

#INTERVIEW

CAFÉ CULTURE, youth, and the future of coffee in Bangladesh

With over two decades of experience in consumer marketing and communications, Shammi Rubayet Karim, Head of Marketing Communications and Services at Nestlé, is no stranger to shifting trends and evolving consumer preferences. As South Asia sees a rising wave of coffee enthusiasm, especially among the youth, Karim offers insights into how this global trend is reshaping local markets traditionally rooted in tea.

In this interview with Star Lifestyle, Shammi Rubayet Karim discusses the changing beverage landscape, the opportunities and challenges for Bangladesh's coffee industry, and how companies like Nestlé are navigating sustainability, pricing pressures, and consumer demand in a rapidly transforming market.

Nestlé's brand Nescafé, founded in Switzerland in 1938, was created to address a coffee surplus crisis in Brazil through an innovative process for making soluble coffee. A method that quickly became a favorite among the Swiss. Today, Nescafé is enjoyed in over 180 countries worldwide.

STAR LIFESTYLE: Global trend shows there's a higher inclination in today's youth towards coffee and hence a major shift from tea as a staple drink. Do you think this is true even in South Asia, where we are known as tea lovers? Why do you think this is so and do we have the capacity to meet the high standard of coffee to cater to the palate of the younger generation?

SHAMMI RUBAYET KARIM: There is a shift happening. More young people across South Asia are reaching for coffee over tea, even though tea still holds deep cultural roots.

The growing café culture is playing a big role in shaping these new habits. In cities like Dhaka, Delhi, Mumbai, and Jakarta, coffee shops are booming. Coffee is not just a drink anymore; it has become a full-on social experience.

Currently, Bangladesh is an import driven market for coffee. Almost 100 per cent of the instant coffees are imported with which it is very much possible to cater to the local coffee demand. However, as you know due to ongoing volatile situation, coffee consumption growth has slightly slowed down resulting negative impact in the industry.

STAR LIFESTYLE: Globally, coffee prices seem to be on the rise. What effect does it have on the Bangladesh coffee market? How do local businesses respond to such hikes?

SHAMMI RUBAYET KARIM: Global coffee prices have been rising largely due to climate challenges like droughts in Brazil and disruptions in the supply chain. The average annual price of coffee (robusta) has increased from 2,000 USD/MT to 5,400 USD/MT in the last three years, which is almost three times higher, and this is the ever highest in last 50 years as cited by popular global media house.

Even though coffee popularity is rising in Bangladesh, the inflationary situation has become a big challenge for the industry. Rising price of coffee beans coupled with higher import duty structure is resulting significant coffee price hike in Bangladesh.

As Bangladesh is an almost 100 per cent import driven coffee market, the impact got multiplied due to the forex crisis. This has resulted significant loss in our profitability as we are not passing the full cost increase impact on our beloved NESCAFÉ consumers.

We from Nestlé are trying our maximum to minimise the price hike impact by our process efficiency and cost optimisation while upholding our best-in-class product quality and taste.

As the rising prices and higher import duty structure are resulting in several adverse impacts within the industry, local businesses are trying to minimise the cost impact by taking several initiatives like offering lower quality products to keep up their profitability. Many businesses are adjusting by passing some of the costs onto consumers with small price hikes; some are also adopting wrong declarations for marketing purposes which we believe is an unethical means to establish a brand.

Some local importers are also importing coffee brands by evading import taxes and duties. This has also resulted in some group of people to come up with fake products and supplying in the market at a lower price.

STAR LIFESTYLE: Coffee is being cultivated in the Chittagong Hill Tracts. Can this meet local demand? Is there an opportunity to grow more variants of coffee in our own country?

SHAMMI RUBAYET KARIM: Currently, coffee production in Bangladesh is limited, which is far from enough to meet the rising demand. The country still relies heavily on coffee imports to satisfy local consumption needs. However, there are opportunities to increase local coffee production.

Expanding cultivation beyond the Chittagong Hill Tracts could be a game changer, and pilot projects in Naogaon (northern Bangladesh) have shown promising results. Additionally, introducing more varieties of coffee, especially specialty-grade Arabica, would allow local producers to tap into the growing premium coffee market. To improve quality, investment in processing facilities and

providing training for farmers are essential.

While local coffee production is growing, it won't completely replace imports soon. The reason is higher amount of investment required to establish processing plant in Bangladesh. Here the initiatives from local companies in establishing coffee processing plant can play big role in boosting up the coffee industry. In addition, with sustained efforts in expanding cultivation and improving quality, there is significant potential to boost local coffee production in the long run.

STAR LIFESTYLE: The trend and inclination towards coffee seem to be largely positive. How does Nestlé plan to make the business more sustainable in the future?

SHAMMI RUBAYET KARIM: Globally, Nestlé has been prioritising sustainability through its NESCAFÉ Plan for about a decade now. The company is committed to several key initiatives to make its coffee business more sustainable.

One of the main goals is sustainable sourcing, with Nestlé aiming to source 100 per cent responsibly grown coffee by 2025 and by 2026 intends to plant 20 million native trees to help increase biodiversity, and to promote soil formation and soil health. In addition, they are promoting climate-smart agriculture, encouraging farming methods that use less water, prevent deforestation, and improve soil health.

Nestlé is also focused on supporting farmers by providing them with the necessary training and resources to increase their yields and adopt better farming practices. Furthermore, the company is committed to achieving carbon neutrality by 2050, with a target of net-zero emissions across all operations. Another important part of their sustainability efforts is the shift toward eco-friendly packaging, with plans to transition to recyclable and compostable coffee packaging.

STAR LIFESTYLE: So, can we soon call our nation a land that favours coffee over tea, or is it too far-fetched an idea?

SHAMMI RUBAYET KARIM: Not in the immediate future. Tea has deep cultural roots in Bangladesh, and it's far more entrenched in daily life than coffee.

Currently, the tea-to-coffee consumption ratio is 1:90 cups a year. However, 50 per cent of our population is young and to them, coffee is quickly gaining popularity.

Considering that, within the hot beverage landscape, coffee has huge potential in Bangladesh. And companies like Nestlé are playing a big role in building up the coffee market here. However, in this journey toward the success of the coffee industry, favourable economic conditions and business environment are required.

Photo: Courtesy

