

# *Analysis of Dutch Bros' Marketing Strategies*

Wenhao Xu<sup>1,a,\*</sup>

<sup>1</sup>*Oregonstate university, Corvallis, United States, 97333*

*a. wenhaoxu@gmail.com*

*\*corresponding author*

**Abstract:** Dutch Bros, is well-known on the west coast for providing its customers with high-quality coffee, signature Rebel™ Energy Drink and chai tea. Their well-known mission statement is: to make a massive difference, one cup at a time. This specific service and production has a huge global market. Dutch Bros has seized this chance and has persisted in innovating in this market, as have numerous rival businesses like Starbucks or McCafe. This paper mainly discusses the marketing strategies of Dutch Bros, so as to help it thrive in the local market and community, and offer some references for other coffee shops.

**Keywords:** coffee, pushcart, global, innovate, market

## **1. Introduction**

As of 31 March 2022, Dutch Bros, which began as a pushcart alongside the railroad tracks in the heart of Grants Pass, Oregon, has expanded from a single site to 572 locations spanning 12 states in the US. This company, which employs 19,000 people in the US, is well-known on the west coast for providing its customers with high-quality coffee, signature Rebel™ Energy Drink and chai tea. Their well-known mission statement is: to make a massive difference, one cup at a time [1]. 7 out of 10 people in the United States of America drink coffee on a weekly basis, 62% do so daily, and the average American consumes just over 3 cups per day [2].

This paper primarily examines the everyday marketing strategies used by Dutch Bros and pinpoints the crucial strategies that give them competitive advantages. By discussing Dutch Bros' current marketing strategy, it is easier to examine their branding in depth and explain how it adds value for the consumer (Segmentation, Targeting, Positioning Decisions, Marketing Mix, Value Proposition), address the importance of CSR employment and moral obligation, and lastly examine the interrelationships among marketing techniques, this research might be able to help small local coffee shops learn Dutch Bros business model and marketing strategies and help them thrive in the local market and community.

## **2. Analysis of Dutch Bros' Marketing Strategies**

In a study on fundamental marketing tactics, segmentation, targeting, positioning, and distinctiveness are all investigated. With the aid of this kind of research, a company can better understand the service and product categories it provides as well as its target market.

Attracting customers' attention and building a solid brand identity, every business must employ an efficient marketing strategy. The positioning, marketing mix, and analysis of the operational

environment for Dutch Bros' marketing strategy utilizing the primary marketing strategy concept will be covered in this part.

## **2.1. Dutch Bros' STP (Segmentation, Targeting & Positioning)**

### **2.1.1. Segmentation**

At Dutch Bros, the primary group in the demographic segmentation is young people between 18-25. Customers are typically members of Generation Z or the Millennial generation, born between 1994 and 2005.

### **2.1.2. Targeting**

Dutch Bros targets a wider audience, positioned between segment marketing and mass marketing; nonetheless, there are some requirements that the clients must meet, such as being middle class or younger in age. Generally it is those who are seeking affordable luxury drinks.

### **2.1.3. Positioning**

At Dutch Bros, customers can purchase a high-quality item for a significantly reduced price, but the skilled staff also allows them to customize their drive-through or in-store experience. For instance, the plastic cup that will hold the guest's beverage is printed with their name, and Dutch Bros baristas, or "broistas" are renowned for their friendliness. By approaching each guest personally, Dutch Bros has an eager crowd waiting for them as the company gains traction in new locations. "CWU students are excited about the new developments as well, Miles Foucault a psychology major, sees himself visiting the new Dutch Bros once it opens" [3]. Having an engaged and receptive customer base is part of Dutch Bros' strength and this is made possible by creating an environment that is adapted to each individual customer.

This aids Dutch Bros in battling rival brands and establishing itself as a premium brand, Dutch Bros may distinguish their goods and services from those of the competitors according to the concept of the unique selling proposition.

The welcoming atmosphere and customer service at Dutch Bros keep customers coming back and recommending the company to others [4]. The baristas at Dutch Bros are always smiling when guests enter the store. While the customers wait for their drinks, the staff members frequently inquire about their days and enjoy small talk. "At Dutch Bros. Coffee outlets staff are instructed to invite people to follow them on social media if the topic of social media comes up during the course of the interaction between the barista and the customer [5]". They are courteous and welcoming. Additionally, they move quickly and effectively, which helps to make the waiting period seem to fly by. Customers have two options: either they linger and take in the friendly and nice environment of the store for a while, or they hastily grab their drink and head out. Each time, the buyer is anticipated to go home with a unique experience [6].

This unique selling concept is especially important in contemporary society where Technology has fundamentally changed how we engage with one another every day.

Increased human-to-machine interactions and reduced human-to-human social interaction has created a wall between many people today [7]. Customers can find face-to-face human interaction in their daily lives at a Dutch Bros store by chatting with the welcoming Dutch Bros baristas.

## **2.2. Dutch Bros' Marketing Mix (Product, Price, Place & Promotion)**

The marketing mix explains the primary initiatives performed by Dutch Bros to effectively serve the demands of its target market.

### 2.2.1. Product

The food and drink options at Dutch Bros are typical of coffee shops with fashionable names for their beverages. They have the standard café latte on hand and can prepare almost anything with their twin head espresso machine. Additionally, they provide all blended drinks or "Skinny" drinks, which use non-fat milk instead of full milk. The fact that Dutch Bros offers Rebels, an energy drink that customers can customize with the flavors they choose and is also available in sugar-free form, is one of the company's unique selling points. However, they don't offer brewed coffee. It's noteworthy that this coffee chain does not actually brew drip coffee. Less upkeep and waste are attainable because of this and Dutch Bros can participate in sustainability. "Marketing eco-friendly solutions can help participating businesses improve the brand's social image and experiential rating [8]." Additionally, when roasting beans and creating new types of roasts, Dutch Bros saves money by avoiding the costly trials and research associated with drip coffee. By reducing the overhead that comes with drip coffee, Dutch Bros can prioritize their customer outreach.

For consumers to explore, Dutch Bros has made all of the nutritional data about their goods available online. After extensive investigation on the beverages, some surprising findings regarding the sugar and caffeine content of several of their well-known drinks were discovered. For a 16-oz cup, the typical beverage has 40–60 grams of sugar. For the majority of adult males, the daily limit is 32 grams [9]. Selling a product that management is aware may be unhealthy raises ethical concerns about the business. At the very least, the amount of caffeine in some of the drinks is alarming. Their drink, appropriately called "911", has about 400 mg of caffeine in it, which is less than half the adult overdose limit. This, along with the 56 grams of sugar, is a diabetes recipe [9].

### 2.2.2. Price

Dutch Bros beverages can be purchased for anywhere between \$1.50 and \$4.00. This price range enables attracting more low-income or value-conscious customers. Considering that a Dutch Bros medium size drink weighs 24 ounces, the same as a Starbucks venti, and costs less than a Starbucks tall, it is both more affordable and larger. With the help of their price approach, Dutch Bros is able to draw customers who are on a budget but yet want to experience a warm, iced, or blended luxury beverage.

### 2.2.3. Place

The majority of the 572 Dutch Bros locations in the United States are in Western states; Oregon is the chain's largest market, followed by California, Arizona, and Washington. The company has been slowly expanding to the surrounding states in the mid-west and eastern US.

### 2.2.4. Promotion

Dutch Bros uses a variety of strategies to promote both their business and their products. Their success is mostly a result of the marketing techniques and tactics they employ.

Word-of-mouth promotion is a preferred method of advertising. The local manager will spread the word about Dutch Bros to all of their associates, who will then hopefully extend the offer to their friends, creating a local community of people who will visit Dutch Bros merely because their friends or family recommended it [10]. Many people are regular customers who enjoy their products every day as part of their daily routine. "This acknowledgement would not be complete without mentioning Dutch Bros for serving wonderful coffee and an atmosphere to recharge my batteries [11]." In present times, Dutch Bros has found a great balance between face to face interaction and online presence creating a personalized experience for customers.

Dutch Bros also boasts an eco-friendly reputation which demonstrates to customers their focus on sustainability, giving the brand a powerful marketing edge. They further promote deals and other promotions through social networking sites like Facebook, Twitter, Google, Foursquare, and Google. "Dutch Bros" understands the value of having an online presence in their local community. When someone clicks the "Like" button on Facebook, it appears in their news feed and gives their friends the chance to follow suit [12].

People looking for an affordable luxury beverage are Dutch Bros' primary target market. Dutch Bros achieves this by offering competitive pricing and special offers like punch cards that allow consumers to receive free drinks after making a certain number of purchases. Customers could once bring in three cans of food and receive a free drink as part of a food drive sponsored by Dutch Bros.

### **2.3. Dutch Bros' Value Proposition**

The coffee shop at Dutch Bros now has a new drive-through concept. Secret menu items and personalization for any drink order are standards that staff members are well trained to uphold.

Owner Travis Boersma has always placed the utmost priority on preventing the culture from deteriorating into a soulless corporate grind. Travis has even appeared on the reality TV show *Undercover Boss*, giving the audience a unique look into the coffee industry. "Travis Boersma, president and co-founder of Dutch Bros. Coffee, was portrayed in Season 5 Episode 8 as an undercover employee at an El Salvador coffee plantation where his company purchased coffee beans [13]." He encourages staff to be a bright space, promote joy, and engage with others on a personal level. Moreover, their ultimate goal is to have fun while lovingly and respectfully serving their customers and the community to support a unique atmosphere.

### **2.4. Dutch Bros' CSR Employment and Moral Obligation**

Dutch Bros. donates one percent of all gross sales to the local community in the region they serve. They also try to buy as many locally produced goods as they can in order to promote consumer appreciation and assist local companies. The Boys and Girls Club of America, the Muscular Dystrophy Association, and the American Cancer Society (in memory of his brother and co-founder Dane), and many others are among the charities they are renowned for supporting. Dutch Bros. stores gave a combined \$500,000 in 2007, \$750,000 in 2008, and now more than \$1,000,000 every year to charitable organizations [14].

The Dutch Creed's principles are also upheld by franchise owners. They organize individual fundraising events and food drives to generate money for their preferred charity. By setting up a cart there and contributing the proceeds from the event to the group, the Grants Pass, Oregon locations collect money for youth and forest goods at various events [15]. Additionally, they have performed at fundraisers, with all earnings going to regional nonprofits.

Another interesting characteristic at Dutch Bros locations are employee competitions where the person with the most points at the end of a shift wins the game. Employers treat their staff with the same respect they do for the community and ensure that they feel appreciated and included in their role, which encourages them to have a proactive work ethic and feel like a valued member of the team.

Dutch Bros aims to prove to local patrons that they are actively involved in the community, giving not only financial support but also their time and energy. They contend that showing customers "Dutch Love" goes beyond simply smiling at them when they enter.

### 3. Conclusion

Dutch Bros recognized a chance in a developing American trend. They sought to provide the populace with a location that was simple to find and offered rapid customer service. Leveraging great service and cost-effective drinks would be the driving motive that keeps bringing the people back.

Dutch Bros. is a fantastic example of a business that has centered its marketing strategy around its target market and claims an ethical approach to business management as opposed to spending millions of dollars on advertising that has no positive social impact. The market in which this business operates offers advantages; there is always a need for coffee, and individuals frequently stop by cafés to meet up with friends and family or to relax before work. The difficulty is in keeping these clients and giving them a cause to return. With an audience of people between the ages of 18 and 25, there is room for a variety of business approaches; the store suggests a quality-specific coffee for seasoned customers and new, inventive beverages for the younger demographic while preserving the premium brand image. Because most customers identify a status with being linked with this brand due to all the good deeds and communal view the company offers, Dutch Brothers sells more than just beverages. It also sells a social image. Sugar is in high demand among consumers. They want it quickly and they want to take it to go. People live in a fast pace world today, where the only option to fit in the daily requirement for coffee or the requirement for a drink with food is to go.

As the largest privately held drive-through-only coffee company in the nation, Dutch Bros expands across the globe. A modest two-person coffee cart had grown into a sizable franchise that is now accessible to most of the western United States thanks to dedication and a passion for client pleasure.

If Dutch Bros can keep using promotions to support charity causes, reduce the amount of sugar that customers consume, and cater to the younger generation's caffeine craze without harming the environment, it is possible that one day Dutch Bros could become a household name. They continue to strive for their local communities and focus their attention toward their customers in earnest. The company's tagline is "Making a Difference One Cup at a Time". It is worthwhile to take the time to recognize them as a firm, and their model of loyalty to their customers is a great path to success that other companies can learn from. This research is powered by Dutch Bro's caffeine and rebels.

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