



ROASTERTOOLS

THE **2024** BUSINESS OF ROASTING REPORT

Key Takeaways from Surveying
200+ Roasters



CONTENTS

- 4 Cost and Pricing Trends among Profitable Roasters**
 - 4 COGS
 - 5 Pricing Methods
 - 7 Price Adjustments
- 8 Wholesale Programs**
- 10 Opportunities for Additional Revenue Streams**
 - 10 Toll Roasting and Private Label
 - 11 Cafes
- 12 Product Mix: Leveraging Coffee Blends**
- 14 Marketing Tactics**
- 16 Roasting Equipment & Software**
- 18 Future Focus**
- 19 Overall Takeaways**

Owning and operating a coffee roasting business has evolved over the last several decades. Activities that were once considered a best practice may no longer be true today. The team at RoasterTools wanted to learn more about how coffee roasters are operating and growing their businesses today.

To that end, we invited roasters to participate in our Business Of Roasting Survey which asked questions about everything from product lineups to pricing models, profitability, and beyond.

Some of the results were eye-opening and illuminated areas of opportunity for existing roasters, while others reinforced the fact that roasting coffee continues to offer a profitable path for aspiring coffee entrepreneurs.

In this report, we'll explore the results of that survey, including:

- **What paths profitable coffee roasters are taking to ensure ongoing profitability and success**
- **All things pricing: *strategies, average coffee prices, discounts, and raising prices***
- **The costs associated with roasting coffee**
- **How leveraging additional revenue streams contributes to a roaster's revenue and overall**
- **What technology and equipment roasters use**

And so much more!

METHODOLOGY

How We Collected Data from More Than **200 Roasters**

The Business of Roasting Survey was created and executed by RoasterTools in February 2024. This anonymous survey was sent out to roasters across the globe via social media, email marketing, pop-ups within RoasterTools' software, and other marketing channels.

More than 200 roasters completed the 30+ question survey. The majority of responses were concentrated within the United States, with other responses coming from Canada, New Zealand, and South Africa.



RoasterTools is an all-in-one business software for coffee roasters.

The platform provides roasters with the ability to organize and manage production, inventory, and sales with a few clicks. As such, we were able to extract anonymized user data in areas of the survey such as...

- ☛ Coffee product pricing
- ☛ The number of pounds roasted within a given time period
- ☛ Wholesale program parameters (delivery, shipping, discounts, additional fees)
- ☛ Revenue trends



Survey and app data were organized into the following categories:

Revenue:

- ☛ Under \$100,000
- ☛ \$100,000 - \$500,000
- ☛ \$500,000 - \$1 million
- ☛ \$1 million - \$5 million
- ☛ \$5 million - \$10 million
- ☛ \$10 million - \$20 million

Pounds of Coffee Roasted Annually:

- ☛ <120,000 lbs
- ☛ 121,000 - 300,000 lbs
- ☛ 300,000 - 600,000 lbs
- ☛ 600,000+ lbs

Profitable:

- ☛ Yes
- ☛ No

Let's dig into the findings →

Common Cost and Pricing Trends Among Profitable Roasters

71% of coffee roasters we surveyed reported turning a profit in 2023.

However, of those roasters earning under \$100,000 in revenue, only 52% reported being profitable.

Revenue (2023)	% profitable
Under \$100,000	52%
\$100,000 - \$500,000	75%
\$500,000 - \$1mil	73%
\$1 million +	83%

So how are coffee roasting companies managing to generate a profit? **By managing their cost of goods sold, monitoring and adjusting prices as needed, and leveraging discounts to drive order volume.**

Cost of Goods Sold: Green Coffee Leads the Expenses

How coffee roasters spend their money is a major part of achieving profitability. Everything from packaging supplies to green coffee sourcing activities to labor scheduling has a direct impact on the profitability of a coffee roasting business.

Failing to understand these costs can be detrimental to a coffee company's longevity and viability.

Not surprisingly, roasters spend the most of their total cost of goods sold (COGs) budget on green coffee. When asked about the breakdown of their total COGS, respondents shared the following:

Green Coffee cost: 54.31%

Bag and Label cost: 10.23%

Labor (roasting and packaging): 18.80%

Overhead (Rent, utilities, admin, etc.): 16.02%

Finding opportunities to save even 1-2% can have a substantial impact on a coffee roasting business' ability to remain profitable.

The best way to do this is by keeping track of costs! [RoasterTools](https://www.roastertools.com) enables roasters to not only track the costs of green coffee but also labor, production supplies (those bag and label costs add up!), overhead and more.

Product Pricing & Target Margin: The Key to Profitability

Take a look at your current coffee product prices. Are you confident that these prices are covering your costs? Aligned with industry norms?

If your answer is “Hmm, I’m not sure,” you’re not alone. 47% of respondents were Not Confident to Unsure about their prices, while the remaining 53% reported feeling Confident to Very Confident about how their products were priced.

Let’s start by reviewing **how** coffee roasters are pricing their products.

Pricing Model	% using that approach
Competitor-Based Pricing	17%
Cost-Plus Pricing	68%
Intuition Pricing	3%
Other	2%
Value-Based Pricing	11%

The vast majority of coffee roasters reported using the Cost-Plus Pricing Method for their products. Cost-plus pricing helps to achieve target margins when you’re pricing your products.

To use this pricing model, you can either add a fixed percentage (markup) to the cost of producing a product to determine its selling price. Or it is used with the goal of achieving a desired profit margin.

Fixed Markup %:

If a 12oz bag of coffee costs a roaster \$6.00 to produce and they have a standard markup of 67% , they would price the coffee at \$10.02.

$$\text{Selling Price} = \text{Total Cost} + (\text{Total Cost} \times \text{Markup Percentage})$$

$$\text{\$10.02} = \text{\$6} + (6 \times .67)$$

Target Profit Margin:

If a 12oz bag of coffee costs a roaster \$6.00 to produce and they have a desired profit margin of 40%, they would price the coffee at \$10.00.

$$\text{Selling Price} = \text{Total Cost} / (1 - \text{Desired Profit Margin \%})$$

$$\text{\$10} = \text{\$6} / (1 - .40)$$

72% of coffee roasters using the Cost-Plus pricing method reported being profitable.

Pricing Model	% of Companies that are Profitable
Cost-Plus Pricing	72%
Competitor-Based Pricing	65%
Intuition, Value Based, and Other	63%

Of course, to use this particular pricing strategy, roasters need to have specific targets in mind. We asked what target profit margin coffee roasters are aiming for. The results vary quite a bit:

- 9% of roasters reported not having a specific target margin in mind
- 25% of roasters aim for a target margin of 20-25%
- 23% of roasters aim for a target margin of 25-30%
- 19% of roasters aim for a target margin of 30-40%
- 23% of roasters aim for a target margin of 40+%

Knowing this information, you may wonder, “Well, what are these roasters charging for their products then?” We’re glad you asked (and so did we!)

Wholesale Coffee Prices

Participating roasters, along with anonymous data from RoasterTools, revealed the following average wholesale prices for best selling coffee products:

Average Wholesale Price for Top-Selling Coffees:

Bag Size	Price Per Pound	Price Per Bag
5 lb	\$11.46	\$57.30
12 oz	\$14.10	\$10.57



Knowing approximately how much other coffee roasters charge for their products is useful information as you navigate your product pricing journey. However, it's important to take into consideration these average prices may not tell the full story. *The prices for your products will vary based on labor needs, overhead costs, green coffee sourcing expenses and ethos, market demand in your region, and more.*

Pricing Levels and Discounts

Additionally, 63% of participating coffee roasters have different pricing levels for different wholesale customers. Roasters choose to alter their prices or offer discounts based on criteria such as:

- ☛ Customer relationship
- ☛ Order volume (total pounds)
- ☛ Order amount (total value)
- ☛ Product selection

Survey data showed that **51% of roasters offer volume-based discounts**. Volume-based discounts occur when a customer's order exceeds a designated total volume threshold.

Of those offering volume based discounts:

- ☛ 74% offer weight-based discounts
- ☛ 19% offer case quantity
- ☛ 6% offer dollar-based discounts

Are Coffee Roasters Updating Their Prices? You Bet They Are.

When's the last time you raised the prices of your products?
(If you answered "Never," now's the time to pay attention!)

Raising the prices of wholesale and retail coffee products isn't only a tactic to increase sales. It's a means of achieving, maintaining, and growing your roasting business' profitability for the long-haul.

68% of survey respondents reported increasing their prices in 2023 and 60% of respondents said they plan to increase prices in 2024.

The positive effects of raising prices are clear as 69% of roasters who raised prices also reported an increase in revenue for that year.

👉 TAKEAWAY:

Profitability doesn't magically appear. But it is possible when roasters regularly evaluate prices, control costs, and set target margins.

Wholesale Programs are Evolving

Wholesale coffee transactions play an important role in a roasting operation's ability to earn revenue and maintain profitability. Bulk order quantities and a consistent ordering schedule enable coffee roasters to:

- ☛ [Manage cash flow](#)
- ☛ [Organize inventory appropriately](#)
- ☛ [Plan production schedules](#)
- ☛ Generate brand awareness through client relationships

As a roaster's wholesale program grows, so do the number of challenges and costs associated with accepting and fulfilling orders.

63% of roasters said they use an [online site for wholesale ordering](#). This technology eliminates the headaches associated with the relentless texts, emails, and calls roasters receive from clients at the last minute.

Of the roasters with a wholesale ordering website, [48% use RoasterTools to manage their wholesale portal](#). *(It is important to note that this particular data point may be skewed, as the survey was conducted by our team. This increases the likelihood that roasters completing the survey may have already been aware of our platform.)*

This means that 37% of roasters are still relying on mediums such as handwritten notes, phone calls, and emails to manage their wholesale orders.

Inevitably, this leads to costly human errors (especially when that handwritten sticky note gets lost!)

And, when you consider that 84% of coffee roasting companies do not have a designated sales person, it's easy to see why automating this process is important and how errors can be made when it's done manually.

Trying to manage wholesale orders, new client onboarding, roasting production, shipping, delivery, and so much more all at once is a hassle! **Wholesale ordering websites streamline the process and reduce the possibility of a mistake.**

Growing Wholesale Accounts

When asked how many new wholesale accounts they added in 2023, roasters responded with:

1-5 accounts: 63%

6-10 accounts: 24%

11-20 accounts: 7%

21+ accounts: 6%

Delivery and Shipping

Today's wholesale customers are looking for more than high quality coffee. They want a partner they can trust to roast great coffee and provide additional benefits as part of a long-term relationship. For many, these benefits include services such as local delivery and free shipping.

While 93% of roasters reported offering delivery services, only 17% require an additional fee for this service.

This means 83% of coffee roasters do not charge for local delivery.

With so many competitors offering free delivery, it can be enticing to believe you must do so as well. However, it's important to factor in the costs of delivery: *time, labor, gas, vehicle maintenance*. Are your order volumes and values enough to absorb these costs? If not, you may be eating away at their margin. You could charge a small fee for delivery or require a minimum delivery amount (dollar value or order volume) in order for customers to receive free delivery or shipping.

In addition to local delivery,

52% of coffee roasters state they provide free shipping for wholesale customers.

17% of those roasters offer this perk for all accounts, while 46% require a specific order weight threshold and 35% require a certain order dollar value to qualify for free shipping.



👉 TAKEAWAY:

Wholesale coffee programs are essential for many roastery's revenue and profitability. However, as these programs grow, so do the associated challenges and costs. Creating an easy way for customers to place orders and roasteries to receive them is crucial, especially since 84% lack dedicated sales staff. Additionally, while many roasters offer delivery and shipping, it's important to consider the costs involved with this and take it into account when pricing your products in order to achieve your target margins.



Opportunities for Additional Revenue Streams

Continuously finding new sales opportunities is a core part of achieving your profitability goals. After all, the more revenue you can generate while controlling costs, the greater profit margin you will enjoy. Adding traditional wholesale accounts is a key way to grow a roastery, but there are additional ways to drive revenue.

When crafting our survey, we wanted to know how roasters were producing this additional revenue for their business. While the results were not totally surprising, they did highlight an important bit of information: **additional revenue streams can be the difference between a healthy margin and one struggling to get by.**

Private Label and Toll Roasting

One way roasters add revenue to their business is through private label and toll roasting services. Private label coffee refers to when roasters roast, package and potentially fulfill coffees on behalf of another brand. This service allows brands outside of the coffee industry such as a big box store like Costco or a niche lifestyle brand to build a coffee brand without investing in the buildout of a facility or roasting program. Many restaurants and coffee shops also contract private label coffee from roasters.

On the other hand, toll roasting is when a coffee company roasts green coffee provided by a client to their preferred roast profile. The roasted coffee is typically delivered in bulk packaging for further processing and packaging by the client.

Survey results reported that 74% of profitable roasting companies offered one or both services.

Interestingly, nearly half of non-profitable companies (46%) reported not offering private label or toll roasting services, indicating a potential opportunity to bring more revenue to the table.

Survey results also demonstrated a connection between increased revenue from additional services and profitability. 54.5% of roasters earning under \$100,000 in revenue don't offer private label or toll roasting services. On the other hand, 73% of roasters earning more than \$1 million in revenue offer one or both of these services.



Survey results revealed that:

- ☛ 34% of roasters offer private label services
- ☛ 5% of roasters offer toll roasting services
- ☛ 30% of roasters offer both private label and toll roasting services
- ☛ 31% of roasters do not offer either service

Cafes

Yes, cafes are an expensive endeavor to build out and operate. But with the right systems and people in place, they can also be a fantastic source of revenue for coffee roasting companies.

53% of survey participants reported owning and operating a cafe, with the majority having one or two cafe locations.

Interestingly, as revenue increases, so does the percentage of roasters that have a cafe.

	Yes Cafe	No Cafe
Under \$100,000	21%	79%
\$100,000 - 500,000	55%	45%
\$500,000 - 1mil	68%	32%
\$1 mil +	73%	27%
Total	54%	46%

Cafes act as a built-in wholesale customer for the roastery with consistent roast demand. Additionally, cafes are a gateway for brand awareness and customer loyalty, as customers have the opportunity to regularly consume your coffee—brewed exactly as desired.

When it comes to achieving profitability, cafes do add a few challenges to the mix. Owning and operating a cafe increases total expenditures flowing out of the business, from equipment to payroll. However, the opportunity to generate revenue through both wholesale coffee orders for the roastery and beverage/food sales can offset those expenses.

Survey data indicates that smaller roasters (with revenue under \$100,000) who also operate a cafe are less likely to be profitable, with only 29% of such businesses reporting profitability.

Owning and operating a cafe also correlated to a higher rate of profitability among survey respondents. Of those who reported having a cafe, 76% are profitable while only 66% of those without a cafe are profitable.

👉 TAKEAWAY:

Opportunities to drive extra revenue can be the key to unlocking roastery growth. Although these roasting services and extensions of your brand do come with their fair share of costs, the ability to maintain healthy margins thanks to additional income can be a gamechanger for your business.

Product Mix: Using Coffee Blends as a Profitability and Marketing Tool

Let's talk about blends. You've heard us say time and time again that blends are often top sellers for roasters. Now we have the data to back it up!

91% of surveyed roasters and RoasterTools users have at least one blend in their top three best-selling products!

48% report that two out of their top three products are blends.

How many of the top 3 best sellers are blends?

Roaster Revenue	None	1 of 3 are blends	2 of 3 are blends	3 of 3 are blends
Under 100,000	40%	32%	20%	8%
100,000 - 500,000	3%	17%	66%	14%
500,000 - 1 mil	7%	18%	54%	21%
\$1 million +	0%	34%	31%	34%
TOTAL	9%	24%	48%	19%



Why are coffee blends a staple in a roaster's product lineup?

Blends provide roasters with unique profitability and marketing advantages such as:

Operational Benefits

Creating and selling coffee blends gives roasters the ability to control costs through long-term green coffee contracts, the bulk purchasing of packaging and labels, and consistent product offerings for wholesale and retail customers. This cost control mechanism allows roasters to actively keep costs manageable while simultaneously using blends as a marketing tool to drive consistent revenue all year long, leading to a healthy profit margin.

Exclusive Brands

Each blend in your roster acts as a mini-brand for the company. Customers come to know and love each blend, whether it's a house blend or seasonal offering. Over time, the names of your blends become practically synonymous with your brand in the minds of consumers. This helps develop lasting customer loyalty and encourages repeat business from both wholesale and retail clientele.

Creative Control

Blends are a profitability goldmine for roasters. Why? *Because of the creative control blends provide.* Coffee blends enable roasters to combine their business prowess with their sensory skills to create irresistible blends that not only meet their financial goals, but also excite customers with delicious tasting notes and enjoyable branding that keep them coming back for more.

Expanded Product Line Up Without Additional Ingredients

Blends allow you to take a handful of green coffees and create many products using various roast levels and blend recipes (in addition to selling the coffee as single origins). This helps to control inventory costs while offering your customers variety.

Data showed that small roasters with revenue under \$100,000 are 4x more likely to not have blends in their top three selling coffee products. This spotlights an opportunity to either start creating blends to build customer loyalty and revenue, or to look deeper into why existing blends are not driving enough sales to offset your managed expenses.

👉 TAKEAWAY:

Blends aren't a staple at roasteries solely because we enjoy mixing various roast levels and origins together. They provide roasters with exclusivity, cost control, and the significant potential for reliable revenue.

Traditional Marketing Tactics Still Reign Supreme

There are SO many ways to market a coffee business today: *email marketing, social media content, long-form videos, paid advertising, billboards—we could go on and on.*

But not every marketing tactic truly moves the needle, and some are far more expensive (and potentially, less effective) than others. So, how are coffee roasters promoting their business these days?

What marketing channels are you leveraging to acquire customers and drive sales? (select all used)



The majority of roasters still rely on traditional tactics such as word of mouth (93%), cold outreach (53%), and partnerships (35%). Among the newer strategies, unpaid social media (79%) and email marketing (53%) led the way. Only 40% of surveyed roasters reported paying for advertising, with Facebook being the most popular channel.

Where do you (pay) to advertise?

Facebook	68.42%
Instagram	63.16%
Google Ad words	39.47%
Offline ads	21.05%
Sponsorship	0.00%
Other	34.21%

These results show that the value of word of mouth marketing is still prevalent today. Customers are far more likely to recommend a roaster and their products to others if they've had consistently positive personal experiences with the brand, employees, and coffee.

Focusing on delivering a memorable customer experience paired with high-quality coffee products is paramount to generating organic word of mouth marketing. Social media posts can act as a spark for word of mouth marketing or online buzz, but nothing beats the lasting impression of an authentic in-person experience.

Marketing Software

Marketing software has made tremendous progress over the last several years. Today, roasters are able to automate marketing processes such as social media scheduling and engagement, email marketing, website updates, content creation, audience research, and so much more.

When asked about the tools they use to execute their marketing strategy, roasters responded with:

Email marketing software (like MailChimp): 47%

Digital design tools (such as Canva): 43%

Social media scheduling tools (like Buffer): 16%

Customer relationship management software (such as HubSpot): 17%

None of the above: 36%

While these tools are great benefits to roasteries, they don't always equate to profitability. For example, 21% of unprofitable roasters reported using social media scheduling software while 14% of profitable ones do not.

👉 TAKEAWAY:

Marketing and promotion is a major part of running a business. If your target market doesn't know about your business, how will you make sales? But don't make the mistake of thinking that social media is the "end all, be all" for your marketing strategy. Good old fashioned word of mouth and cold calling often has a far better success rate than certain digital media channels.

Roasting Equipment & Software Can Lead to Increased Efficiency

As much as roasting coffee is a tactile artform which relies on our sensory skills, it also requires a great deal of equipment and software. But doesn't it seem as though there are SO many different types of roasting equipment, tools, and gear on the market today? With this in mind, it can be a challenge for roasters to identify what equipment to invest in as their business grows.

Participating roasters noted having the following equipment at their facility:

Weigh & Fill Machine: 44%

Belt Sealer: 39%

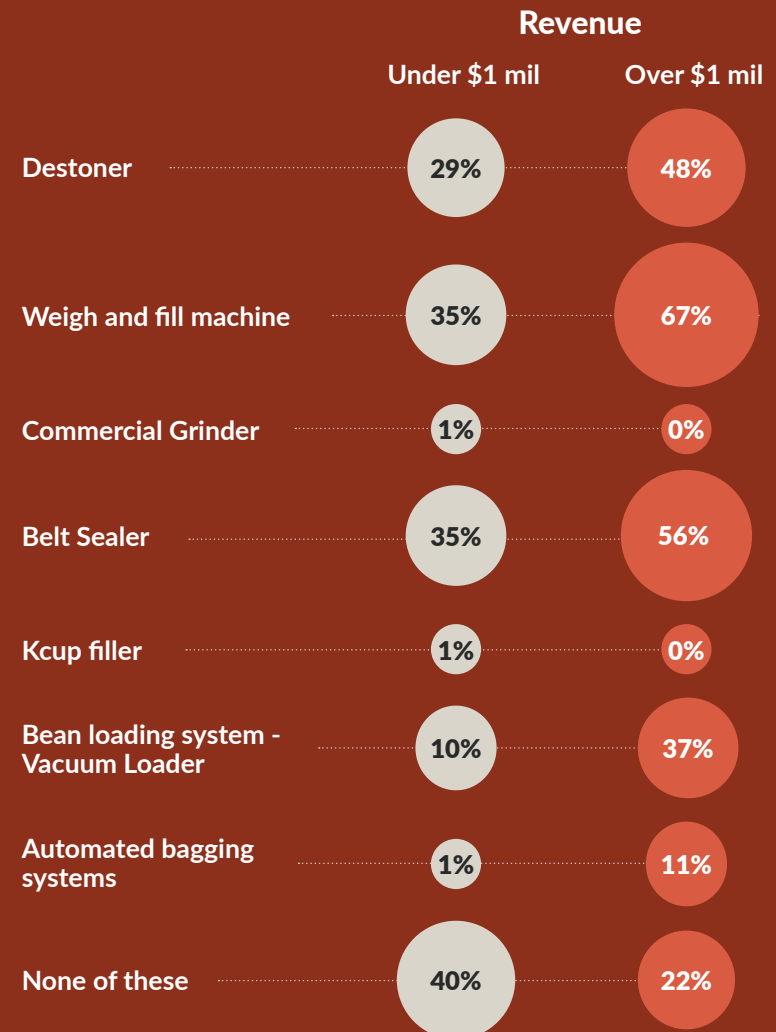
Destoner: 33%

Bean Loading System: 18%

Automated Bagging System: 3%

None of the Above: 34%

What equipment do you have (in addition to your roaster) that helps your efficiency?



Not surprisingly, survey data also showed that roasters with revenue greater than \$1 million per year tend to invest more in equipment. This is likely to keep up with the volume, demand, and scale of their expanding business.

Beyond equipment, roasters rely on various types of software to plan roast production, handle finances, and manage inventory. Roasters report using the following types of software:

- ☞ Roast profiling software: 54%
- ☞ Cafe software: 32%
- ☞ Accounting software: 70%
- ☞ Inventory management software: 14%
- ☞ Operations software: 41%
- ☞ Other software: 15%
- ☞ None of the above: 10%

Our data showed that profitable roasters are **50%** more likely to use accounting software compared to non-profitable roasters.

A significant difference was noted with smaller roasters as well. Among coffee roasters with revenue under \$100,000, profitable companies are almost 2.5 times more likely to use accounting software compared to non-profitable companies.

What does this mean? *It means that roasteries that pay close attention to their finances are far more likely to reach a profit, regardless of revenue totals!*



Profitable companies also invested in operations software at nearly twice the rate of non-profitable roasters. This investment in operations software allows profitable companies to streamline their processes, reduce errors, and improve overall efficiency.

The data underscores the critical role that accounting and operations software play in the success of coffee roasters. For roasters of all sizes, investing in the right tools can significantly enhance financial tracking and operational efficiency, ultimately driving profitability. Even small roasters should prioritize knowing their numbers and optimizing their processes to set a solid foundation for growth and success.

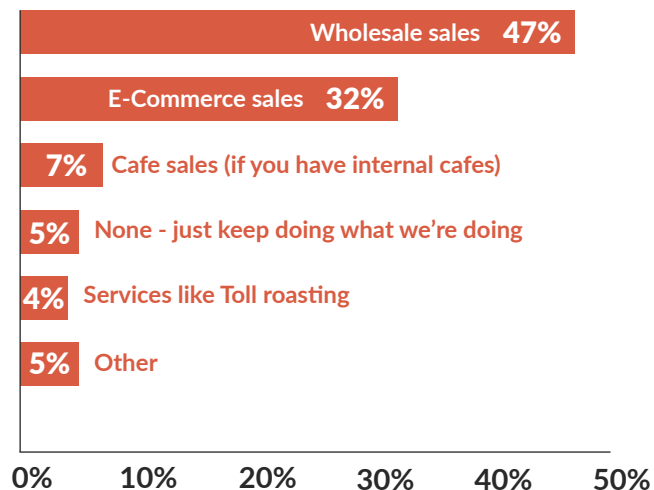
👉 TAKEAWAY:

As a roasting company grows, investing in specialized equipment and software can aid in overall production efficiency and the reduction of costly human errors. The efficiency gained from the investment in these tools can help companies become more profitable.

Roasters are Focusing on Wholesale & Marketing for the Future

Finally, our survey explored what roasters were planning for the year ahead. 47% of roasters state their focus in 2024 will be increasing wholesale sales, while 32% plan to put their efforts into e-commerce transactions.

What is the top area you are focusing on growing revenue in 2024?



And, when it comes to how they'll invest their budget in 2024 and beyond, the majority of roasters plan to put their dollars toward marketing efforts and new equipment.

Are there any areas you're planning to invest in this coming year?

Software	27%
Equipment	59%
Marketing	62%
More Staff	27%
Other	6%

👉 TAKEAWAY:

Sustaining a profit not only requires controlled costs, but also an active strategy for increasing revenue. Profitable roasters are those that take an actionable approach to always finding new opportunities for sales—whether by increasing order volumes from existing wholesale customers, launching ecommerce stores, or marketing to new audiences.

What Does All This Data Mean for Coffee Roasters?

We know, we know. This report was jam-packed with lots of valuable data! So what does it all mean?

The results from our survey confirm the understanding that achieving profitability is an ongoing journey that requires coffee business owners to be diligent in managing costs and relentless in acquiring new sales. However, along this journey, roasters will need to adapt to challenges, learn from their mistakes, and identify new opportunities forward.

While the takeaways we provided are valuable, the true value of this report comes from giving roasters data-driven insights and benchmarks for the industry at-large. As a small business owner, it can be difficult to access the information you need to strategically grow your business—especially in an industry notorious for making such data inaccessible. Use these insights to guide your business decisions, from expanding wholesale operations to controlling costs and finding new revenue streams.

As our 2024 RoasterTools Business of Roasting Survey demonstrates, the most successful roasters take a holistic approach to their business which includes continuously optimizing their pricing, diversifying revenue streams, monitoring and controlling costs, fostering long-term relationships, and leveraging technology to gain a competitive edge.

At RoasterTools, our goal is to help coffee roasters achieve this through our all-in-one business platform. With this software, roasters can...

- ☞ Provide an online B2B wholesale site for your customers to place orders. Eliminate data entry of wholesale and commerce orders (they'll automatically go to one place.)
- ☞ Stop using spreadsheets, post-it notes, and whiteboards to calculate, track, and plan what needs to be produced each day. One click and you can automatically plan what you need to produce based on all those orders that are already in the system!
- ☞ Easily track inventory of green, roasted and packaged coffee, as well as non coffee items.
- ☞ Sync all your data with your accounting software (no extra data entry again!) to keep your bookkeeper and accountant happy.

Book your **[FREE DEMO](#)** today to see how RoasterTools can help your roastery achieve its profitability goals in 2024 and beyond!