



Retail Sentiment Index (RSI)

July 2017



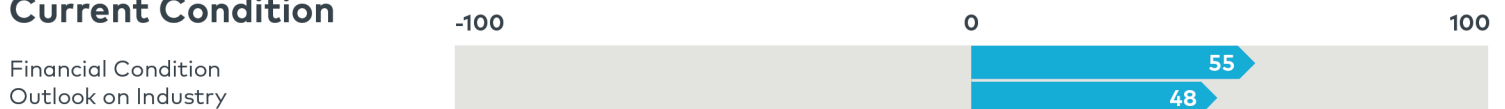


The July 2017 Retail Sentiment survey results show a slight decrease in sentiment among specialty coffee retailers. Since July 2016, respondents have felt more confident about future conditions than current conditions of the specialty coffee retail segment. On a scale from -100 to +100, **the latest index is 57.5**, down from January 2017 index of 63.

There are three consistent themes retailers are voicing:

- The overall RSI decrease is driven by a decrease in **current company financial condition and store expansion**.
- Many respondents continue to report their **business is growing**.
- Respondents are feeling threatened from **increasing competition and high employee turnover**.

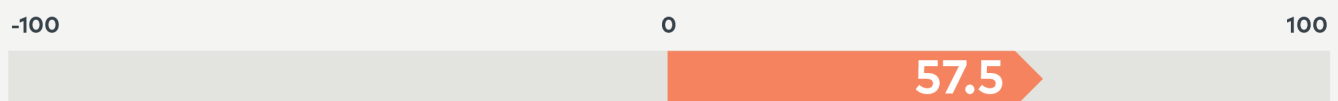
Current Condition



Expected Condition



July 2017 RSI



Sample size: 317. Margin of error: 4%. Confidence rate: 95%. Response rate: 11%. The survey is conducted semi-annually. To participate in the future contact Market Research Manager, Heather Ward: research@sca.coffee.

Key Notes

66% of respondents said they are currently financially better off than they were a year ago, which has decreased from 72% in the last 2 years.

84% expect a year from now to be financially better off than today, which has remained steady in the last 2 years.

53% expect their number of retail operations to increase, which has decreased from 59% in January 2017.

68% foresee increasing workforce in the next year which shows a decrease from 73% in January 2017.

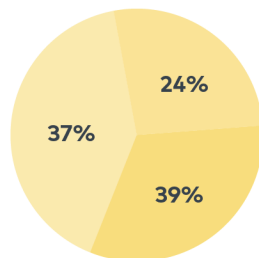
59% consider the industry better off than a year ago which has been consistent in the last year.

54% foresee a year from now the coffee industry's retail segment will be financially better off, down from 62% in the last 2 years.

Survey Respondent Demographics

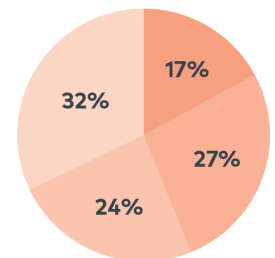
Organization Size (Annual Sales)

| | |
|--------------------------|-----|
| <\$500,000 | 37% |
| \$500,000 to \$1 Million | 24% |
| \$1 Million + | 39% |



Years in Business

| | |
|------------|-----|
| 0-2 years | 17% |
| 3-5 years | 27% |
| 6-10 years | 24% |
| 11+ years | 32% |



Responder Ratio Pool

| | | | | | |
|-------------|----|-------------|---|----------------|------------|
| Australia | 1 | Guatemala | 1 | Romania | 1 |
| Austria | 3 | Ireland | 2 | Russia | 1 |
| Belgium | 1 | Jordan | 1 | Saudi Arabia | 2 |
| Brazil | 1 | Latvia | 1 | South Korea | 1 |
| Bulgaria | 1 | Lebanon | 1 | Switzerland | 2 |
| Canada | 10 | Mexico | 1 | Taiwan | 1 |
| Denmark | 3 | Morocco | 2 | Ukraine | 1 |
| El Salvador | 1 | Nepal | 1 | United Kingdom | 9 |
| Finland | 2 | Netherlands | 3 | United States | 251 |
| France | 1 | Norway | 1 | | |
| Germany | 3 | Peru | 2 | Total | 317 |
| Greece | 3 | Poland | 1 | | |



Summary

The Specialty Coffee Retail Sentiment Survey's purpose is to gather retailer respondents' feelings towards their business and the specialty coffee industry. The Retail Sentiment Index (RSI) is an information tool designed to help with business decisions and planning, particularly in areas such as drafting business plans, expanding business, and researching locations.

July 2017 survey results reveal the biggest drop in retailer sentiment since January 2015 with an index of 57.5, down from 63 in January 2017.

This survey has been conducted every January and July since 2015 and respondents have been consistently reporting a higher optimism in the month of January. This could be pointing to an element of seasonality.

In the past year, survey respondents have reported feelings of economic certainty caused by Brexit and the U.S. election. The results of the July 2017 showed less emphasis on economic uncertainty.

Since January of 2015, there has been a significant decrease in the percentage of respondents who feel their company is currently financially better off than it was a year ago. Most feel their the company will financially stay the same.

"I think that we'll see some retailers exit the market and those with compelling value propositions remain."

Survey Respondent

View previous RSI Reports at
bit.ly/SCAReports



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