



LexisNexis®

COFFEE SHOP
BRANDS

BRAND BENCHMARK
ANALYSIS

LexisNexis® Media Intelligence
Research and Analytics



- This study examines traditional media attention of Starbucks and four competing major international coffee chains published from July 1 - August 31, 2017:



CAFFÈ
NERO



Tim Hortons

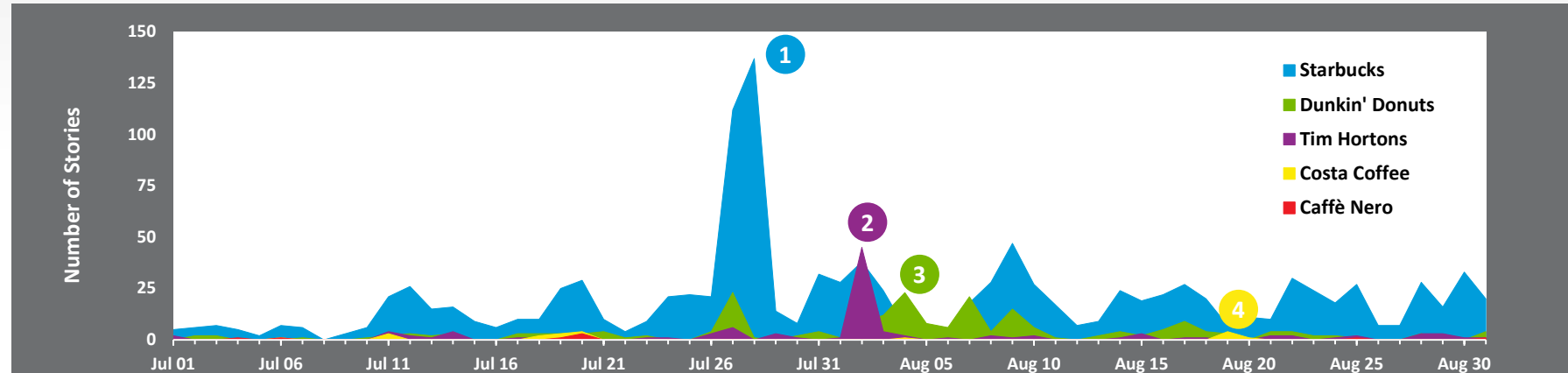
- Coverage from major Canadian, U.S., U.K., and French media was examined for this study. This coverage was sourced from the LexisNexis Newsdesk® media monitoring and analytics solution, and included coverage with a Newsdesk Source Rank of 1.
- This study includes quantitative and qualitative metrics and analysis, as well as results derived from LexisNexis Newsdesk® and human analysis of the coverage by LexisNexis analysts. The study's overall volume and audience reach results and derivative metrics (share of voice) were determined through LexisNexis Newsdesk®, while the sentiment and messaging results were determined through human analysis by the LexisNexis team.
- For the human analysis, LexisNexis analyzed a random sampling of 800 clips across all coffee chains included in the study. For each clip examined, LexisNexis determined how favorably the chain was depicted using a modified five-point scale: 1. Intensely Positive; 2. Positive; 3. Neutral; 4. Mixed / Balanced; 5. Negative; and 6. Intensely Negative. Also, LexisNexis tracked what the focus of the story was from the perspective of the coffee chain from among three options: 1. Corporate News; 2. Restaurant / Product News; and 3. Other News. Lastly, LexisNexis tracked a list of key positive and negative messages about corporate and restaurant/product matters for each chain.

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- **Starbucks dominated the landscape among top tier North American and European media** versus other leading coffee restaurant chains with the highest share of voice and audience reach. It emerged with overwhelming leads in share of voice by story volume and by audience reach, all while tying Costa Coffee for the study's highest share of positive coverage.
- **The chains' financial results played a key role in reporting**, with earnings news generating considerable media attention for Dunkin' Donuts, Tim Hortons, and Starbucks.
- **Yahoo! websites significantly impacted audience reach results.** Chains receiving *Yahoo!* attention saw their share of voice by audience reach outperform their share of voice by article volume, while Tim Hortons suffered after it received no such attention.
- **Starbucks and Costa Coffee generated the highest share of positive reporting** at 50 percent. Starbucks benefited from favorable attention on product launches, growth opportunities in China, and financial matters. Costa Coffee was helped by reporting on CEO Dominic Paul's vision for the chain and commitment to innovation as well as the availability of the chain's coffee on Emirates Airline's business class flights with its A380 planes – the world's largest commercial passenger jets.
- **Caffè Nero experienced the highest share of negative attention** (85 percent) following the revelation that the *BBC* found fecal bacteria in its iced drinks as well as those of other coffee chains. Caffè Nero also was hurt by reporting on its inclusion on a list of "10 of the worst companies to work for in the UK".
- **Starbucks saw seven of its top ten leading messages be positive**, led by favorable messaging about the chain launching new products. Other popular positive messages included that the chain has good marketing initiatives and management. Starbucks received criticism most often about its stock performance, which suffered after Starbucks announced plans to close its Teavana stores.

Starbucks Dominates with a 78 Percent Share of Voice

- The coverage spikes Starbucks, Tim Hortons, and Dunkin' Donuts experienced were heightened from **negative reporting**.
- **Second quarter financial results** in late-July and early-August helped generate increased coverage for Dunkin' Donuts and Tim Hortons. Starbucks saw a significant spike after releasing its **third quarter earnings** in late-July.
- Caffè Nero witnessed the **lowest reporting** with just 13 stories (1 percent share) across the two-month span.



1 Starbucks announces plans to buy the remaining shares of its East China Joint Venture and close all 379 Teavana stores. Reports on the chain's worst stock decline in two years follows the announcements.

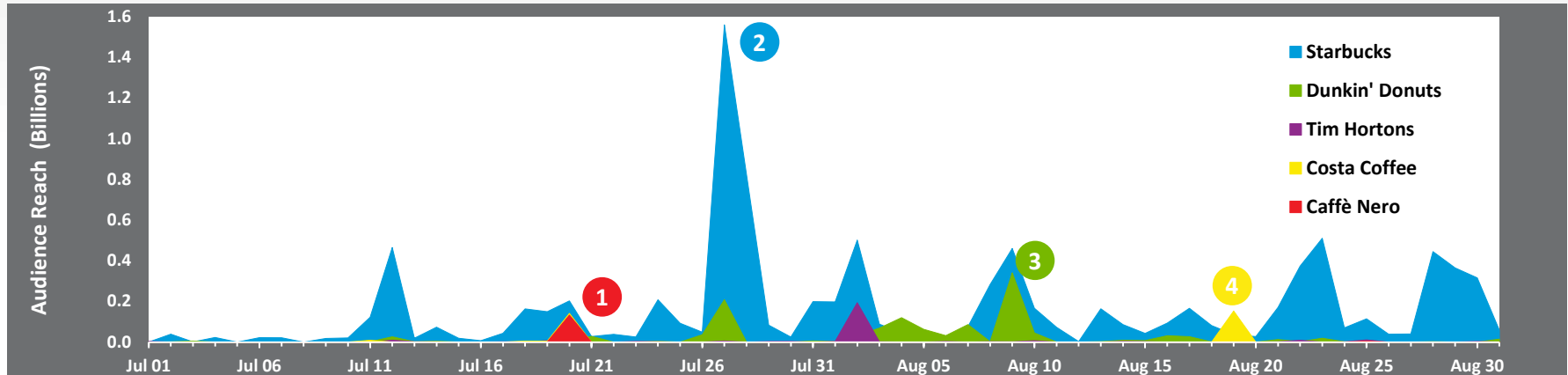
2 Tim Hortons' quarterly earnings results reporting indicates the brand is struggling. Its parent company announces plans to launch Tim Hortons in Spain, yet receives negative reporting for price increases.

3 Dunkin' Donuts considers dropping 'Donuts' from name. Reports say NYC police officers are boycotting the chain after a Dunkin' Donuts employee allegedly refused service to two NYC police officers.

4 Commentary from Costa Coffee's CEO Dominic Paul generates reporting on brand in high-reach publications, with him claiming it offers a "superior product" and that he wants to be "famous for innovating."

Yahoo! Helps Starbucks and Dunkin' Donuts Reach More than a Billion People

- Starbucks reached **9.7 billion people**, earning an **83 percent share of the audience**. *Yahoo.com* sites, including *Yahoo! Finance UK and Ireland* and *Yahoo! Beauty*, played a key role for Starbucks, accounting for 47 percent of the chain's reach.
- While Costa Coffee's share of coverage was just 1 percent, attention from *Yahoo!* and *The Telegraph* improved its share of reach to 3 percent.
- Tim Hortons earned a **lower share in reach** compared to its volume share because it was the only brand **not receiving attention from Yahoo!**.



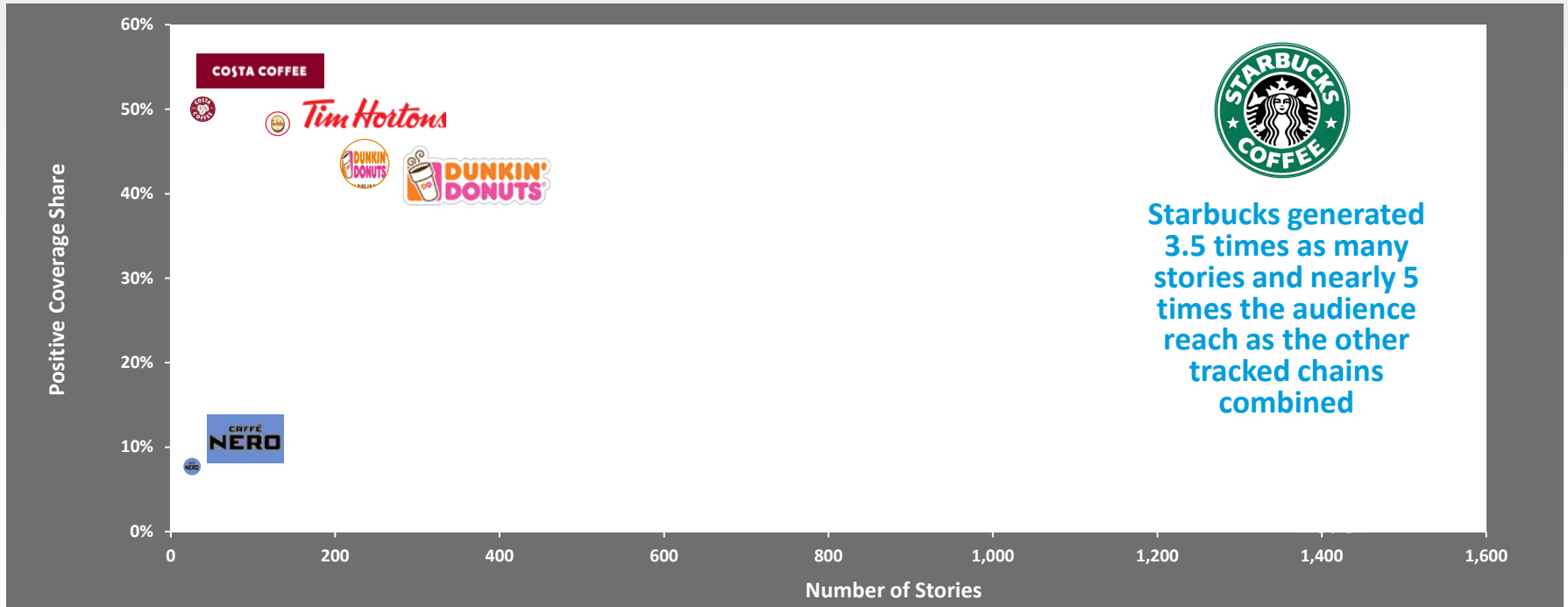
1 **Caffè Nero** reaches more than 130 million people after appearing briefly in a *Yahoo!* story alerting that fecal bacteria was discovered in the iced drinks of multiple coffee chains, including Caffè Nero.

2 **Starbucks** reaches nearly 1.6 billion people after releasing its third quarter earnings results and making multiple strategic announcements, including its bet on the Chinese market and closing of Teavana stores.

3 **Dunkin' Donuts** appears in a *Yahoo! Autos* story (303 million reach) about a gym refusing service to police and military members, noting that Dunkin' Donuts previously refused service to police officers at one of its New York City restaurants.

4 **Costa Coffee's** CEO helps the brand reach 150 million people, after his commentary about the company and its strategic focus appears on *Yahoo! Finance UK and Ireland* and in *The Telegraph*.

Starbucks Dominates the Coverage

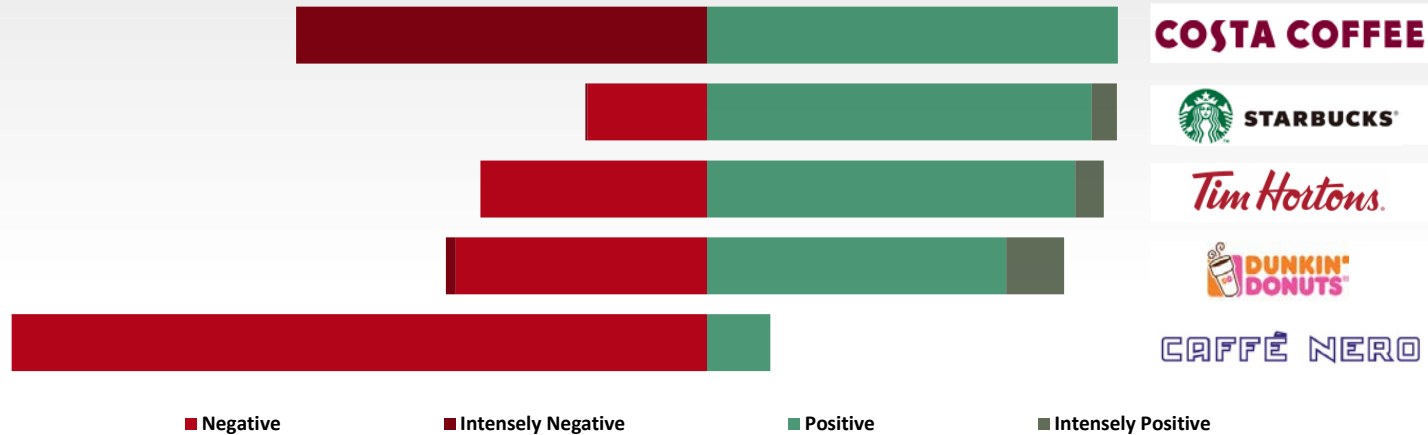




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What is the sentiment across the coverage?

Brands with Least Attention Generate Highest Shares of Negative Reporting



Just two coffee chains— Starbucks and Costa Coffee – saw half its attention be positive.

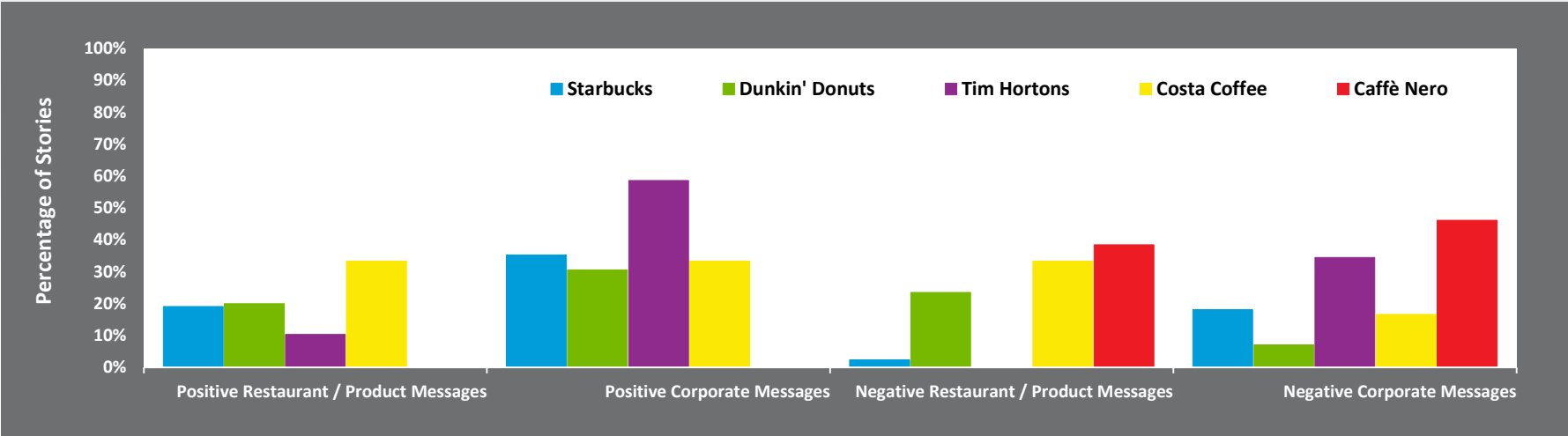


Negative coverage was prevalent across all chains but Starbucks. However, Caffè Nero fared the worst, with unfavorable reporting comprising an overwhelming 85 percent of its stories after the BBC found fecal bacteria in its iced drinks.



Intensely negative coverage was most pronounced for Costa Coffee after highly unfavorable reports detailed a Costa Coffee employee denying service to customer because he was purchasing a sandwich for a homeless person. Intensely negative attention also appeared following a child getting his finger severed in a revolving door at a Costa Coffee.

Positive and Negative Corporate Messaging Appear the Most Frequently



Positive corporate messaging appeared most frequently. It was most pronounced in Tim Hortons' reporting, after the chain's parent company announced plans to expand the coffee brand into Spain, conveying that the chain is growing. However, such reports also noted that the chain is struggling after experiencing a 1 percent decline in Q2 sales.



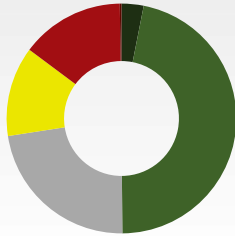
Caffè Nero received only negative messaging. It saw unfavorable food safety messaging after fecal matter was found in its iced drinks. This caused Caffè Nero to have the **worst showing for negative restaurant / product messages**, with 38 percent of its reporting containing such messaging. Additionally, reports on Caffè Nero being one of the ten worst companies in the UK to work for conveyed negative corporate messaging.



Costa Coffee witnessed 33 percent of stories contain positive restaurant / product messaging due to attention on CEO Christopher Rogers. Rogers touted the superiority of the chain's products, saying, "we buy our beans incredibly carefully, we roast them here ourselves and have a high quality signature blend." Positive restaurant / product messaging appeared for the chain's food safety practices after two locations earned high food safety ratings.

Starbucks' Earnings Heighten Positive Coverage, Stock Declines Generate Negative Reporting

- Intensely Positive
- Positive
- Neutral
- Mixed
- Negative
- Intensely Negative



While 50 percent of Starbucks' coverage was positive, **just 3 percent was intensely positive**. Such stories typically discussed corporate matters, noting that the chain is growing. Positive attention was heightened following its third quarter earnings report and Executive Chairman Howard Schultz's mid-August comments decrying the violence in Charlottesville, Virginia. New fall pumpkin spiced drinks also helped boost positive attention.



Starbucks witnessed a considerable amount of **unfavorable reporting on its stock decline** following its third quarter earnings call. Investors feared its US growth was slowing after it announced plans to close its Teavana stores.

Mixed sentiment (13 percent of stories) resulted from coverage reporting on Starbucks growth in China but overall sales decline.



Starbucks' leading message was that it was launching a new product (8 percent of reporting). Such messaging appeared commonly in stories reporting that Starbucks' pumpkin spiced latte was returning. Other new product stories announced the Horchata Almondmilk Frappuccino, sushi burritos in Chicago, and on-tap cold coffee that is nitrogen infused.



Discussion of **Starbucks' stock not performing well** was the chain's second most prominent message and **leading negative message** (6 percent of reports). This message appeared most often after Starbucks announced the closing of its Teavana stores, which shied away investors.



That **Starbucks has strong management and a good vision** for the company was conveyed in 3 percent of reporting. Coverage of Starbucks closing its Teavana stores most frequently conveyed this message, as CEO Kevin Johnson spoke about the chain's innovation plans for tea, including the introduction of Teavana Infusions.

Percent of Stories

