

# Why dunkin donuts closed in faisalabad marketing essay



**ASSIGN  
BUSTER**

## **James Beard (1903-1985)**

The food industry is the complex, global collective of diverse business that together supply much of the food energy consumed by the world population. Processed food sales worldwide are approximately 3.2 trillion US dollars (2004). Only in US, consumers spend approximately US 1 trillion dollars. Nestlé is the largest food and beverage company in the world.

The food and its allied products industry is considered Pakistan's largest industry. Trade sources estimate the sectors total value of production is over Rs 46 billion. Fast food is the term given to food that can be prepared and served very quickly. In 1867, Charles Feltman, a German butcher opened the first fast food diner in Brooklyn, New York city.

Dunkin' Donuts is the world's largest coffee and baked goods chain, serving more than 3 million customers per day. It was founded in 1950 by Bill Rosenberg. The first Dunkin' Donuts shop was opened in Quincy, Massachusetts, USA. In 1955 first Dunkin' Donuts franchise was sold and ten years later (i. e. 1965) the first international branch was opened in Canada.

At the end of 2008, Dunkin' Donuts had a total of 8835 franchised restaurants including 2440 international shops in 31 countries. Dunkin' Donuts has sales of over 4 million donuts a day and it had sales of 5.5 billion US dollars in the fiscal year 2008. Its international head office is located in Canton, Massachusetts.

In 1998, First branch of Dunkin' Donuts was opened in Karachi. In January 2004, Dunkin' Donuts opened its branch in Faisalabad and it closed down in April 2005.

## **Problem Statement / Research Question**

“ Why Dunkin' Donuts closed down in Faisalabad”

### **Possible Reasons:**

The Closure of Dunkin' Donuts Faisalabad Branch could have been due to one or more following reasons:

Inadequate awareness among people of Faisalabad?

Failed to develop taste?

Difficult Accessibility?

Supply Issues?

Service Quality?

Environment?

High Pricing?

### **Methodologies / Study**

We used to methods in our research process:

In-depth telephonic interview

Survey through questionnaire

### **In-depth telephonic interview:**

We obtained the number of the required person from the Dunkin' Donuts head office in Lahore. We conducted a telephonic conversation with Mr. Naveed Malik, who was the branch manager of Dunkin' Donuts in Faisalabad at the time of closure and currently he is working as the Business Development Manager in Dunkin' Donuts. Firstly we inquired him the problems which contributed in the closure of the branch. He mentioned various reasons to it. According to him they faced supply problems as the kitchen was in Lahore and the stuff reached the branch after 2 and half hours of the daily opening which contributed towards the customer dissatisfaction. He mentioned that they used various tactics to create the awareness among the locals but they were failed in doing so. He also added that Dunkin' Donuts did not match the Faisalabad's taste culture and they also failed to develop the taste. He also blamed the local city government for their non-supportive behavior towards them as they refused to cut a turn on the road which made the customers to reach the branch with difficulty. Then we asked him about their competitors in Faisalabad. He replied that there was no competition in Faisalabad as they deal primarily in café' and donuts which no other brand offered at that time locally. Then we asked him about their target customers. He told us that the target customers were mainly families

### **Survey through Questionnaire:**

For the survey we had a sample size of 100 individuals which comprised of our friends, relatives and some strangers. We got the questionnaire (see appendix 1) filled at their homes where we were present in person. The reason behind selecting this target sample was they were easily accessible

and were expected to provide their honest opinion as they share personal relationship with us.

Our analysis of the questionnaire is as under:

Note: For Pie Charts, See Appendix 2

Q 1. What is your Age group?

5 people were of the age less than 10 years, 15 belonged to the age group of 11-15 years, 30 people were aged between 16 and 20, 25 people belonged to the age group of 21-25 and 17 were from the age group of 26-30. Only 8 people were of the age of more than 30 years.

Q 2. Do you Like Donuts?

70 people said that they like donuts and 30 people said that they are not fond of donuts.

Q 3. Have you ever heard of Dunkin' Donuts?

90 people said they had heard of Dunkin' Donuts while 10 people had never heard about it.

Q 4. Have you ever went to Dunkin' Donuts, Faisalabad?

Out of the 100 people who answered the questionnaire, 90 had gone to Dunkin' Donuts Faisalabad while 10 had not.

Q 5. What did you order?

60 people had ordered donuts, 50 had ordered sandwiches, 30 people had offered coffee/tea and 95 people ordered soft drinks.

Q 6. How was your overall experience at Dunkin' Donuts, Faisalabad?

20 people said that their experience in Dunkin' Donuts was excellent, 50 said it was good, 15 said it was fair and 5 said that their experience was bad.

Q 7. How will you rate Dunkin' Donuts, Faisalabad from scale 1-10 with 10 being the highest (excellent taste)?

Mostly people rated Dunkin' Donuts between 5 and 8 on a scale of 10.

Q 8. Did you go to any of the Dunkin' Donuts branches outside Faisalabad?

Only 36 people had gone to Dunkin' Donuts outside Faisalabad. The other 64 had never been to any Dunkin' Donuts branch outside Faisalabad.

Q 9. Did you find any difference between the Dunkin' Donuts, Faisalabad and the other branches outside Faisalabad which you visited?

6 people said they noticed a lot of difference between Dunkin' Donuts branch in Faisalabad and a branch outside Faisalabad. 20 noticed a minor difference and 10 did not find any difference at all.

Q 10. What Factor contributed for the difference between Dunkin' Donuts, Faisalabad and the other branches?

2 people said that the factor that contributed to the difference between the branches was due to variance in service quality, 10 said it was food quality,

10 said it was environment, 3 said it was cleanliness while 1 person said it was variety of food.

Q 11. Can Dunkin' Donuts Compete with its competitors?

40 people said yes, 5 people said maybe and 45 people said no.

Q 12. Why do you think Dunkin' Donuts, Faisalabad closed down permanently?

10 people said the reason for the closure of the branch was bad service, 3 people said unhygienic conditions, 20 people said expensive, 7 people thought it was low food quality, 5 people said environment was not suitable, 5 people said bad location and 40 people said that Dunkin' Donuts failed to develop taste of people living in Faisalabad.

## **Limitations**

Many problems were faced during the preparation of this research project, which were handled amicably. Following were the limitations we have faced during the project

In availability of internet

Difficulty in finding suitable consultant

Load shedding

Transportation problem

Faced difficulties in printing

## **Conclusion**

When a customer comes to a restaurant he looks for a mix of services, quality, taste, satisfaction, accessibility and the value of money. If the particular restaurant fails to provide that mix, there are great chances of the restaurant to close down because the customer will become dissatisfied and he will not return to that place again.

Same thing happened in the case of Dunkin' Donuts Faisalabad, where they failed to provide the mix to their customers.

## **Suggestions:**

To Enhance supplies

To expand their customer base from families to masses.

Takes appropriate steps regarding the awareness of the taste among the locals

Make the outlet more accessible for the customers

Price range should be vast so that it can absorb all income groups

## **Appendix 1**

### **Sample Questionnaire:**

Name:

Contact No:

Note: Please Circle the correct answer.



You may choose more than one answer

Q1) What is your Age group?

Less than 10

11-15

16-20

21-25

25-30

30 or more

Q2) Do you Like Donuts?

Yes

No

Q3) Have you ever heard of Dunkin' Donuts?

Yes

No

' If No then you don't need to go further

Q4) Have you ever went to Dunkin' Donuts, Faisalabad?

Yes

No

If ' No' then skip Q5-6

Q5) What did you order?

Donut

Sandwich

Coffee / Tea

Soft Drink

Q6) How was your overall experience at Dunkin' Donuts, Faisalabad?

Excellent

Good

Fair

Bad

Q7) How will you rate Dunkin' Donuts, Faisalabad from scale 1-10 with 10 being the highest (excellent taste)?

\_\_\_\_\_ / 10

Q8) Did you go to any of the Dunkin' Donuts branches outside Faisalabad?

Yes

No

If yes then please specify: \_\_\_\_\_

' If No, then skip Question 9-10

Q9) Did you find any difference between the Dunkin' Donuts, Faisalabad and the other branches outside Faisalabad which you visited?

Yes, a lot of difference

A minor difference

Not at all

If you answer is option ' c ' then skip Question 10

Q10) What Factor contributed for the difference between Dunkin' Donuts, Faisalabad and the other branches?

Service

Food Quality

Cleanliness

Environment

Variety

Q11) Can Dunkin' Donuts Compete with its competitors?

Yes absolutely

Maybe

No

Q12) Why do you think Dunkin' Donuts, Faisalabad closed down permanently?

Failed to develop the taste of people living in Faisalabad

Bad service

Unhygienic Conditions

Expensive

Low food quality

Environment was not suitable

Bad selection of location

Other:

Any suggestion you would like to give regarding Dunkin Donuts?

## **Appendix 2**

### **Pie Charts:**