

Dunkin donuts case study



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Marketing Analysis Type you here What is Dunkin'Donuts' value perception and positioning strategy Name another company that has a similar value perception and value strategy. Are they successful

Dunkin' Donuts may have been founded 50 years ago, but the philosophy it adopted could very well match any modern company. The company aims to produce high quality products at a very affordable price. They increase the value of their brand by selling only 'fresh products' to the consumers. For example, Dunkin' Donuts has policy that they will throw away any coffee left in the kettle after 18 minutes and serve only fresh coffee to the consumers. This gives a great value to its products as people know that whatever they are buying from the place is not harmful from them. In their attempt to sell only good quality products, Dunkin Donuts have created a Coffee Quality Checking Lab, in which every aspect of the coffee is checked, so that the consumers get the best value Dunkin Donut product, no matter wherever it is sold. They have also increased the value perception by giving consumers " what they want". For example, they introduce only those products which are demanded by the consumers and do not come out with random products. This is how Dunkin Donuts is increasing its value perception and having great success in matching their philosophy which is 'great quality with affordability'. Its value perception is similar to that of KFC and McDonalds. They also try to give the maximum quality to their consumers and waiting time for their burgers is only 3 minutes. This is like if Dunkin' Donuts could not sell their coffee in 18 minutes they throw it away, in the same way KFC and McDonald throw away their burgers if they are unable to sell them. The positioning strategy of Donut Dunkin is very simple as they target a mass

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market without any distinction of different classes, different level of education etc. According to William Kussels, Dunkin' Donuts Senior Manager, whenever you take a ride to one of our outlet, you always see Mercedes parked with pickup trucks, this shows that we do not target any specific consumer class but we target a mass market. This position strategy has taken Dunkin' Donuts to new heights and they have reached to a \$3 billion sales level. They have also expanded globally and this also show that their philosophy and positioning strategy is based on targeting not a specific market but only those people who enjoy coffee, wherever they live and whichever social class they belong to.

2. Has Starbucks and Krispy Kreme had a meaningful impact on Dunkin' Donuts' sales Is this a good or bad situation Describe.

According to a senior manager at Dunkin Donuts', the opening of Starbucks and Krispy Kreme has revolutionized the market, as now people who would usually have coffees in their home, try to experience high quality coffee at one of these restaurants This has increased the consumer turnout in the market and has increased the sales of Dunkin Donuts as the other brands fail to match the quality and price that Dunkin' Donut offers.

3. How has the coffee market changed in the last decade Where do you think it will be in the next 3 - 5 years What should Dunkin do to prepare for the market at that time

As already discussed above that the market has been revolutionized and there is more competition and larger consumer turnout. This increase will further encourage other firms to enter the market and in the next 3-5 market is going to mature by having the maximum number of competitors and consumers. Dunkin can try to use policies such informative advertising to

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discourage consumers from buying other brands. This would not only ensure that customers do not desert the company at the competitor's expense but, it will also protect the Dunkin's dominant position in the market.

4. How has Dunkin' Donuts' responded to competitive changes in the marketplace Has it worked

Dunkin Donuts have tried to match the increasing competition coming from these brands by diversifying into various different products. For example, they now offer three different types of coffee, i-e flavored coffee, regular coffee and latte or cappuccino coffee. Similarly, they have started to offer around 60 different types of Donuts, which is far above what the small competitors like Krispy Kreme can offer and thus, Dunkin Donuts has outshone the competition. This has stunted the growth of its competitors and thus it has benefited Dunkin Donuts as less people are going towards these brands. This strategy has worked well as we see that Dunkin is still maintaining the leader's position in the market and its sales are ever increasing.

5. What should they be doing differently Why

The only thing that they should be doing different is that in their advertisement, they show the attitude of taking their customers non-seriously and make funny ads. They should change their policy and should try to convince their target market that they care about them, which they actually do to invoke loyalty among its competitors and to stop them from shifting to other brands. Dunkin's changed perspective towards the consumers which is actually their real perspective i-e they make only what consumers demand, will encourage more and more people buying from Dunkin as they will know that whatever Dunkin is doing is for them. It will

also make consumers aware about the efforts that Dunkin undertake to make their consumers happy and satisfied.

References:

Video Case Study. Dunkin' Donuts. Pearson Education 2007.