

January 2018 Retail Sentiment Index (RSI)

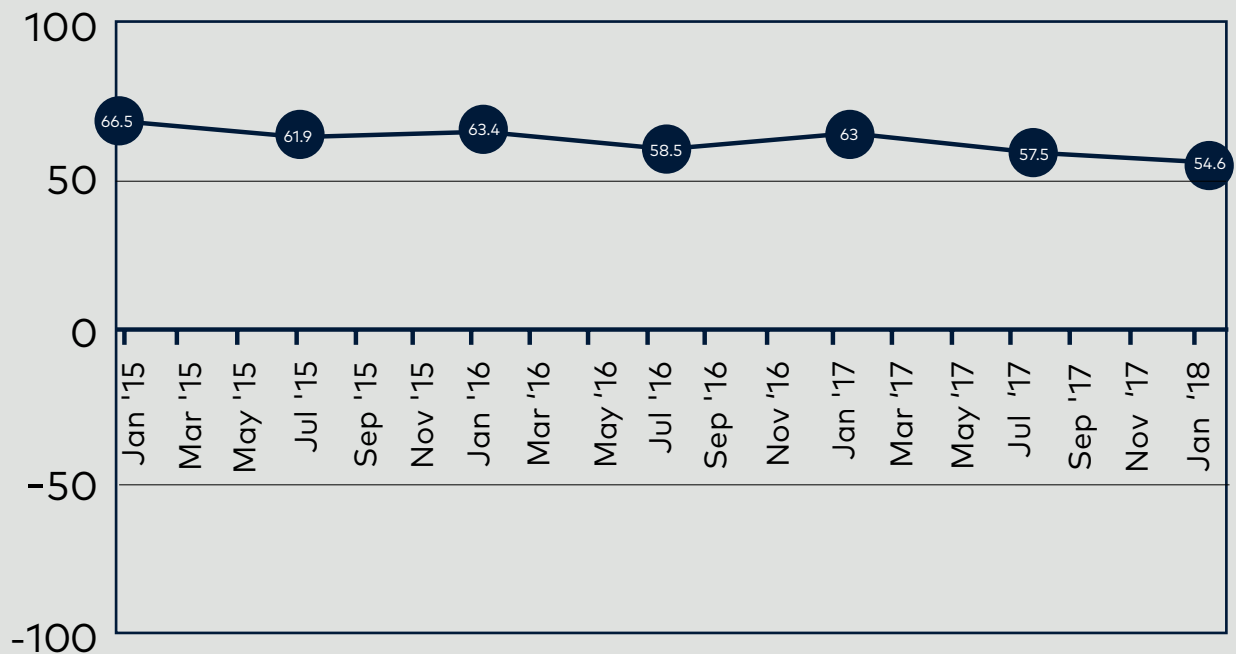


January 2018 Retail Sentiment

The January 2018 Retail Sentiment survey results continue to show a decrease in sentiment among specialty coffee retailers in this study.

Since the inception of the RSI three years ago, the index has dropped 9%.

On a scale from -100 to +100, the latest index is 54.6, down from July 2018 index of 57.5.



Over time, the index shows a positive sentiment that is trending down slightly.

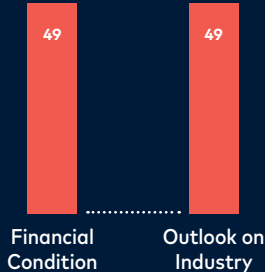
The overall RSI decrease is driven by:

- More retailers reporting their financial condition is worse off at the start of 2018 than it was a year ago.
- Fewer respondents reporting that they plan to hire employees.

Retailer respondents continue to feel threatened from increasing competition.

Retailer respondents continue to feel more confident about future conditions than current conditions.

Current Condition



Expected Condition



January 2018 RSI



Sample size: 360. Margin of error: 5%. Confidence rate: 95%. Response rate: 7%. The survey is conducted semi-annually. To participate in the future, contact: research@sca.coffee.

Key Notes

63% of respondents said they are currently financially better off than they were a year ago, which has decreased from 78% in the last 2 years.

81% expect a year from now to be financially better off than today, which has decreased from 85% in the last 2 years.

50% expect their number of retail operations to increase, which has decreased from 59% in January 2017.

63% foresee increasing workforce in the next year which shows a decrease from 73% in January 2017.

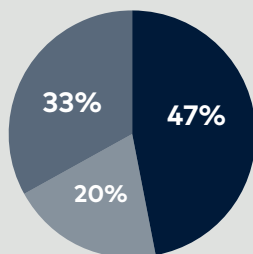
60% consider the industry better off than a year ago which has remained steady in the last year.

58% foresee a year from now the coffee industry's retail segment will be financially better off, which has remained steady in the last year.

Survey Report Demographics

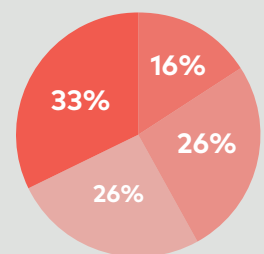
Organization Size (Annual Sales)

<\$500,000	47%
\$500,000 to \$1 million	20%
\$1 million +	33%



Years in Business

0-2 years	16%
3-5 years	26%
6-10 years	26%
11+ years	32%



Responder Ratio Pool



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Summary

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

January 2018 results reveal an 9% drop in retailer sentiment in the last 3 years with an index of 54.6.

In 2016 and early 2017, survey respondents reported feelings of economic certainty, caused by Brexit and the U.S. election. The results of the July 2017 and January 2018 survey 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 financially better off than it was a year ago.

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