


Share of Market

- For this exercise, Starbucks was selected as the brand. The two main competitors of Starbucks are Dunkin' and Tim Hortons. Data collected is based on a 2019 report from Market Share Reporter regarding leading coffee chains.

Leading Coffee Chains, 2019

From: Market Share Reporter (32nd ed.)

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Companies are ranked by sales in millions of dollars. Market shares are estimated.

	(\$ mil.)	Share
Starbucks Corp.	\$21,380.00	66.30%
Dunkin'	9,228.50	28.62
Tim Hortons	714.00	2.21
Dutch Bros. Coffee	567.00	1.76
Peet's Coffee & Tea	357.80	1.11

Type: Corporations.

Source: *Restaurant Business*, May-June 2020, p. 40 from Technomic.

Subject Categories: Coffee Shops

SIC: 5812 - Eating Places

NAICS: 722513 - Limited-Service Restaurants

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[MLA 9th Edition](#) [APA 7th Edition](#) [Chicago 17th Edition](#) [Harvard](#)

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- The sum of sales for our brand and the two competitors to estimate the share of market (SOM), equaling 100%.

	Brand (Starbucks)	Competitor #1 (Dunkin')	Competitor #2 (Tim Hortons)	Total (000)
Sales [2019] (\$ B)	\$26.52B	\$9.23B	\$3.34B	\$39.09B
Share of Market (%)	26.52/39.09 *100 = 68%	9.23/39.09*100 = 24%	3.34/39.09*100 = 8%	100%

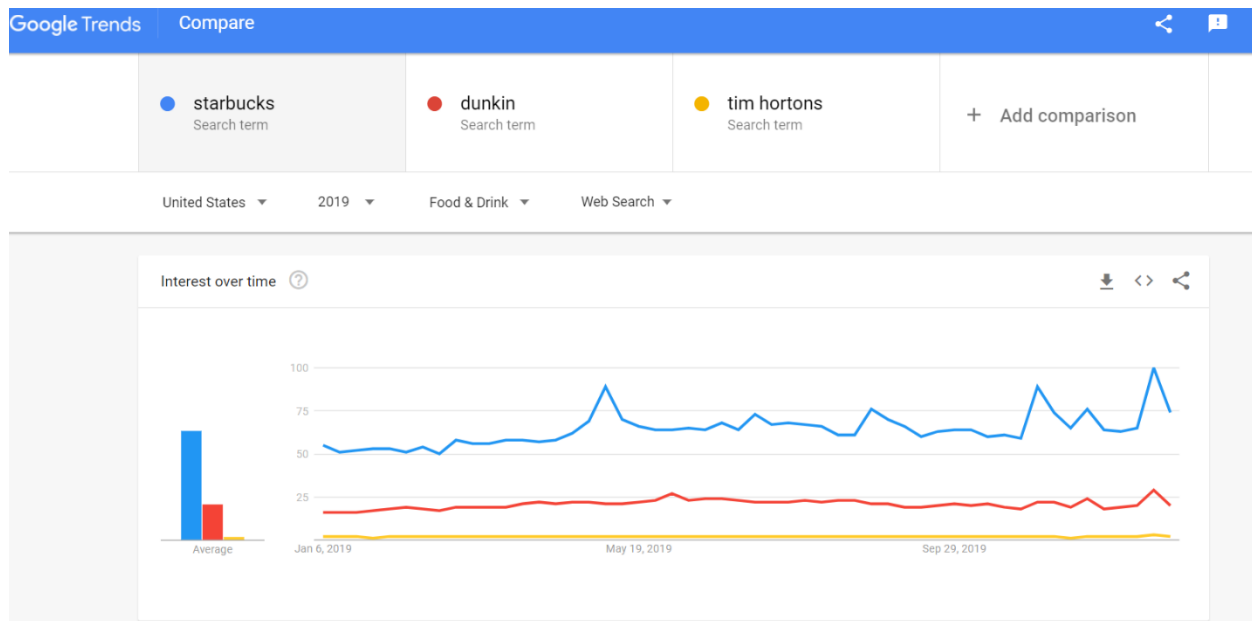
3. *SOM Analysis:* When comparing the top three coffee chains on the market in 2019, Starbucks accounted for 68% (more than half) of the market. During 2019, Starbucks generated over \$26.52 Billion in sales. Dunkin' accounted for 24% of the market with 2019 sales around \$9.23 Billion and Tim Hortons only holds 8% of the market share with \$3.34 Billion in 2019 sales. This data demonstrates that Starbucks is the most popular coffee chain with consumers.

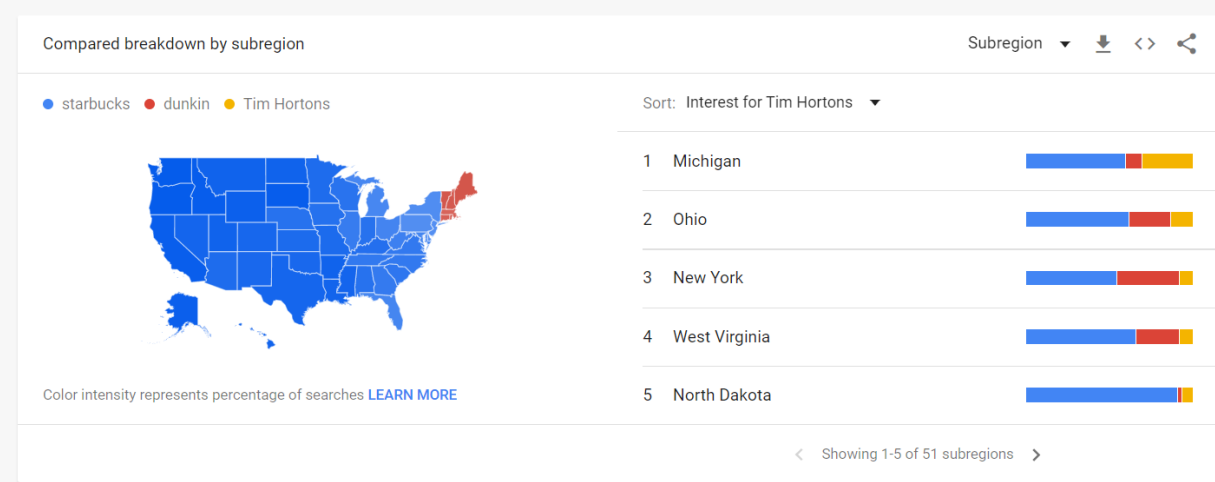
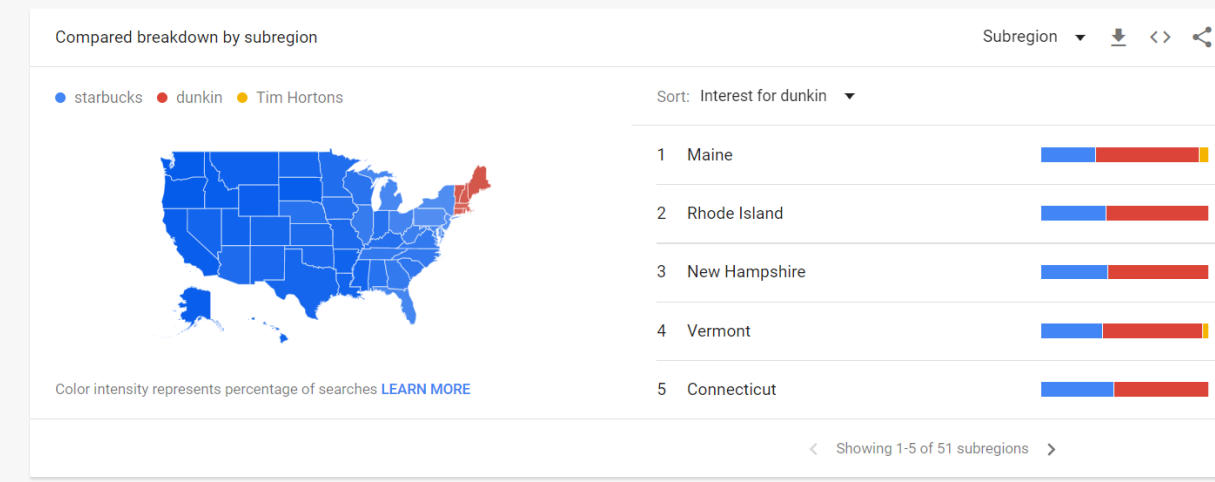
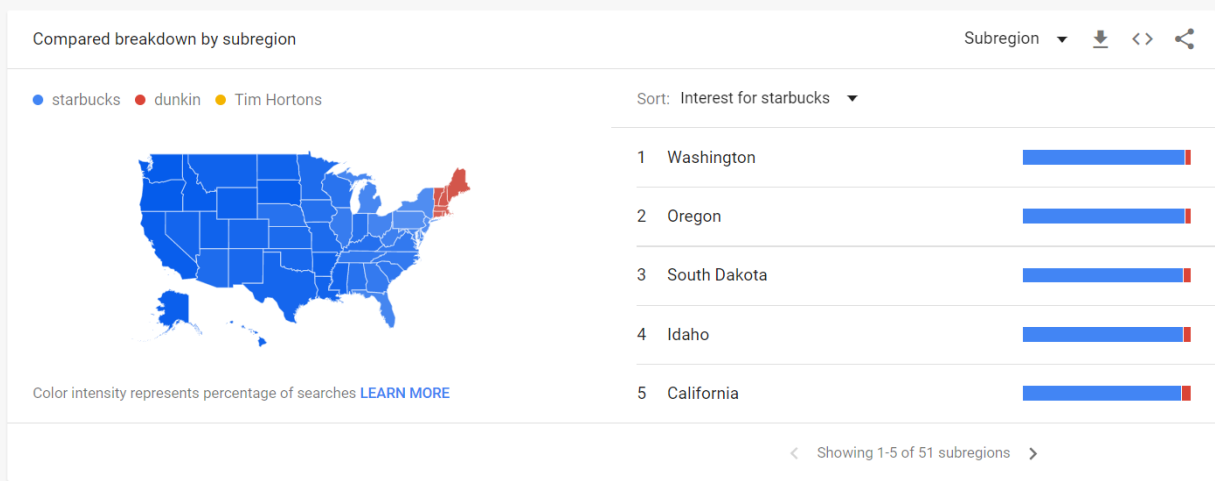
Share of Spending

	Starbucks (000)	Dunkin (000)	Tim Hortons (000)	Total (000)
Ad spending (Print Media X) [2019] (\$)	\$5,569,535 (M)	\$29,120 (K)	\$6,721 (K)	\$5,605,736 (M) = \$5,569,535 + \$29,120 + \$6,721
Ad spending (Digital Media Y) [2019] (\$)	\$634,166 (K)	\$29,539 (K)	\$5,331 (K)	\$669,036 (K) = \$634,166 + \$29,539 + \$5,331
Total spent on advertising	\$5,569,535 + \$634,166 = \$6,203,701 (M)	\$5,569,535 + \$634,166 = \$6,203,701 (M)	\$6,721 + \$5,331 = \$12,053	= total \$6,274,413 (M)
Share of Spending on (%) ***	\$6,203,701/\$6,274,413*100 = 99%	\$58,659/\$6,274,413*100 = 0.9%	\$12,053/\$6,274,413*100 = 0.1%	100%

Digital strategy recommendations: In 2019, Starbucks invested heavily in print media versus digital media. We recommend that Starbucks moves some of their ad spending to include more digital media, which can more effectively track impressions, conversion rates, and overall ROI when compared to some types of print media. Digital media, such as social media advertising, also allows for more flexibility than print media to promote seasonal offerings and other product changes due to shorter lead times.

Share of Search





Analysis: Geography affects share of search and interest for the three brands. Starbucks is headquartered in Seattle, Washington with Google Trends showing high interest in West coast states including Washington, Oregon, South Dakota, Idaho and California. Dunkin’ is headquartered in Canton, Massachusetts with high interest in the East coast states including Maine, Rhode Island, New

Hampshire, Vermont and Connecticut. Tim Hortons is headquartered in Toronto, Ontario with high interest in regions such as Michigan and Ohio due to those states' close proximity to the Canadian border. While Tim Hortons still has a higher interest in Eastern states like New York and West Virginia, there is more interest in Dunkin' due to geographic location. For North Dakota, interest in Starbucks dominates over Dunkin' with some interest in Tim Hortons, which is also likely due to geographic location.

Interest over time shows that interest in Starbucks nationally saw some spikes at various times during 2019, particularly during Q4. This is likely due to Starbucks' seasonal offerings (i.e., holiday cups) and promotions. We think this increase in interest could be tied to the "gift giving" season, with Starbucks items such as gift cards being a popular gift during holiday season.

Share of Community

	Facebook	Instagram	Twitter	Total Community
Starbucks	35M Followers	17.8M Followers	10.9M Followers	35M + 17.8M + 10.9M = 63.7M
Dunkin'	15M Followers	2.2M Followers	1.2M Followers	15M + 2.2M + 1.2M = 18.4M
Tim Hortons	3.2M Followers	419K Followers	654.9K Followers	3.2M + 419K + 654.9K = 4.3M
Totals	35M + 15M + 3.2M = 53.2M	17.8M + 2.2M + 419K = 20.419M	10.9M + 1.2M + 659.4K = 12.759M	53.2M + 20.419M + 12.759M = 86.378M
Share of Community	35M/53.2M*100 = 66%	17.8M/20.419M*100 = 87%	10.9M/12.759M*100 = 85%	63.7M/86.378M*100 = 74%

Starbucks has a larger presence on social media which validates why they dominate the share of market, share of spending and share of search across the country. Starbucks is also popular with the influencer marketing population and influencers' platform of choice from the three social platforms in the chart is Instagram. For Dunkin', they have a stronger following on Facebook, then Instagram followed by Twitter. For Tim Hortons, they have a stronger following on Facebook, then Twitter followed by Instagram. The three brands' social media presence appears to be generally consistent with their ad spending and share of market.

Conclusion

Generally, there do appear to be correlations between ad spending, share of search, and share of online community and the three brands' SOM. Starbucks' share of ad spending, share of search, and share of community percentages being higher than Dunkin' and Tim Hortons percentages makes it appear that these may contribute to Starbucks' overall dominate position in the industry when it comes to SOM.

Starbucks' share of community on Facebook was lower than their share of community on the other two platforms, Instagram and Twitter. A digital strategy, perhaps of Facebook advertising, could grow their Facebook following could help them achieve a higher share of community on that platform. We also saw that digital media was a small portion of Starbucks' ad spend in 2019, so there is opportunity to embrace

more digital marketing in general, with a focus on social media. Digital marketing would also provide Starbucks with data and metrics that would allow them to consistently evaluate ROI or set other outcome goals.