

Read the dunkin case



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[Manager] 24 November Dunkin' Donuts and Market Segmentation Dunkin' Donuts is known as the largest coffee and baked goods chain in the world. They now serve over 6, 556 retail outlets, and sell more than 4 million doughnuts and over 2. 7 million cups of coffee per day. Dunkin' Donuts are famous for their wide variety of doughnuts, bakery products (including muffins, bagels, and ' munchkins'), and now their coffee. Dunkin' Donuts growth strategy is as according to Melanie Warner at Bnet, " to become as annoyingly ubiquitous as Starbucks." They are doing just that. While the Dunkin' Donut retail stores continue to expand, the Starbucks stores are closing by the hundreds. In the past Dunkin' Donuts target markets where focused primarily in the Eastern part of the U. S. with little presence in the West. Starbucks already has a somewhat of a uniform distribution across the country which will constrain their growth as Dunkin' Donuts expands into the West into untapped regions. Dunkin' Donuts market strategy is different in that they are targeting a group of no frills, cost-conscious coffee drinkers. At Starbucks, there is a market segment that is willing to pay a premium for drinks like the ' skinny half-caf soy caramel Macchiato'. While the market segment at Dunkin' Donuts is focused at those who just want a consistent, well tasting, old fashioned brew of coffee that doesn't exceed more than \$3. (Mitchell, Dan). From the previously aforementioned statements, one can see how Starbucks marketing strategy has always focused as much on the overall store experience as they have the product itself. With free Wi-Fi provided by ATT&T and a recent partnership with HP to provide music downloads in the store, Starbucks has positioned their efforts towards creating an upscale informal coffee shop and social experience. (DiCarlo, Lisa). Starbucks may always outweigh the competition in terms of

complicated coffee drinks, but they cannot ignore the obvious price differences. As Dunkin' Donuts shops become more prevalent in new markets, and as the economic environment continues to be cost-conscious, Starbucks will continue to struggle with price competition. Dunkin' Donuts' value strategy has thus far proven to be effective as they have been in business for several years, and yet they continue to seek new levels of growth. Not until the economy is in a surplus will we see customer's abandon their cost concerns on items that such as coffee that are expendables. However, they may not want to ignore the social aspects that Starbucks has addressed as our society continues to move towards a globalized technology driven community. Dunkin' Donuts may understand how to make a no frills coffee well, but they do not want to fall behind in terms of technology as we are moving into a social networking world. Reference: DiCarlo, Lisa. "Dunkin' Donuts Vs. Starbucks". 22 March 2004. Forbes. com Mitchell, Dan. "Starbucks Vs. Dunkin' Donuts". 19 March 2010. The Big Money. com