

Brewing Success: Winning Strategies for Coffee Chains

Dive into the data to explore foot traffic trends in the coffee space – and uncover factors driving visits to Starbucks, Dunkin', and other leading chains.

- Coffee is flourishing nationwide.** Some of the biggest industry-wide visit growth in early 2024 was seen in smaller markets, but states like Texas, California, Florida, and New York also experienced YoY foot traffic increases.
- Leading coffee chains are growing their store counts – and their visits.** YoY visits to **Starbucks**, **Dunkin'**, **Dutch Bros.**, and **BIGGBY COFFEE** increased as the chains grew their footprints. But the average number of visits to the brands' individual locations also increased or declined just slightly – showing that the expansions are meeting robust demand.
- Starbucks visit growth is being fueled by the return to office.** In early 2024, Starbucks visitors were more likely to proceed to their workplace following a coffee stop than in 2022 or 2023. And a greater share of early-morning visits lasted less than ten minutes – as many customers likely grabbed a cup of joe on their way to the office.
- Dunkin' is benefiting from customers on the go.** Between January and May 2024, statewide markets drawing higher shares of very short visits (i.e. those lasting less than five minutes) saw the greatest YoY visit increases.
- Dutch Bros.** does particularly well in metro areas with higher proportions of one-person households, while **BIGGBY COFFEE's** top locations draw greater shares of suburban population segments.

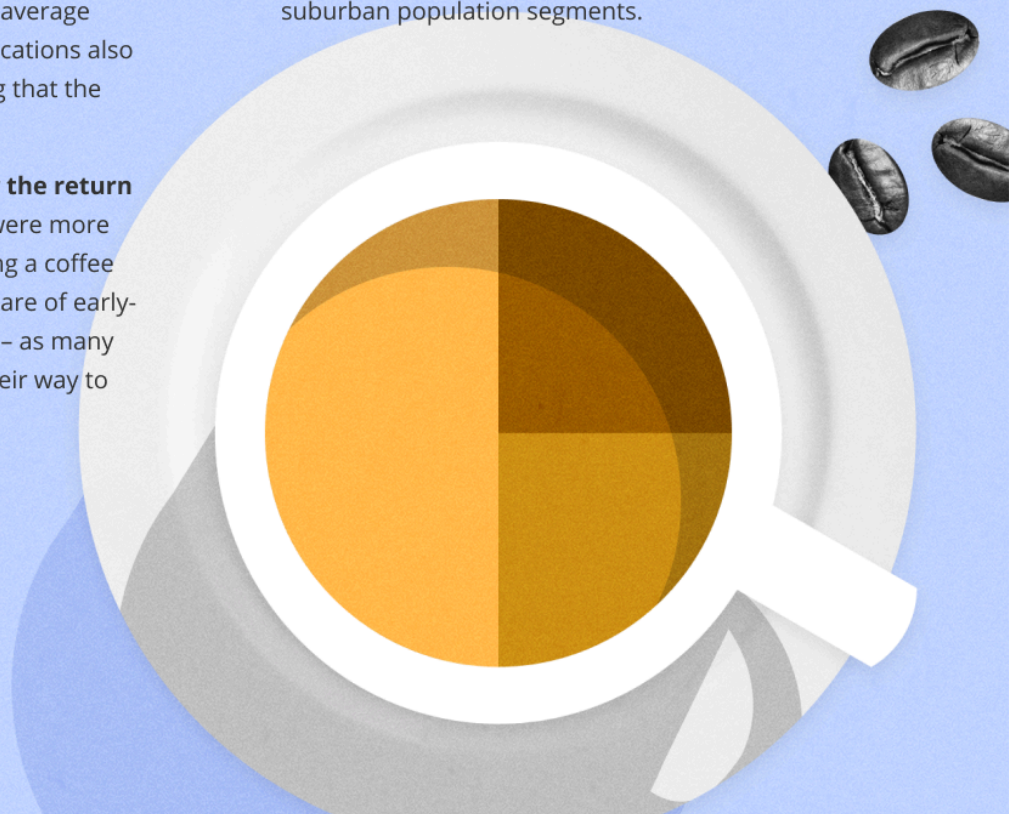


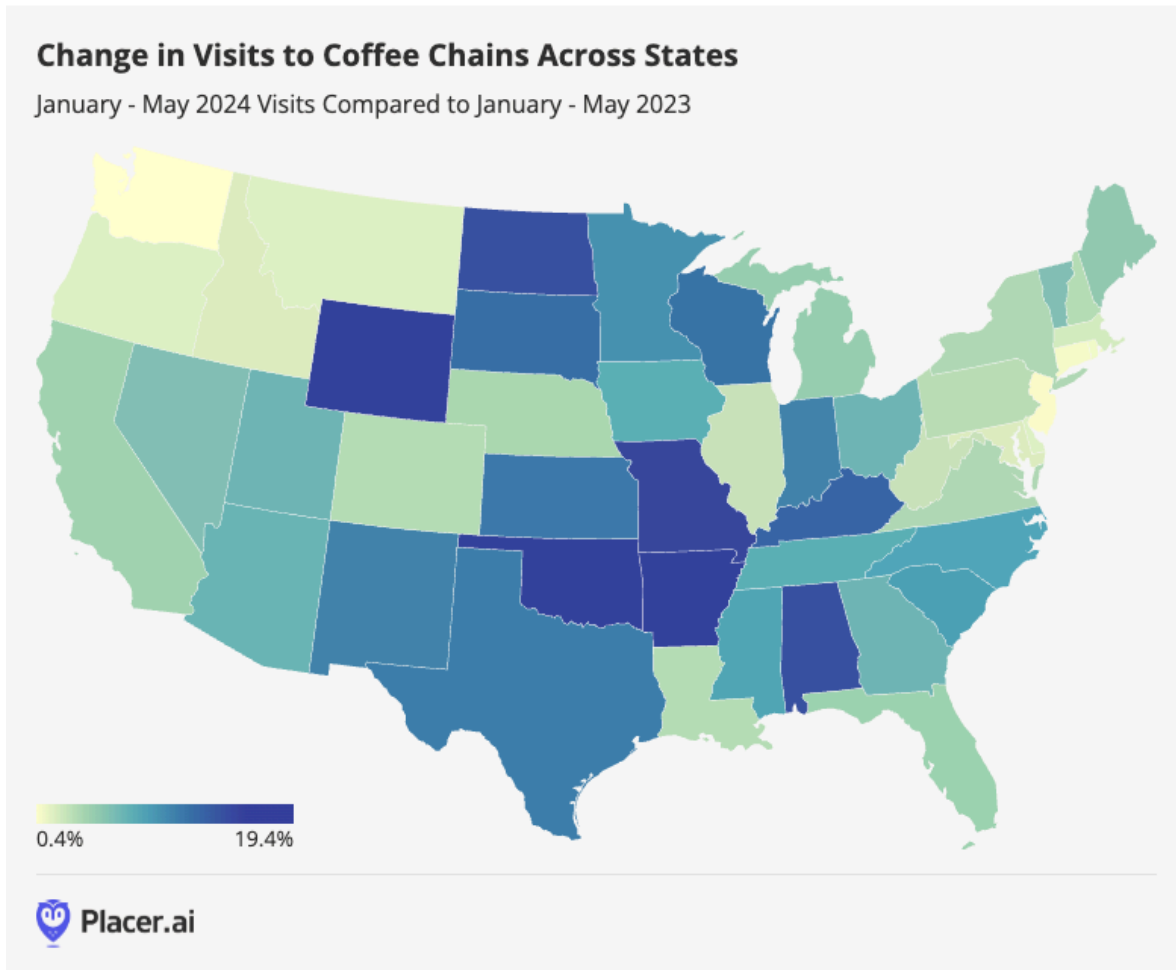
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Coffee on the Rise

Everybody loves coffee. And with some 75% of American adults [indulging](#) in a cup of joe at least once a week, it's no wonder the industry is [constantly](#) on an upswing.

In early 2024, year-over-year (YoY) visits to coffee chains increased nationwide – with every state in the continental U.S. experiencing year-over-year (YoY) coffee visit growth.



The most substantial foot traffic boosts were seen in smaller markets like Oklahoma (19.4%), Wyoming (19.3%), and Arkansas (16.9%), where expansions may have a more substantial impact on statewide industry growth. But the nation's largest coffee markets, including Texas (10.9%), California (4.2%), Florida (4.2%), and New York (3.5%), also experienced significant YoY upticks.

Expanding to Meet Growing Demand

The nation's coffee visit growth is being fueled, in large part, by chain expansions: Major coffee players are leaning into growing demand by steadily increasing their footprints. And a look at per-location foot traffic trends shows that by and large, they are doing so without significantly diluting visitation to existing stores.

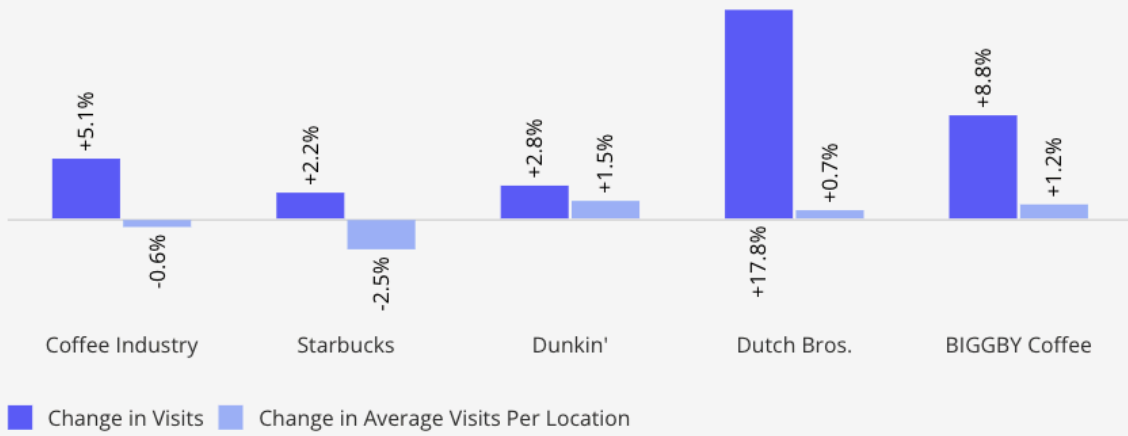
On an industry-wide level, visits to coffee chains increased 5.1% YoY during the first five months of 2024. And over the same period, the average number of visits to each individual coffee location declined just slightly by 0.6% – meaning that individual stores drew just about the same amount of foot traffic as they did in 2023.

Drilling down into chain-level data shows some variation between brands. **Dutch Bros.**, **BIGGBY COFFEE** and **Dunkin'** all saw significant chain-wide visit boosts, accompanied by minor increases in their average number of visits per location.

Starbucks, for its part, which reported a YoY [decline](#) in U.S. sales for Q2 2024, maintained a small lag in visits per location. But given the coffee leader's massive footprint – some 16,600 [stores](#) nationwide – its ability to expand while avoiding more significant dilution of individual store performance shows that **Starbucks'** growth is meeting robust demand.

Major Coffee Chains Expand Without Significantly Diluting Visits to Existing Stores

January - May 2024 Compared to January - May 2023



What is driving the coffee industry's remarkable category-wide growth? And who are the customers behind it? This white paper dives into the data to explore key factors driving foot traffic to leading coffee chains in early 2024. The report explores the demographic and psychographic characteristics of visitors to major players in the coffee space and examines strategies brands can use to make the most of the opportunity presented by a thriving industry.

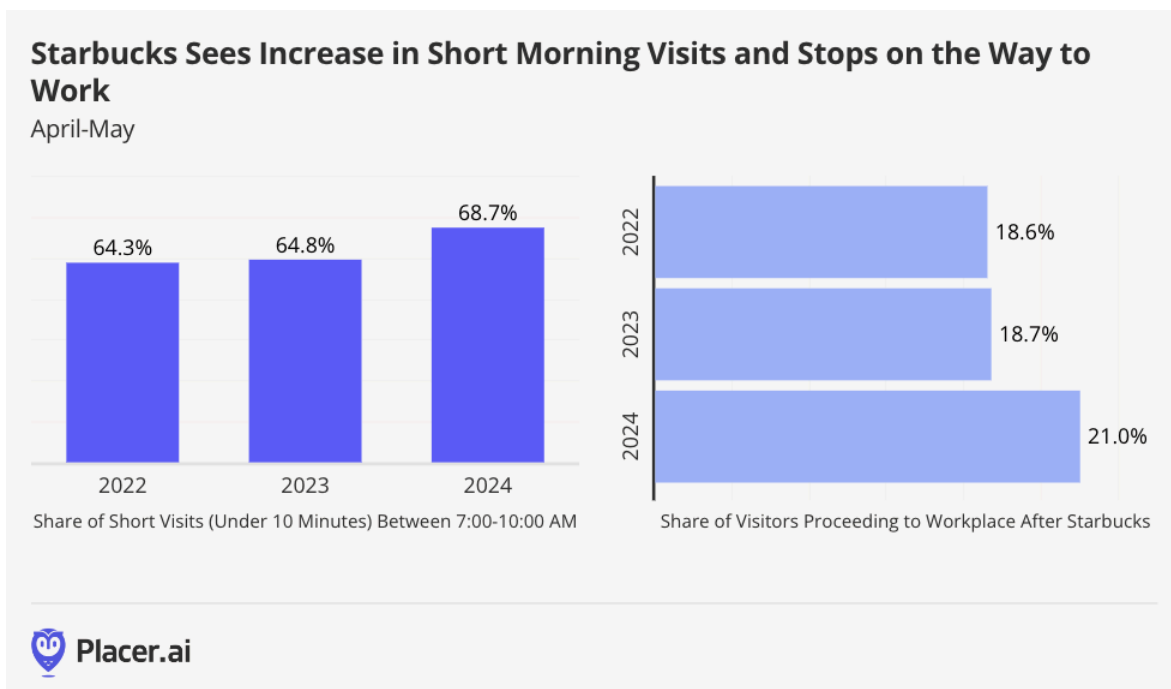
Starbucks Visits Fueled by RTO

One factor shaping the surge in coffee visit growth is the slow-but-sure return-to-office (RTO). Hybrid work may be the post-COVID new normal – but RTO mandates and WFH fatigue have led to steady [increases](#) in office foot traffic over the past year. And in some major hubs – including New York and Miami – office visits are [back](#) to more than 80.0% of what they were pre-pandemic.



A look at shifting **Starbucks** visitation patterns shows that customer journeys and behavior increasingly reflect those of office-goers. In April and May 2022, for example, 18.6% of **Starbucks** visitors proceeded to their workplace immediately following their coffee stop – but by 2024, this share shot up to 21.0%.

Over the same period, the percentage of early morning (7:00 to 10:00 AM) Starbucks visits lasting less than 10 minutes also increased significantly – from 64.3% in 2022 to 68.7% in 2024. More customers are picking up their coffee on the go – many of them on the way to work – rather than settling down to enjoy it on-site.



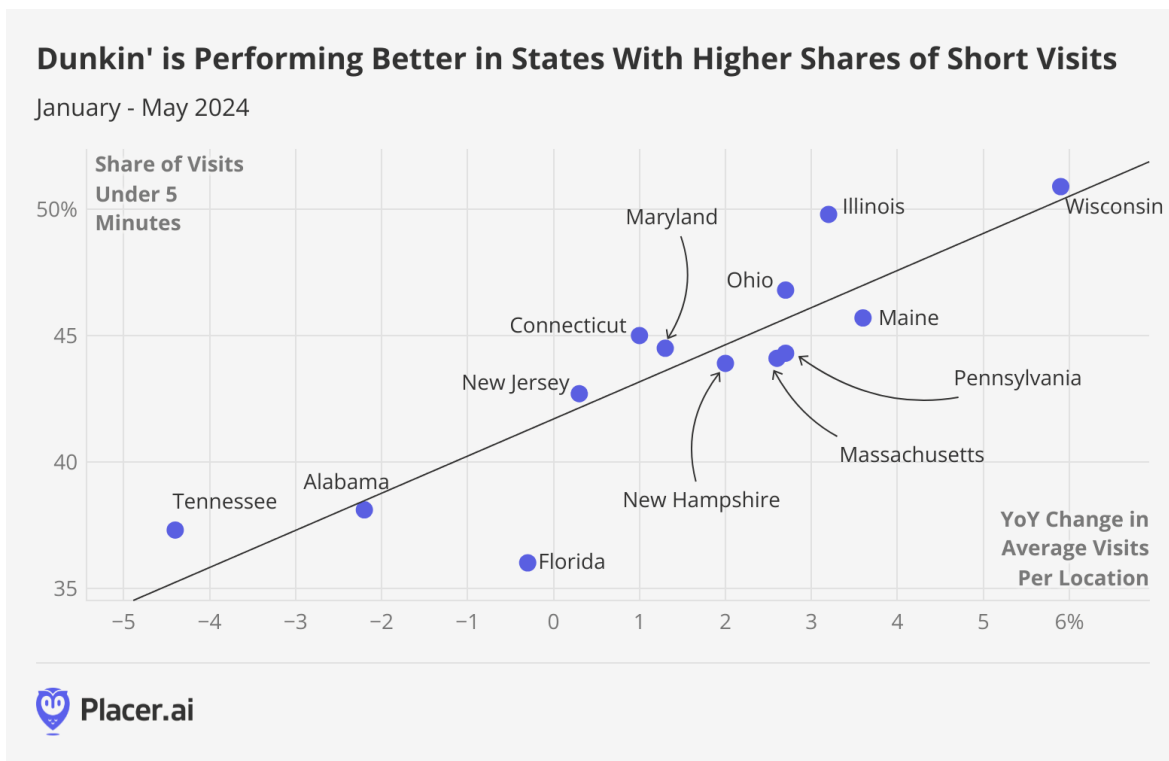
Short Visits Driving Success at Dunkin’

Dunkin’ is another chain that is benefiting from consumers on the go. Examining the coffee giant’s performance across major regional markets – those where the chain maintains a significant presence – reveals a strong correlation between the share of

Dunkin' visits in each state lasting less than five minutes and the chain's local YoY trajectory.

In Wisconsin, for example, 50.9% of visits to **Dunkin'** between January and May 2024 lasted less than five minutes. And Wisconsin also saw the most impressive YoY visit growth (5.9%). Illinois, Ohio, Maine, and Connecticut followed similar patterns, with high shares of very short visits and strong YoY showings.

On the other end of the spectrum lay Tennessee, Alabama, and Florida, where very short visits accounted for a low share of the chain's statewide total – under 40% – and where visits declined YoY.



Dunkin's success with very short visits may be driven in part by its popular app, which makes it easy for harried customers to place their order online and save time

in-store. And this is good news indeed for the coffee leader – since customers using the app also tend to generate [bigger](#) tickets.

Dutch Bros. Appealing to Singles

Dutch Bros.' meteoric rise has been fueled, in part, by its appeal to younger audiences. Recently [ranked](#) as Gen Z's favorite quick-service restaurant, the rapidly-expanding coffee chain sets itself apart with a strong brand [identity](#) built on cultivating a positive, friendly customer experience.

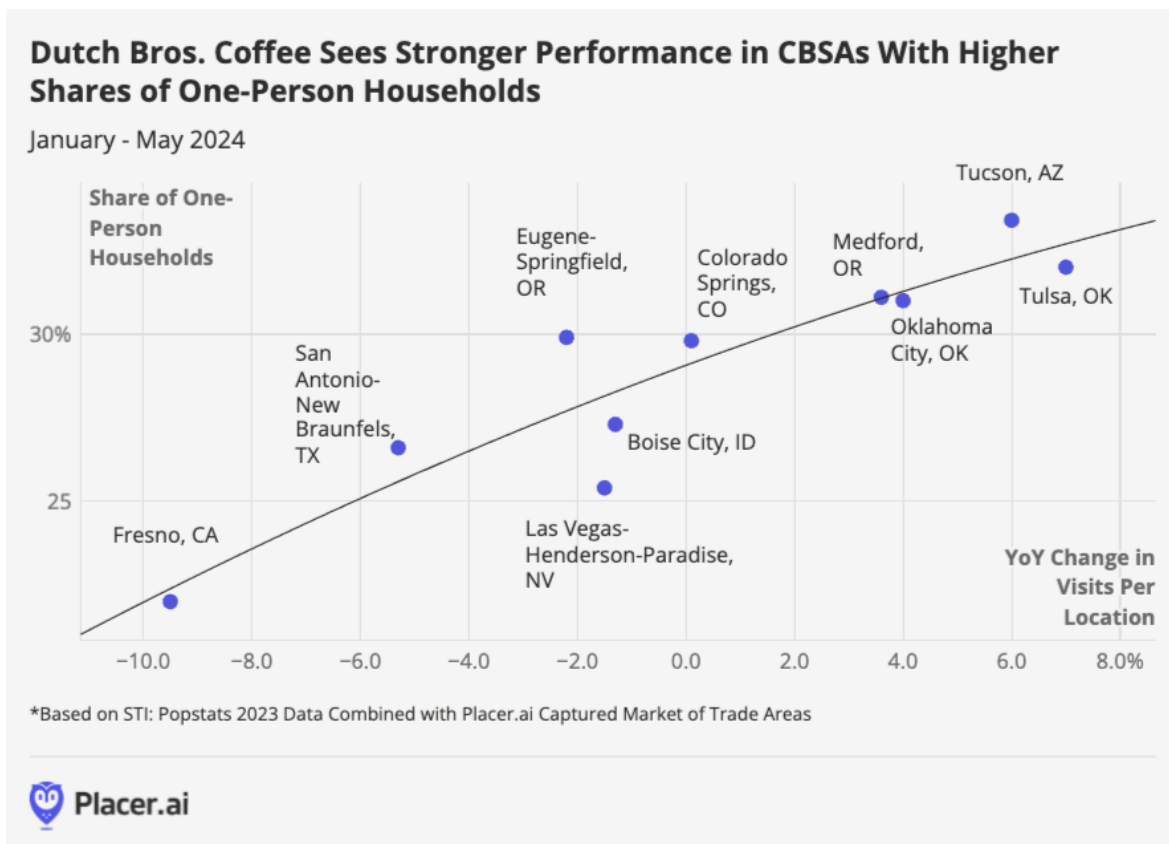
And **Dutch Bros.**' people-centered approach is resonating especially well with singles – including young adults living alone – who may particularly appreciate the chain's community atmosphere.

Analyzing the relative performance of **Dutch Bros.**' locations across metro areas – focusing on regions where the chain has a strong local presence – shows that it performs best in areas with plenty of singles. Indeed, the share of one-person households in **Dutch Bros.**' local [captured markets](#) is very strongly correlated with the coffee brand's CBSA-level YoY per-location visit performance. Areas with higher concentrations of one-person households saw significantly more YoY visit growth in the first part of 2024. (A chain's captured market is obtained by weighting each Census Block Group (CBG) in its trade area according to the CBG's share of visits to the chain – and so reflects the population that actually visits the chain in practice).

The share of one-person households in **Dutch Bros.**' Tucson, AZ captured market, for example, stands at 33.4% – well above the nationwide baseline of 27.5%. And between January and May 2024, Tucson-area **Dutch Bros.** saw a 6.0% increase in the average number of visits per location. Tulsa, OK, Medford, OR, and Oklahoma City, OK – which also feature high shares of one-person households (over 30.0%) – similarly saw per-location visit increases ranging from 3.6% - 7.0%. On the flip side, Fresno, CA, Las Vegas-Henderson-Paradise, NV, and San Antonio-New Braunfels, TX, which

feature lower-than-average shares of single-person households, saw YoY per-location visit declines ranging from 1.5%-9.5%.

As Dutch Bros. forges ahead with its planned [expansions](#), it may benefit from doubling down on this trends and focusing its development efforts on markets with higher-than-average shares of one-person households – such as university towns or urban areas with lots of young professionals.



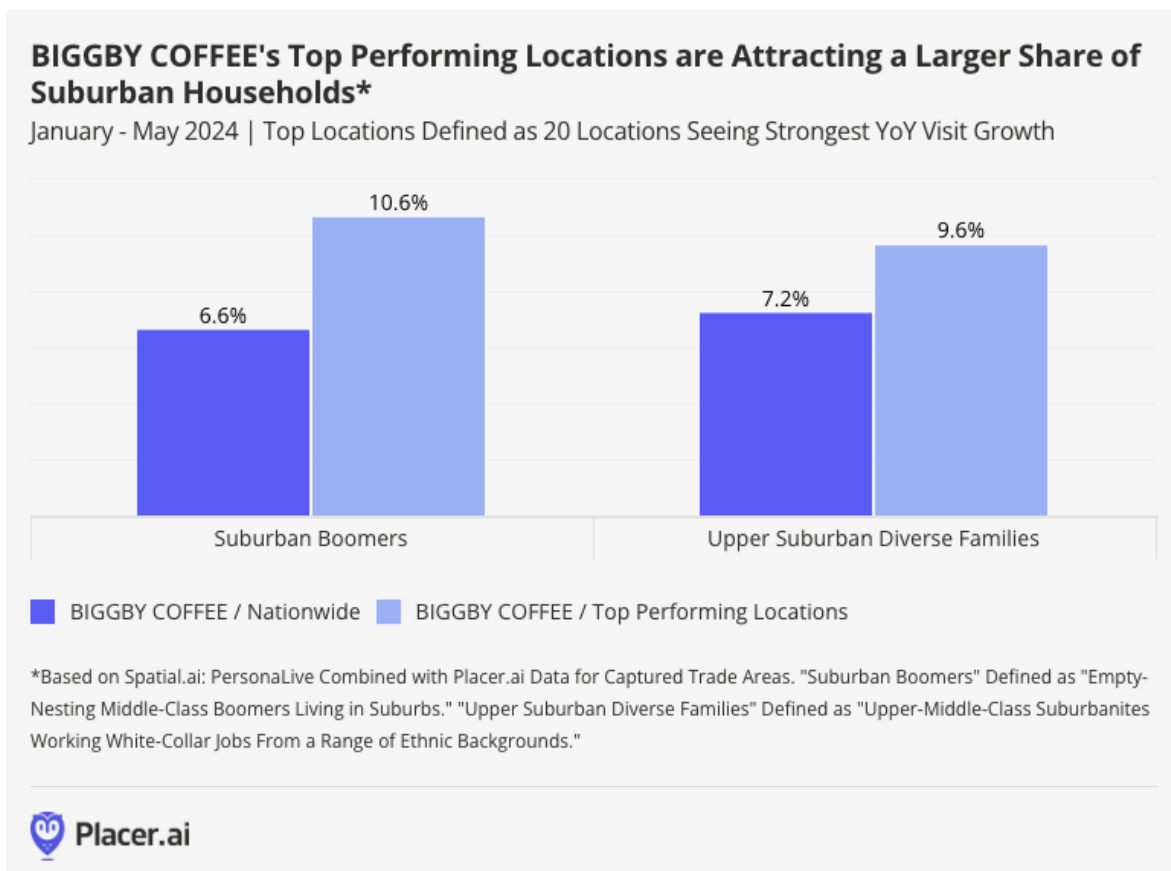
BIGGBY COFFEE: Pressing the Suburban Advantage

Michigan-based **BIGGBY COFFEE** is another java winner in [expansion](#) mode. With a growth strategy focused on [emerging](#) markets with less brand saturation, BIGGBY has

been setting its sights on [small towns](#) and rural areas throughout the Midwest and South. Though the chain does have locations in bigger cities like Detroit and Cincinnati, some of its most significant markets are in smaller population centers.

And a look at the captured markets of **BIGGBY's** 20 top-performing locations in early 2024 shows that they are significantly over-indexed for suburban consumers – both compared to **BIGGBY** as a whole and compared to nationwide baselines.

(Top-performing locations are defined as those that experienced the greatest YoY visit growth between January and May 2024).



"Suburban Boomers", for example – a [Spatial.ai: PersonaLive](#) segment encompassing middle-class empty-nesters living in suburbs – comprised 10.6% of **BIGGBY's** top

captured markets in early 2024, compared to just 6.6% for **BIGGBY's** overall. (The nationwide baseline for Suburban Boomers is even lower – 4.4%.) And Upper Diverse Suburban Families – a segment made up of upper-middle-class suburbanites – accounted for 9.6% of the captured markets of BIGGBY's 20 top locations, compared to just 7.2% for **BIGGBY's** as a whole, and 8.3% nationwide.

Coffee for Everyone

Coffee has long been one of America's [favorite](#) beverages. And java chains that offer consumers an enjoyable, affordable way to splurge are expanding both their footprints and their audiences. By leaning into shifting work routines and catering to customers' varying habits and preferences, major coffee players like **Starbucks**, **Dunkin'**, **Dutch Bros.**, and **BIGGBY COFFEE** are continuing to thrive.