

Dunkin brands group, inc case study sample

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



Introduction

Dunkin' Brand Group is among the largest fast food companies. It is comprised of over 17000 points of distribution and operates in more than 57 countries. The headquarters of the company is in Canton, Massachusetts, in United States. In the fast food industry, it entails of two brands, Dunkin' Donuts and Baskin Robbins. Dunkin' Donuts is known for its swift customer service and high-quality coffee. Alternatively, the Baskin Robbins brand is known for its " 31 flavors" slogan that represents 31 new flavors. Dunkin' Donuts products include bagels, donuts, muffins, and hot and iced coffee. Baskin Robbins brand deals with range of frozen sweets and ice cream.

Company mission and critique

Dunkin' Brands Group, Inc. Foundation mission is " to serve the basic needs of our communities through food for the hungry, safety and children's health. It's what Dunkin' does every day." The original mission statement by the founder of Dunkin' Donuts " makes and serves freshest, most delicious coffee and donuts quickly and courteously in modern well-merchandised stores." Actually, the company has ensured that its mission is put into reality by serving the communities by its services to eliminate hunger.

Outside stakeholder groups

Dunkin' Donuts franchisees filed a claim complain that the company had coerced them ion the business and they experienced huge financial loses. The company could have solved the issue by offering compensation to the franchisees to solve the claim.

In 2009, the Kainos Partners Holding Co. filed a case that Dunkin had pushed

them to bankruptcy. Kainos stated the amount it owed to range between \$10 and \$50 million. In this claim, the company could reconcile the claims with the corporate responsibility by arguing that the economic recession of 2008 was the primary cause for bankruptcy.

Corporate social responsibility

The long-term mission of Dunkin' Brand is "to create a friendly and comfortable space where people can enjoy a variety of coffees and doughnuts at any time of day." Their slogan reads "Juntos es mejor", meaning "Together is better". To achieve the mission, the company leverages the core capabilities in a clear manner. They embrace honesty, transparency, integrity, humility, respectfulness, fairness and responsibility. The guiding principles towards the achievement of the mission applied by the company include leadership, execution, innovation, and social stewardship. The 12 values and principles are vital in achieving long term mission.

External Environment factors

The most current and most important factor affecting the Dunkin Brand is the prevailing health consciousness. People in the fast food market shifting to the healthier ways of eating as a result to rising health issues such as obesity. Therefore, the demand for ice creams, doughnuts and coffee is declining, making it an immediate and important factor that needs to be addressed.

The company is faced by the stiff indirect competition that is based on the restaurant concept such as convenience, product quality, value perception,

price and services. For instance, the indirect competitors including waffles, and Siomai among others, offer cheaper prices that are more favorable to the consumers. This limits the company's efforts to penetrate into different markets. Therefore, this a major concern for the company since it limits its supply and hence profitability.

The cost of raw material has emerged as another remote environment factor affecting the company and the industry in general. For instance, the price of coffee beans has currently increased as a result of the drought in the Brazil. In addition the company is affected by the increased cost of fuel that has resulted to increased cost of shipping.

The company is also affected by its poor financial management that has resulted to increased debt burden in the company. As a result, this remote environment affects the company's growth and expansion strategies.

The company has responded by the health consciousness issue by developing menus that offer fewer calories than customary menus in other restaurants. The DDSMART menu presented by Dunkin' Brands group has items that have 400 calories or less. These items contain 25 percent less fat, sugar, sodium, or saturated fat than the old menu. This is a strategic policy that is aims to capture more consumer attentions, particularly on health issues as well as satisfaction.

The US market comprises of more than 152 top restaurant brands based on the unit counts, sales, market share and sales among others. The main competitors include Starbucks, MacDonals, and KKD. The Durkin' brand is ranked number two in terms of the sales volume, Starbucks taking the lead. It has a share volume of 1, 359, 264. The market analysis is as follows.

How rivals are striving to gain market shares

Dunkin' rivals, McDonalds and Starbucks have different strategy to help them gain the market share in the US. McDonalds have remodeled its stores; mounted free wireless internet to its clients added redesigned its chairs and applied softer lighting and colors to build a large customer base. On the other hand, Starbucks have ensured they own all the stores to ensure consistency in their locations.

Global environment

The competitive strategies in the global market include

- Growth of the company through additional stores, where capacity are added
- Well-utilized franchises by efficiently using them
- Enhance availability of enough stock of ingredients to prepare food and beverages

The competitive strategies of Dunkin' Brands have helped it to penetrate the global market at a large extent. The executive have used the strategies to outshine the rivals in the same industry. Furthermore, the strategies have failed to achieve a 100% success since the company failed to come up with a unique strategy that would ensure their products are distinct from those of the competitors.

Internal Analysis

SWOT Analysis - Dunkin Donuts

Strength

- Reputation for high quality brewed coffee

- Largest coffee-by-the-cup retailer in America
- Use of 100 percent Arabica coffee beans
- Brand recognition
- Favorable prices
- Large variety of doughnuts

Weaknesses

- Limited market share in the international market
- Franchisee owners' disputes
- Fragile advertising strategies
- Constrained geographic presence

Opportunity

- Availability of franchises
- Online marketing
- International expansion
- Introducing more health conscious options
- Expansion to United States West Coast

Threat

- People moving to healthier ways of eating.
- Health consciousness
- Recent lawsuit with franchises
- Increased cost of raw materials
- Indirect competition

The key competitive factors in the value chain are outlined below;-

- Further penetration of existing markets
- Disciplines and steady expansion into the new markets
- Differentiating its brand from its competitors

Value for brand Core competency

The company's core value includes focusing on honesty, humility, transparency, respect, integrity, responsibility, and fairness.

Intangible assets

2012 2013

2. 37B2. 34B

Tangible assets

2012 2013

66. 59M55. 78M

The intangible assets of the company are substantially more than the tangible assets indicating the company has a better competitive advantage. This indicates that the company has excellent operative process and hence able to understand the segment in the market and process knowledge to improve their products. However, the decreasing intangible assets for the two years indicate that the company's ability to compete in the market is declining.

According to the annual financial report the 2012 annual revenue and net profit were 658. 18M and 108. 18M respectively. On the year 2013 the annual revenue and the net profit were 713. 84M and 146. 9M respectively.

The company's life cycle

The Dunkin' brands seems to have reached the mature phase of the lifecycle in the specialty coffee industry. This is as a result of the flattening growth of profits and increased sales, hence ranked number two in the industry.

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