

The worlds biggest baked goods and coffee chain marketing essay



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Dunkin Donuts is said to be the worlds biggest baked goods and coffee chain, serving over 3 million customers per day at roughly 8, 800 stores in more than 31 countries which comprises about 6, 400 Dunkin' Donuts locations all over the USA. Within their home base in New England, Dunkin' Donuts is chiefly dominant and can be seen in many supermarkets, gas stations, airport food courts and mall, and many Wal-Mart stores in the region. The company (Dunkin' Donuts) is a global donut and coffee vendor and was founded in 1950 in Quincy. The company has more than 900 donut assortments along with other products, mainly coffee. The donut product of the company include donuts, Munchkins, Scones, Muffins, Cookies, Cinnamon Twists, Bagels, Danish pastry, brownies and Fruit tarts. (FDS, 2010)

The company is present in entire North America, Saudi Arabia, Spain, Turkey, UAE, US, USA, Germany, Egypt, China, Chile, South Korea, Kuwait and many other nations. As according to the last financial year ended, the global operations record a profit of over \$ 55 million.

The key strengths of the company are its strong brand image in retail coffee and food chain business. Second is huge variety of products. The company is located in 31 countries and is performing consistently well. One of the most important reasons for success of this expansion is strong brand image of the company. Another is the variety it provides. One of the best feature of the company is it has something for everyone and this strategy is producing handsome results for the company. (Peck, 1986)

Business Environment:

This part will include three macro environmental factors which have great impact on the company. They are:

Inflation:

With the rise in inflation, the expenditure of the consumers starts declining. This is because inflation increases the price of many daily useable items and thus reduces the purchasing power of the customers. The reduction in purchasing power of the customers led to reduction in expenditure made by the customers on augmented products like eating in fast food chain etc. thus this led to reduction in sale of fast food companies like Dunkin' Donuts.

Investment:

This is one of the most common factors affecting almost every industry. In food chain like Dunkin' Donuts, the most important business need is liquidity. The company needs money for many reasons. The key reasons are:

Expansion: For any food chain to be successful, it requires consistent expansion in new markets. The company itself is an example. We can see that Dunkin' Donuts is present in 31 countries and has more than 1600 branches. For expansion, what is primarily needed is investment.

Meeting short term need: Working capital for a fast food chain is essential. Working capital includes short term money supply. In a fast food business, sales and profit are never consistent. Any food chain has to face long dull months where the company so not meet any profit but have to pay for all the expenses it is undergoing. Talking about Dunkin' Donuts in UAE, the

company during months of July to September does not notice any handsome sales, but the company cannot close its stores during this time. So in these situations, Dunkin' Donuts needs consistent money backup. (Peck, 1986)

Social factors:

One of the most significant macro environmental factors effecting Dunkin' Donuts in is foreign market like UAE is the social factors. In UAE, there are many foreign food chain brands like KFC, Mc Donald's etc. Each of these brands has not grown equivalent to their other global hubs. The reason is these brands do not give much significance to domestic culture of the country. There are numerous hotels, restaurants, food joints and fast food chains running in the UAE. All of these food places have been decently earning in their business because the country welcomes millions of tourists every year and these tourists are the main target customers of these food plazas. But the probable drawback is they do not serve taking into mind full consideration of the UAE market. KFC, Mc Donald's etc have limited menu and their food stuff are not of primary interest of the country. This is a main reason for reserved growth of foreign fast food chains in UAE. UAE people want to sit properly and eat together with their family. In most of these food chains, the facility is not available and this keeps a large customer share away from food chain. This shows the influence of social factors on food chain business and thus Dunkin's Donuts too. (Dunkin' Donuts opens 55th store in UAE, 2010)

Industry structure in UAE:

According to studies it has been found that the market of fast food has been increasing at very pace in the UAE. The sales of fast food in the UAE have <https://assignbuster.com/the-worlds-biggest-baked-goods-and-coffee-chain-marketing-essay/>

generated more than 100 million USD in a year and it growing with 25% annual rate. The fast food market can easily target teenagers and kids with their product range and cheap prices. The fast food chains are also famous between professionals as the products are ready made which saves time. But many surveys in the country have suggested that the food of the fast food chains is very uncanny and unhealthy.

Identifying Marketing opportunities:

Based on the discussion above, some marketing opportunities can be drawn which are as follows:

Opening special restaurants taking in mind social expectation of UAE people. : Dunkin's can start specific theme food chain and serve only some specific single cuisine to all the customers. The cuisine will be based on social expectation of people of UAE. In these restaurants, the customers will be allowed to sit together with their families and the dishes served would be based on domestic food taste of UAE and not any international item. We found from the research the cultural and social need of people in UAE are not at all satisfied by the foreign food chain present in the market. This idea will be addressing the same issue.

A healthy product: Dunkin can start with new product which is based on the likeness of natives of UAE. The product can be based on a vegetable as UAE people are fond of vegetable and salad. The dish will increase the popularity of the brand in UAE and will do not add any heavy investment from company's side too. Also, as mentioned in the macro environment analysis, people in UAE are concerned towards their health as well: a vegetable

product (for example spinach-corn sandwich) will add a plus in their health concerns.

Home delivery system: For any food chain, investments and working capital requirement is a key issue. To answer this issue and to reduce the operating cost, the company can aim at starting a home delivery system. In this system, people will order food on telephone and the executive will make sure that the order received is delivered to the customer. The crucial cost saving aspect is that the company can maintain lower inventory. The space requirement for operating a chain will be reduced to a single food house from where; parcels can be supplied in the city. In this idea, parcels are only prepared once an order is received and making waste probability to zero. This will make the company more competent in operating in tough economic times. (Columbia University, 2000)

Reduction of menu: We saw in the macro environmental factors that inflation is a crucial factor effecting operation of a food chain. The reason is because of large variety of food stuff served, the raw material requirements are also high. So when inflation is high, the prices of almost every product served increases and the profit margin for the company decreases. A solution to this problem is reduction in menu which will lead to reduction in raw material requirement and thus, will reduce the impact of inflation. The possible drawback in this idea is Dunkin's brand image is strengthen by its large menu and with this step; the company can see a downfall in its brand equity.

Selecting an appropriate opportunity:

Out of the above four choices, the second idea, (launching a vegetable product) is selected. The key reasons are:

Dunkin is famous for proving great variety and starting a new product will add to this image.

This idea will focus on social need of the target customers and thus will strengthen company's image among the customers.

Will not include heavy investment like other opportunities mentioned.

Adding one more product will not affect the inventory requirement and cost concern in times of inflations.

Target Market:

Population:

Out of the total population of UAE, around 18% are Arabs and remanding population is composed of Indians, Asians, and Iraqis etc. The target audience is medium and high earning group of this 18% population portion.

Religion:

Most of the populations in UAE are Muslims. The graph below shows these facts. So the target market shares Muslim customs (Peck, 1986)

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Great Potential:

According to studies it has been found that the market of fast food has been increasing at very pace in the UAE. The sales of fast food in the UAE have <https://assignbuster.com/the-worlds-biggest-baked-goods-and-coffee-chain-marketing-essay/>

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Behavioral habits:

The target market audience can not reject an offered gift (customs): providing a great promotional opportunity.

Remove shoes before eating

Pork food not allowed.

Food habit:

Like to eat with family

Salad is must in menu

Like greeting each other before start of a meal.

Marketing Research:

A questionnaire with eight questions, 2 on each ' P' of marketing mix is constructed. The questionnaire is distributed to Arab people (our target customers) while there visits to some other food chain restaurants. These people are requested to fill this questionnaire. One advantage of this strategy is that we are directly asking questions to our target audience who are found of eating in restaurants too.

Questionnaire:

Question 1:

I think price is not a factor if the quality of food stuff is good.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Question 2:

Price of a product is not a consideration when we are getting a nice experience at the restaurants.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Question 3:

I always prefer to go to a posh place to eat with my family.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Question 4:

Children in my family decide where are should go to eat. Most of the time, they prefer any foreign food chain.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Question 5

I like to serve with complementary dishes. This makes a strong image of the brand and motivates me to visit again.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Question 6:

My children watch too much television and they are very impressed by the ads they see in TV. Most of the times, they force us to visit a place they found interesting or to try a product based on these TV ads.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Question 7:

Instead of going for trying a multinational product like burgers, pizzas, I will prefer vegetable based food items.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Question 8:

Product like spinach corn sandwich or any other product which is good for health will be more preferable for me.

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

Graphical Result:

Question 1:

I think price is not a factor if the quality of food stuff is good.

Question 2:

Price of a product is not a consideration when we are getting a nice experience at the restaurants.

Question 3:

I always prefer to go to a posh place to eat with my family.

Question 4:

Children in my family decide where are should go to eat. Most of the time, they prefer any foreign food chain.

Question 5

I like to serve with complementary dishes. This makes a strong image of the brand and motivates me to visit again.

Question 6:

My children watch too much television and they are very impressed by the ads they see in TV. Most of the times, they force us to visit a place they found interesting or to try a product based on these TV ads.

Question 7:

Instead of going for trying a multinational product like burgers, pizzas, I will prefer vegetable based food items.

Question 8:

Product like spinach corn sandwich or any other product which is good for health will be more preferable for me.

Summary of results:

It is clear from the charts that price for the audience in target segment is not a factor of great concern. The target customers are ready to accept the product at any price if the desired characteristics like taste, quality is maintained. TV promotion appears to be most efficient way to communicate the idea for the target audience. Children are the motivating force in target audience to bring their families to food chain.

The place is desired to be spacious where the whole family can accommodate. Talking about the product, people of target segment like vegetable based products that are healthy.

Analysis

From the result and summary written above, few analyses in concern for our product can be drawn. They are as follows:

Price: price for the audience in target segment is not a factor of great concern. Dunkin can feel free in pricing policy of the product.

Place: The place is desired to be spacious where the whole family can accommodate. Also, the target customer wants that location of the stores should be at decent locations like mall etc. Dunkin thus have advantage in this concern as it already have its stores at these types of locations.

Promotion: A result for promotional strategy for Dunkin is providing complementary dishes like ice cream for children etc. Also TV ads of the new product will provide great advantage.

Product: Talking about our vegetable based product (like spinach corn sandwich), the product appears very attractive in the target customers providing encouragement for the idea.