Restaurant Research®

Concept Analysis & Benchmark Report

Dunkin' 2023/2024

Executive Summary

The Dunkin' way (get in, get out & get on your way) is consistent with its famous "America runs on Dunkin'" tagline. The chain's high-frequency, low-touch, affordable-ticket business model is well suited to a modern lifestyle and the brand's coffee authority, (#1 in drip coffee) provides an associated caffeinated lift that generates a strong emotional connection/ritual at the speed of Dunkin'. The chain's coffee value equation further includes: bean to grind fresh; brew fresh every time; short hold times; and free flavor shots. While a mid-level positioning above c-store and QSR but below Starbucks stems from the brand's roots with blue collar customers "who help make America run", the brand's push into espresso/premium is intended to "democratize" higher-end drinks for a younger/white collar/female demo while contributing sales to the afternoon daypart. The chain's long-term sales growth drivers include: a return to normal morning routines post-covid; drip coffee leadership; democratization of upscale/trendy espresso, cold brew, foam & non-dairy products; progress in digital & loyalty; appeal of drive-thru model; NextGen store design; and ops & tech innovation to further improve service speed. Having said all this, it is notable that Dunkin's efforts to move upscale are insufficient to fully protect against competitive QSR coffee discounting and low-priced C-store coffee. To this end, a low average ticket reflects an opportunity to drive add-on food and premium beverage sales. Further, the brand has more work to do to increase its low digital penetration. In conclusion, Dunkin' must continue to progress in its upscale repositioning sufficient to stem a steady market share loss of domestic system sales among $1B+ chains in the coffee segment.

Parent Company Summary

Parent Company	Ticker	Corp. Debt Rating	Net Debt (1)/ EBITDA	EV/ EBITDA	Stock Performance		
					2022	TTM	Nov-23
Inspire Brands, Inc.	Private	Not Rated	N/a	N/a	N/a	N/a	
$1B+ Chains			5.53	14.15	-18.7%	-1.7%	

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(1) Net Debt includes operating leases.

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