

# Dunkin donuts in the quick service restaurants industry

[Business](#), [Company](#)



**ASSIGN  
BUSTER**

44577001079500

Women's Campus

College of Business Administration

BUS351 International Business Course

TERM 172

GROUP PROJECT: FINAL DRAFT DUNKIN DONUTS

Working in the Quick Service restaurants industry gave Dunkin' Donuts a huge challenge to face globally, when entering new markets using one mode of entry, "the Franchising", it meant establishing a local base for a global business, and great opportunities exist in the Saudi Market, yet great challenges to prove ability of continuing business.

For 31 years, ShahiaFoodLimited was the franchisee global DD selected to represent the brand in the Kingdom, it applied a localized industry by promoting Saudi terms related to the brand, and was massively supported by the government to keep satisfying the Saudi taste, through its 200 shops across the Saudi land. Keywords Dunkin' Donuts, Kingdom of Saudi Arabia, franchising, franchisee, joint venture, entry modes, entry determinants, 2030 vision. Introduction Recently, Saudi Arabia has been the spotlight of the investments internationally. According to 2030's vision, Saudi is attracting new investors every year.

The market in Saudi is attractive and has significant attributes. In order to satisfy the Saudi taste and Saudi consumption trends, the company must meet what Saudi clients want, which will ensure an international success in the heart of the global world. Dunkin' Donuts is considered one of the top ten companies worldwide, with more than 12, 000 branches in all over the world. Dunkin' Donuts is managed through maintaining a strong position in all its targeted markets, by using the modes of the entrance and proper strategies with an experience of nearly hundred years of offering baked goods and drinks.

Overview of the Industry Quick service restaurant (QSR) industry was established in 1921, which offers previously prepared food immediately to the on-the-go consumers that were defined as a new type of restaurants. Donuts were created in 1847, and it has been developed to be combined with a variety of flavors through years and associated with hot drinks, to please the American taste with sugary products. The size of the market globally is predicted by more than 3 Trillion Dollars, due to the massive number of workforce around the world, fixed assets spread worldwide, and size of activities practiced.

The market of QSR maintains a small industry in it, for baked goods and coffee, maintains multiple international brands that operate in this field, and this industry is approximated in more than 1 Trillion Dollars annually, and the market is divided primarily between 4 brands as follows: Company Background In 1948, William Rosenberg initiated his first shop for coffee and doughnuts, the " Open Kettle", which was based on a 40% of revenues,

William was able to reach from his food in-plants outlets and food trucks, which was the impending trend offast food, introduced to the world.

In 1950 William Rosenberg chose Dunkin' Donuts as a new name of " Open Kettle", to be the first Dunkin' Donuts shop in Quincy, Massachusetts, USA, the shop offered 52 flavors, and William was able to open 6 more Dunkin' Donuts shops during its first five years constructing a chain. In 1960 the International Franchising Association (IFA), was originated to franchise the brand globally and locally.

At the moment, Dunkin' Donuts is based in Canton; Massachusetts, USA, Dunkin' Donuts is part of the Dunkin' Brands Group, Inc. familyof companies. So far, Dunkin' Donuts was able to achieve success, which maintains more than 11, 300 shops in 44 countries (8, 500 in the 41 US states, and 3, 200 worldwide), offering everyday a stop for baked goods and coffee, setting the brand as a market leader globally. In 1971, William was diagnosed with lungs cancer, he passed the business to other Dunkin' Donuts leaders.

An English businessman, Nigel Travis is the current CEO for Dunkin' Donuts, who has been running Dunkin' Donuts since 2009. Dunkin' Donuts founder: William Rosenberg (1916-2002) was American entrepreneur who was the founder of Dunkin' Donuts. Rosenberg attended a public school. Because of financial problems Rosenberg was forced to leave his school in the eighth grade to support his family. At the age of fourteen, Rosenberg worked as a delivery boy for Simco.

At the age of twenty-one, Rosenberg raised from delivery boy to national sales manager, supervising the production, cold storage, shipping, and manufacturing. In 1948, the Open Kettle was started by Rosenberg which is a coffee and doughnuts shop. Later, Rosenberg renamed it to Dunkin Donuts. Dunkin Donuts was popular offering fifty-two types of doughnuts over six stores. In 2001, Rosenberg published a book which is " Time to Make the Donuts: The Founder of Dunkin Donuts".

William Rosenberg's vision is kept until today under the name " thephilosophyof Dunkin' Donuts": " Make and serve the freshest, most delicious coffee and donuts quickly and courteously in modern, well-merchandised stores." Regarding Dunkin' Donuts values, Dunkin' Donuts attains twelve values applied perfectly to franchise owners, and they are as follows: Honesty - The truth is always the major key to success.

Transparency - sharing thoughts fluently.

Respect- Give individuals their nobility and win others' regard. Fairness - Do what is right even if it is hard to do. Humility - helping less fortunate individuals. It is about the team and the society as a whole. Responsibility- Be accountable for the outcome whether the situation is good or bad. Integrity - Character indicates when no individual is looking. In 1990, Allied Lyons the owner of Baskin Robbins purchased Dunkin' Donuts that was renamed to Dunkin' Brands in 2004.

Dunkin' Donuts reached the first rank in customerloyaltyof coffee category by Brand Keys for 10 years successively. Dunkin' Donuts's major competitors

worldwide: Starbucks: Starbucks is obviously the leader of all Competitors of Dunkin' Donuts. It competes with Dunkin' Donuts by offering a variety of baked food and drinks in a relaxed atmosphere. McDonald's: McDonald's is one of the main fast food chains in the industry and one of the top Competitors of Dunkin' Donuts.

Offering a variety of food items and drinks at low prices with quick service.

Krispy Kreme: Krispy Kreme offers doughnuts and coffee, which means the toughest competition with Dunkin' Donuts. Dunkin' Donuts's major

competitors in Saudi Arabia: In Saudi Arabia market, Dunkin' Donuts has a variety of competitors both international competitors and local coffee shops. International competitors are Starbucks, Krispy Kreme and McDonald's.

The local coffee shops are Coffee Day, 12cups, Alchemy. As a result, Dunkin' Donuts should adopt and understand the Saudiculture to compete with their competitors. Furthermore, selecting some reasonable areas that most of the locals may not have the capacity to manage the cost because of their limited budgets, Dunkin' Donuts can gain a competitive advantage. Entering to the Kingdom of Saudi Arabia Globalization enabled local companies to become international, by giving them accessibility to invest in foreign markets, expanding their sizes, assets net worth, and targeted segments of customers.

Also, it gave governments better opportunities for developing communities.

Entering KSA as an international business is an easy process, but must be applied with accuracy and professionalism. The competitive investing climate

attracts investors to be on this land, and only the most creative innovative could last, since the mid-1970s as of recently. In 1986, Shahia food Limited Company wins the contract of Dunkin' Donuts franchise and was able to introduce the brand Dunkin' Donuts to Saudi Arabia.

Dunkin' Donuts is keeping spreading in KSA over thirty-one year. the first branch was established in Al Olaya. Nowadays, the company has more than 200 branches in all Saudi regions, starting from: Riyadh Region (King Khalid Intl Airport, Wadi Laban, Al Muzahimiah, Diriyah, and more). Western Region, which includes (Mecca, Jeddah, and Madinah) Eastern Region (Khobar, Dammam, and Jubail)Qassim Region (Buraydah, Badiyah, Bakeereya Unayzah, and Zulfi) Saudi employees versus Foreign employees: Dunkin' Donuts employes an acceptable number of Saudis.

Its main purpose of having many Saudi employees is because of the policy of its industry, that employing Saudis to easily serve Saudi consumers will help to reach Dunkin' Donuts products. Moreover, Saudi employees can realize their nation consumption habits more than foreign employees. KSA modes to enter Saudi market: There are many modes to enter Saudi market. every type serves organizations, governments, and customers, reaching their objectives.

Methods can be summarized as follows: Exporting: a country (exporter) sells goods and services and distributes them to another country (importer).

Piggybacking: Selling goods services to local businesses, but they market the

vendor globally. Buying a company: is the most expensive method of entering a country, it is about purchasing a local company.

Turnkey Projects: Forming a project from the ground, and selling it to local companies to warranty an indirect existence. Contracting: either through licensing, joint ventures, or partnering, it refers to a contractor assists to introduce the brand to the local market. The percentage of involvement the contractor obtains is different from a contract to another. Greenfield

Investments: means a project where a firm builds operations in a foreign market beginning from scratch.

This mode has a large cost and local lows control it. A number of elements, such as expenses, local laws, necessities, desired quality, and industry will affect the company choices of these modes. Dunkin' Donuts has chosen since 1960 using the franchising model to enter America and worldwide markets, and Dunkin' Donuts used it in KSA too through Shahia Foods Limited that held the franchising method.

Dunkin' Donuts KSA has its own vision statement that sequel the overall Dunkin' Donuts vision: " To be always the desired place for great coffee beverages and delicious complementary donuts & bakery products to enjoy with family and friends" As well as Dunkin' Donuts Mission:" To be the leading provider of the wide range delicious beverages & baked product around the kingdom in a convenient, relaxed, friendlyenvironment, that insures the highest level of quality product and best value formoney.



We provide our guest, the elegant service, and unforgettable experience to meet their expectations in every single visit.?" These strategic management tools state that Dunkin' Donuts KSA works under the localization theme, because of Saudi community privacy, that Dunkin' Donuts exists to make its enjoyable moments with delightful pastries and drinks, it is general in food firm to follow the localization theme because of the dependence of the food fields on the local tastes.

The localization method is tracked through the Dunkinha and Dunkawy cards terms that support the customer's loyalty, and a customized menu made by Dunkin' Donuts for only Saudi Arabia.

## Conclusion

It is apparent that KSA was for Dunkin' Donuts an important market, that's why it was chose from the beginning to be located in. Saudi's location, the type of consumption trends the society maintains, the support of the government received by international market players, and the encouraging purchasing power obtained by the Saudi people all these and other considerations, were the reason why 31 Dunkin' Donuts existed in KSA.

The unique mode which is franchising is used by the company worldwide, this method was used due to the nature of the industry maintained by Dunkin' Donuts, which is QSR, that means it is a must to have the food on demand, this point cannot be done by other types of entry, it should be done through actual existence, and to reduce cost and time of studying national

taste and its trends. To represent the company in the kingdom Dunkin' Donuts preferred to have a national local franchisee.

The choice of this franchise was distinctive, due to the 31 years position of ruling the QSR in backed food and drinks industry in KSA, accomplished by Shahia, where the total market share reached is 49% of total market, compared to 29% for Starbucks and 22% for MacDonald's'.

Discussion Questions and Answers: Why choose Saudi Arabia? Dunkin' Donuts is considered as the quick service restaurant industry., it is situated in Canton, Massachusetts, USA, it chose to invest in KSA because of its high concentration on building up the company's points of interest by existing in Saudi Arabia the heart of the world, which means rising the abroad experience. Moreover, it strongly supports the fact of investing where it can be focused on expanding resources, inattentive of having power.

However, having the ownership flexibility, and publicizing risk. How the investment in Saudi Arabia? The comprehensive advantage of investment in KSA is known as stable. There is no need to concern about the nationalizing of the international businesses because of the encouragement practiced by the Saudi government towards foreign investors and the supporting for liberal ownership in the Saudi market.

How do political ; global policies affect your business? The high rate of return, and the taxation system, for foreign investors in KSA, were factors of attracting the international business. The kingdom of Saudi has many advantages for foreign investors which are the highest digits for GDP in the

region, controlled inflation rate, the size of the Saudi market, and finally the size and support given for the infrastructure.

These great advantages are not only to attract Dunkin' Donuts to Saudi Arabia but all types of investors. Entering KSA as an international business is considered an easy process? Entering KSA as an international business is an easy process, but must be applied with accuracy and professionalism. What were the difficulties you faced to enter the Saudi market? Studying and analyzing the Saudi customer needs, was one of the greatest work done by Dunkin' Donuts KSA.

One of its studies stated that employing Saudi Staff, and practicing the Saudization, will give the Saudi clients a more pleasant and stratified experience. SWOT Analysis: Strengths: The industry's most fundamental point of strength that makes it worth to persist the business through the past years is " the time-saving rule", which means the industry reaches what regular restaurants can't offer, all these restaurants guarantee fast processes and quick purchase of food.

Weaknesses: Staff who work in low conditions, with low wages, are considered from the weaknesses this industry face, which gave it a bad reputation among people worldwide.

Opportunities: Due to globalization every year there are new markets added to the demand forces as a huge opportunity to the industry.

Threats: Consumer demand for healthier food is increasing the threat in this industry, which will keep these restaurants under the consumer satisfaction indexes pressure.

## Appendix

Interview questions ; answers Who are your national ; global competitors? Our competitors are other businesses operating in the same industry as we are. Which are: Krispy Kreme, McDonald's and the main competitor is Starbucks. Does Dunkin' Donuts buy from other countries or make the products? No, the raw material comes from America and Dunkin' Donuts produces the products in Saudi. How is your marketing methods different here in Saudi Arabia to other countries? Marketing methods are different in each country because of cultural differences.

In Saudi Arabia, Dunkin' Donuts understands and respects the culture and religion of the region by following the regulations and guidelines for advertising the company. What is the entry mode that Dunkin' Donuts use (Franchising, licensing, joint venturing, exporting, turnkey projects or wholly owned subsidiary? Licensing with Franchising, as a combined mode used by the company worldwide. How do political ; global policies affect your business?

It impacts Dunkin' Donuts by having many barriers to entry in different countries. Each country has its own policies that Dunkin' Donuts needs to follow in order to operate the business there. These days, Saudi is becoming more strictly by developing new regulations regarding operating businesses.

In strategic positioning, does your business choose differentiation or low-cost methods for their products in order to create value for Dunkin' Donuts products? No, Dunkin' Donuts likes to keep up with the standards in order to offer high-quality products to the customers. After the value-added tax, Dunkin' Donuts just added one riyal to all products and make more offers to attract customers. Do you have different methods of choosing your employees here from other countries? Dunkin' Donuts likes to follow the government requirements regarding the Saudilization. As well as to have non-Saudi employees as a percentage of the staff, but to be able to speak English and Arabic as well.

The interviewee information:

Name: Gilhesh Paul

Position: Area Supervisor.

Phone number: 0560-213-910

Email:[email protected]

## References

- Dunkin' Donuts. (n. d.). Retrieved December 10, 2017, from <http://www.dunkinbrands.com/about/donutsG>. (2017, December 07).
- Dunkin' Donuts franchise. Retrieved December 10, 2017, from <http://worldfranchise.eu/franchise/dunkin-donuts>
- Market Entry Strategies. (n. d.). Retrieved December 11, 2017, from <http://www.tradestart.ca/market-entry-strategies>

<https://assignbuster.com/dunkin-donuts-in-the-quick-service-restaurants-industry/>

- Nigel Travis. (n. d.). Retrieved December 10, 2017, from <https://news.dunkindonuts.com/about/leadership/nigel-travis>
- Saudi Arabia - Market Opportunities Saudi Arabia - Market Opportunities. (n. d.). Retrieved December 11, 2017, from <https://www.export.gov/article?id=>
- Saudi-Arabia-Market-Opportunities(n. d.). Retrieved December 9, 2017, from <http://www.dunkindonuts.sa/English/Dunkawy/Pages/default.aspx12,000>
- Global Locations And Still Growing. (n. d.). Retrieved December 10, 2017, from <http://www.dunkinfranchising.com/franchisee/en.html>