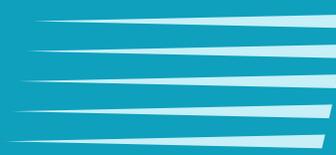
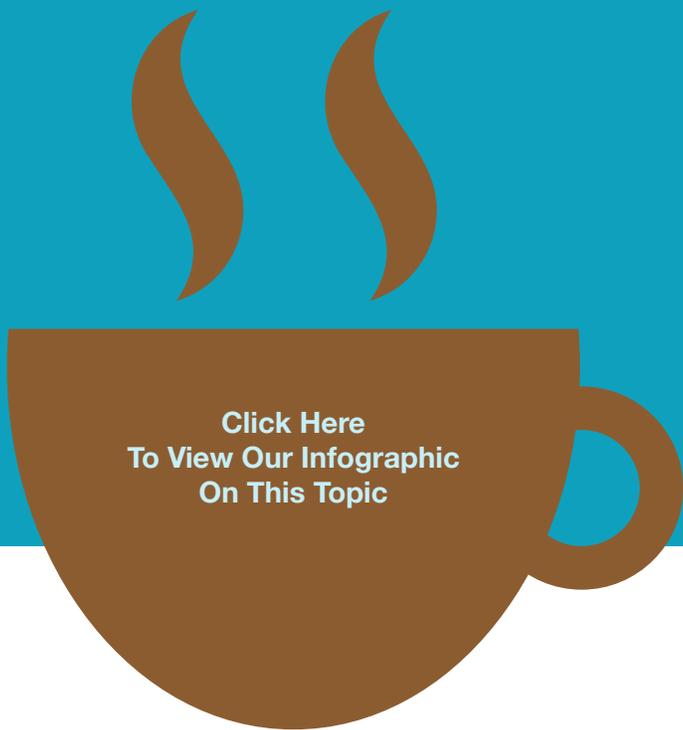


1000 Cups of Coffee

ANALYZING AMERICA'S COFFEE SHOPS
AND COFFEE DRINKERS WITH

 **Presto**
INSTA-SHOPS
MOBILE TECHNOLOGY



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WHO MAKES THE BEST CUP OF COFFEE IN AMERICA?

WHO MAKES THE FASTEST CUP?

WHAT'S THE MOST POPULAR TYPE OF COFFEE IN AMERICA?

HOW DO COFFEE DRINKING HABITS DIFFER AMONG VARIOUS AGE GROUPS?

These are among the questions we set out to answer by dispatching hundreds of mobile agents (armed with our brand new Presto Insta-Shops mobile technology) to sample and rate over 1000 cups of coffee across America.

Since 1999, SurfMerchants has been the preeminent provider of mystery shopping technology with our SASSIE platform. With the *1000 Cups of Coffee* research project, we put our new Presto Insta-Shops system to the test.





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THE 1000 CUPS OF COFFEE PROJECT

GOALS

The Chains

Identify the greatest differentiators among the six biggest coffee shop chains in America: Starbucks, Dunkin Donuts, Tim Horton's, Caribou Coffee, Coffee Bean & Tea Leaf and Peet's.

The Drinks

Determine the popularity of various types of coffee drinks overall, by chain, and by age group.

The Drinkers

Identify major habits and decision making factors of various groups of coffee drinkers.

The Technology

Challenge Presto Insta-Shops (our completely new mobile platform) to complete 1000 assignments in 2 weeks.

METHODOLOGY

In September of 2014, mystery shoppers from our SASSIE platform were invited to register for a Presto shopper account and to view available nearby assignments on PrestoMap.com.

After accepting an assignment, shoppers had 60 minutes to execute the assignment and complete the 10 question survey on their iOS or Android mobile device (the survey could also be completed on a desktop browser but this was less likely given the time constraints).

Assignments were verified using Presto's **MUST BE NEARBY** feature (which uses phone GPS technology to verify proximity to the location being visited) and/or photographs of receipt.

Shoppers were paid only a reimbursement fee equal to the average drink price for each coffee shop chain, ranging from \$2.50 to \$4.50 (no mystery shop fee was paid). Shoppers were limited to one assignment per location.



TOP FINDINGS

RESULTS

1000 assignments were completed in 2 ½ days, easily beating the 2 week goal.

In order to achieve statistical significance for specific chains an additional 621 assignments were completed on later sessions.

The final tally of assignments was as follows.

ASSIGNMENT COUNT



161



141



347



112



572



190

Visits were also made to Seattle's Best Coffee, Tully's and Caffe Nero but these chains were not analyzed competitively in this study due to low location volumes and/or insufficient visits to achieve statistical significance (see Appendix B for data on the statistical significance of this study).

THE COFFEE SHOP CHAINS

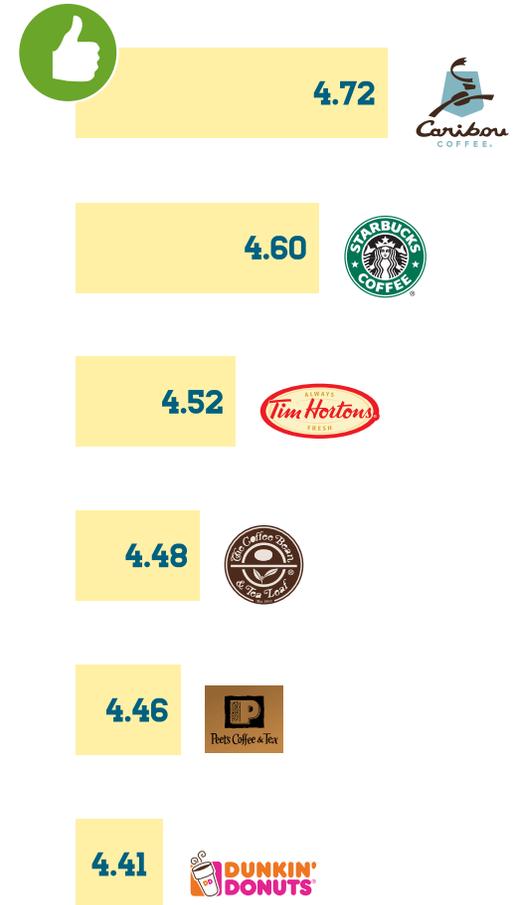
The Best Coffee in America

Caribou Coffee was rated the best cup of coffee in America.

After 1,621 cups of coffee were rated for QUALITY on a scale of 1-5 (5 being the highest quality), Caribou Coffee was the clear winner with a 4.72 rating (1.69 standard deviations above the mean of 4.53).

In last place was Dunkin' Donuts with a 4.41 rating.

HIGHEST QUALITY OF TASTE RATING, OVERALL



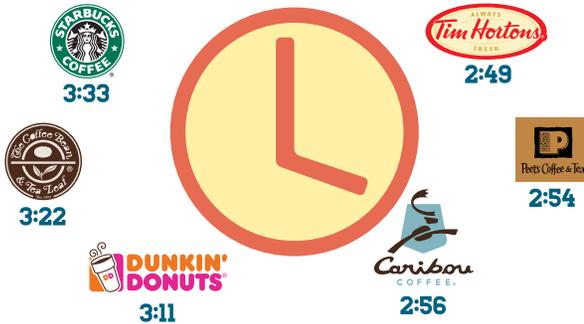
Metric: Quality of taste rating (from 1 to 5). All beverages.

SPEED

The Fastest Coffee Shop

Tim Horton's makes the fastest cup of coffee in America.

FASTEST WAIT TIME



Metric: Wait time from line entry to delivery.

Shoppers were instructed to record the exact times of entering the line and the delivery of their drink.

Tim Horton's finished in first place, clocking in with an average wait time of 2 minutes and 49 seconds. Following closely behind were Peet's Coffee (2:54) and Caribou Coffee (2:56).

The longest wait times were at Starbucks (3:33).

QUALITY

The Best Coffee Drinks in America

Caribou takes the crown for **REGULAR COFFEE** and **ESPRESSO-BASED BEVERAGES** ... but Coffee Bean makes the highest rated of all the drinks. Coffee Drinks were classified with six different types: Regular Coffee, Espresso, Frozen, Flavored, Tea and Other.

Surprisingly, the highest rated drink overall was **OTHER** (4.83) for Coffee Bean and Tea Leaf.

Caribou Coffee received the highest ratings for the **REGULAR COFFEE** (4.77), **ESPRESSO BEVERAGE** (4.75), and **TEA** (4.72).

Peet's was rated the highest for **FROZEN COFFEE** (4.72) but the lowest for **TEA** (4.11) and **OTHER** (4.33).

Starbucks was rated the highest for **FLAVORED COFFEE** (4.76) but the lowest for regular coffee (4.45).

Tim Horton's was rated the lowest for **FLAVORED COFFEE** (4.29).

Dunkin Donuts was rated the lowest for **ESPRESSO BEVERAGE** (4.17) and **FROZEN COFFEE** (4.36).

HIGHEST TASTE RATING, BY INDIVIDUAL DRINK



Metric: Quality of taste rating (from 1 to 5). All beverages.

REASON FOR VISITING

REASONS FOR VISITING LOCATION



CARED THE MOST



CARED THE LEAST

QUALITY



43% CARED



23% CARED

LOCATION



92% CARED



75% CARED

SPEED



21% CARED



12% CARED

SERVICE



21% CARED



13% CARED

PRICE



21% CARED



2% CARED

What Do Coffee Drinkers Care About?

Tim Horton's customers want their coffee fast, convenient and cheap!

Whose customers care most about Quality? Price? Location?

Shoppers were asked *What are the BIGGEST reasons you visited this location* (multiple answers were permitted) and the following points were revealed:

Almost TWICE as many Caribou customers (46%) cared about **QUALITY OF COFFEE** than Dunkin Donuts customers (23%), Caribou customers also cared the most about **SERVICE** (21%).

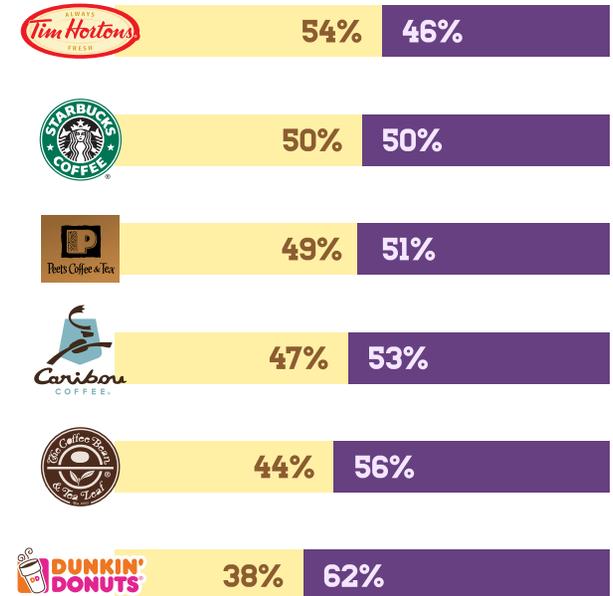
Tim Horton's customers care more than any other chain about **LOCATION** (92%), **SPEED** (12%) and **PRICE** (12%).

Starbucks customers REALLY don't care about **PRICE** (2%)!

Which chain attracts the youngest/oldest drinkers?

Tim Horton's skews the youngest, with 54% of their shoppers below 40. Dunkin' Donuts skews the oldest with 38% of their shoppers below 40.

POPULARITY OF COFFEE CHAINS, BY AGE GROUP

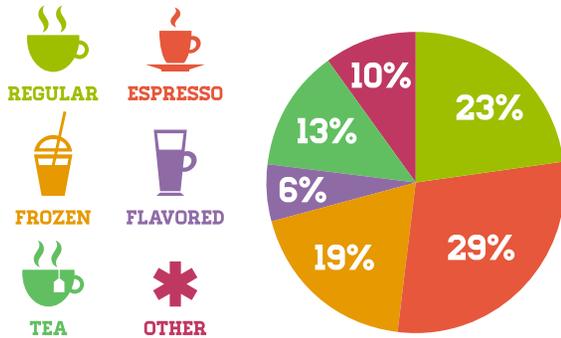


THE COFFEE DRINKERS

What Are We Drinking?

ESPRESSO-BASED BEVERAGES are the most popular coffee drink (selected 29% of the time), even surpassing **REGULAR COFFEE** (23%).

POPULARITY OF COFFEE TYPES



Metric: How often was each beverage selected?
(Total: 1621 cups of coffee)

Which Age Group Is the Biggest Fan of Each Type of Coffee?

As coffee drinkers age, their preferences gravitate from *coffee with more additives* to *real coffee* to *tea* ... with one surprising exception.

We looked at each type of coffee and identified which age group it was most popular with.

Frozen beverages were most popular with the 20-29 age group, who apparently graduate to espresso beverages at 30-39, regular coffee at 50-59 and tea at 60-69 (the 40-49 age group did not finish first in any drink category).

What was unexpected was the **FLAVORED** coffee's biggest fans being the 50-59 age group.

POPULARITY OF COFFEE TYPES, BY AGE GROUP



REGULAR

WAS MOST POPULAR WITH AGES

50-59

CHOSE REGULAR
30.4% OF THE TIME



ESPRESSO

WAS MOST POPULAR WITH AGES

30-39

CHOSE ESPRESSO-BASED
31.7% OF THE TIME



FROZEN

WAS MOST POPULAR WITH AGES

20-29

CHOSE FROZEN
24.7% OF THE TIME



FLAVORED

WAS MOST POPULAR WITH AGES

50-59

CHOSE FLAVORED
7.1% OF THE TIME



TEA

WAS MOST POPULAR WITH AGES

60-69

CHOSE TEA
6.8% OF THE TIME

Metric: Beverage selection by age.

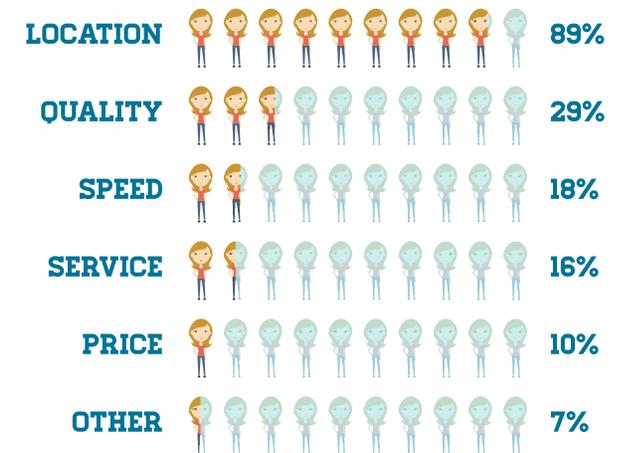
Why Do Coffee Drinkers Go Where They Go?

Location! Location! Location!

The old adage is proven true once more, as a whopping 89% of shoppers cited **LOCATION** as a key factor in visiting that particular store.

QUALITY OF COFFEE was cited second most frequently, with all other factors finishing below 20% (multiple selections were permitted).

REASON FOR CHOOSING CHAIN



Metric: Answers to "What are the biggest reasons you visited this location?"
(Multiple answers allowed)

Which State Is The Hardest To Please?

Our Nation's Capital has the Lowest **EASE TO PLEASE** score In the Union

To determine how easy it is to please customers in a given state, we looked at four ratings (all on a 1-5 scale).

- Service Rating
- Quality Rating
- How Likely To Return To This Store?
- How Likely To Recommend This Store?

By adding the combined Return & Recommend scores and dividing by the combined Serve and Quality scores, we arrive at the **EASE TO PLEASE** score.

We expect an Ease to Please score of 1.0 (signifying a direct ratio between the service and quality received at a location to the likelihood of returning to or recommending that location) and that's what we found with an average Ease to Please score of 0.996.

Washington D.C. shoppers had the lowest Ease to Please score of all the states with a measly 0.88 ratio, meaning they can receive great service and quality and STILL not be highly likely to return or recommend!

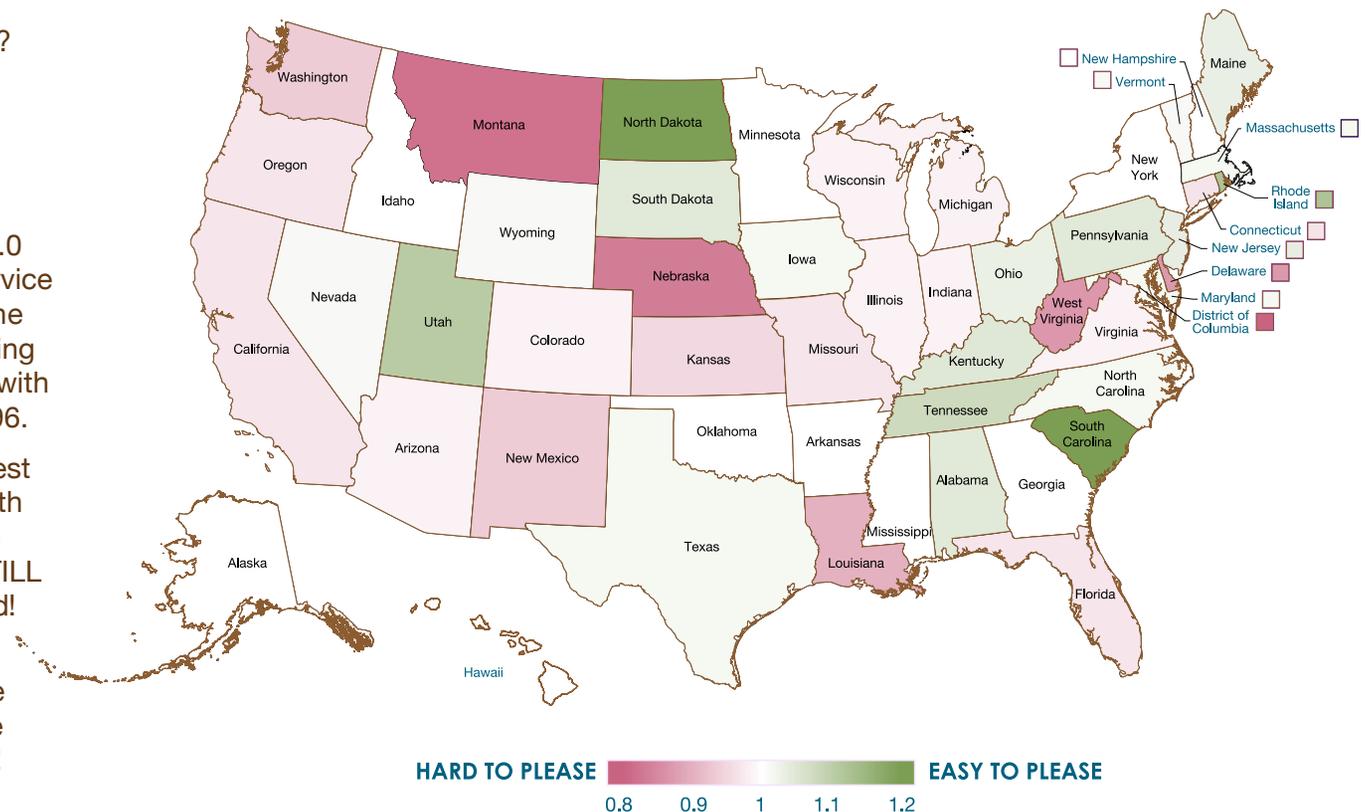
At the other end of the scale are North Dakota and South Carolina. With Ease to Please scores of 1.3, those states are where you want to be if you're a barista!

RETURN + RECOMMEND SCORE

= EASE TO PLEASE SCORE

SERVICE + QUALITY SCORE

EASE TO PLEASE



Metric: DC Shoppers were least likely to Return/Recommend (7.1/10) relative to their Service/Quality scores (8.1/10)

WHO WE ARE

Based in Boston, SurfMerchants has been the leading provider of mystery shopping technology since 1998 with our SASSIE mystery shopping system, used by over 150 mystery shopping and market research companies and over 3 million mystery shoppers.

Our mobile mystery shopping system Presto Insta-Shops debuted in 2014, focused on rapid data gathering and instantaneous project deployment.

SurfMerchants also publishes JobSlinger and JobSlinger Plus (mystery shop job board), DemoZilla (in-store demonstration scheduling) and Rover (mobile audits performed offline).



OUR MOBILE TECHNOLOGY: PRESTO INSTA-SHOPS

The Challenges

New System:

At the time of the project, Presto Insta-Shops had not been widely publicized or deployed. With no existing mystery shopper database and only a few days to meet its deadline, the Presto platform needed to perform with minimal shopper friction.

Question:

Presto was designed for near instantaneous sign up and extreme ease of use, even for first time users. Would it be intuitive enough to execute over 1000 assignments in a short amount of time?

Limited Staff:

SurfMerchants is not a mystery shopping company, so we did not have a staff of schedulers or editors to handle the project — in fact we only allocated two staffers working part time to execute the project.

Question:

Presto was designed to be a fast, lightweight system that requires little management — could two part time staffers schedule and review 1000 assignments in a few days?

Limited Budget:

As a self funded project, the 1000 Cups of Coffee study would only be able to cover the cost of the coffee itself. It would not be able to pay shoppers their customary mystery shop fee in addition to the coffee reimbursement.

Question:

Presto Insta-Shops were designed to be the ultimate in shopper convenience — instant sign up & self-assignment of jobs, all-mobile user interface, short surveys and rapid payment (in 1-3 days, compared to the typical 60-90 days of conventional mystery shops). Would those conveniences make Presto Insta-Shops popular enough to fill 1000 shops WITHOUT a mystery shop fee?

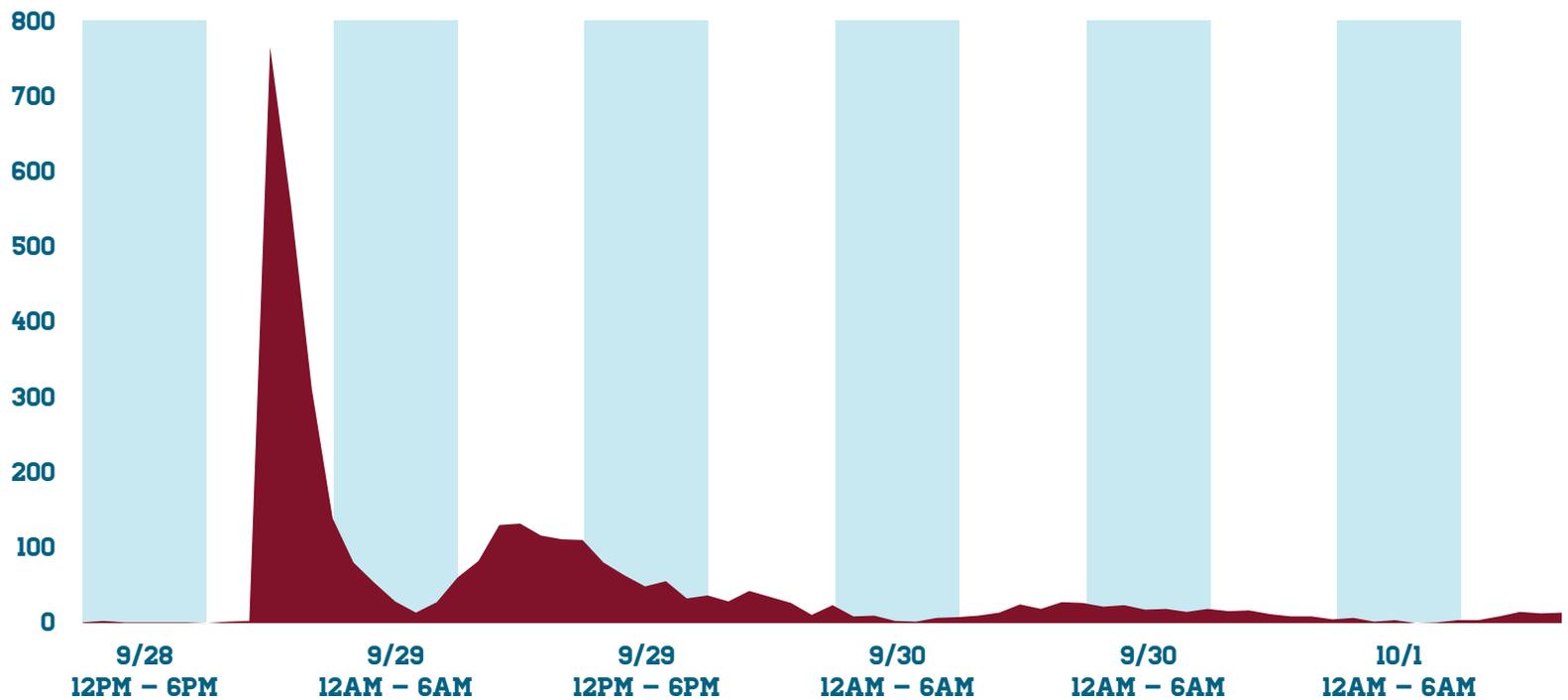
The Results

Shoppers registered in the thousands at an unprecedented pace.

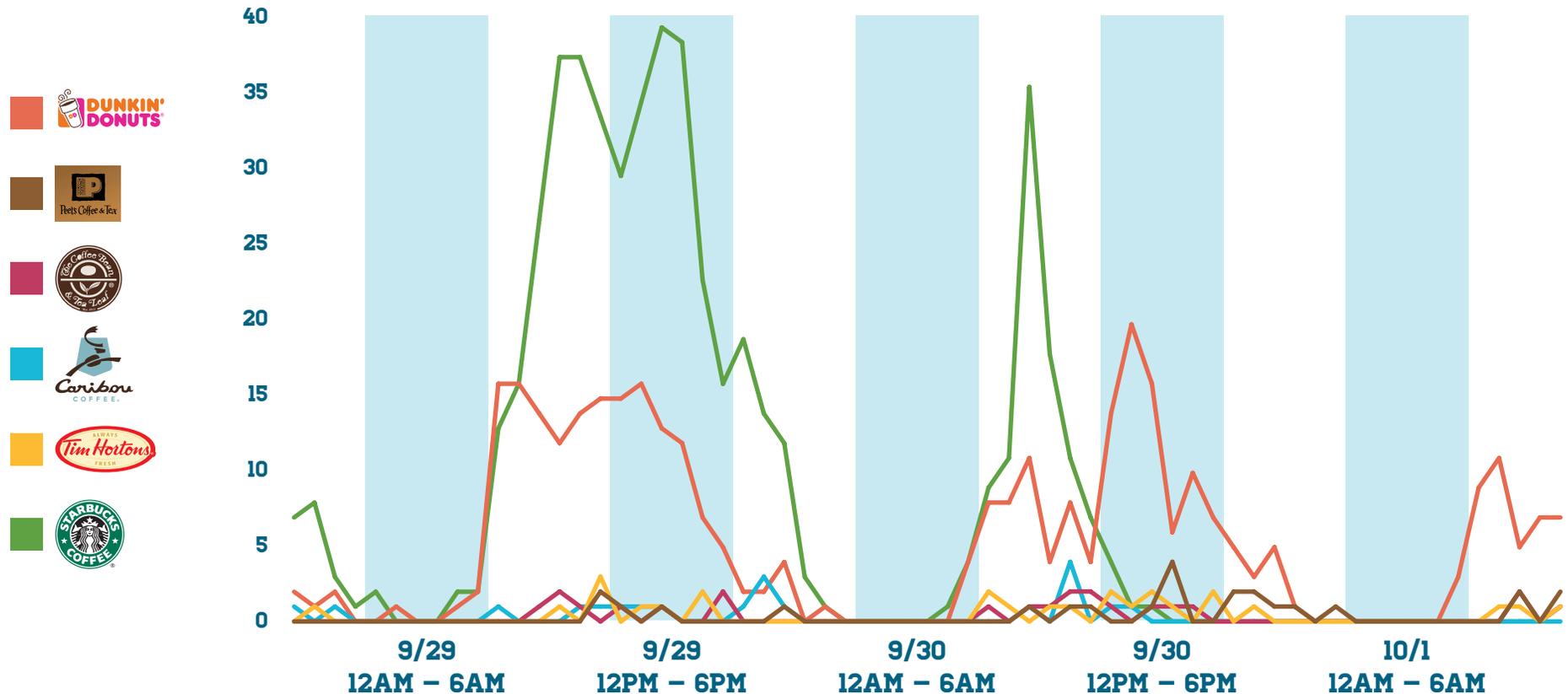
3,669 shopper registrations occurred during this project. 3,115 of those registrations occurring within the first 24 hours (in fact, we had to add servers the first night to handle the load).

The Insta-Shops concept was clearly attractive to many shoppers, so much that thousands immediately signed up for its brand new platform.

SHOPPER SIGN UP BY HOUR



SHOPS COMPLETED BY HOUR



Assignments were completed rapidly and smoothly.

The evaluation for the 1000th Cup of Coffee came in 62.5 hours after the project was opened, easily beating our 2 week deadline.

Assignments were reviewed and approved without a single full time staffer.

Presto handles much of the assignment screening itself, so reviewers only needed to review the photos of the receipts and scan the text answers to approve the shop.

The entire project was executed with two part time staffers (two other staffers assisted minimally in the project, reviewing 5.2% of the assignments).

Two factors that helped the efficiency of the scheduling and reviewing process:

45% of the self assigned shops were automatically abandoned by the 60 minute deadline (and picked up by other shoppers). The automation of this process made rescheduling effortless (and also likely prevented submission of poor/incomplete shops).

Only 19 shops were rejected. This was likely due to the simplicity of the shops and the built-in screening preventing the submission of reject-worthy shops.

In summary, the *1000 Cups of Coffee* project demonstrated the validity of the new Insta-Shops concept:

A fast lightweight mobile alternative to conventional mystery shopping can attract mystery shoppers at a lower price point and deliver quality mystery shops that require far less labor to manage.

CONTACT US

For More information on the Presto
Insta-Shops platform

Access to the detailed data and reporting
on the *1000 Cups of Coffee* project

Getting your own Insta-Shops project started

Finding an authorized Presto Preferred
Provider to consult and manage your large
scale Insta-Shops Project.

Please contact us:

Email: contact@prestomobilesurveys.com

Website: <http://insta.prestomobilesurveys.com>

Phone: 508-930-5124

(Tony Felos, Presto Insta-Shops sales)



APPENDIX A

Preview Mode



Coffee Project: 1000 Cups of Coffee
Evaluating: Boston
177 Tremont St Boston, MA

Important:
1) Get a receipt
2) Record the time that you enter the line and the time that you finish the transaction and get your drink

What time did you get in line?
3:28:44 PM

How many people were in line when you entered the shop?
3

What did you order?
Espresso beverage (cappuccino/latte/macchiato)

Rate the CLEANLINESS of the restaurant on this visit:
Somewhat messy (ex. tables uncleared)

What time did you finish paying and get your drink?
3:33:05 PM

Rate the quality of the SERVICE on this visit:
😊😊😊😊😊

Rate the quality of the BEVERAGE on this visit:
😊😊😊😊😊

What are the BIGGEST reasons you visited this location?
Location, Speed of service

Would you return to this location?
😊😊😊😊😊

Would you recommend this location?
😊😊😊😊😊

(Optional) Any comments on this location? Any comments on the Presto system?
Prompt and cheerful service but the store was pretty sloppy - napkins on the floor and sugar on the counter.

Please upload a picture of your receipt (showing date/time, store number and total)
Choose File dunkin receipt-2.png

Save

THE SURVEY

Survey image located at:
<http://www.screencast.com/t/YBdxdbGD>

Instashoppers were directed to record the time they entered the line to the time they exited and to upload a picture of their receipt.

The survey consisted of 12 questions:

1. What time did you get in line?
2. How many people were in line when you entered the shop?
3. What did you order?
 - Regular coffee
 - Espresso beverage (cappuccino/latte/macchiato)
 - Frozen or iced coffee beverage
 - Flavored coffee
 - Tea (iced or hot)
 - Other beverage
4. Rate the CLEANLINESS of the restaurant on this visit:
 - Very clean
 - Mostly clean (ex. small spills)
 - Somewhat messy (ex. tables uncleared)
 - Very messy (ex. overflowing trash cans)
5. What time did you finish paying and get your drink?
6. Rate the quality of the SERVICE on this visit (1-5).
7. Rate the quality of the BEVERAGE on this visit (1-5).
8. What are the BIGGEST reasons you visited this location? (Multiple answers permitted).
 - Quality of coffee
 - Location
 - Speed of service
 - Quality of service
 - Price
 - Other
9. Would you return to this location (1-5)?
10. Would you recommend this location (1-5)?
11. (Optional) Any comments on this location?
12. Please upload a picture of your receipt (showing date/time, store number and total).

APPENDIX B

STATISTICAL SIGNIFICANCE

For purposes of this study, statistical significance was assessed by the following criteria:

Number of US locations for a specific chain (obtained from corporate website data, annual reports and filings, commercial databases and other public data sources).

Number of completed Insta-Shop assignments.

A maximum of 5% confidence interval (essentially *margin of error*).

90% confidence level.

Response distribution of 50% and assuming.

The desired sample size was calculated with the *Sample Size Calculator* from Raosoft Inc.

(Shanti R Rao and Potluri M Rao, 2009, <http://www.raosoft.com/samplesize.html>).

Visits were also made to Seattle's Best Coffee, Tully's and Caffe Nero but these chains were not analyzed competitively in this study due to low location volumes and/or insufficient visits to achieve statistical significance.

						
NUMBER OF US LOCATIONS (AT TIME OF THE STUDY)	395	291	7,763	182	11,401	633
COMPLETED INSTA-SHOPS	161	141	347	113	572	190
MINIMUM # OF SHOPS NEEDED TO ACHIEVE STATISTICAL SIGNIFICANCE	161	141	262	110	265	190