



Retail Sentiment Index (RSI)

January 2017





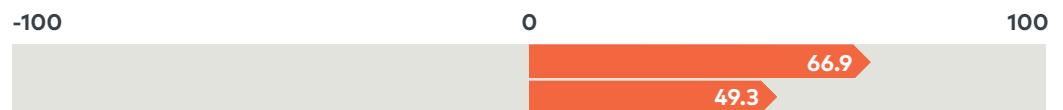
The January 2017 Retail Sentiment survey results show a slight increase in positive sentiment among specialty coffee retailers. Respondents continue to feel more confident about future business conditions than current conditions of the specialty coffee retail segment. On a scale from -100 to +100, **the latest index is 63**, up from July 2016's index of 58.5.

There are four consistent themes retailers are voicing:

- The overall RSI increase is driven by increases in **workforce and store expansion**.
- Many respondents report their **business is growing**.
- Respondents continue to **feel uncertain about the U.S. economy**.
- Respondents are continuing to report **higher labor costs** due to increases in minimum wage.

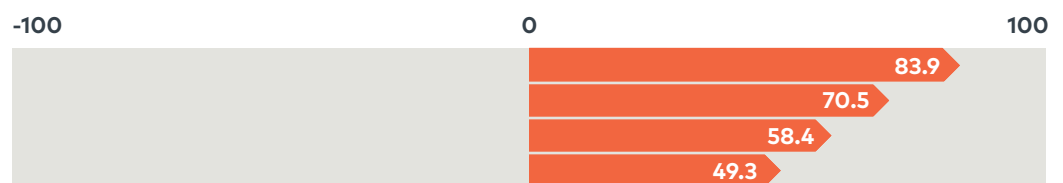
Current Condition

Financial Condition
Outlook on Industry



Expected Condition

Financial Condition
Workforce Expansion
Store Expansion
Outlook on Industry



January 2017 RSI



Key Notes

74% of respondents said they are currently financially better off than they were a year ago, which has increased from 71% In July 2016.

85% expect a year from now to be financially better off than today, which has remained steady in the last year.

59% expect their number of retail operations to increase, which shows a significant increase from 43% in January 2016.

73% foresee increasing workforce in the next year, which shows a significant increase from 63% in July of 2016.

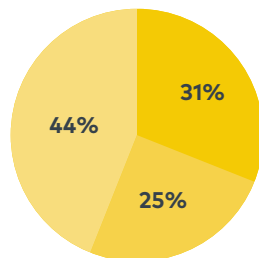
58% consider the industry financially better off than a year ago, while 31% see no change.

59% foresee a year from now the coffee industry's retail segment will be financially better off, 31% see no change and 10% worse off.

Survey Respondent Demographics

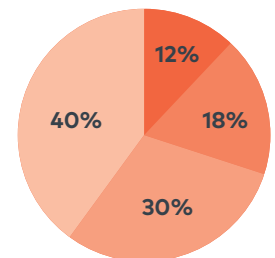
Organization Size (Annual Sales)

<\$500,000	31%
\$500,000 to \$1 Million	25%
\$1 Million +	44%



Years in Business

0-2 years	12%
3-5 years	18%
6-10 years	30%
11+ years	40%



Responder Ratio Pool

Brazil	1	Philippines	2
Canada	11	Saudi Arabia	2
Colombia	1	Singapore	1
El Salvador	1	South Korea	1
Greece	1	Taiwan	1
Jordan	1	Thailand	1
Lebanon	1	United Kingdom	2
New Zealand	1	United States	299
Peru	1	Vietnam	1

Total Responders 329



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.

January 2017 survey results reveal a sentiment index of 63, which has recovered from July 2016's drop to 58.5.

The survey has been conducted every January and July since 2015 and respondents have been consistently reporting a higher optimism in the month of January.

The January 2017 survey shows respondents are more positive about future business conditions, despite reported feelings of economic uncertainty caused by Brexit and the U.S. election.

There has been a significant increase in the percentage of respondents who plan to open new retail locations and increase their workforce. This seems to be driving the overall positive sentiment back up.

View previous RSI Reports at bit.ly/SCARports

"Our revenue growth is due largely to opening additional stores."

Survey Respondent