in which the crop grows and equally care for the people who tend it; a truth which led to the conception of our Reviving Origins coffees.



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