

Photo by PERLab partner group Kearney

State of the coffee machine industry: defining a new growth logic

PERLab's perspective on how to expand in a mature market that is already well-served

KEARNEY
PERLab

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Foreword

I should declare an interest. I have owned and tinkered with more coffee machines than I care to admit, so when the Kearney PERLab team identified the coffee machine market as fertile grounds for a study, I didn't need much persuading.

In addition, we are well-placed geographically to lead a new conversation here. Europe is still where much of the world's coffee machines are designed and engineered, and Central Europe in particular has an unusually high concentration of coffee brands and technical know-how across the industry and beyond the machine. Our own work has covered most of the value chain, from home espresso and office systems to professional machines and coffee beans.

Once we started investigating the coffee market, what drew us in was the sense that it is approaching a turning point. The industry is growing worldwide, but slowly, and machine makers can no longer rely on the market to do the work for them. Many established manufacturers are successful and profitable, and that's part of the difficulty. When business is good, there's little pressure to question products, portfolios, and operating models built up over decades, even though they may not be the ones that carry a company through the next 10 or 15 years.

Some of what we found surprised us. More than nine in 10 European consumers are happy with their machine, yet around seven in 10 would consider switching. That left us with a question of why and how market players can use this information to fuel growth, loyalty, and innovation.

Our study also found certain truisms for OEMs looking to innovate their products or approaches. For example, when we took machines apart in our Amsterdam lab, we found a good share of the cost sitting in complexity that consumers neither notice nor would want to pay for. Simplifying design and engineering offers a short-term opportunity to finance some of the investment required for long-term innovation and success.

The reality is that there is no longer a single formula for growth in what is a fairly mature market. Europe, the United States, and Asia each call for different choices about which consumers to serve, what to build, how to innovate, and where engineering should sit. However, the ones that get it right still have tremendous growth potential and an opportunity to shape the first global coffee-machine player.

In this report, we make these choices more concrete, whether you are an established manufacturer, a new player in the market, or an investor who wants to understand where value sits.

If our report starts a few useful arguments inside the industry, it will have done its job.



Dominik Leisinger
Partner and Managing Director,
Kearney PERLab

Introduction

"At the end of the day, people want a drink. They don't want a machine," says Richard Xu, CEO and co-founder of xBloom. That tension captures the essential challenges facing a coffee machine industry that has grown into a saturated maturity.

In this industry, genuinely new product propositions have been rare. The market is highly developed; consumers have a broad range of established preparation methods to choose from; and most major preferences around taste, convenience, and price are already addressed by one format or another. In such a market, that would normally be the end of the growth story. However, consumer expectations are still moving. Many at-home drinkers are looking for café-style quality, more beverage choices, and less day-to-day hassle. They can be satisfied with the machine they own and still be persuaded when another proposition better matches their evolving expectations.

Giuseppe Lavazza, chairman of the Italian coffee giant that bears his family name, has described today's consumers as drinking "less but better." That makes innovation harder, not easier. The opportunity is no longer to add features indiscriminately, but to identify the specific improvement that will make a satisfied consumer switch—and to deliver it better than anyone else. The trigger differs by market, from taste and cleaning to convenience, variety, value, and the wider beverage experience.

This report combines market analysis, research among more than 2,500 coffee drinkers, and a competitive product/technical/functional benchmark to connect those switching triggers to what OEMs should build. PERLab examines not only what consumers say they value, but also where product cost and engineering complexity sit and where investment can be shifted toward the parts of the experience consumers can see, taste, and use.

The result is a new growth logic for a mature category:

— Choose the consumer and occasion precisely.

— Protect the value-critical core.

— Remove complexity that doesn't earn its keep.

— Build propositions that are meaningfully better, not simply broader.

Many at-home drinkers are looking for café-style quality, more beverage choices, and less day-to-day hassle.

Methodology

We have written this report from a product-centric standpoint. Market and consumer evidence indicates where demand is moving and what would persuade consumers to switch. The manufacturer's challenge is to translate that insight into a product: what to build, where to invest, and what it should cost.

This report is intended to guide manufacturers toward answers to these pivotal questions, covering the full range of at-home coffee preparation formats: espresso machines, semi-automatic/portafilter and fully automatic/ bean-to-cup systems, capsule and pod machines, filter/drip machines, and cold-brew devices. Where a finding applies to one format specifically rather than to machines in general, we say so. Where we refer to machines or devices without qualification, the point holds across formats.

We approached every finding by asking what it means for the physical product, and we built our analysis on three pillars, complemented by conversations with industry practitioners, including engineers, manufacturers, and category experts, to bring their perspective into the analysis. Together, these three pillars move the report from observation to action (see figure 1 on page 4).

In the final section of the report, we translate the evidence into five concise playbooks for existing OEMs, new entrants, future-value markets, investors and private equity, and adjacent-category entrants:

— **Playbook one: existing OEMs.** How established manufacturers can defend their market share and win growth region by region

— **Playbook two: new entrants.** How to enter a market where you don't yet sell without matching incumbents on breadth or brand

— **Playbook three: future value markets.** How to position now in markets that are not yet ready for full entry

— **Playbook four: investors and private equity.** What to underwrite in a coffee machine or adjacent consumable target

— **Playbook five: adjacent category entrants.** How companies from outside the coffee industry should judge whether their capability gives them a meaningful chance to win

Figure 1

PERLab's study of the coffee machine industry is grounded on three pillars

Market analysis	Consumer research	Product assessment
Analysis		
Sized the at-home coffee machine market by region and format Mapped growth to 2030 and competitive structure by unit share across Western Europe, the United States, and the Asia Pacific region	Surveyed more than 2,500 coffee drinkers across four nations in Western Europe (Germany, France, Switzerland, and the United Kingdom) along with the United States and China The research covered preparation habits, satisfaction with current machines, everyday frictions, levels of switching intent, potential motives for switching, and the barriers holding people back from making a change	Benchmarked coffee machine hardware through product disassembly, should-cost modelling, and design-to-value analysis covering product architecture, mechanical and electrical systems, brewing and milk systems, user interaction, and sensory performance
Insight		
Where the opportunity is and where it isn't	What would persuade someone to switch	What it would cost to build, and where cost creates value

Source: Kearney analysis

More than nine in 10 European consumers are happy with their coffee machine, yet around seven in 10 would consider switching.

The new growth logic

Coffee machines are a mature category, but maturity doesn't equate to loyalty. Across the markets in our study, consumers report very high satisfaction with their machine, but many are open to changing their machine type or setup. The growth challenge isn't simply to fix consumer dissatisfaction. It's to understand what will make a satisfied consumer switch.

What we learned is that the triggers vary by market:

— Western Europe is crowded and largely satisfied with the machines that consumers already own.

— The Asia Pacific region is growing quickly but is highly fragmented.

— The United States is concentrated among a small number of dominant players.

Regional variation matters, but the underlying principle is the same: broad, one-size-fits-all propositions are losing power.

PERLab's competitive benchmarking work adds a second element to the argument. Some of the cost and complexity inside machines doesn't directly improve the outcomes that consumers value most. The opportunity is to protect taste, consistency, and reliability; simplify architecture where complexity adds little value; and reinvest in visible benefits, such as easier cleaning, intuitive interaction, and better beverage performance.

But knowing where the opportunity sits isn't the same as knowing how to maximize it, and here the evidence points to a truth that might not be obvious. When we disassembled a premium coffee machine, we found that a meaningful share of product cost sits not in what protects taste or reliability, but in complexity that consumers cannot perceive and won't pay for. Reducing extraneous, costly complications and reinvesting in consumers' higher priorities is a fundamental part of successful product design.

The playbooks at the end of this report apply that logic to different starting points. Their purpose isn't to provide exhaustive market-entry plans, but to identify the decisions that matter most and pinpoint where companies should focus next, which is why this report sets out five distinct playbooks rather than one:

— **Established OEMs** need a region-by-region view of where to defend and where to grow.

— **New entrants** need to know how to win share without matching incumbent breadth, as Chinese manufacturers have shown is possible even in mature Western markets.

— **Markets that aren't ready for full entry** require patient positioning rather than big-splash early investments.

— **Investors and private equity firms** evaluating this category need a way to identify genuine competitive advantages.

— **Companies from adjacent sectors** need to judge whether their existing capabilities in motors, brewing, or brand give them a genuine opportunity to succeed.

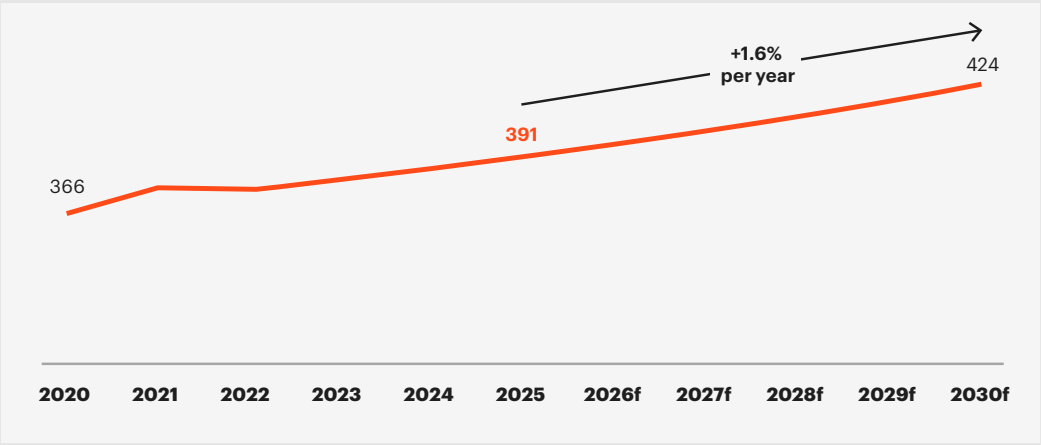
The new growth logic is simple: be meaningfully better for a defined consumer in a defined market—and engineer the product around what that consumer will actually value.

Market snapshot: a look at the dynamics and why old growth models are stalling

Coffee is an enormous, commercially attractive, and highly resilient market, but volume growth is modest; it is also a highly developed space and very crowded. Global brewed volume was about 391 billion liters in 2025 and is projected to reach 424 billion liters by 2030, a CAGR of just 1.6 percent (see figure 2). This modest trajectory helps explain why traditional approaches to growth in the coffee machine industry have stalled and why it's time for new models and approaches.

Figure 2
Global coffee consumption has seen modest growth over the past five years

Total coffee market
(Brewed coffee volume in billion liters)



391 billion liters
in 2025

Total market growth
CAGR 2025–2030
+1.6%

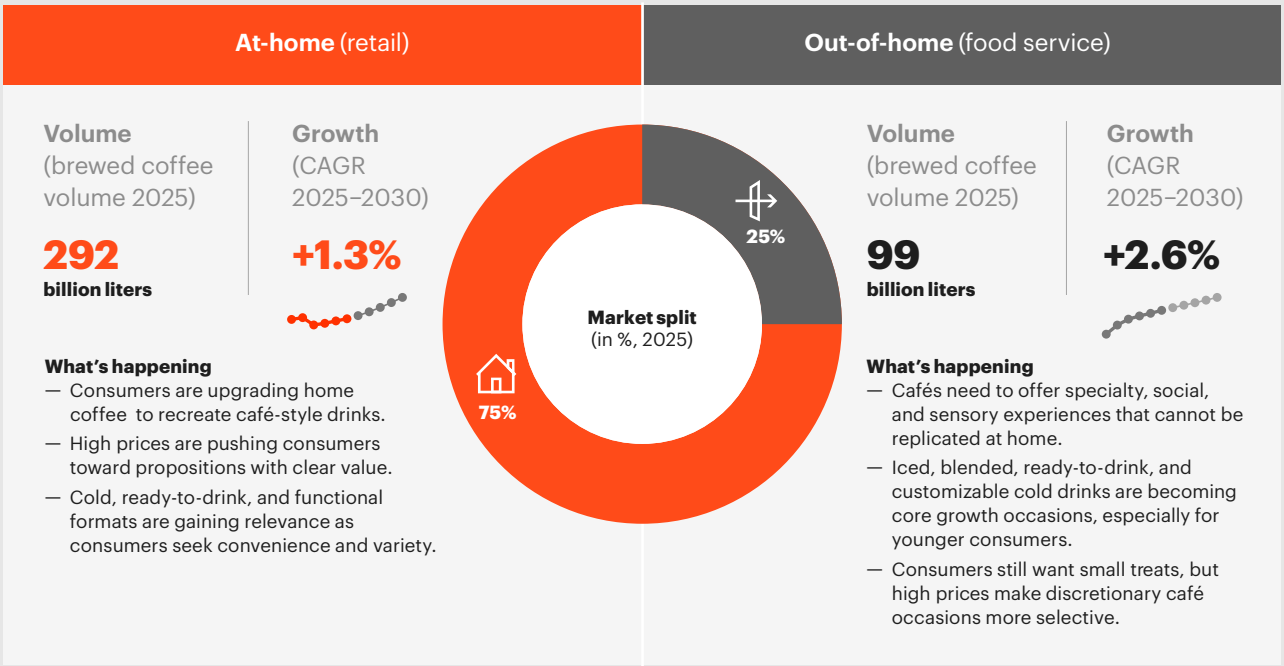
Source: Kearney analysis

Coffee consumption is split into two broad arenas (see figure 3). **At-home consumption** accounts for around 75 percent of global volume but is growing at only about 1.3 percent, reinforcing the need to win through switching, premiumization, and higher-value occasions rather than simple volume expansion. Consumers in this category are moving between competing priorities: café-style quality and greater beverage choice on one side; affordability and simplicity on the other. Cold, ready-to-drink, and functional beverages also widen the set of occasions that a traditional hot-coffee machine must compete with. **Out-of-home consumption** is smaller, at roughly 25 percent of consumption, but is growing faster at around 2.6 percent. This category competes through experience and convenience at the same time: coffeehouse environments coexist with drive-through, mobile ordering, and grab-and-go formats.

For machine OEMs, the implication is that the product no longer competes only with other machines. It competes with a café visit, a drive-through, a ready-to-drink product, and, increasingly, a wider set of beverage rituals.

Similar to the at-home sector, out-of-home consumption choices are veering away from traditional hot brewed coffee and toward iced, blended, ready-to-drink, and customizable cold drinks, especially among younger consumers. As Philippe Schaillee, CEO of Costa Coffee, put it: "Iced is the way that younger consumers are coming into the category, and it's going to be a structural growth driver." What this suggests for OEMs is that the appropriate route to sustained growth differs by the audience and market. In an industry this mature and saturated, there is no single key that will unlock all doors. The market is mature enough that "more of everything" is not a strategy. Growth comes from choosing the consumer, occasion, and value proposition more precisely and then making the product demonstrably better within that dimension.

Figure 3
At-home consumption accounts for the vast majority of the coffee market



Source: Kearney analysis

Market analysis by region: different markets, different growth jobs

The strategic question isn't whether regions differ—they clearly do—but what a manufacturer must do to unlock growth in each one (see figure 4 on page 9).

In this report, we discuss each region, beginning with the largest of them all: Western Europe.

Western Europe: win value, not volume

Western Europe is the largest at-home coffee machine market, but growth is modest, and the installed base is already highly satisfied. The opportunity is replacement, premiumization, and format conversion, not broad volume expansion.

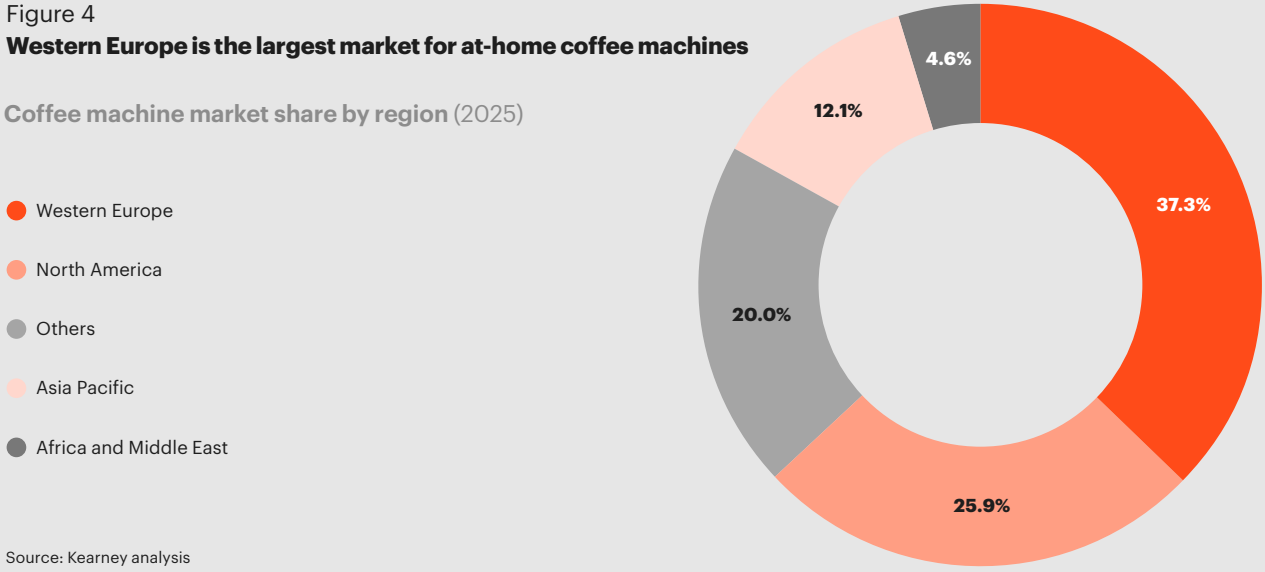
Value growth is running ahead of volume. The value of the espresso machine market is expected to grow by about 5.5 percent a year through 2029 while unit volumes rise by about 3.6 percent; pod and filter volumes are expected to decline (see figure 5 on page 9). OEMs will need propositions that justify a higher-value switch rather than simply expanding range.

The format mix is fragmented by country. Nordic markets are strongly oriented toward filter coffee and larger-cup brewing, while Germany combines a strong filter tradition with an equally important whole-bean and bean-to-cup segment. The most credible areas for growth are specific: better coffee with less hassle, premium ownership experiences, and targeted conversion from established formats, such as capsule or filter where the benefit is clear. Within this fragmented format landscape, Nikolaus Potapow, co-founder of datum.coffee, sees the greatest remaining whitespace in convenience: the ground between fully automatic, capsule, and traditional portafilter machines remains largely unexplored.

Figure 4

Western Europe is the largest market for at-home coffee machines

Coffee machine market share by region (2025)

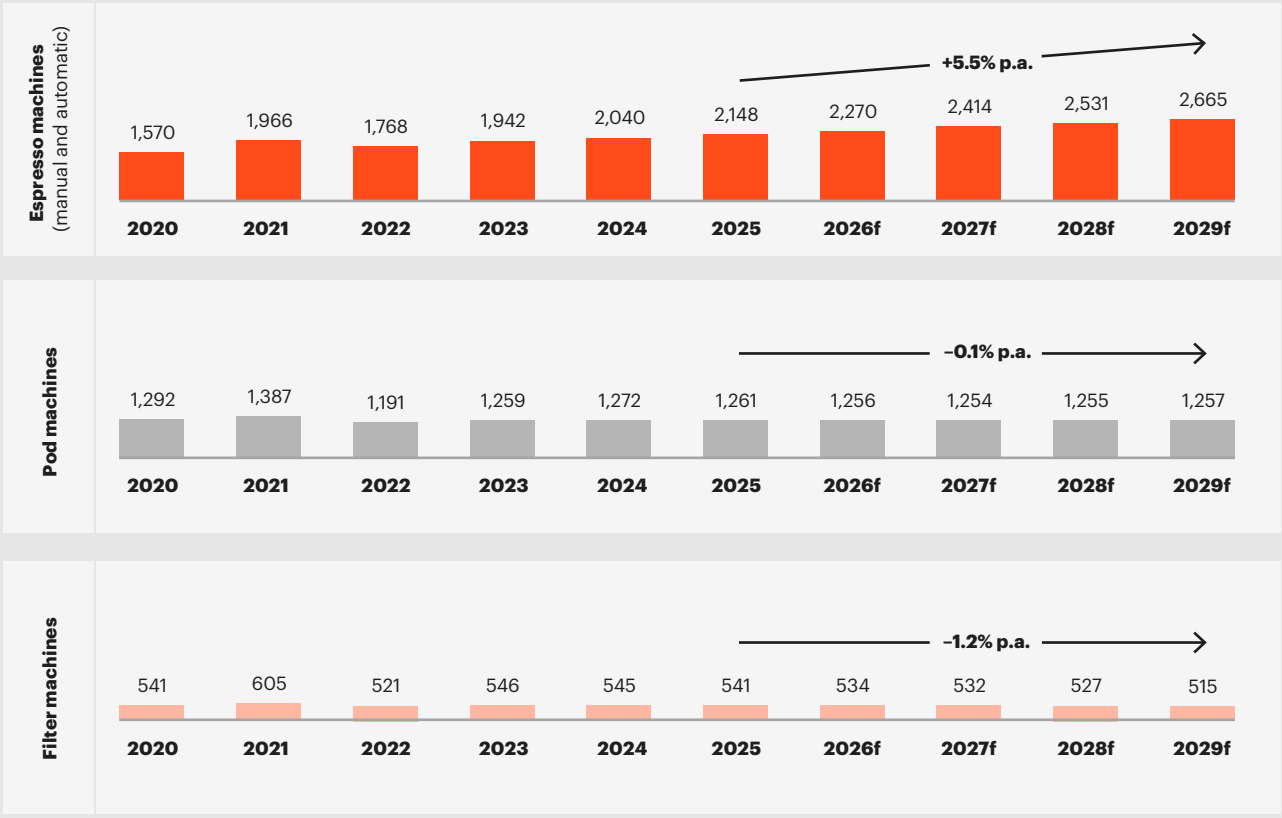


Source: Kearney analysis

Figure 5

The value of the espresso machine market is expected to rise, while pod and filter machines value remains relatively flat

At-home coffee machine market value in Western Europe
(Retail value in $ million)



Source: Kearney analysis

The European market is a busy blend of large manufacturers and smaller specialized producers. Versuni, SEB, and De'Longhi lead with 17.5 percent, 16.1 percent, and 14.1 percent of unit sales respectively, leveraging broad multi-brand portfolios including well-known names such as Gaggia, Saeco, and Krups, suggesting that scale across several machine types remains an important competitive advantage. However, focused specialists such as Jura can succeed without such breadth (see figure 6).

United States: change the routine

The United States is the second-largest coffee machine market (25.9 percent) but grows by only about 0.7 percent a year. The bigger constraint is behavioral: a large share of coffee consumption happens outside the home, supported by cafés, drive-throughs, and grab-and-go routines.

That makes the United States a switching battleground. At-home systems must win consumers away from an existing machine or from out-of-home occasions by making the benefit immediate: better coffee, lower cost per cup, greater variety, or materially less effort.

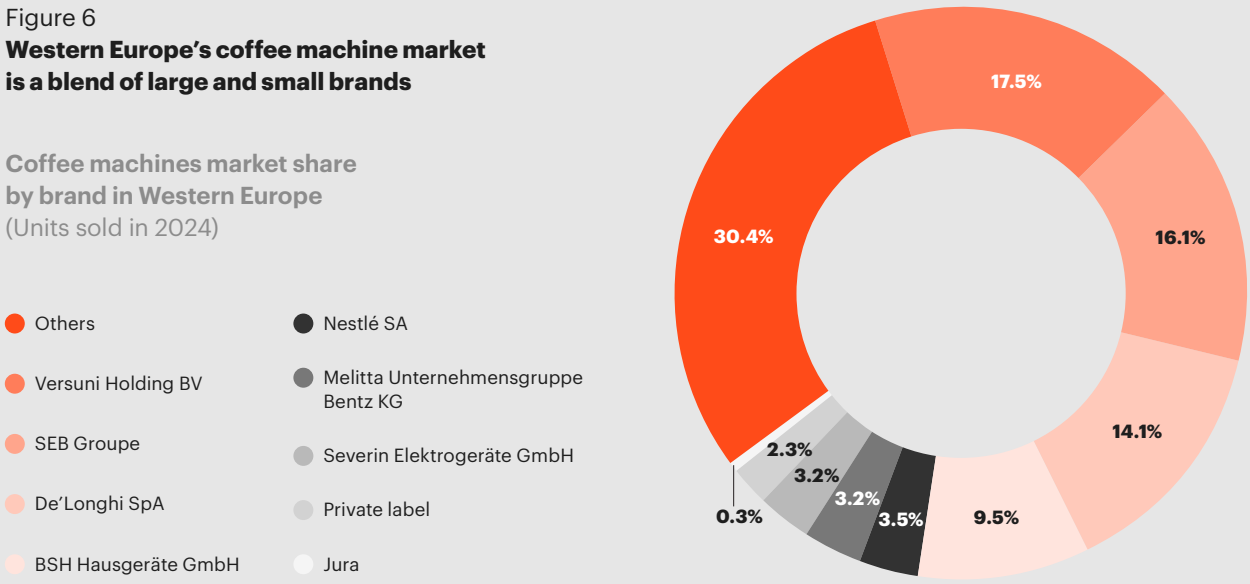
The regional format mix here differs from that of Western Europe, with filter machines and capsule machines dominating the scene. While pod machines have largely stalled, filter machines—and, to some degree, espresso systems—are providing some marginal growth (see figure 7 on page 11).

For producers, the opportunity is to pull consumers from pods, traditional filter systems, and out-of-home consumption and toward higher-value at-home systems. Espresso systems offer a potentially promising premiumization strategy but must overcome deeply established preferences for filter and pod machines.

The US market is concentrated among a small number of major players. Together, the four largest producers account for about 76 percent of unit sales (see figure 8 on page 11).

Figure 6
Western Europe's coffee machine market is a blend of large and small brands

Coffee machines market share by brand in Western Europe
(Units sold in 2024)



Source: Kearney analysis

Figure 7

Filtered coffee machines are seeing the most growth in the US market

At-home coffee machine market value in the United States
(Retail value in $ million)



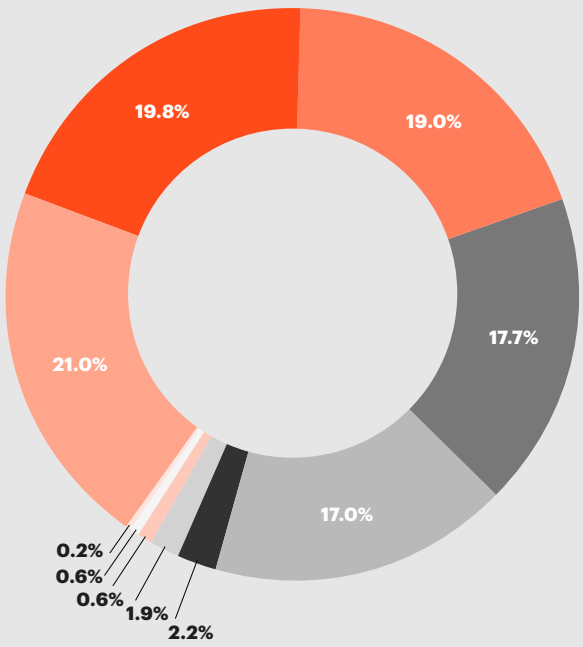
Source: Kearney analysis

Figure 8

Large brands dominate the US coffee machine market

Coffee machines market share by brand in the United States
(Units sold in 2024)





Source: Kearney analysis

Asia Pacific: grow through local relevance

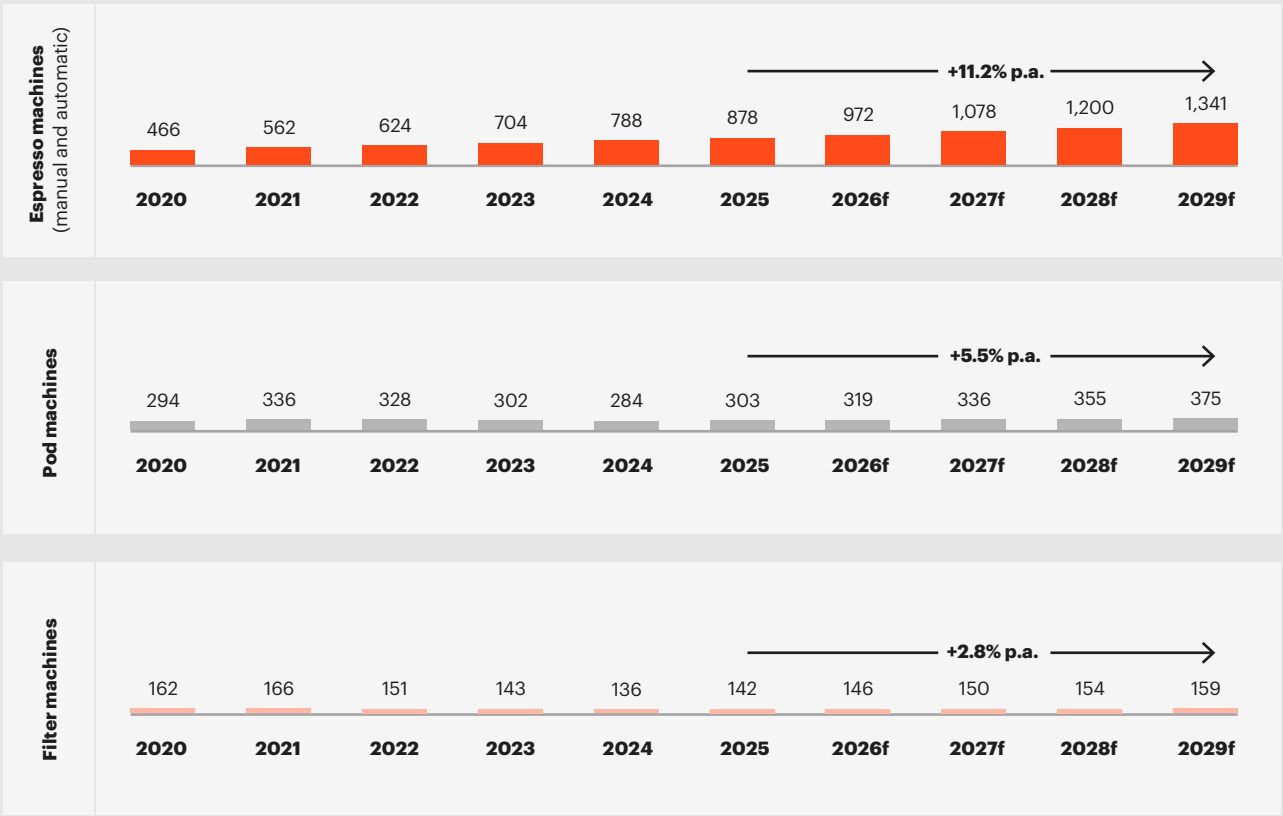
If Western Europe and the United States are the paragons of large scale and slow growth for the coffee machine industry, Asia Pacific is a story of relatively low scale (for now) and considerably faster growth, with the market expected to grow at around 9 percent a year (with 12.1 percent of the global market share).

The opportunity is substantial, but Asia is far from one single consumer market. Instant coffee, tea cultures, kitchen space, price sensitivity, and café habits differ sharply by country. The winning move is therefore not a regional master product, but locally relevant upgrade paths that move consumers from their current ritual into a machine proposition worth paying for (see figure 9).

Nestlé is the largest individual player, followed by De'Longhi and Versuni, suggesting the strong footprint of established European brands. The sizable "others" segment reveals how fragmented the market is (see figure 10 on page 13).

Figure 9
In Asia Pacific, espresso machines are expected to see the most growth

At-home coffee machine market value in Asia Pacific
(Retail value in $ million)

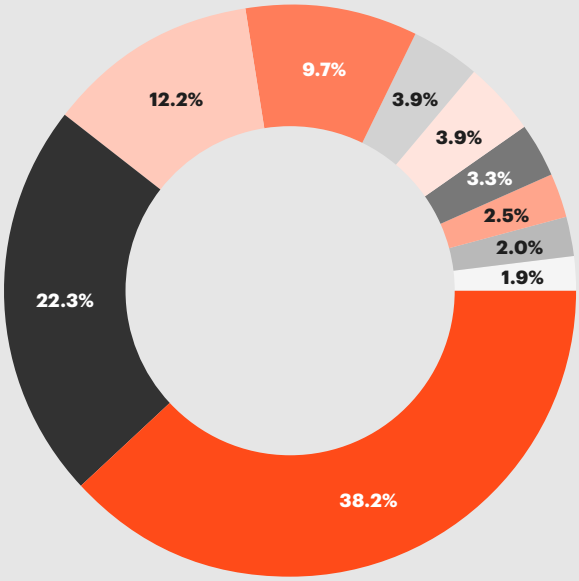


Source: Kearney analysis

Figure 10

Established European brands have a stronghold on Asia Pacific's coffee machine market

Coffee machine market share by brand in Asia Pacific
(Units sold in 2024)



- Others
- Versuni Holding BV
- SEB Groupe
- De'Longhi SpA
- Guangdong Bear Electric Co Ltd
- Nestlé SA
- Zojirushi Corp
- Electrolux AB
- Midea Group Co Ltd
- Guangdong Xinbao Electrical Appliances Co Ltd

Source: Kearney analysis

Asia Pacific's coffee machine industry is a story of relatively low scale (for now) and considerably faster growth.

Consumer insights by region: satisfied doesn't mean loyal

The most important finding in our study is a contradiction: consumers are highly satisfied with the machines they own, yet many are open to switching. Expectations are changing even when products aren't failing. The reason isn't one universal unmet need. Consumers are more selective about coffee quality, beverage choice, cleaning, maintenance, size, noise, convenience, and value, and the mix differs by market. This is what makes the next phase of innovation harder to design for.

Western Europe: overcome inertia

At-home coffee drinking is a deeply ingrained habit in Europe. Across France, Switzerland, Germany, and the UK, 67 to 83 percent of consumers prepare coffee at home at least five days a week. For Europeans, coffee is part of everyday life, not something for a special occasion.

Despite high levels of overall satisfaction (91 to 96 percent), between 67 and 73 percent of consumers in the represented European markets say they are open to switching to alternative machines or formats. Consumers cite several sources of recurrent friction, most of which relate to cleaning, maintenance, noise, and the effort required to operate their devices. The growth problem is therefore inertia, not widespread dissatisfaction (see figure 11 on page 15).

Taste is the strongest switching trigger: 61 percent of the Europeans we surveyed cite better taste or quality, followed by easier cleaning and maintenance at 47 percent. Smart features rank last among desired attributes across all four markets. The implication is clear: premiumization has to be experienced in the cup, not in a longer list of features.

Bean-to-cup espresso systems have emerged as the clearest upgrade path across the continent. This tendency extends even to customers who are using capsule machines; these drinkers are particularly open to espresso systems if they are looking for better coffee quality or more premium milk drinks.

Across France, Germany, and Switzerland, between 45 and 61 percent of consumers (depending on the specific nation) identify bean-to-cup systems as their next likely setup. However, the conversion challenge differs by market. Bean-to-cup is already the leading machine format in Germany and Switzerland, so this represents the consolidation of an existing shift rather than a new disruption. In France—and, for that matter, the United Kingdom—this move is more clearly about migration from other formats.

Throughout Europe, the main barriers to bean-to-cup adoption are practical: high upfront prices, excessive size, noisy operation, fussy cleaning and maintenance requirements, and perceived complexity.

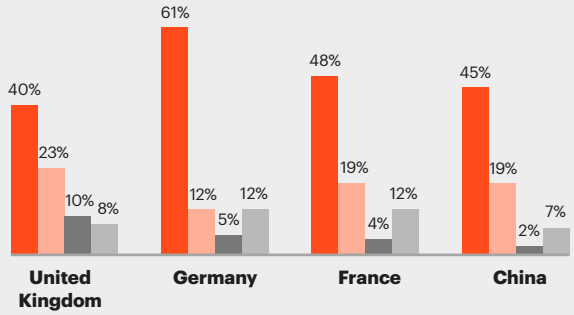
For OEMs, winning propositions need to prove three things: they brew better coffee, are easy to operate and maintain, and offer credible value for money. Notably, the presence of apps and other smart features aren't compelling to European consumers. Such bells and whistles rank last among desired attributes across all four European markets and should support the overall product offering rather than serve as a leading value proposition.

Figure 11

Despite being largely satisfied with their coffee machines, most consumers are open to switching

Next set-up considered

Top machine choice

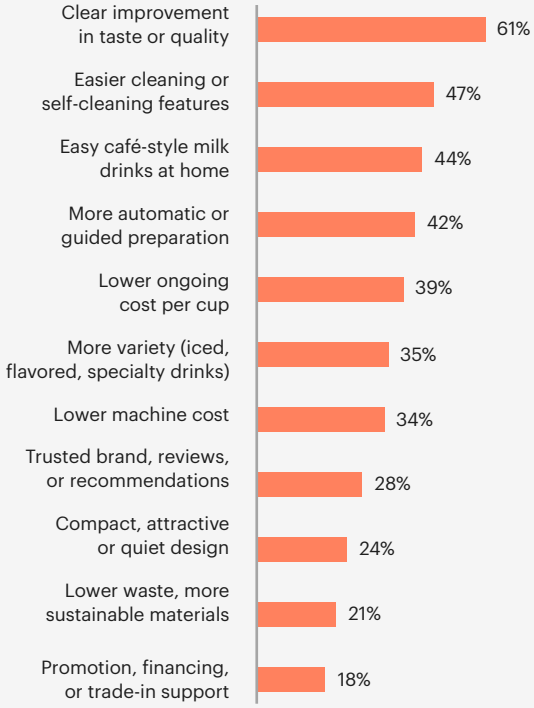


- Fully automatic or bean-to-cup machine
- Capsule, pod, or single-serve machine
- Filter or drip machine
- Semi-automatic or portafilter espresso machine

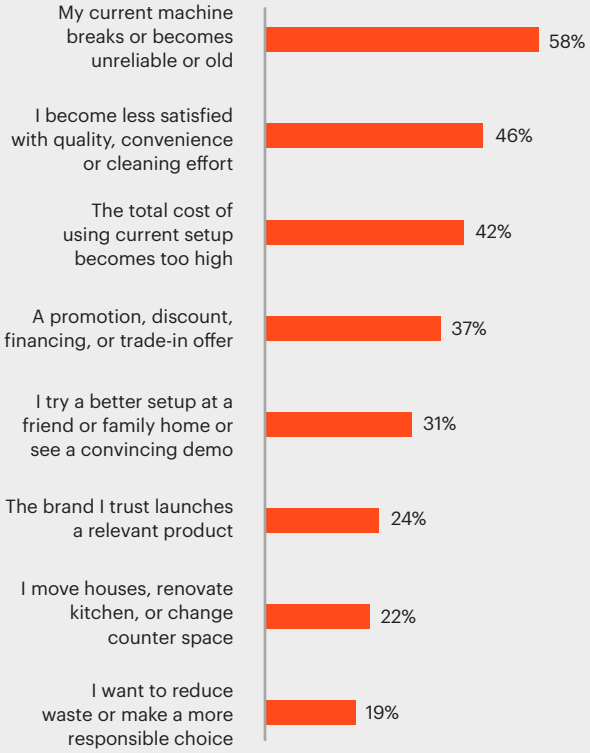
Next primary at-home coffee solution

Machine type	United Kingdom	Germany	France	China
Fully automatic or bean-to-cup	53%	70%	56%	56%
Capsule or pod machine	34%	22%	31%	29%
Filter or drip machine	21%	18%	19%	17%
Semiautomatic or portafilter	18%	16%	22%	19%
French press	11%	10%	12%	11%
Moka pot or stovetop	8%	9%	14%	10%
Pour-over or manual drip	7%	6%	8%	7%
Cold brew device	5%	4%	6%	5%

Reasons for switching (EU average)



Triggers for switching (EU average)



Source: Kearney analysis

United States: win a new routine

As in Western Europe, home-brewed coffee is a deeply embedded daily routine in the United States, where 76 percent of consumers say they make coffee five or more days per week, and 57 percent do so every day. In this market, there is a strong temporal element to coffee consumption patterns, with mornings the most dominant time of day. Breakfast and mid-morning are the most popular occasions (44 percent) followed by early mornings with 28 percent.

Despite relatively high levels of satisfaction with their current setup (95 percent), 71 percent of US consumers in our survey say they are open to changing their main machine type within the next two years. Switching is often triggered by the need for a replacement: 46 percent would act when their current machine breaks or becomes unreliable. Other reasons for switching include better taste and quality (32 percent) and easier cleaning (31 percent). More than half name bean-to-cup as a likely next setup, but price is the largest barrier. That creates room not only for product innovation but potentially for financing, rental, or other models that reduce the upfront hurdle (see figure 12 on page 17).

The growth opportunity is to upgrade a highly engaged and satisfied installed base rather than disrupting it. The winning play is to persuade consumers with demonstrably better coffee, especially through bean-to-cup systems, while removing the two biggest conversion frictions: high prices and overly complex cleaning protocols.

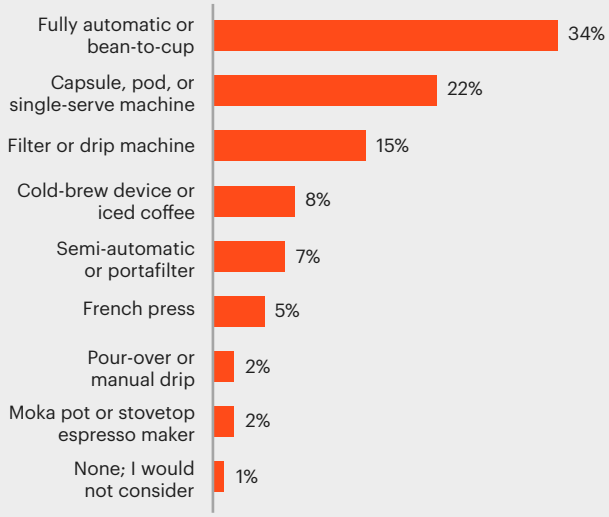
Nearly three-quarters of US consumers say they are open to switching to a new type of coffee machine within the next two years.

Figure 12

Many US consumers say they would switch coffee machines despite being satisfied with their current setup

Next set-up considered

Top machine choice



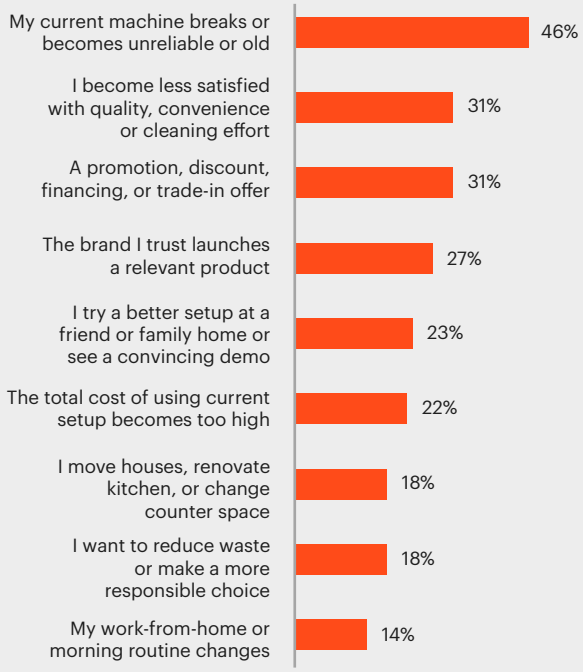
Next primary at-home coffee solution

Machine type	United States
Fully automatic or bean-to-cup machine	52%
Capsule, pod, or single-serve machine	43%
Filter or drip machine	35%
Cold-brew device or iced coffee system	30%
Semiautomatic or portafilter espresso machine	29%
French press	21%
Pour-over or manual drip	15%
Moka pot or stovetop espresso maker	10%

Reasons for switching



Triggers for switching



Source: Kearney analysis

China: build a premium platform that can evolve

China has a different growth problem: home preparation is less habitual. Coffee is more closely associated with enjoyment and indulgence, and consumers place greater emphasis on café-style quality and variety. Only 40 percent of Chinese consumers say they prepare coffee at home at least five days per week, much lower than in the other two markets in our study.

As in Europe, a high level of satisfaction with current machines by no means precludes an openness to alternative machines or formats. Even though 84 percent of Chinese consumers report high satisfaction with their current machines, the same amount say they are at least somewhat interested in changing their setup—an even higher switching interest than what we found among Europeans. The leading motives for changing formats are a desire for improved taste or quality (39 percent), expanded variety (also 39 percent), easier cleaning (32 percent), and more automatic preparation (30 percent). Bean-to-cup stands out as the most enticing next step for consumers: more than 60 percent say this is the format of choice for their next at-home setup (see figure 13 on page 19).

Interest in bean-to-cup is especially strong among capsule users but is also evident among users of other formats. However, there are some significant barriers to bean-to-cup adoption, such as excessive size or noise, difficult cleaning or maintenance, and insufficient value for the money. Chinese consumers are open to premium coffee systems, but those devices must still become easier to live with.

The growth opportunity isn't just about format conversion. It's also about building a platform capable of evolving with consumer trends through café-style quality, recipe variety, and the ability to accommodate fashionable new beverages beyond traditional coffees, such as matcha. To take an example from another major Asian market, Nestlé introduced Uji Matcha capsules for Dolce Gusto in Japan, extending an existing machine platform into a relevant non-coffee beverage.

New capsules, recipes, and interface updates can capture emerging trends without requiring consumers to buy another appliance, shifting the competitive advantage from the most complex machine to the platform that most capably evolves with consumer trends. Apps and other smart features are associated with innovation, but have limited influence on actual purchase decisions.

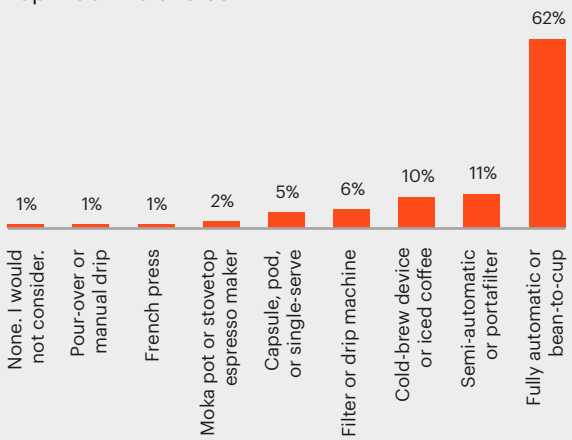
Most Chinese consumers say they are at least somewhat interested in changing their coffee machine setup.

Figure 13

Many Chinese consumers would consider changing to a new coffee machine

Next set-up considered

Top machine choice



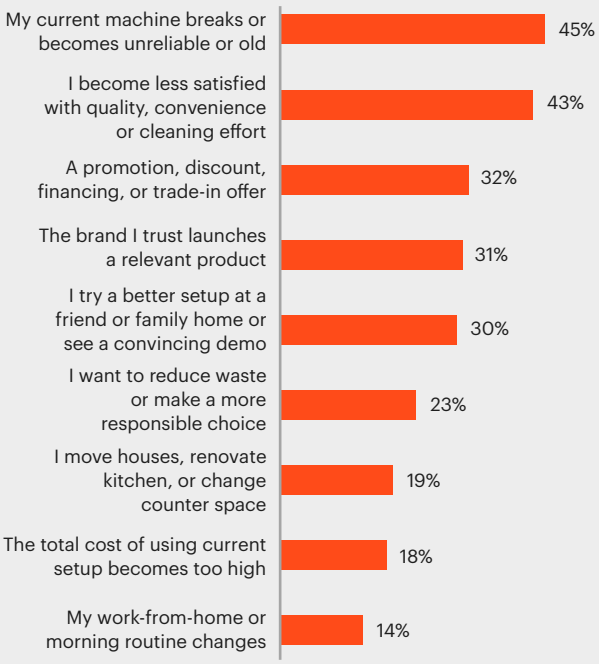
Next primary at-home coffee solution

Machine type	China
Fully automatic and bean-to-cup	53%
Cold-brew device	34%
Semiautomatic or portafilter	21%
Filter or drip machine	18%
Capsule or pod machine	11%
Pour-over or manual drip	8%
Moka pot or stovetop	7%
French press	5%

Reasons for switching



Triggers for switching



Source: Kearney analysis

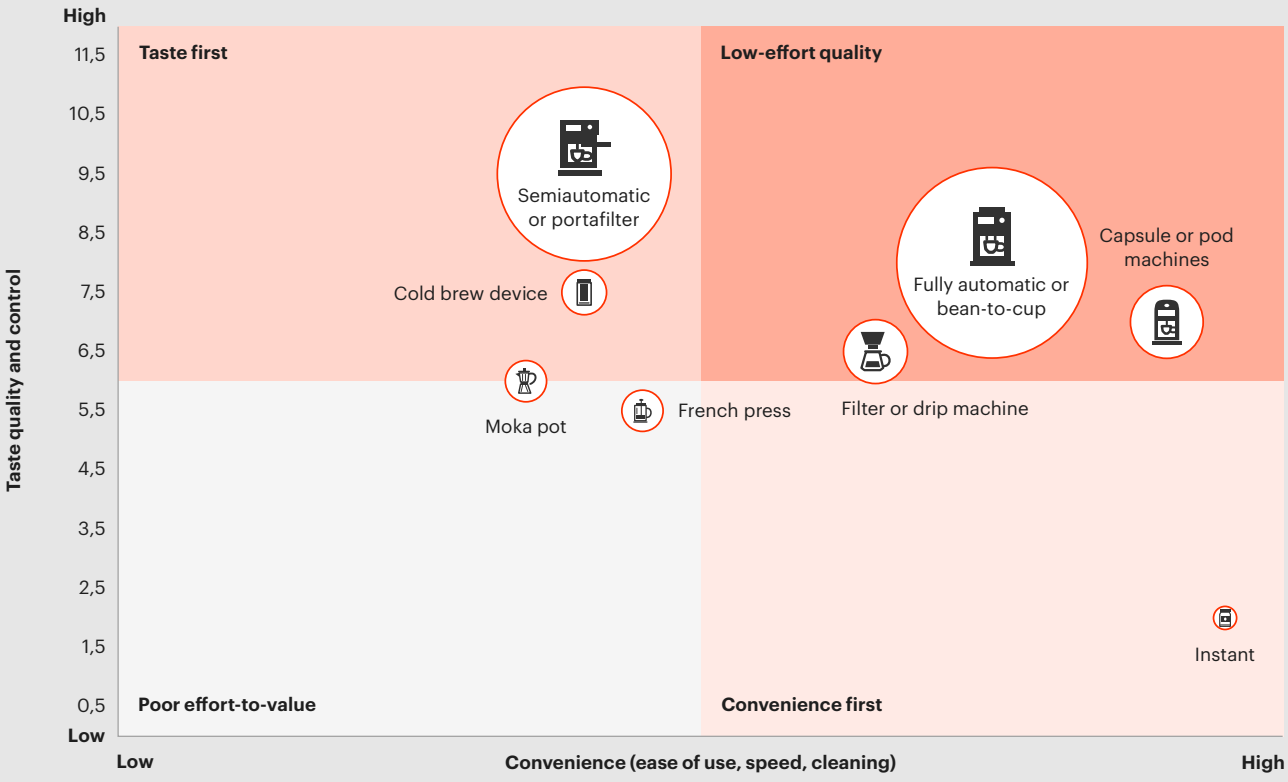
Three routes to meaningful innovation

As the previous sections have demonstrated, most major consumer preferences are already addressed by one or more existing machine categories (see figure 14). Adding features to current machines is therefore unlikely to differentiate a producer in any meaningful way.

In a category where most core preferences are already well-served, PERLab sees three credible routes to innovation:

Figure 14
The coffee machine market is saturated with features

Comparison of coffee machine formats



◯ Bubble size indicates machine pricing

Source: Kearney analysis

1

Own one outcome. Pick the consumer need that matters most—taste, convenience, cleaning, value, or another clearly defined benefit—and solve it exceptionally well. Nespresso illustrates how a company can win by excelling at one clear proposition. Nestlé launched Nespresso in 1986 with the goal of bringing a barista-style espresso experience into consumer homes at an unprecedented level of convenience. Instant coffee had long been available to convenience-focused drinkers, but now, this offering promised espresso-level quality as well as ease of delivery. Each Nespresso capsule contained a precisely measured amount of coffee, and the machines were calibrated to highly standardized brewing parameters, ensuring both convenience and product consistency, all for a minimal outlay of consumer time and cognitive effort. Users simply needed to insert a capsule and press a button, and a high-quality cup of coffee would be ready within seconds. By identifying a specific consumer need and addressing it with high competence, Nespresso reshaped the coffee machine industry.

2

Redesign the system. Innovation can sit in the consumable or preparation system rather than in another machine feature. Lavazza Tablì, for example, rethinks single serve by replacing the conventional capsule with a pressed coffee tab without coating or individual casing.

3

Build an ecosystem around the machine. Think beyond the machine, and create value through the broader coffee experience. Ultimately, the consumer buys the beverage experience rather than the hardware.

Two companies point to a broader model in which recipes, coffee, software, and services extend the proposition after the hardware sale. xBloom combines its brewing equipment with coffee and the know-how required to prepare it consistently. Every coffee sold through xBloom's platform is paired with a recipe from the roaster, with RFID and recipe information taking the guesswork out of preparation. The platform also incorporates a marketplace for purchasing fresh beans, linking the hardware directly with the coffee and the recipe used to brew it, a good approach to create loyalty and a lock-in effect as switching systems or machines means losing access to the ecosystem.

A related system-level concept is emerging from Austrian start-up datum.coffee, which is developing an espresso machine and grinder connected to an open recipe platform. Roasters can upload brewing recipes that consumers access by scanning the coffee bag, allowing the system to configure key preparation settings automatically. By tying the machine to an evolving recipe ecosystem, the model also creates a stronger basis for customer loyalty.

Sustainability: a design constraint, not a side story

Although the complexities around sustainability go beyond the scope of this report, it's worth noting that it's no longer just a niche brand differentiation issue for the coffee machine industry. Sustainability is now a matter of both regulatory compliance and commercial necessity. Product design will need to reflect this reality.

European Union Packaging and Packaging Waste Regulation (PPWR) standards explicitly classify coffee capsules as packaging, and there are now regulatory deadlines that compel makers to hit specific sustainability thresholds in coming years. By 2028, all soft capsules must be compostable; by 2030, rules on minimum recycled content and full recyclability will come into effect. Such regulations reflect long-gathering trends in public opinion, as seen in consumers' skepticism towards capsules and shift away from them over environmental concerns. A University of Bologna study of Italian capsule users found that more than half were aware of the environmental drawbacks and the impact of aluminum when not properly recycled. An Italian life-cycle assessment study also reports that 50.3 percent of consumers now demand greater environmental responsibility across the coffee supply chain.

In developing more sustainable products, companies will need to bear in mind that although a growing number of consumers are seeking environmentally responsible coffee-making methods, they will only buy them if certain standards are met. They aren't willing to compromise on taste, simplicity, product quality, and everyday usability in exchange for less waste. Sustainability is a design requirement, not a standalone growth proposition, and OEMs will need to deliver it without weakening the consumer experience that ultimately drives switching.

Sustainability is now a matter of both regulatory compliance and commercial necessity.

Product analysis: engineer around value, not complexity

Market and consumer analysis shows where demand is moving. For OEMs, winning in the coffee market depends on translating those needs into the physical product: protecting what consumers value while removing complexity that they don't value.

Coffee machine hardware through product disassembly, should-cost modelling, and design-to-value analysis covering product architecture, mechanical and electrical systems, brewing and milk systems, user interaction, and sensory performance (see figure 15 on page 24).

Across selected bean-to-cup assessments, we identified more than 60 design-to-value ideas. Together, these indicate a potential 10 to 15 percent reduction in the cost of goods manufactured (COGM), alongside opportunities to reduce the component count by up to 15 percent through functional integration, simplified architecture, and design for manufacturing and assembly. This isn't simply a cost-cutting exercise. The goal is to remove complexity that doesn't improve the cup or user experience while protecting the engineering that does. PERLab takes a broader design-to-X approach, balancing COGM with consumer value, sustainability, manufacturability, modularity, serviceability, and time to market. The question isn't simply where a machine costs the most, but where cost, complexity, and consumer value are no longer aligned. Premium isn't about more complexity; premium is better coffee with less effort.

Consumer research shows that consistently great coffee, café-quality milk drinks, reliability, easier cleaning, and intuitive use are the main drivers of choice. These priorities provide the guardrails for product engineering.

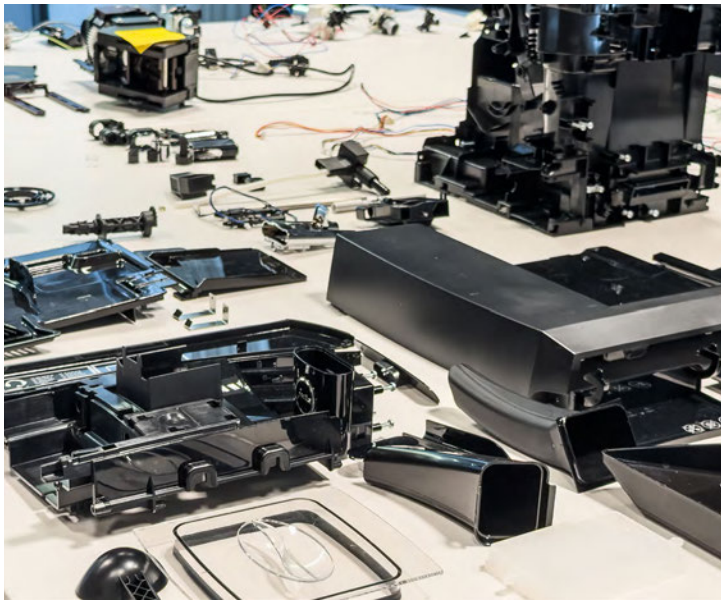
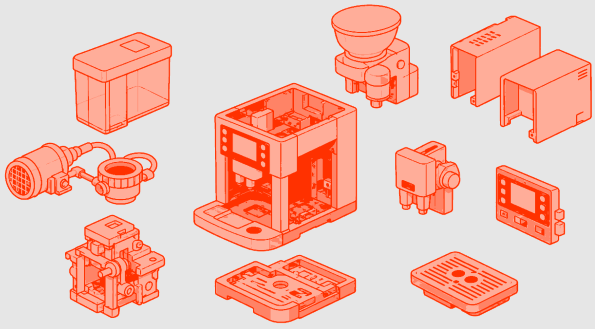




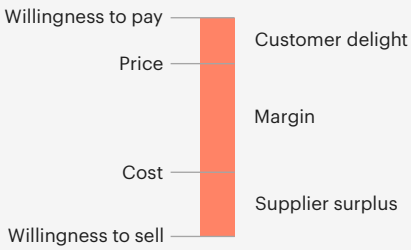
Figure 15

PERLab takes a data-driven approach to product improvement

Illustrative



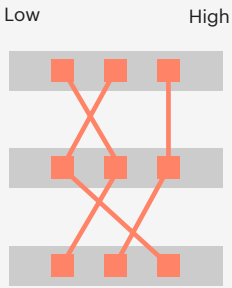
Customer and consumer



Willingness to pay

Voice of customer

Benchmark

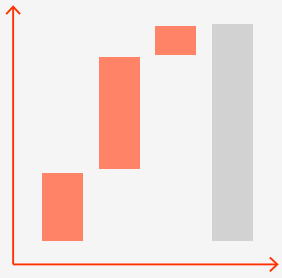


Competitors

Teardown

User

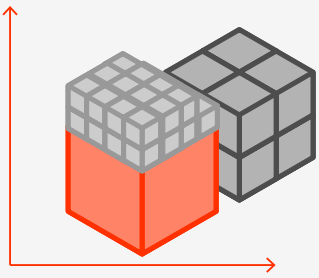
Analyses



Cost analyses

CO_2 analyses

Scale



Portfolio

Platforming

Source: Kearney analysis

The hardware mandate is clear: protect the systems that deliver taste, consistency, and reliability; simplify architecture that consumers don't see or value; and reinvest the savings in better milk performance, easier cleaning, and more intuitive interaction. As Andreas Liebl, former VP of engineering at BSH Home Appliances, has said: "Cleaning and descaling are among the biggest remaining frustrations. The next step is to make machine care more automatic and less visible to the user."

Modern premium machines are highly integrated systems. Their value-critical engineering must protect taste, consistency, reliability, and day-to-day usability. Over time, however, product platforms can also accumulate complexity through additional parts, variants, connectors, interfaces, and assembly steps that don't materially improve the cup or user experience.

PERLab identifies where this inherited complexity can be removed without compromising the premium proposition. Our product architecture analysis makes that complexity visible by breaking each system down into functional blocks and assessing its parts, materials, interfaces, manufacturing processes, and assembly logic. In brewing systems, this can reveal opportunities for functional integration, part consolidation, material harmonization, and design for manufacturing and assembly. The aim is to reduce component count and simplify assembly while protecting extraction performance, reliability, and serviceability.

Observation 1: cost is concentrated in the systems that define the cup and the experience. In a selected premium bean-to-cup benchmark, the extraction system represented around 17 percent of modeled COGM, while electronics and the user interface represented an additional 12 percent. Together, these two systems accounted for around 29 percent of product cost. They are priority areas for design-to-value—not because premium engineering should be cut, but because they combine high cost and complexity with visible consumer value. The aim is to protect taste, consistency, reliability, and brand differentiation while simplifying the architecture behind them.

Observation 2: mature brewing architecture can be simplified selectively. In a selected premium bean-to-cup benchmark, the brewing unit showed around 8 percent cost-out potential within premium-brand guardrails. The opportunity came from consolidating parts, harmonizing materials, and removing non-value-adding complexity while protecting stable extraction, reliability, and serviceability.

Observation 3: use simpler architecture to fund a better ownership experience. The value of reducing complexity extends beyond lower COGM. Fewer parts, interfaces, and failure points can also simplify sourcing, assembly, and long-term serviceability.

OEMs should reinvest the resulting savings in the areas consumers value most: better milk performance, easier cleaning, higher reliability, and more intuitive interaction. The goal is simple: make the architecture behind the experience more efficient while making the consumer experience more compelling. The best cost-out projects don't take value away; they move it to where customers notice it.

For OEMs, the directive is clear: protect taste, consistency, and reliability; simplify non-value-adding complexity; and reinvest in better milk performance, easier cleaning, and intuitive interaction. Reusable platforms across brewing, heating, electronics, and software can reduce COGM, shorten development cycles, and enable faster product iteration.

The next category leaders will deliver better coffee and a better user experience, not more parts, features or complexity.

Playbooks: where to act next

In the following sections, we discuss five playbooks that shed light on the most important decisions and where companies should focus their efforts (see figure 16).

Figure 16
Five playbooks reveal where stakeholders in the coffee machine market should focus their attention

Playbook	Why read the playbook
Existing OEMs Win through regional precision and customer depth, not portfolio expansion.	Where established manufacturers should focus product investment by region to protect and grow share
New entrants Winning won't come from matching incumbents; it will come from finding a gap they can't easily close.	How to enter an established market without matching incumbents on portfolio breadth or brand
Future value markets Build the coffee habit before you sell the machine.	What to watch and what to do now in markets that aren't ready yet
Investors and private equity Underwrite differentiation, not category growth.	What to assess in a coffee machine target when category growth alone is not enough
Adjacent category entrants Enter coffee through an advantage you already own.	How companies from other categories can judge whether their expertise gives them a right to win in coffee

Source: Kearney analysis

Existing OEMs: where established players should focus

Relevant for established coffee OEMs competing across multiple regions, the priority here isn't portfolio expansion for its own sake, but sharper propositions that convert known pain points and switching triggers into growth. OEMs can win through regional precision and customer depth, not portfolio expansion, and defend the installed base by giving satisfied consumers a reason to move (see figure 17 on page 28).

Western Europe

Western Europe is a value and replacement market. Three moves stand out:

— Solve high-friction pain points, such as cleaning, noise, and complexity.

— Create genuine premiumization through better taste, materials, and guided preparation rather than more features.

— Build loyalty beyond the hardware through services, recipes, coffee, and community where the model supports it.

A broader approach is the wrong move, even for relatively established players such as Versuni, SEB, and De'Longhi. Any OEM with sufficient breadth already has distribution, trust, and trials, so the binding constraint isn't access to the consumer; it's having something to offer that is distinct enough to make that consumer act.

Three move stand out, each addressing a different part of the European opportunity:

1

Premiumization. This is about a materially better ownership experience, not necessarily a higher price. European consumers rank taste, performance, durability, and value for the money as their top reasons for switching while ranking smart features last across all four markets in our study. That points to investments in materials, the user interface, and guided brewing that puts the consumer in control of the cup, closing the gap to café quality without importing the mess, noise, or maintenance burden of a barista-style machine.

2

Converting users. Find concrete ways to convert consumers to higher-value formats. A switching proposition has to answer a consumer's specific requirements, not just offer a generically better machine. In such a mature and saturated market, it is better to focus on upselling current customers before chasing new ones. Capsule-device owners who already buy from an OEM would be the most promising prospects for that company's bean-to-cup devices. Filter drinkers are one useful case. Filter coffee's strong, room-filling smell is one of its most durable hooks, carrying real nostalgic pull that newer formats have engineered away in the name of containment. Reintroducing that aroma through grind profile, brew chamber design, or timed release could make the switch feel like a step up rather than a loss.

Figure 17

Key takeaways for OEMs in the coffee machine market

Region	Market	How to win	What to build
Western Europe	— Large, crowded, replacement-led — Satisfaction is high, yet switching interest is real. — The barrier is inertia, not dissatisfaction	Enter or defend with one focused premium-convenience proposition. Scale without differentiation doesn't work here	Lower ownership effort: cleaning, noise, ease of use. Better coffee with less effort, not more features
United States	— Large but near-flat and highly concentrated among the top four players	Don't fight incumbents head-on; compete for routines. Pick one wedge: convenience-led or café-replacement-led.	The capabilities that wedge demands, and one nameable occasion ("your iced latte, made at home")
China	— Fast-growing and fragmented — Coffee is indulgence, not routine. — Highest switching interest of all markets surveyed	Lead with a premium ritual proposition, not convenience or price.	An extensible beverage platform, new recipes and formats without a new machine
Southeast Asia	— Led by instant coffee and premiumizing fast within instant coffee	Position as a step-change beyond premium instant at a lower reference price point.	An accessible first-machine architecture, not a de-specced premium machine. Test pod/capsule as the first step

Source: Kearney analysis

3

Customer loyalty. The data suggests this cannot be assumed. National satisfaction ratings sit between 91 to 96 percent, yet 67 to 73 percent of consumers in the same markets say they're open to switching regardless. That gap is telling: satisfaction sits with the device, not the brand, so an OEM cannot rely on happy customers staying put. Closing the gap means building loyalty deliberately through community and the ecosystem rather than hardware alone. XBloom's recipe marketplace and datum.coffee's open recipe platform both point to one way of doing this, tying the relationship to something that evolves after the sale.

But not every OEM has to build that loyalty from scratch. Deeply established European brands may have a defensible edge that competitors cannot copy: coffee heritage is one of the few advantages that a competitor cannot replicate by adding features or cutting price. Such a status supports a premium position in the market, reinforces the taste and quality claims that tend to drive switching in Europe, and travels well into Asia, where prestigious European brands enjoy market cachet. As Versuni Strategy Director Tyler Hammond put it, "If you want to have a long-lasting business, you're better off focusing on bringing quality and consistency than chasing short-term trends and fads."

United States

In a market as flat and as concentrated as the United States, growth cannot come from category expansion; it has to come from pulling consumers from an existing routine, whether that routine is a competitor's machine, a café visit, or a grab-and-go at a local drive-through.

To persuade such a change in behavior, manufacturers will need to reduce the perceived risks of switching. Product design and digital marketing should make the benefits immediately understandable and trustworthy. In doing so, however, companies should avoid the trap of seeming to promise too much. For example, a product shouldn't be marketed as café-style, maximally convenient, and lowest cost per cup, all at the same time. Choose one of these advantages and maximize for it rather than attempting the impossible task of satisfying all three.

For filter-coffee drinkers, emphasize continued simplicity while offering greater beverage variety. For capsule-machine users, make clear how a new device can match convenience and consistency while improving coffee quality. For those who mainly consume out-of-home coffee, offer café-style beverages in their own kitchen or home office with a more attractive cost per cup.

Across user profiles, there are two broad directions that OEMs should consider when approaching the contemporary US market:

Convenience-led. This approach seeks to account for the ease of outsourcing one's coffee-making to the professionals. It centers on ease, preserving the intuitive simplicity that consumers value in filter preparation but with the consistent results and beverage variety that many out-of-home users are seeking. The product should match the low-effort experience associated with capsules, supporting a preparation that fits a departure routine rather than a sit-down one, and avoiding any complexity that might undermine the promise of convenience.

Café-replacement-led. This approach focuses less on replicating the convenience of the coffee shop, drive-through, or sidewalk coffee stand and more on recreating the quality and occasion of out-of-home coffee within the confines of the home. The out-of-home value isn't created by the beverage alone, but also through experience, identity, personalization, and the consumer's role in shaping the order. A proposition must therefore translate a meaningful part of that experiential and personalization value into the at-home product, not just match the drink at a lower cost. To succeed with this strategy, machine makers should seek to build the beverage capabilities required to credibly reproduce the selected café occasion at home, build meaningful personalization into the product so consumers can shape their drink without requiring barista expertise, and design the user interface around beverage selection, customization, and preparation. "All these parameters that the baristas are paying attention to [need] to be addressed," said Richard Xu, CEO and co-founder of xBloom. "And also at the same time, you need to make the cost affordable."

Asia Pacific: two very different growth routes

Companies seeking to enter the fast-growing Asia Pacific market will need to understand, first and foremost, that any one-size-fits-all approach to this vast region is out of the question. Each subregion and nation needs to be approached on its own unique terms. As Nestlé's former Global Head of Supply Chain Vineet Khanna put it, "There is nothing called 'Asia' from a business perspective."

Coffee habits, price sensitivity, format maturity and expectations vary significantly by country. China and Southeast Asia illustrate two distinct opportunities. In China, the challenge is to capture premiumization and variety among consumers who are increasingly open to sophisticated at-home systems. Meanwhile, across much of Southeast Asia, the opportunity is earlier in the adoption journey, where accessibility and a clear step up from instant coffee matter more.

China

China rewards premium ritual and variety, but the machine must remain practical. Build an extendable beverage platform that can add recipes and formats, and design around real barriers such as footprint, noise, and cleaning.

This massive market requires a margin-capture strategy that is grounded in identifying coffee as a premium ritual, with cost or convenience as secondary considerations. The opportunity here is to build platform stickiness through recurring beverage revenue since Chinese consumers place a high value on coffee machines that offer a variety of beverages, such as tea and matcha, and evolve those offerings over time. The real advantage is not in having more recipes at launch, but in remaining relevant as beverage trends evolve.

Value propositions should combine premium coffee outcomes with sufficient beverage variety and a more engaging preparation experience, supporting high-quality expectations also while addressing practical barriers such as cleaning, noise, and ownership effort. The best market approach is to create an extendable beverage platform rather than a machine with a fixed menu, with an architecture that can accommodate new recipes, ingredients, interface content, or beverage formats as trends emerge, without requiring consumers to replace the core machine. This will demand some advanced capabilities, including highly developed milk-preparation technologies.

"[In Asia,] you definitely need to have capacity for a range of coffee drinks, very milky to less milky to whatever it is, but you need to have milk-based products as part of your portfolio," said Vineet Khanna, former SVP and global head of supply chain at Nestlé.

In addition, machine producers seeking to enter the Chinese market should design products for a small counter. Kitchen space in Chinese megacities is minimal, and consumer research already identifies excessive machine size alongside noise as barriers to bean-to-cup adoption. This reality favors vertical layouts, integrated milk handling, and reduced part counts over the wide-format designs typical of European premium machines.

China's coffee machine value propositions should combine premium outcomes with beverage variety and an engaging preparation experience.

Southeast Asia

The near-term priority is access, not premiumization. Many consumers are upgrading from instant coffee, not from another machine, so the proposition must deliver a visible step up in quality or experience without importing premium-market complexity or price.

Local price competition is very strong in these areas, making installed-base growth and accessible entry pricing near-term priorities. “Consumers are used to coffee that is very low-priced because these are price-sensitive markets, and there’s a lot of local competition,” Vineet Khanna said. “So the value-for-money equation is stronger there.”

Southeast Asia’s overall instant coffee market is growing at a CAGR of between 5 and 7 percent, while the category is also premiumizing through an expansion into freeze-dried, flavored, and functional formats. This suggests the relevant upgrade for many consumers might not be a jump straight to a machine, but a step-change that’s already happening within the instant coffee segment. A machine-based entry will need to offer a bigger leap in quality or experience than premium instant already provides.

Any new machine must deliver a sufficiently large improvement in the beverage or preparation experience, whether through stronger in-cup quality, differentiated drinks, or a more engaging preparation experience, to justify the added hardware and change in routine—and that advantage must be clearly perceptible. “The ‘coffee nerds’ represent a certain type of demographic. They spend a lot of money on equipment and gadgets, and they know what they want,” said Richard Xu, xBloom’s CEO and co-founder. “But there’s a bigger part of the world that just treats coffee as a traditional beverage. They don’t see the value or pay more. So, I think there’s an opportunity for a product designer like us to come up with a solution to democratize the fine coffee experience.”

Much of Southeast Asia exemplifies this basic truth, and manufacturers entering this market have some choices to make on how to address it. An accessible entry product architecture should be designed around the needs of consumers adopting a machine for the first time. This device should feature a format and complexity level that makes the transition from instant coffee as intuitive and pain-free as possible.

Machine makers should also evaluate capsule or pod systems as a potential first-step format. Their lower adoption complexity may make them more suitable than full bean-to-cup systems for initial conversion, but the format of choice should be tested against the actual consumer upgrade path rather than predetermined by the OEM’s preferred technology.

An intermediate format beneath capsules is attractive: a simple machine that dispenses and prepares premium instant coffee, automatically heating and dosing the water and mixing to a consistent result. This asks the least of the consumer of any format because the coffee doesn’t change; the machine adds consistency, temperature control, and a preparation ritual on top of a product the consumer already buys and trusts.

New entrants: how to enter an established market

For coffee-machine manufacturers entering a new region or segment, the key to success will be to find a gap that incumbents cannot close quickly. Don't try to match incumbents on breadth. Enter with one visible advantage, and build from there. The more important lesson from fast-moving challengers in adjacent consumer categories is how they innovate: integrating engineering and manufacturing, building from shared technology platforms, launching quickly, learning from the market, and scaling what works.

Chinese electronics manufacturers have demonstrated this repeatedly in mature Western markets. Roborock and Dreame, for example, entered Europe without the portfolio breadth or brand recognition of established competitors, but competed through focused products and much faster cycles of development and iteration.

There are five rules for entry (see figure 18):

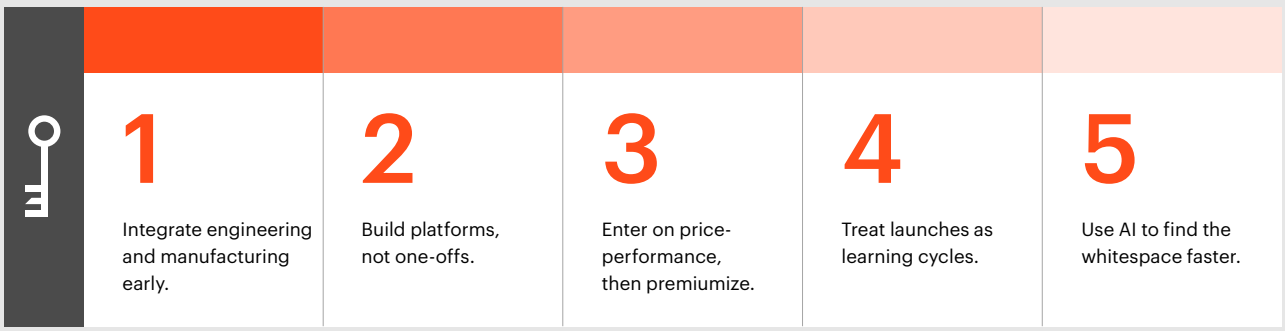
1

Integrate engineering and manufacturing early. Speed of innovation depends on reducing the distance between product development and production. Bringing teams together from engineering, technology, procurement, and manufacturing from the outset means feasibility, cost, and production issues can be resolved earlier. This in turn means products can move from concept to market faster, with lessons learned earlier. The operating model used by challengers such as Dreame shows the advantage of treating development as a continuous, cross-functional process rather than a series of handovers that reduce the pace and impact of innovation.

2

Build platforms, not one-offs. Reuse grinders, brewing units, heating systems, milk modules, interfaces, and software where doing so speeds development without weakening the proposition. Roborock provides an adjacent-category example: the company has reused capabilities in motors, sensing, and software developed for robot vacuums across other appliance categories rather than engineering every new product from scratch. For coffee machine makers, the equivalent is a reusable technology base that allows new propositions to be developed and tested more quickly.

Figure 18
Key takeaways for new entrants in the coffee machine market



Source: Kearney analysis

3

Enter on price-performance, then premiumize. Challengers don't need to enter at the premium end of a mature market. Roborock and Xiaomi have used strong price-performance propositions to establish credibility. Once established, they are then able to move into higher-value segments. Coffee machine entrants can follow the same logic: establish a compelling reason to switch, then extend upwards as trust in the brand and products grow.

4

Treat launches as learning cycles. Fail fast and learn. Chinese companies such as Dreame and Roborock launch products fast, with the aim of learning faster what consumers wants. The learning is to complete products to market, assess reviews, usage and consumer response, and iterate quickly. New coffee machine entrants can launch a credible proposition, learn what consumers actually value and improve it faster than incumbents can respond. The lesson for OEMs is to learn from the mindset of fast-growing challengers by understanding the way they innovate, reduce the cost of experimentation, have tighter engineering and manufacturing links, and place value in faster launch-and-learn cycles.

5

Use AI to find the whitespace faster. The hardest question for a new entrant is often which proposition is missing from a market that already appears well-served. AI can help answer that question by analyzing competitor portfolios, consumer needs, and existing product propositions at scale, identifying gaps that may be difficult to see through conventional category analysis alone. Used well, AI can accelerate the next stage of development by supporting OEMs to move from an identified opportunity to product concepts, value propositions, and design priorities more quickly. PERLab applies this approach through tools such as Velocity AI Studio, which maps category portfolios and potential whitespace and can feed those insights into subsequent design-to-value and design-to-cost work.

The hardest question for a new entrant is often which proposition is missing from a market that already appears well-served.

Future-value markets: what to watch and what to do now

For markets where machine demand is not yet mature but urbanization, income growth, and coffee consumption are creating the conditions for future adoption, aim to build the coffee habit before you sell the machine. Don't treat emerging markets as one segment. Use city-level income, café growth, premium-instant consumption, and local coffee habits to identify where machine adoption is becoming plausible.

There are four rules for entry (see figure 19):

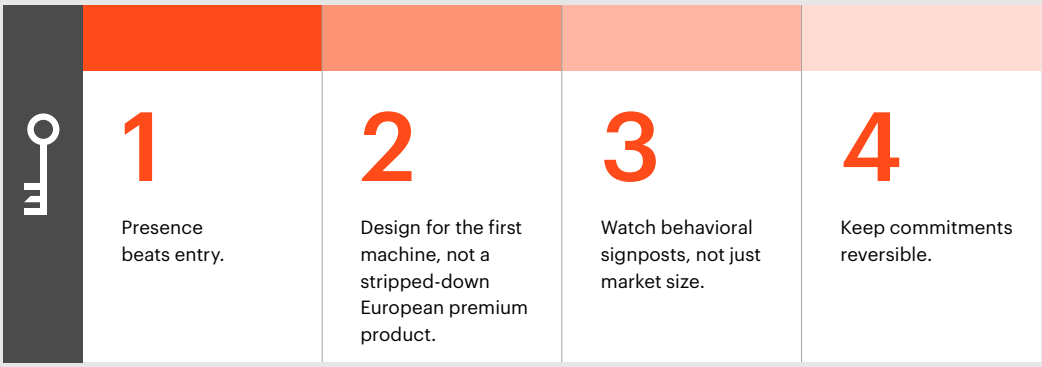
1

Presence beats entry. In a future-value market, the immediate objective should be to build familiarity and learn how the category is developing. Brands already present through coffee, cafés, sourcing relationships, or local partnerships have an advantage: they can build trust and relevance before consumers are ready to invest in hardware. The aim is to be known before the machine market fully forms, rather than arriving only once it does.

2

Design for the first machine, not a stripped-down European premium product. Machine adoption is likely to be the culmination of a journey rather than the first step. Consumers may move from tea or low-cost instant coffee to better instant products and more frequent café consumption before considering a machine at home. Their first machine is more likely to be a simple, accessible format than a premium bean-to-cup device, potentially a capsule, pod, or other low-complexity system. The product should be designed around that point in the consumer journey rather than by taking a mature-market machine and removing features until it reaches an acceptable price. The question isn't simply how cheaply a machine can be built, but what level of quality, convenience, and complexity makes the next step in the consumer's coffee habit feel worthwhile.

Figure 19
Key takeaways for future-value coffee machine markets such as Africa, Latin America, and India



Source: Kearney analysis

3

Watch behavioral signposts, not just market size. Café growth and willingness to pay more for better coffee are stronger indicators of future machine demand than population alone. Companies that are already offering instant coffee in Southeast Asia "are investing in growing the market [to] get more and more people into drinking coffee and make it an all-day beverage," according to Vineet Khanna, former SVP, global head of supply chain at Nestlé.

4

Keep commitments reversible. Use partnerships and flexible distribution until demand is proven. Avoid heavy fixed investment ahead of the curve.

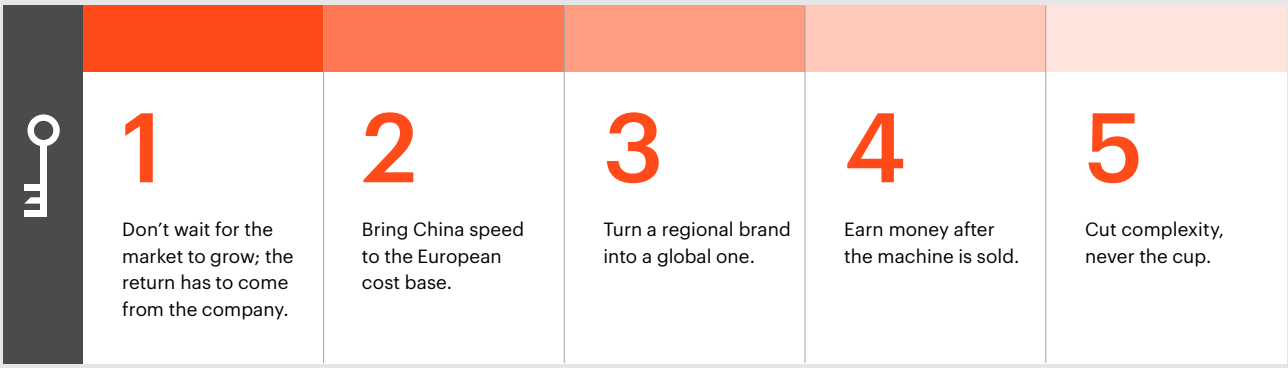
Investors and private equity: how to assess an investment

Return will come from the company, not the market. On market growth alone, coffee machines are not a classic private-equity story. Global brewed volume is projected to grow by just 1.6 percent a year to 2030, while at-home consumption grows by about 1.3 percent. The United States, the second-largest machine market, grows at about 0.7 percent a year, while Asia Pacific is faster at around 9 percent but remains fragmented and far from a single market.

An investment case that depends on the market lifting the asset will struggle. The opportunity lies elsewhere. Coffee is a large, habitual, and resilient category. Its leaders are largely legacy players with strong European footprints and slow development cycles. And its consumers are, by their own account, satisfied but open to switching their machine or coffee set-up: 67 to 73 percent in Western Europe, 71 percent in the United States, and 84 percent in China.

For investors with an operational thesis, that combination points to value that is created inside the asset—through product, cost structure, engineering footprint, geographic reach and recurring revenue—not borrowed from the market. It also means assets can often be acquired at valuations that reflect low growth rather than their potential (see figure 20).

Figure 20
Key takeaways for investors and private equity in the coffee machine market



Source: Kearney analysis

Re-footprint for speed and cost

Still the largest at-home market, Western Europe is both led and built on European engineering and manufacturing models. Established players have been slow to move toward China speed and cost structures. Meanwhile, Roborock and Dreame have shown in adjacent categories what integrated engineering, shared platforms and fast launch cycles can do against incumbents in mature Western markets.

Shifting selected design and engineering capabilities toward China could improve both development speed and cost competitiveness, while also bringing the business closer to faster-growing Asian markets. An owner willing to re-footprint will have a substantial margin lever. Across selected bean-to-cup benchmarks, PERLab identified a COGM reduction potential of 10 to 15 percent and up to 15 percent fewer components without touching the systems that define taste and reliability. Relocating parts of engineering and development to faster, lower-cost hubs adds a second lever. One European premium appliance manufacturer is already acting on this, moving most of its development team for one product category from Germany to China and targeting around 40 percent lower development cost. For a company spending 4 to 6 percent of revenue on R&D, that alone adds roughly 1.5 to 2.5 percentage points of margin, before any reduction in COGM.

The drink is global, so take strong brands beyond their home market

Coffee is consumed everywhere, yet the machine market is regionally divided. The United States' four largest producers hold about 76 percent of unit sales but are barely present elsewhere. Asia Pacific is much more fragmented. Our consumer research explains why the gap persists: satisfaction sits with the device, not the brand.

For investors, the opportunity is to take a brand with genuine heritage and a clear proposition beyond its home region. European coffee heritage carries cachets in Asia. Buy-and-build can accelerate this by combining a strong brand with a challenger's speed. Ownership can be used deliberately to bring together a trusted European brand with faster engineering capability or stronger Asian distribution.

Move value beyond the hardware

Hardware is purchased occasionally; coffee is bought and consumed daily. For example, Nespresso built its model on the power of combining machines and reoccurring consumables, and xBloom and datum. coffee have extended that logic through recipes, coffee marketplaces and platforms that evolve after the sale. In China, where consumers want variety and trends move quickly, an extendable beverage platform is becoming a requirement rather than an option.

For investors, the coffee machine market offers assets that can build recurring revenue and ecosystem lock-in, offering a profitable path from appliance economics to platform economics.

What to underwrite

Promising targets include mid-sized European specialists and family-owned OEMs with strong brands with cost structures that haven't evolved as quickly as the market around them. In addition, coffee divisions of larger appliance groups and capsule and consumables businesses should be considered targets, although the latter should be viewed alongside the implications of the EU's new packaging rules (PPWR).

Before investing, three questions matter most:

— How much of the product cost goes into complexity consumers don't notice, and how quickly can it be removed?

— Can the brand succeed outside its home region, and does the business have the capabilities required to win locally?

— Can the relationship extend beyond the hardware sale through coffee, recipes, or services to unlock recurring revenue?

Two risks apply:

— Cost-cutting must not damage what consumers pay for: taste, consistency, and reliability.

— Geographic growth takes time. Growth in the United States depends on changing consumer habits, and in Asia, it depends on country-by-country execution. Both can take longer than a typical investment period.

The test is simple: if the investment case needs the market to grow, the thesis is weak. If it rests on footprint, brand reach, or recurring revenue, coffee may be one of the more undervalued categories in consumer durables.

Adjacent category entrants: how expertise can create an advantage

For companies that don't yet make coffee machines but have transferable technology, appliance capabilities, channels, or brand permission, the goal is to enter coffee through an advantage you already own. The right question isn't whether coffee looks attractive. It's whether an existing transferable capability gives you a right to win against specialists with decades of category experience.

Three routes illustrate the choice: build on a transferable technology, as Dyson has done in adjacent categories; bring proven appliance design and mass-market execution, as SharkNinja did with Ninja Luxe Café; or buy missing category expertise, as Philips did with its acquisition of Saeco.

Dyson offers a useful example of entering an adjacent category through a technology advantage. When it launched the Supersonic hair dryer in 2016, it adapted the small, high-speed digital motor originally developed for its vacuum cleaners. At just 27mm wide and 49 grams, the motor could sit in the handle rather than the head, enabling a fundamentally different product architecture. The technology gave Dyson a genuine point of difference; its existing engineering reputation gave consumers a reason to believe it.

SharkNinja illustrates a different route of entering a market, in this case coffee, from the appliance category. The company came to the espresso machine market with a background in making small kitchen appliances, none of which included coffee machines. From the start, it based its value proposition on its proven ability to manufacture highly engineered products at scale, rather than on any heritage in coffee brewing. The company identified that consumers wanted certain high-end features, such as automated milk frothing, automatic grinding and dosing, and cold-brew capability, but that the machines offering these features sat at price points that were out of reach for much of the potential market. SharkNinja acted on these insights, spending several years developing a premium entry into the espresso and coffee market. In 2024, it launched Ninja Luxe Café as a combined espresso, drip, and cold brew system. The company's pre-existing brand leans into themes of volume and value rather than offering a premium-price model of its own, and the entry strategy reflected that. Ninja Luxe Café hit the market at a relatively affordable $500, undercutting the premium segment it was targeting rather than joining it. Within hours of pre-order launch, demand exceeded capacity, and the line became the leading espresso maker by dollar sales in the United States, demonstrating the untapped demand for guided, mid-market espresso.

From a technical standpoint, the system's primary differentiator was guided preparation: the machine could recommend grind size and monitor the brewing process, enabling mid-market consumers to brew their own at-home espresso without the guesswork required by costlier devices.

As SharkNinja's Chief Commercial Officer Neil Shah commented in a Forbes interview: "The thread that connects all our products is this: What is the whitespace? Is there a consumer problem that's not being solved in a category? We do a lot of research, observing how consumers use products, and trying to find a pain point. Once we identify it, our job is to create innovation that addresses it. Throughout the process, the question we ask ourselves is, 'Can we solve it at great value?' A lot of brands can solve a problem, but if it's super premium, it only serves a small percentage of the population. We pride ourselves on solving those problems at great value. If we can answer those questions—Is there a pain point? Can we solve it better and faster? Can we solve it at great value?—we enter the category."

There are three rules for adjacent category entrants (see figure 21):

— **Start with the advantage you already own.** Motors, heating, pumps, grinding, precision control, UI, brand or distribution can all transfer—but only if they solve a real consumer problem in coffee.

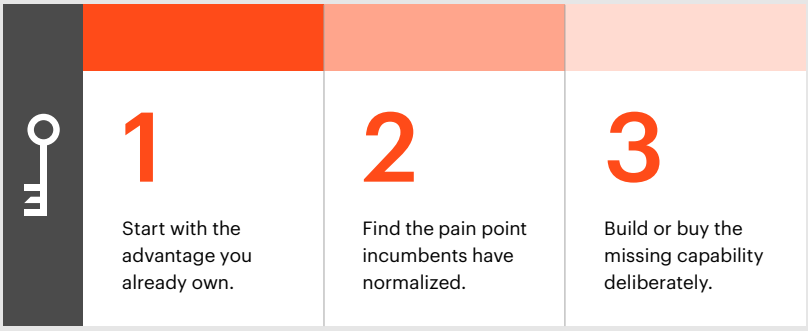
— **Find the pain point incumbents have normalized.** Cleaning, maintenance, noise and complexity remain open problems (by no means exclusive to the coffee industry). An entrant that has solved an analogous problem elsewhere may have a credible wedge.

— **Build or buy the missing capability deliberately.** Build when your technology is the proposition; buy when your advantage is brand, channel or scale and the missing category expertise would take years to develop.

The test is simple: if your existing capability doesn't create a visible consumer advantage, coffee isn't truly adjacent.

If your existing capability doesn't create a visible consumer advantage, coffee isn't truly adjacent.

Figure 21
Key takeaways for adjacent category entrants in the coffee machine market



Source: Kearney analysis

Conclusion

The coffee machine market is mature, but the growth story isn't over. The key is to stop treating maturity as a signal that consumers are locked in. Growth will depend on identifying a specific opportunity in which a new proposition can be meaningfully better, not simply broader. The appropriate route differs by audience and market: a focused premium-convenience proposition for mature markets such as Western Europe, switching and occasion capture in the United States' open but concentrated market, and locally adapted upgrade propositions in China and other high-growth Asian markets, each shaped by that market's specific consumer psychology and competitive structure.

Across Europe, the United States, and China, high consumer satisfaction coexists with substantial willingness to switch. Expectations are moving even when existing products aren't failing. That means the next growth opportunity will come from identifying the specific improvement that makes a satisfied consumer change: better coffee, less hassle, greater variety, stronger value, or a better fit with the occasion.

For coffee OEMs, investors, and new entrants, the question is no longer whether there is room for another machine. It's whether there's a reason for a satisfied consumer to choose yours.

The coffee machine market is mature, but the growth story isn't over.

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Turn insight into action

We invite you to bring your team to Kearney PERLab in Amsterdam or Stuttgart for a complimentary working session. Together, we will apply this report's growth logic to your business, connecting market and consumer opportunities with product, portfolio and platform decisions. The session will identify the highest-value opportunities to strengthen growth, margin and innovation, and define practical next steps to capture them.

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