

# TRANSCRIPT

## On Your Terms



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Episode #: 145

What Starbucks, Dunkin', Costco, & BJ's Can Teach Us About Dealing With Copycats

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Sam Vander Wielen:

Hey, and welcome back to On Your Terms. This is your host, Sam Vander Wielen. I'm so excited today to chat with you all about mimicking and what I see in the corporate world. We're talking all things Starbucks, Dunkin' Donuts, BJ's, Costco. Hopefully you're not too hungry or hopefully you don't have the desire to go shopping because we're really diving into it today.

You're also going to want to listen all the way through because, at the end, I'm going to share some tips with you on how I think we could all be a little bit more like Starbucks and Costco in our own businesses.

So, this idea honestly came to me to talk with you about today because when my mom died, I basically laid around for, like, several weeks and my primary grief feeling is being tired. I don't know why, but it doesn't really matter, the point is that I just get really, really, really tired. And I got way more tired when my mom died than I did when my dad died last year. And so, I spent a lot of time on the couch and a lot of time watching YouTube. And I have a lot of favorite YouTubers like travel and food people and people in all different kinds of spaces.

But one of the ones that I get targeted with all the time are these really interesting videos about business. And I actually think The Wall Street Journal has a really interesting – I don't know if their whole channel is good, but they have this series, I guess, on their YouTube channel that basically puts different spotlights on different companies. Or they focus on like this one video I watched, I remember it was the marketing strategies of major companies and it went through Target and Trader Joe's and Whole Foods, all these big companies. And I just find it super, super fascinating.

So, when they were talking about all of this stuff, I started thinking about or noticing a trend in that they were talking about companies like Starbucks and Costco. And then, I was thinking about how their biggest rivals, for example, are Dunkin' - what used to be called Dunkin' Donuts when I was little - and then BJ's Warehouse.

I know that that Dunkin' is a little bit of a regional thing. So, you know, I'm from Philly and so we had Dunkin' Donuts all over the place. I know they originated in New England, in Massachusetts. But my husband, Ryan, he's from Wisconsin, from, like, Northern Wisconsin. And I remember recently we were out to visit his family and I saw that they had built a Dunkin' Donuts near where he was from. So, I know it's spreading a bit.

But if you're not familiar with what Dunkin' Donuts is, you're missing out. Or if you're from Canada, it's like Tim Hortons. But Dunkin' Donuts is a donut shop, coffee shop, fast food chain that sells little food, like sandwiches, and that kind of stuff, like egg sandwiches and things. And then, they sell donuts and you can get these giant boxes of donuts. And then, they have munchkins, which are little baby hole donuts and all that fun stuff. So, they have all the coffee things and tea things and lattes, everything.

So, I started thinking about that when I was watching this YouTube video from The Wall Street Journal about how so often I just hear about Starbucks and kind of Costco, but I don't often hear about these other companies or the rival companies.

And I guess it really hit me when we were actually driving back and forth to the hospital all the time for the last week of my mom's life, she was in hospice in a hospital. And we were stopping at this Dunkin' Donuts right outside the hospital before we would go in because we would stay there for, like, 12, 14 hours. So, I would stop and get coffee and I would get iced tea and I would load up for the day.

And when I was feeling particularly depressed, I would get a chocolate covered donut from Dunkin' Donuts. I prefer the chocolate covered donut, no sprinkles. I know it's crazy. Also, if you're from Philly, you call them

Jimmies because that's what we do.

So, anyway, I kept stopping there, and I guess I hadn't really been in a Dunkin' Donuts in a long time. And I definitely had never gone to Dunkin' Donuts that often. And it's now called Dunkin', by the way, because they're trying to rebrand to not be associated with just donuts, so they call it Dunkin'. But I can't get out of calling it Dunkin' Donuts.

So, I hadn't been to Dunkin' that much in my entire life probably in those few weeks. And whenever I would pop in, I was really surprised to see all the signs that were advertising things like Cold Foam and Nitro Brew and all these different seasonal drinks and everything. When I was little, Dunkin' Donuts was super basic and straightforward. Like, it was donuts, coffee, that was it.

I remember when they started introducing food. I remember in law school when they introduced hash browns because every morning before law school, I would stop on my way and get Dunkin' Donuts coffee and I think of hash browns, super healthy. And so, it would power me through, like, eight hours of classes.

And so, I remember when it used to be super basic. So, somewhere along the way, I guess they got more complicated. But I guess what I started to notice that day and then did a little bit more research and started digging was, like, everything that I was seeing was essentially a knockoff of Starbucks. I wasn't sure actually at the time if Starbucks had invented Cold Foam, which is the cold whipped milk, essentially. It's like whipped cream milk. And looking into it, they did. I don't know if they invented-invented it, but in terms of it becoming a thing in coffee shops and going national, they did do that. So, they brought that to market and so I noticed that.

I knew Nitro Brew, I assumed that was also a Starbucks thing. Like all of our Starbucks here, they have the - whatever you call it - the pull down thing that looks like a tap for beer but for Nitro Brew. And so, now Dunkin' has the same thing.

And it just got me to thinking, is a company like Dunkin' Donuts in existence to copy? Are they essentially riding the coattails of Starbucks? Is that their whole shtick, like, they take the flow over? You know, I wasn't sure. Is this their approach now? I thought that was interesting.

And I started then thinking like, "Well, what other companies can I think of that do that?" And I really think Costco is a very interesting company. It's a really good company. It's really well run. They're good with their employees. I've never worked there personally, but from what I read, they are good with their employees and things. And I also started thinking about them when it comes to BJ's Warehouse, which I assume is their next largest competitor other than maybe Sam's Club. But where I grew up, we had a lot of BJ's Warehouses.

And so, I started looking into that, too, and I thought, "Oh, that's interesting." Costco started building the gas stations and then BJ's started building gas stations. And Costco got really into organic food and having all this healthy alternatives, which was kind of new for a big box store. You know, I used to go to BJ's with my dad when I was little and I remember they didn't really have any of that kind of stuff. I mean, obviously, organic and stuff wasn't as popular back then either. But I don't recall them having it or having lots of plant-based options. And now, if you go into a BJ's, you see a lot of those options that I can't help but feel that came from, you know, having to respond to the fact that Costco had become so popular in doing this. And so, I just thought it's super interesting.

I like personally looking at really big companies and thinking, what can we learn from these big companies for our size companies? I'm not saying that every kind of company that we all run is going to be a Dunkin', a Starbucks, a Costco, an Amazon, or whatever sized company. But I do think that there's a lot to be said for taking some of their strategies, the thought processes, whatever, of the way that they run big corporations and thinking, how can I apply some of that to what I do in the way that I do it in my own way, on your own terms?

So, I was thinking about that when it came to this Costco, BJ's thing and Starbucks, Dunkin' thing, and I was also thinking a lot about how this is so reminiscent about a lot of copycat conversations that we've had. I'm not alleging any sort of untoward behavior here. I don't know what the deal is. And there's nothing illegal about also selling a certain kind of coffee that this other company does.

It's more the mindset. I think that that's what's really interesting to me is that a big company would be like, "Oh. They're doing this. Our big brother company is doing this, so we're going to now do that." And that that's sort of their strategy. The way that I see it, if I was really looking at Starbucks and Dunkin', I would say Starbucks seems to be an innovator and a leader in the space. And then, it seems like there are others that start to mimic and start to just kind of in response to them, in response to their innovation, adopt things as their own.

I always think it's really interesting, I'm a coffee shop person and I love going to coffee shops. And I always say to Ryan when we're in a coffee shop, how interesting it is to see the effect of Starbucks or companies like it on how they trickle down to even a local coffee shop. So, you'll see every local coffee shop will start to offer some sort of pumpkin spiced latte kind of situation. That's something that really blew up, thanks to Starbucks. So, we see this trickle down effect in the market all the way down to local.

And that's kind of how I like to think about it as to what are we seeing big corporations do in our space that we can look to and kind of learn something from their strategy and adopt and make our own. But even more than just being kind of fascinated by this and looking into all the stats - I have some stats for you if you want to hear them about Starbucks and Dunkin'. I'll get into in a sec - I think that there are a lot of things that we can take away from looking at this comparison between these kinds of companies in the way that they're structured and how they kind of mimic each other in that way.

So, before I get into the five things that I think we should really take away from all of this, I want to share with you some of the stats about

Starbucks and Dunkin' and Costco and BJ's, because I think they're just really fascinating. So, I did all 2022 stats because that's obviously what we have for the last full year.

And so, according to what I could find online, Starbucks in 2022 generated \$32.25 billion - with a B - \$32.25 billion in revenue. In 2021, they produced \$29.061 billion in revenue. So, that's really interesting. So, it was a climb for 2022. Even more interesting, I wanted to then know, well, how profitable are they? Because they're mostly not franchised and so most Starbucks locations are privately owned, but they are owned by the company and then there are some that are franchised out, but I was curious about this. So, for Starbucks, remember, 32.25 billion was their annual revenue for last year, 21.9 billion percent of that was their gross profit. That is a lot of frappuccinos, my friend. That is a lot of frappuccinos.

So, for Dunkin' Donuts, it's a little bit more difficult to get some steady figures on Dunkin' because Dunkin' are primarily franchised. So, it's a little bit different of a model because Dunkin' as a company, not only makes money from all the individual franchisees, but then they make money from owning those spaces and all of that kind of stuff. They also have lots of Dunkin' products, similar to Starbucks, they sell Dunkin' coffee in grocery stores, things like that. So, Dunkin' for 2022 had \$1.4 billion in revenue to Starbucks' 32.25 billion

For Costco and BJ's, same thing for 2022, Costco generated \$226.95 billion in revenue in 2022, and 27.5 billion of that was gross profits. Crazy. For BJ's in 2022, they produced \$19.32 billion in in revenue. So, BJ's produced \$19.32 billion in revenue in 2022. And, remember, Costco was 226.95 billion. Cray, cray. So, it's a lot, right?

And here, I want to get into kind of the five major takeaways when I was thinking about this and what we should all learn from this in our own businesses.

I think the first thing that you should take away from this breakdown of Starbucks, and Dunkin', and BJ's, and Costco is that there is always room

for you. You can always take a bite out of a competitor's business and still have a great business.

So, you know, when I was thinking about this, when you see kind of the stark difference in these figures, my initial reaction is the innovator always does better. But then, you look at the numbers and you're like, "Well, if I told you, you could run a warehouse that kind of sometimes copied some of its marketing strategies off of a bigger warehouse, and you would still generate \$19.32 billion in a revenue year, would you take that?" Yeah, that's a really incredible company.

Not everything has to be Costco-sized, Starbucks-sized, Amazon-sized, whatever else, you can still have a really great business.

That's part of what this shows me is that there's even room for companies to come in and do something similar to another company and take a huge chunk of it. And there are many, many reasons why. It's not just because you're just copying off this person, like everybody's rushing to you. It's that they strategically put themselves in different locations.

What I'm really interested in on a personal level is marketing and branding identity, like consumer identity. So, people put a lot of identity in what does it mean to be a Starbucks consumer or a Starbucks customer, what does it mean to be a Dunkin' person, what does it mean to go to Costco. You know, there's a lot to that beyond just like, "Oh. I drive by this place and I drive by that place" or "This one's closer to me." There's a lot of identity wrapped up in a lot of these things, too, which I always find really fascinating.

But I just think that overall, the first thing we should take away is that there's always space for you. I always think that's an important thing for you to know.

Number two thing that I want you to take away, though, is that however the big dog, the original dog is always going to be on top. I mean, you can't help but take that away from these figures. And when you really break it down and there's lots of stuff online, if you start looking and poking around, as I did in prepping for today's episode, there are so many

articles that's like, yes, Dunkin' Donuts' strategy is to copy Starbucks. Like, duh, it's very obvious. It's very intentional. And so, they can do that and they can still have a very successful business.

But I do think that part of what this proves is that the original, the innovator is always going to be the best or the top in terms of generating revenue. Now, I want to caveat that all by saying I don't always think that the person who generates the most revenue is the best. I'm just saying when we're kind of objectively looking at numbers, I do think there's a reason why they're generating more versus another.

The third thing I think we can take away from this comparison is that as a business owner, there will always be people nipping at your heels.

I remember my former coach, Jamie Mandel, who's just incredible, incredible coach. You guys should check her out. I will make sure I link to her down below. I remember her talking to me about this concept of working on accepting that this stuff is kind of part of the process part of the journey of being an entrepreneur. So, if instead of us getting so fussed every time we see somebody mimic us, we were like, "Oh. It's a stinky part," and we can sit with the feelings in that. But also part of it is because this is how some people operate, unfortunately, and it takes some of the sting and the bite out of it, at least for me.

And I guess when I was looking at this, I was like, "Dang. Even if you're a Starbucks, there's always somebody nipping at your heels." You can still be Starbucks, though, and you can still do incredible as a company, but there are still going to be people who, unfortunately, when you're at that top, when you're in that top position, there are going to be people looking at you to say, "What can I get? Like, how can I get a piece of that?" So, even places like Starbucks and Costco have to deal with people coming in and looking at them and saying, "What can we take away from this?"

And as small business owners, this is something that happens to us all the time. Probably even more so in our line of work because it's so easy to start an online business and it can be done so immediately and without a whole lot of background and expertise. And so, people just start something



and then they think that because you've been posting on Instagram or something that they can just take it.

And we get really upset because we feel like rightfully we've created all this and we put all this heart and soul into our own stuff. And people just sometimes come along and they swipe it. Or even if they don't directly steal, they're just mimicking or something like this. I think that it's really important to remember that that might just be a part of running our own business and that even the people at the top of their game on a whole nother level are having to deal with these kinds of issues. So, this is something that we can all navigate together.

The fourth thing I would think that we should all take away from this is that, you know, when I was thinking about it, it's like I doubt that Starbucks does or doesn't do something because they think that Dunkin' Donuts will copy them. So, if you've ever been copied in the online space, in your business, or if you've ever just been afraid of it, you know that sometimes it has the effect of making you afraid to put things out there because you're afraid if I put something out there, then someone's going to steal it. Maybe you've felt that before. I know I definitely have.

So, it made me think, like, do you think that Starbucks holds back on anything they're doing because they know that Dunkin' is going to put it out anyway? I mean, if you're looking at these numbers, for one, you'd be silly to waste any of your time worrying about this. And for me, as somebody who gets copied or mimicked a lot, a lot in our space, even by other lawyers - yes, I know - I have reached a certain level of peace with it.

Not if it was direct copying or obviously if there was intellectual property theft or something like this, but I have a lot of people who is like, "Oh, when I do this thing, they do that thing. When I name something this, they name it that." I had another person who started a podcast in the same name. It just happens a lot. And it's not always that it's necessarily wrong or legally wrong or something like that. It's just a lot of it is probably intentional though.

And back in the day, I used to get very fussed about this. It would really throw me off my game. You know, I would make a lot of assumptions and kind of draw up a big story in my head and all this kind of stuff. And at some point I just reached this point where it was like, Do I want to keep going or no? Because otherwise, what am I doing here? Because I cannot sit around. I'm not going to keep building this business if I'm constantly looking over my shoulder, for one. And two, I can't move forward and be creative and innovative and all of these things if I'm constantly panicked about somebody stealing from me.

Any time that somebody is going to mimic you or copy you or just try to be like you or take your webinar name and change one word in it or whatever they do, they're always 12 steps behind you. They're always behind you. It's like you're in the front, you're the dance teacher in the front of the room, and they're the person who's like awkwardly trying to dance in the back of the room. If somebody was judging who to pick from to be on their dance team, it's not going to be the person in the back of the room.

So, that's kind of how I think about it, is, let them. Let them do their thing. Let them keep copying me. Because the more that they've got their eyes on me, they are just trying to literally mimic whatever I'm doing. And I'm already off to the races because I've got my eyes forward. Not to the side, not to the person next to me, I'm not peeking at the paper of the person next to me because I've got my eyes forward. And they don't even know what I'm working on because unless they've been able to hack my computer, they don't know what I'm doing behind the scenes. So, let them keep mimicking things that I created a long time ago while I'm innovating and moving forward.

So, I kind of see it the same way with Starbucks. It's like by the time they come out with something and then Dunkin' Donuts copies it, this is something that they've been doing for a long time, the people who work at corporate at Starbucks are already working on this thing in the future that Dunkin' doesn't even know about yet, and that's why Starbucks will always be first, because they are looking forward.

I'm kind of making like a big story about Dunkin' and Starbucks just to draw a point, I don't know, Dunkin' might be innovating a whole lot of stuff. I have no idea. I don't work at either one. But all I can tell you is by looking on the surface at least, the main things when you go into a place like Dunkin', for example, you see things that are mimicking what has been created by a Starbucks. So, I'm sure there are many lovely things that Dunkin' does that are completely their own. And who knows, maybe Starbucks even copied something from them, that would be funny. I'm also not a Starbucks apologist or anything like this, so I'm just trying to use this as a business example.

All right. So, the fifth and final thing I would love for us to take away from this example is that something I've actually been writing a lot about in my book. You know I'm writing a book and I'm so excited about it, by the way. But I've been writing a lot on the book and one of the things I keep coming back to is that I would love for people in the online business space to remember that the point of entrepreneurship or running a business, being an entrepreneur is to be unique. It's to be uniquely yourself. It's to stand out. It's to push something forward. It's to innovate, to do something better or different than somebody else. It's to create something and improve something and make it better.

And your definition of better or different will always be different than my definition of better and different, which is what makes so many different kinds of businesses be able to thrive because there are people who are going to love what you do and hate what I do and vice versa, and that's okay. It makes the world go round at the end of the day.

There are people who hate Starbucks coffee and think it's the worst coffee ever. I would be one of those people. I think the coffee itself is terrible in my humble opinion. But I like the latte kind of stuff and I like tea and I like iced tea, so don't hate me. And then, some people are like, "Oh. Dunkin' Donuts is amazing," and vice versa. Think about Coke and Pepsi. There are people who only drink Coke products, only drink Pepsi products. There are people who won't drink any of it, only drink OLIPOP, like me.

So, you know, it's just at the end of the day, I always feel like one of the things I take away from these kinds of things and these kinds of comparative conversations is there is more than enough for the world to go around because people have different preferences. But you have to be uniquely yourself and stand out. So, lean into what makes you Starbucks, lean into what makes you Dunkin', lean into what makes you Costco.

But, personally, I would rather aim to be more like a Costco or a Starbucks to be an innovator and looking forward. And I'm okay knowing that there are going to be people looking and nipping at my heels. That's okay with me because I won't even notice because I will be charging forward. So, I will take that \$32.25 billion in revenue. Thank you very much, Starbucks. I will go forward with that because I want to be here.

And maybe you feel the same, I would love to hear from you about this. But I want to be here because I want to leave things better than I found them. I want to do something different. I want to innovate. I want to inspire. I want to change what we're doing. It's why I have a lot of these conversations. It's why I did a dupe episode a couple of weeks ago because I want to hold our industry to a different standard. I want to talk about things other people aren't talking about. I want to do things that are different.

And I think if you can get to the place where you realize that once you have all your legal pieces in place, there's nothing that you can do about people nipping at your heels, about mimicking you, copying you on a low level. There's a lot you can do about copying you on a high level. But the truth is, the low level or the mimicking stuff is going to happen way more often.

And so, the thing that you can do is get all your legal stuff in place and then charge forward, be the innovator, be the first, be the one that everybody wants to mimic. Because I think that those companies, to me, are the ones that are untouchable. That's just my two cents.

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just text it to them real quick. And wherever you listen to this podcast, please give it a rate, a review, a subscribe, a follow, do whatever you have to do to support the show and let other entrepreneurs know about it. And thank you so much. I'll chat with you in a few days.

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