Sonic Drive-In Benchmark Report

Executive Summary

Sonic is a unique brand (with high loyalty in core markets) distinguished by: a fun drive-in format featuring skating carhops; and specialty drinks & affordable dessert treats with countless flavor options. Its drive-in format increases the chance that every customer will be first in line and car hops (brand ambassadors) help to generate high scores for friendliness. The brand's format also allows customers to take their time ordering without concern about slowing a drive-thru line while its unique 5 daypart segmentation is well suited to the growing consumer snacking trend. However, Sonic's sales appear vulnerable to periods of economic stress when consumers are most likely to forgo treats and specialty drinks and the chain's top-line is also pressured by increased specialty beverage and snack competition. While Sonic seeks to define its value equation in terms of a differentiated product and experience (drive-in/car hop), this has proved difficult in a hyper-competitive operating environment. New marketing leadership seeks to recapture traffic with a combination of menu innovation, higher-end products and more targeted promotions (the goal is to drive results with a greater focus on core products and fewer, bigger & more impactful promotions). Going forward sales should also benefit from the brand's new ability to offer customized promotions with its on-lot touch screen digital menu boards that are integrated with its recently re-designed mobile app. Also, plans to launch mobile pay and order-ahead app capability increases customer convenience. In conclusion, Sonic's opportunity is to add to its attractive business model a more compelling value equation to go with a tweak to its brand positioning capable of prompting consumers to consider the chain as more of a core meal destination rather than a stop for a discretionary treat.

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