# Frozen Blended Beverage Opportunities

ignite | Technomic®

# Overview

The Starbucks Frappuccino is a signature drink that yields high margins. However, **sales are slipping**, causing CEO Kevin Johnson to roll out a plan to boost Frappuccino sales.

On the other hand, Dunkin' Donuts exhibits an evolving strategic focus on beverages, making repeated pushes into the afternoon daypart with its happy hour specials. However, **there is room to gain a greater share** of these occasions.

With consumer brand loyalty becoming increasingly more fragmented, Technomic wanted to understand how the Dunkin' consumer interacts with Starbucks and what opportunities there may be to further drive usage among these competitive brands.

For this analysis, Technomic considered the rolling year of Q3 2017 to Q2 2018 brand tracking data for Dunkin' and Starbucks, with a base size of 700 recent guests per brand.

# Who Visits Once a Month or More?

Compared to Dunkin' Donuts, Starbucks' core guest skews more toward younger female consumers, while Dunkin' attracts older males.

**Implication**
There is a clear divide between who is visiting each brand. Dunkin' can use this data to start to build out its aspirational target consumer group.

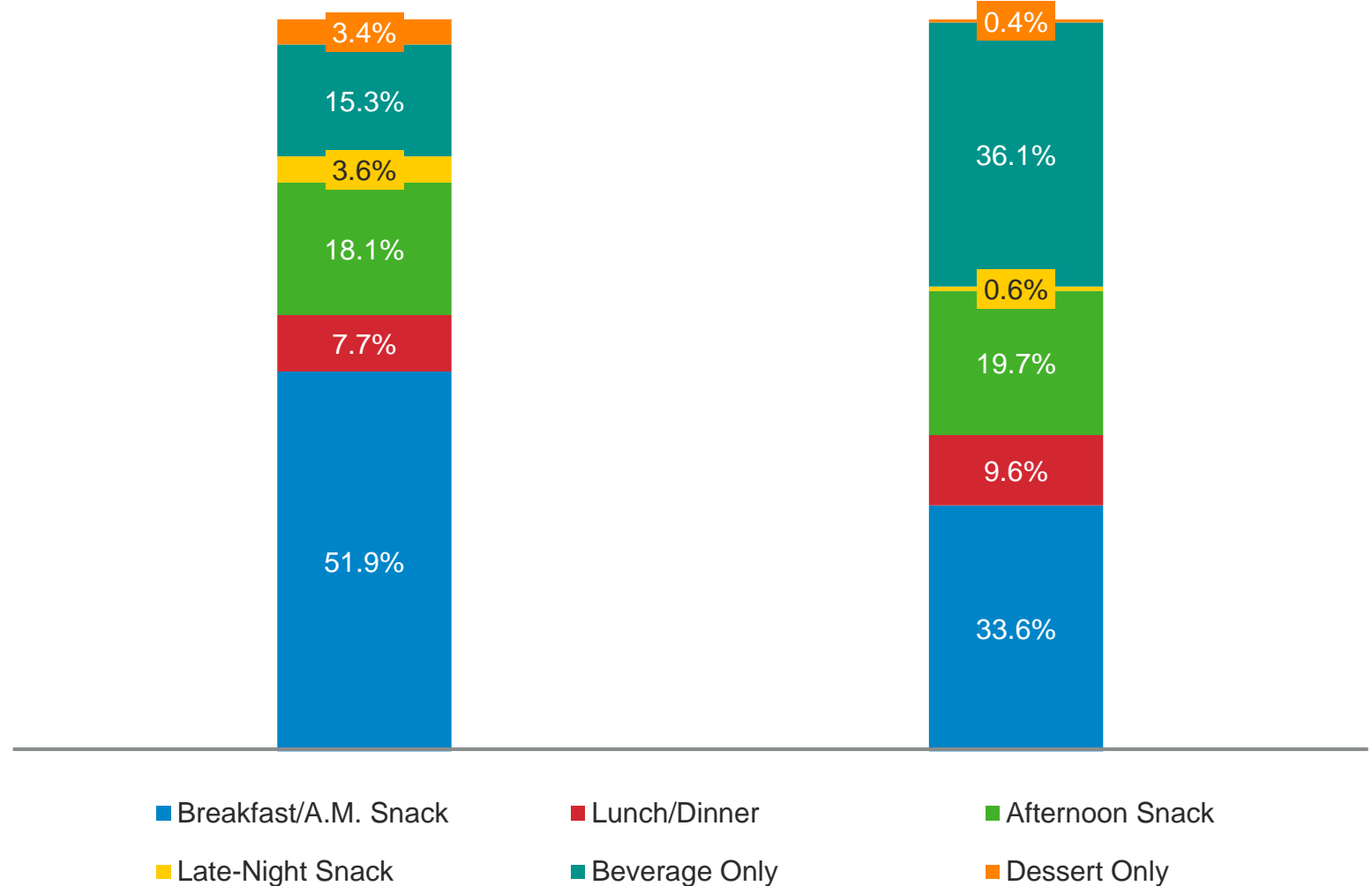| Category | DUNKIN' DONUTS | Starbucks | QSR Average |
|---|---|---|---|
| Female | 47.3% | 54.8% | 45.4% |
| Male | 52.7% | 45.2% | 54.6% |
| Generation Z | 15.0% | 18.0% | 15.0% |
| Millennials | 36.0% | 37.8% | 41.5% |
| Generation X | 16.0% | 16.4% | 17.5% |
| Baby Boomers | 27.7% | 24.1% | 22.8% |
| Matures | 5.2% | 3.7% | 3.1% |

Base: 700 recent guests 18+ per chain
Source: Ignite Consumer Brand Tracking, Technomic Inc.

# When Are They Visiting?

Compared to Starbucks, a larger number of guests consider their recent visit to Dunkin' a breakfast or morning snack occasion, while the number of beverage-only occasions at Starbucks points to limited menu engagement beyond drinks.

**Implication**
Starbucks attracts more indulgent afternoon visits, whereas Dunkin' acts as a breakfast stop.



**Dunkin' Donuts**

- 3.4%
- 15.3%
- 3.6%
- 18.1%
- 7.7%
- 51.9%

**Starbucks**

- 0.4%
- 36.1%
- 0.6%
- 19.7%
- 9.6%
- 33.6%

Legend:
- ■ Breakfast/A.M. Snack
- ■ Lunch/Dinner
- ■ Afternoon Snack
- ■ Late-Night Snack
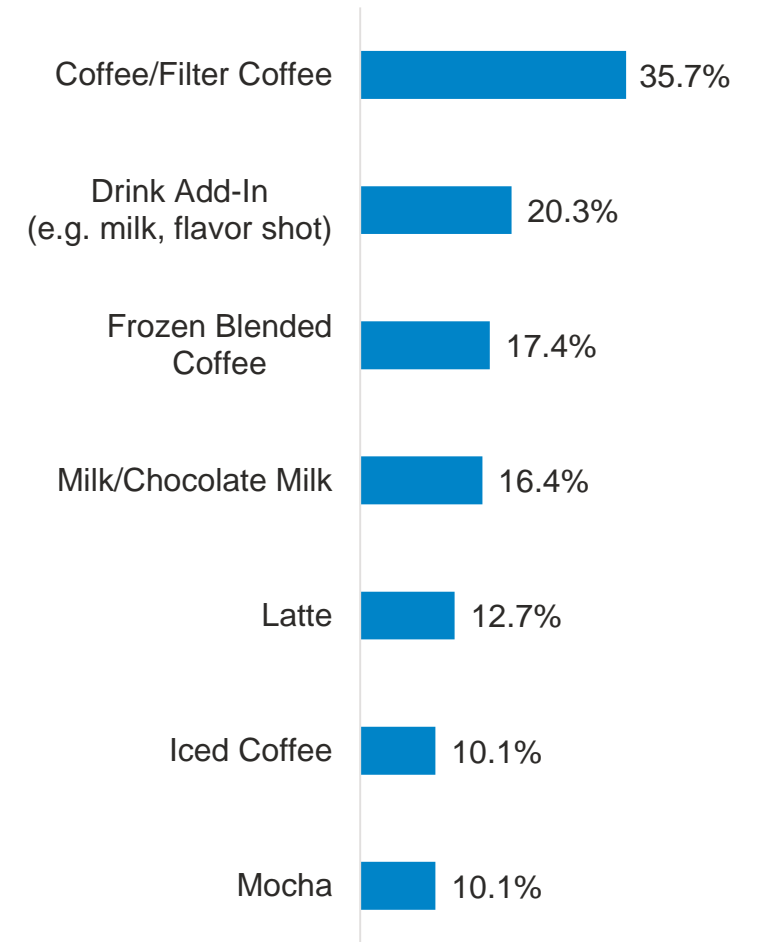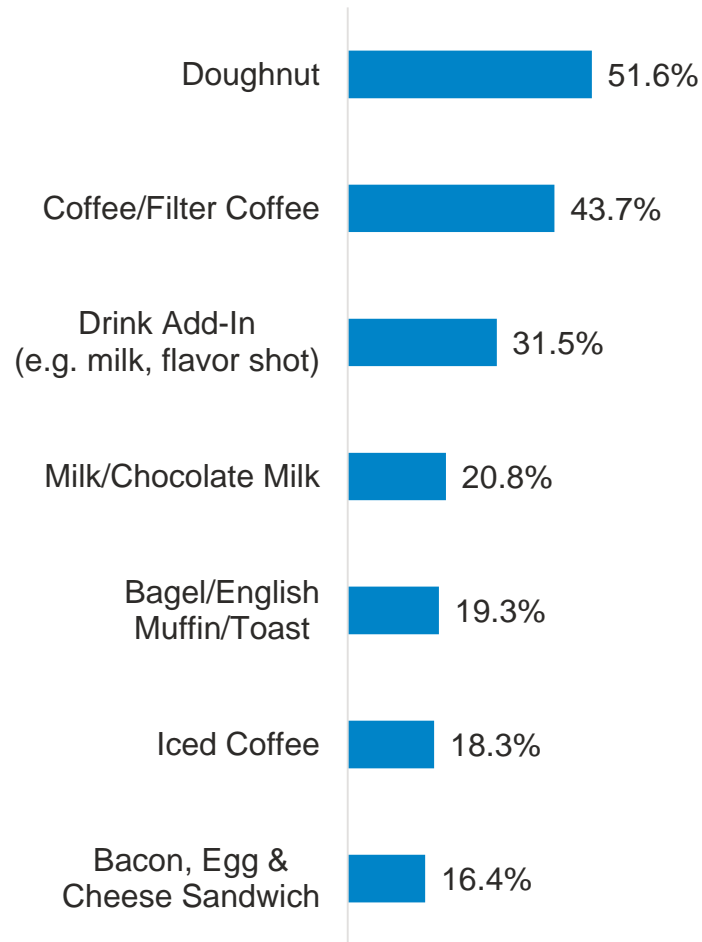- ■ Beverage Only
- ■ Dessert Only

Base: 700 recent guests 18+ per chain
Source: Ignite Consumer Brand Tracking, Technomic Inc.

# What Are They Ordering?

Based on guest-reported menu orders, the Dunkin' consumer mainly visits for the breakfast basics: coffee and a quick bite. Starbucks, on the other hand, attracts consumers who are looking for a premium pick-me-up.

**Implication**

Dunkin' consumers are primarily visiting for regular or iced coffee. There is a clear opportunity to increase traction on Dunkin' Donuts' other beverage offerings, including their line of Coolatas.



| DUNKIN' DONUTS | |
|---|---|
| Doughnut | 51.6% |
| Coffee/Filter Coffee | 43.7% |
| Drink Add-In (e.g. milk, flavor shot) | 31.5% |
| Milk/Chocolate Milk | 20.8% |
| Bagel/English Muffin/Toast | 19.3% |
| Iced Coffee | 18.3% |
| Bacon, Egg & Cheese Sandwich | 16.4% |



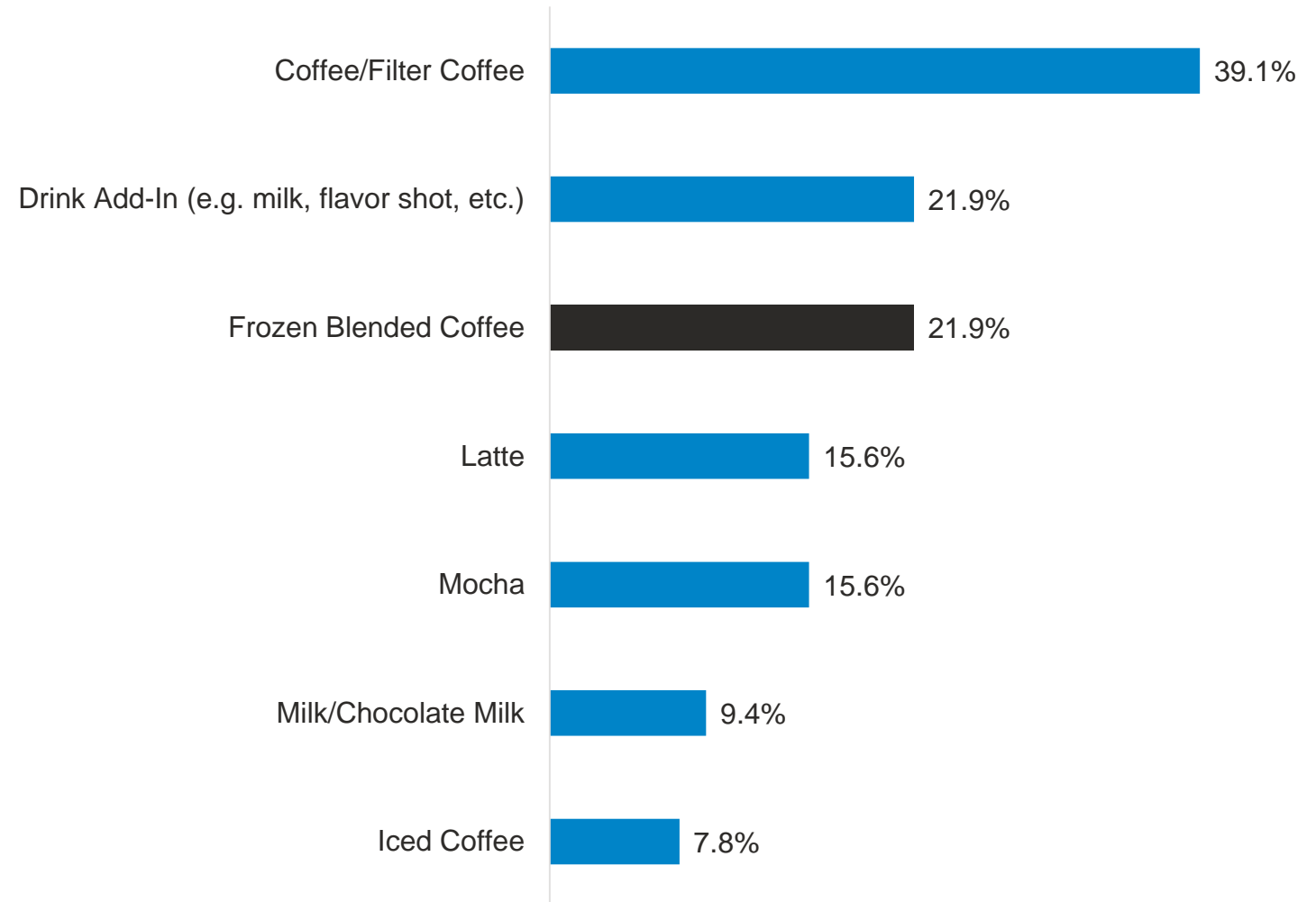| STARBUCKS | |
|---|---|
| Coffee/Filter Coffee | 35.7% |
| Drink Add-In (e.g. milk, flavor shot) | 20.3% |
| Frozen Blended Coffee | 17.4% |
| Milk/Chocolate Milk | 16.4% |
| Latte | 12.7% |
| Iced Coffee | 10.1% |
| Mocha | 10.1% |

5

# What Are Dunkin' Guests Doing at Starbucks?

Using cross-shopping analysis, we see that among Dunkin' users, nearly 22% are ordering frozen blended coffee beverages at Starbucks.

**Implication**

When Dunkin' consumers want a chilly treat, they don't think of Dunkin'—they're going to Starbucks instead.

## Dunkin' Donuts Brand Users: Guest-Reported Orders at Starbucks

| Category | Percentage |
|---|---|
| Coffee/Filter Coffee | 39.1% |
| Drink Add-In (e.g. milk, flavor shot, etc.) | 21.9% |
| Frozen Blended Coffee | 21.9% |
| Latte | 15.6% |
| Mocha | 15.6% |
| Milk/Chocolate Milk | 9.4% |
| Iced Coffee | 7.8% |

Base: 700 recent guests 18+ per chain
Source: Ignite Consumer Brand Tracking, Technomic Inc.

# How Craveable Are Frozen Beverages?

Although 45% of Dunkin' Donuts' recent guests say that they visited to satisfy a craving, only 43% say the brand is craveable, coming in below the QSR average.

Among recent Starbucks guests who rate the chain high for craveable items, frozen blended beverages are the second most-mentioned item. Frozen beverages come in fifth for craveability at Dunkin'.

**Implication**
The perception of Dunkin' Donuts' frozen beverages is lacking. If they push to improve this, their overall craveability rating will also increase.

## 45%
Visited Dunkin' to satisfy a craving
42% QSR avg.

## 43%
Dunkin' top box craveability rating
50% QSR avg.

| Product Category | Percent Who Say Item is Craveable | |
|---|---|---|
| | DUNKIN' DONUTS | Starbucks |
| Doughnuts | 50.8% | N/A |
| Coffee/Espresso | 18.5% | 40.7% |
| Breads | 8.6% | 6.3% |
| Baked Goods | 6.8% | 12.9% |
| **Frozen Beverage** | **5.5%** | **16.5%** |
| Sandwiches | 4.9% | 6.6% |
| Egg Dish | 3.3% | 2.7% |

# Do Frozen Beverages Impact Satisfaction?

At both chains, an above-average proportion report elevated overall satisfaction when frozen blended coffee was purchased, yet that score is notably higher among Starbucks visitors.

**Implication**
If Dunkin' wants to boost overall satisfaction, it's clear that frozen beverages can play an instrumental part in this.

Excellent Overall Rating
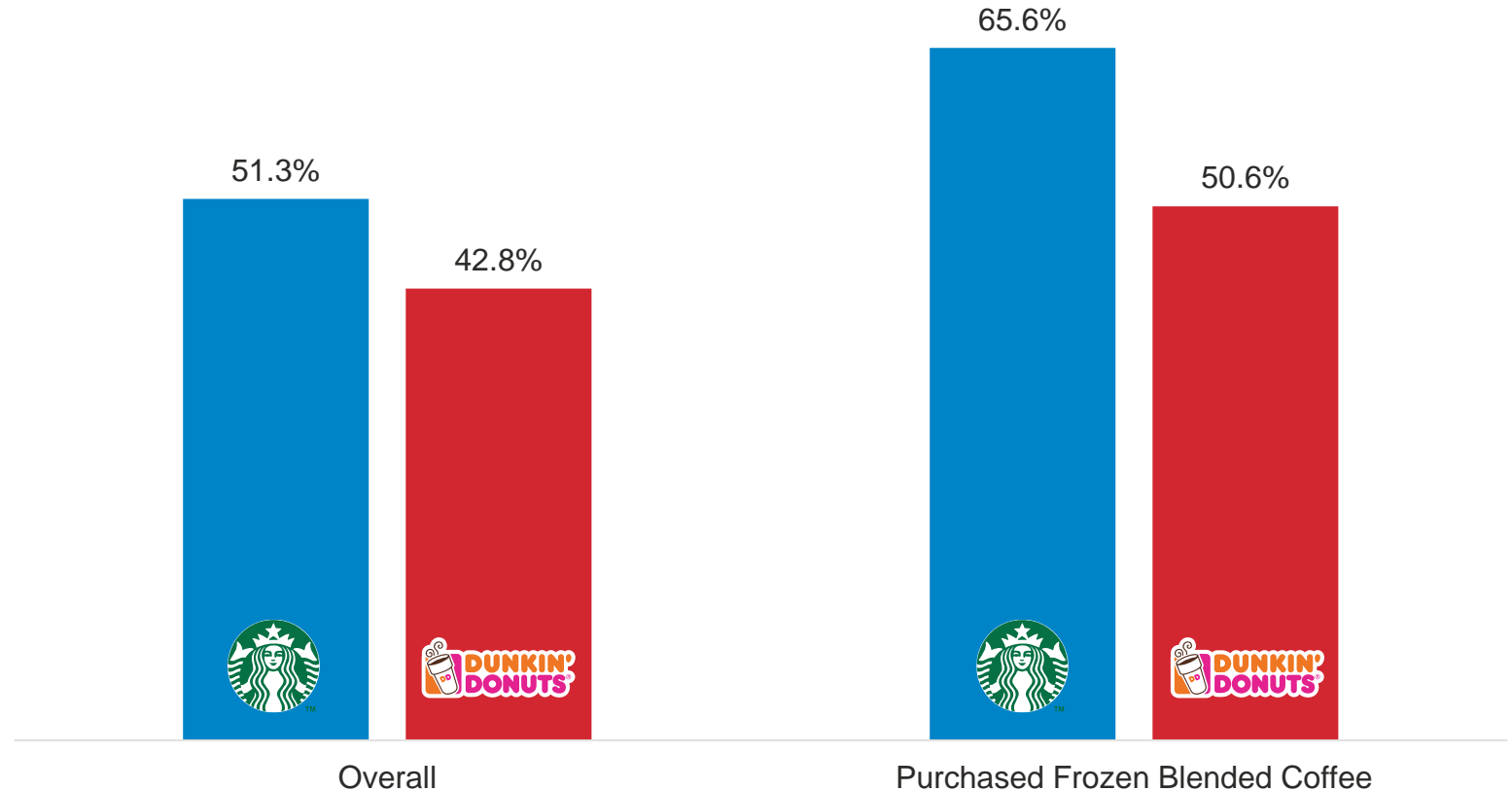
51.3%

42.8%

65.6%

50.6%

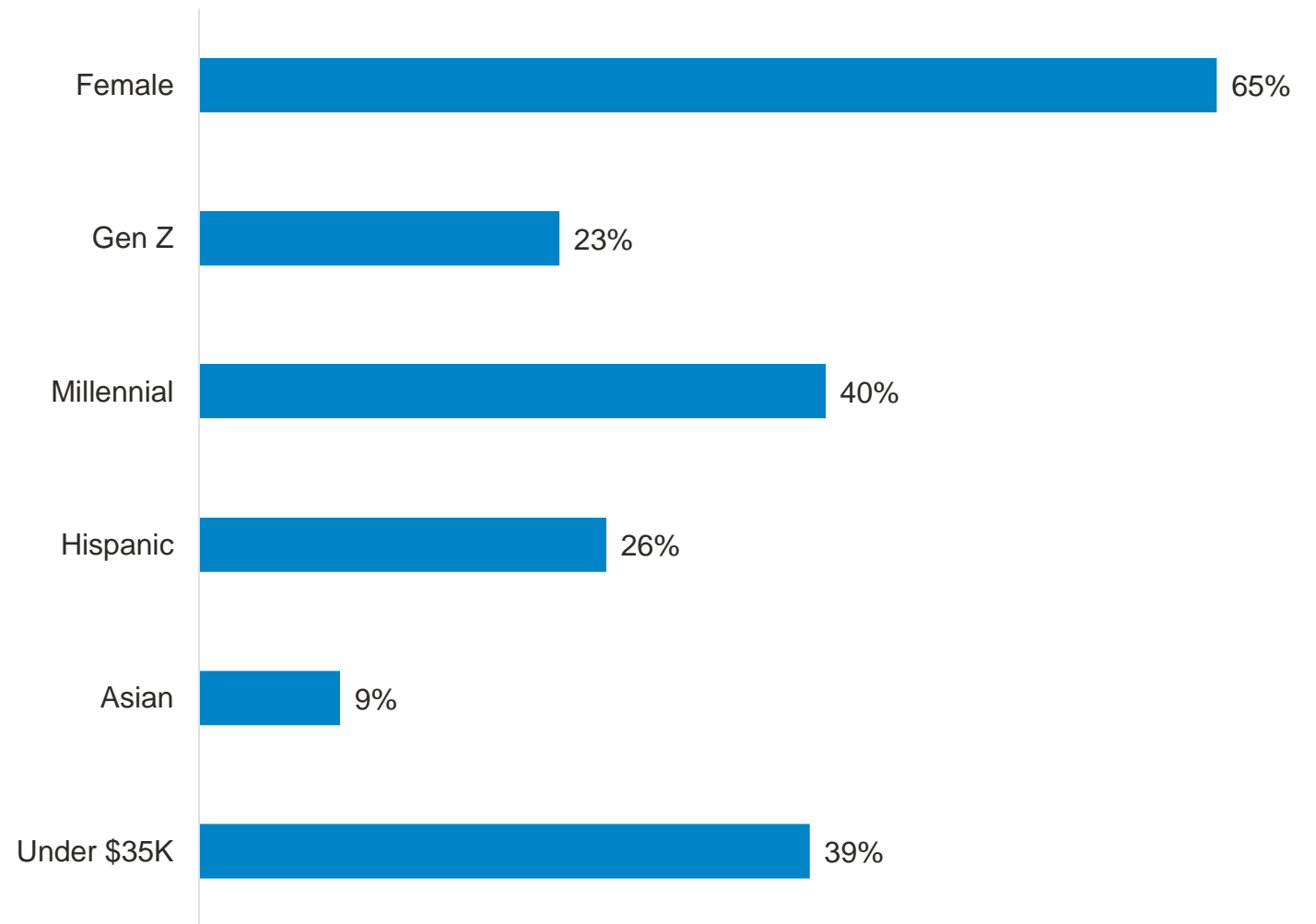Overall

Purchased Frozen Blended Coffee

# Who Is the Frozen Beverage Consumer?

If Dunkin' chooses to improve its frozen beverage program, they'll need to identify who the core consumer is across all brands.

**Implication**
It's clear that Dunkin' has an opportunity to boost its frozen beverage program with a new target consumer group: younger females. In the end, this will improve overall engagement and guest satisfaction.

## Percent of Consumers Who Purchased Frozen Blended Coffee by Demographic Skew

| Demographic | Percent |
|---|---|
| Female | 65% |
| Gen Z | 23% |
| Millennial | 40% |
| Hispanic | 26% |
| Asian | 9% |
| Under $35K | 39% |

# Conclusion

There are five key ways for suppliers and operators to use Ignite's consumer brand tracking capabilities, which were illustrated in this case study.

## 1
### Brand Tracker
Identify the core user of a brand, how they feel about that brand and how that compares to the competition. (slides 7-8)

## 2
### Demographic Targeting
Uncover who your target consumer group is and align your strategy to what they find to be most important when dining out. (slide 3)

## 3
### Occasion Driver Tracker
Dive into dayparts or occasion types to discover how usage differs across a variety of restaurants. (slide 4)

## 4
### Category Intelligence
Discover who the core user group is for a food or beverage category, including adult beverage. (slide 9)

## 5
### Cross-Shopping Behavior
Reveal how heavy users of one brand are using competitive brand. (slides 5-6)

# Schedule Your Ignite Demo Today

Don't wait to see how this powerful platform can boost your business growth.

## Robert Byrne
Senior Manager,
Consumer Insights
rbyrne@technomic.com
312.506.3913

# About Consumer Brand Tracking

This program utilizes 140,000 consumer foodservice visits each year for 200 brands



**Demographics**
Who are Subway (US)'s core guests?

By Gender · Export
53.7% — 46.3%

By Generation · Export
9.1% Generation Z (Born 1993 or later)
29.4% Millennials (Born 1977-1992)
14.6% Generation X (Born 1966-1976)
37.7% Baby Boomers (Born 1946-1965)
9.1% Matures (Born 1945 or earlier)

**Ratings**
Identify operator strengths and weaknesses based on attribute ratings

**Competition**
Know other players in the market and find lost business based on the consumer consideration set

**Brand Mentions**
Use social listening to engage with influencers and tap into the buzz around brands
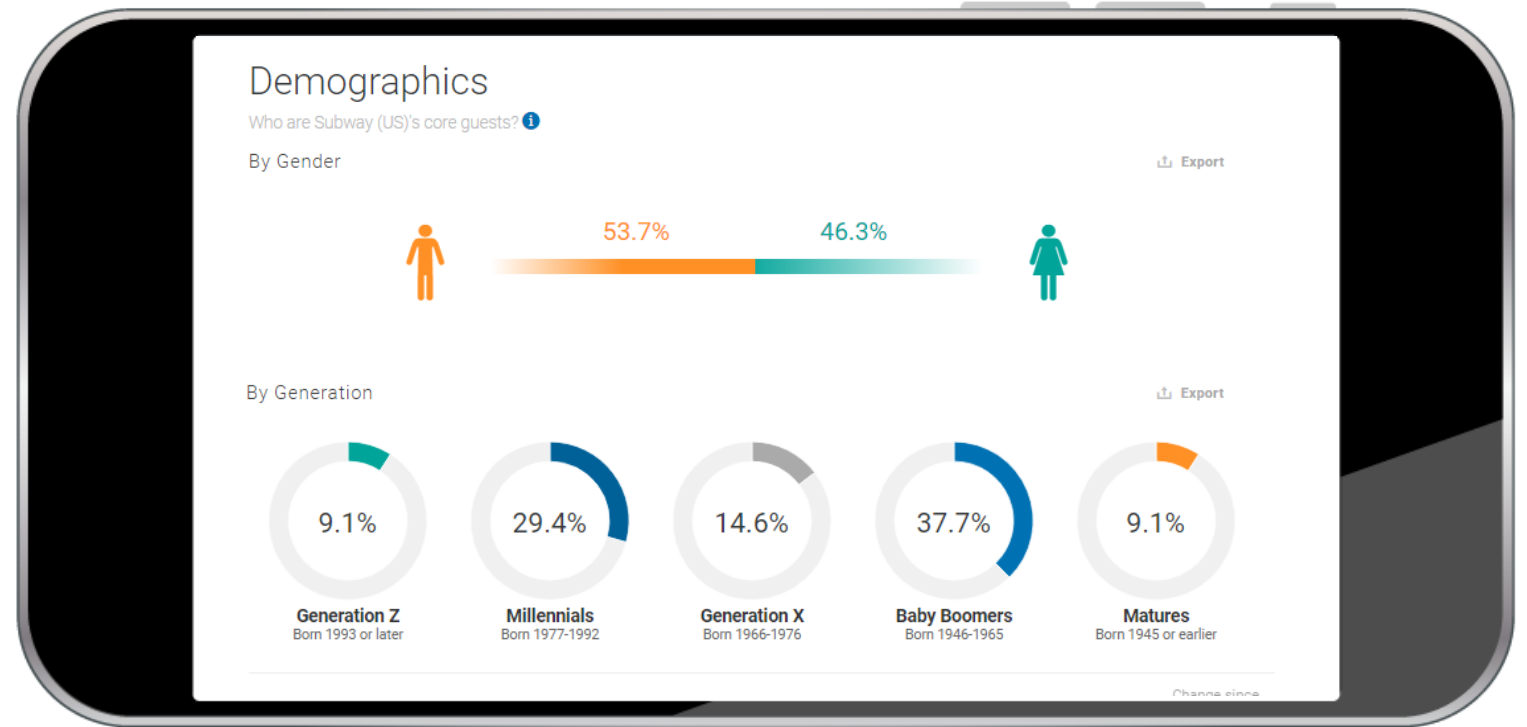
**Visit Occasions**
Understand consumers' characteristics and what drives their visits

**Menu Items**
See what items consumers purchase most

**Download**
Get PowerPoint presentations of your data with a click of a button