

# Dunking' donuts: betting dollars on donut case study

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Dunking' Donuts: Betting Dollars on Donuts Once a niche company operating in the northeast, Dunking' Donuts is opening hundreds of stores and entering new markets. At the same time, the Java giant is broadly expanding both its food and coffee menus to ride the trends, appealing to a new generation of customers.

But is the rest of America ready for Dunking' Donuts? Can the company keep up with its own rapid growth? Serving the Caffeinated Masses There's a lot more to a coffee shop. Some 400 billion cups of coffee are consumed every year, making it the most popular beverage globally.

Estimates indicate that more than 100 million Americans drink a total of 350 million cups of coffee a day. But Dunking' Donuts does, and it's betting dollars to donuts that consumers nationwide will embrace its reputation for value, simplicity, and a superior Boston Creme donut. Nanning New Customers Most of America has had an occasional relationship with the Dunking' Donuts brand through its almost 5,800 domestic outlets, which have their densest cluster in the northeast and a growing presence in the rest of the country.

But the brand has also managed to carve out an international niche, not only in expected markets such as Canada and Brazil, but also in some unexpected ones, including Qatar, South Korea, Pakistan, and the Philippines.

The company had 7,306 Dunking' Donuts stores in the U.S. At the end of 2012 and plans to double the number in the next 20 years. In 2013, it will add another 330-360 restaurants across the country. In order to accelerate <https://assignbuster.com/dunking-donuts-betting-dollars-on-donut-case-study/>

store openings, Dunking' is offering incentives to franchisees such as reduced royalty payments during the initial phase.

Trifles expects the company to add around 300 new Dunking' Donuts stores in the U. S. On average for the next several years. Since cost of Dun kin' Brands restaurants are franchised, the capital requirements to open new restaurants are lower which ensure that the expansion plans do not cause a strain on the company's fiscal situation. Neat Would Consumers Think? None of Dun kin Donuts' moves makes much difference unless consumers buy into the notion that the company has the culinary imperative to sell suggests.

At one point of time Dunking Donuts decided to add on to its product line by incorporating the breakfast menu. There was a doubt in the minds of people handling strategic marketing that even when consumer see the line of products expand into what was once solely the realm of the company's competitors, they may be unconvinced that Dunking' Donuts is the shop to go to for breakfast. For most of its existence. Dunking' Donuts' main product focus has been implicit in its name: donuts and coffee in which to dip them.

First time customer acquainted with this simple reputation were oaten overwhelmed by the wide varieties to donuts stacked end-to-end neat, mouthwatering rows. Playing catch-up to the rest of the morning market, Dunking' Donuts has only recently joined the breakfast sandwich game.

According to spokesperson Andrew Michelangelo, Dunking' Donuts sells approximately one billion cups of coffee a year, for 62% of the company's annual store revenue/ Considering that coffee is the most profitable product

on the menu, It's a good bet that those margins give the company room to experiment with its food offerings.

Changing Course to Follow Demand Faced with the challenge of maintaining a relevant brand image in the face of fierce and innovative competition.

Dunking' Donuts pursued a time-honored business tradition - following the leader. The company now offers a competitive variety of espresso-based drinks complemented with a broad number of sugar-free flavorings Including caramel, vanilla, and Mocha Swirl. Further more, ever-increasing competition in the morning meal market made an update to Dunking' Donuts' food selection inevitable.

The company currently focuses on bagel and croissant-based breakfast sandwiches, including its new Oven-Toasted Breakfast line. On Every Corner Cataracts is known for its aggressive dominance of the coffee marketplace. When a competition opens a new store in town. Cataracts doesn't worry. It just opens a new store across the street, in a vigorous one-musicianship that conquers new ground and deters competitors.

But many who have struggled to compete with Cataracts have ad to do so with limited resources or only a few franchises. Not so with Dunking' Donuts, whose parent brand.

Dunking' Brands, also owns Basking-Robbins. Simple Food for Simple People Dunking' Donuts' history of offering simple and straight forward morning snacks has given It the competitive advantage of distinction as the anti-Cataracts-earnest and Introit pretense. Like Craftsman tools and Levies

Jeans, the company offers a comforting sensibility appealing to simple, modest, and cost-conscious customers. Rhea Sweet Spot Has a Jelly Center Dunking' ' Donuts is trying to grow in all directions, reaching more customers in more laces with more products.

Although Dunking' Donuts often partners with a select group of grocery retailers such as Stop & Shop and Wall-Mart-to create a store within- a-store concept, the company won't set up shop in Just any grocery store. ' We want to be situated in supermarkets that provide a superior overall customer experience," he said. " Of course, we also want to ensure that the supermarket is large enough to allow us to provide the full expression of our brand...

. Which includes hot and iced coffee, our line of high-quality espresso beverages, donuts, bagels. Muffins, and even our breakfast sandwiches. Furthermore, the outlet's location within the supermarket IS critical for a successful relationship. " We want to be accessible and visible to customers, because we feel that gives us the best chance to increase incremental attract and help the supermarket to enhance their overall performance. Rhea company is banking on these mutually beneficial partnerships to help it achieve Midstream marketplace prominence.

Dunking' Donuts is a nationally known brand Ninth a long reputation for quality, giving the company the benefit of not having to Nor hard to earn many customers' trust. But this strategy is not without its risks.

In the quest to appeal to new customers, offering too many original products could dilute the essential brand appeal and alienate long-time customers who respect simplicity and authenticity. If Dunking' Donuts' executives focus too narrowly on franchising new stores, they might not be aware of issues developing in long-standing or even recently established stores. Some older franchises seem long overdue for a makeover, specially when compared to the Cataracts down the block. For the time being, Dunking' Donuts seems content to continue its methodical quest or continental domination of the coffee and breakfast market.

Q. What does a Porter's Five Forces analysis reveal about the industry in which Dunking' Donuts exists? Q. In what ways is Dunking' Donuts presently using strategic alliances, and how could cooperative strategies further assist with its master plan for growth? Q. Which of the globalization strategies will work best in Dunking' Donuts global expansion and why? Q. What should be the strategic, tactical and operational goals of Dunking Donuts so that they will be able to compete with its competitors and at the same time retain its core competence with out diluting it?