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Dunkin' Speeding Up Service to Bring Back Guests



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Alex Dixon, Dunkin' Brands, Finance, LSR

Dunkin' Donuts will continue to seek ways to differentiate itself by focusing on value, convenience, and simplification as the brand faces a decline in guest traffic.

In Q1 2017, Dunkin' Donuts experienced flat comparable-store sales, as average tickets increased by about 3 percent and traffic decreased. In a conference call Thursday, executives said breakfast sandwich sales were driven by value messaging and beverage sales were driven by the iced coffee category as cold brew sales continue to grow.

Dunkin' also launched its Fruited Iced Teas this week, as well as Dunkin' Energy Punch through a partnership with Monster Energy that the brand believes will attract millennial customers.

As the brand looks forward, Dunkin' Donuts U.S. and Canada president David Hoffman says it will focus on streamlining the menu and focusing on convenience.

“We're on journey, a journey to continue to move up the consumer experiential curve and distance ourselves from the competitors that are commoditizing their offering,” he said in the call. “Our consumer research last summer showed that guests want to use Dunkin' as a place to take five minutes, not 50 minutes. And as we jokingly say around here, there are other coffee houses where you can go to write your screenplay. That's just not us.”

In February, the brand began a 300-store streamlined menu test and will be rolling it out to the 800 additional restaurants later this year. The menu simplification involves the elimination of some of Dunkin's slower moving products, which the brand believes will lead to improved operations, a better customer experience and increased profitability.

Dunkin's on-the-go ordering grew to nearly 2 percent of all transactions during the quarter, and the brand's 6.5 million DD Perks members comprised more than 10 percent of all U.S. sales. The brand will also focus on store design and the drive-thru.

“We are using the consumer insights we gained last year from our deep-dive study with thousands of customers and the starting point for our new restaurant design, including the drive-thru,” Hoffman said. “More than half of our restaurants included drive-thru, and with our customers need for a fast transaction, improving our drive-thrus with new designs and technologies offers us a significant competitive advantage and a real opportunity to optimize how we will serve not only today's guests, but future guests as well.”

Baskin-Robbins U.S. comparable store sales were negative during the first quarter, also driven by a decline in traffic offset by increased average ticket.

Sales of cups and cones increased due to increased sales of scoops and the Warm Cookie Sandwich platform, and sales of take-home pints also increased during the first quarter. Sales of beverages, soft serve, and sundaes declined.