



DUNKIN' **DONUTS**

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Destiny Downs

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Executive Summary

Dunkin' Donuts an America's favorite coffee and baked good chain. Dunkin' Donuts continues to evaluate there position and strategies as a business to learn and grow each year to achieve there goal of always being America's favorite coffee and baked good chain. The chain has several strategies and analytics to improve business efficiency and continue to satisfy customers' needs.

In this paper we will discuss Dunkin' Donuts Vision Statement, Mission statement, History, Target Market, Competitive Analysis, Marketing Mix, and SWOT analysis. With each topic we hope to provide information on how the franchise will continue to grow and reach their goal of always being the "leading provider." Also to be discussed will be recommendations and strategies that could be useful for the company to continue and develop.

Mission Statement

Founder William Rosenberg had a goal in which turned into the mission statement which was to, "make and serve the freshest, most delicious coffee and donuts quickly and courteously in modern, well merchandised stores," a philosophy which still holds true today (The Core of our Corporate). The mission has been revised today and what you find on the webpage is a new Mission statement that states " To be the leading provider of the wide range delicious beverages & baked product around the kingdom in a convenient, relaxed, friendly environment, that insures the highest level of quality product and best vue for money. We provide our guest, the elegant service and unforgettable experience ce to meet their expectations in every single visit." (About-us)

Both mission statements that are a part of Dunkin' Donuts come down to the importance of the customer, and this may be why they are the number one in customer loyalty for ten year running (Brand Power). From the chiefs creating new flavors for the consumers and the crew members who

are taught Dunkin's core values and principles to give the consumer the best experience they could with their loyalty and to your taste and time (n.d.)

Dunkin has a list of seven values and five principles, which guide the decisions of all who are associated with the association. The first one is honesty they want each of their employees to "embrace the truth about oneself and the world." The second is Transparency where each employee "demonstrates openness and vulnerability. Third is Humility "acknowledge own mistakes and commit to learning. Integrity is the fourth "say what you think and do what you say." The fifth value is Respectfulness "honor the dignity, inclusion, and diversity of others." The sixth being fairness they want their employees to "do what is right based on common principles." The seventh is the last value, which is Responsibility they want their employees to "make yourself accountable to the community."(n.d.)

The guiding principles of Dunkin are one Leadership responsibility with passion at every level." The second is innovation "excellence in everything we do." The third is execution which they want employees to "ownership, and accountability for results, success, and failure. The fourth principle is social stewardship each employee must "demonstration of good corporate citizenship and responsibility to all constituencies." The last but not least principle is Fun they want their employees to "approach every challenge with enthusiasm, energy, and excitement...celebrate every step of the way!" (n.d.). Dunkin' provides their employees with these values and principles because they want employees and consumers to share a passion for the product and they want their employees to provide the consumer with the most informed information about the company. At the end of the day they want everyone treated with respect and fairness both consumer and employees.

Vision Statement

Dunkin' Donuts vision statement may be short but has a lot more meaning behind it. The vision statement reads "To be always the desired place for great coffee beverages and delicious complementary donuts & bakery products to enjoy with family and friends." (Farfan, B)

The statement comes back to people, as that is their biggest priority from their people, their guest, the neighborhood, and the planet. They believe their people from their employees to the franchisees deserve the same respect and fairness so they are empowered to reach their goals. They are most passionate about their guest and giving them the most delicious products they will enjoy and giving them many options so they can make the best choice for themselves. The next priority they have is their neighborhood, as they want to serve their local communities and provide for the less fortunate and support children's health and wellness to ensure the neighborhoods are safe and secure. The last is the planet they want to make sure the materials that are used to construct and operate the stores are more sustainable for the earth (Farfan, B) Each one of their priorities comes down to making a difference on people and the world in a positive aspect and to influence all to respect each other and respect our planet.

Goals

As Dunkin' Donuts has achieved several of their goals there are still goals they would like to achieve here are a list of some and how they will achieve some of these goals. The first goal is Nutrition at which they would like to reduce sodium by 10% in the US. Another goal they have is to sustain an alternative to the current foam cup. The last goal they would like to achieve by 2022 is to use cage free eggs for the breakfast sandwich (Vision, Mission, & Strategies.).

The Board of Directors

Thirteen Board of Directors for Dunkin' Donuts are Carlos Andrade -Franchisee Northeast, Dunkin' Donuts and Baskin-Robbins, Carol Austin Vice President, Marketing, Baskin-Robbins, Regina Chin National DCP, VP Strategic Sourcing, Brent Fauntleroy Franchisee, Baskin-Robbins BAC, Scott Hudler Vice President, Global Consumer Engagement Dunkin' Brands Employee At Large, Jason Maceda -Vice President, U.S. Planning and Field Treasury Dunkin' Brands Employee at Large, Tom Manchester -Vice President, Field Marketing DD Director or above, Karen Raskopf -Senior Vice President and Chief Communications Officer Dunkin' Brands Leadership Member, Diane Remin -Non-affiliate fundraising seat, David Sisson -Franchisee Midwest, Dunkin' Donuts and

Baskin-Robbins, Konse Skrivanos-Franchisee, Dunkin' Donuts BAC, and Alex Smigelski-Franchisee Mid-Atlantic, Dunkin' Donuts and Baskin-Robbins.

Duties and Responsibilities of the Board

Each member has very defined roles and responsibilities within the business organization. The biggest role for the board of Directors is to hire the CEO of the business and assess the overall direction and strategies of Dunkin Donuts. The CEO's is responsible for day-to-day operations of the business and hiring all other employees. Board of Directors.

History

Dunkin Donuts was founded by William Rosenberg in 1948 in Quincy, Massachusetts with the name Open Kettle. It was a small shop that sold donuts for five cents and premium coffee for ten cents. During a brainstorming session in 1950, Rosenberg and his executives came up with the name "Dunkin' Donuts" for the company, and has been the permanent name for the company since then. His goal was to "make and serve the freshest, most delicious coffee and donuts quickly and courteously in modern, well merchandised stores," a philosophy which still holds true today.

Rosenberg credited Howard Johnson and his chain of franchised ice cream stores with giving him the idea to franchise Dunkin' Donuts. In 1955 the first franchised Dunkin' Donuts was opened in Dedham, Massachusetts, selling 52 varieties of donuts. In just 8 years in 1963, the number of restaurants had grown to over 100 shops. This was also the year Rosenberg's son Robert, then 25 and a Harvard Business School graduate, took over as CEO of the company until 1999. Under Robert's leadership the company changed, streamlined its menu offerings, moved to paper and Styrofoam cups, and introduced muffins, bagels, donut holes (Munchkins), croissants, breakfast sandwiches, Coolattas and other beverages.

In 1965 the first franchise opened outside of the U.S, so international expansion began. In 1990 Allied Lyons, a company that operated restaurant businesses, including Baskin-Robbins, purchased Dunkin'

Donuts. Allied Lyons was then renamed Dunkin Brands Inc. with Dunkin' Donuts and Baskin-Robbins as their main subsidiaries, and that is how Dunkin' Donuts has been managed to this day. By 1998, the brand had grown to 2,500 locations worldwide with \$2 billion in annual sales that year. In 2006, Dunkin' Donuts began to use the slogan "America Runs On Dunkin'" which has helped in its marketing efforts tremendously. The slogan is still used today and it is an icon in modern branding techniques.

Dunkin' Donuts has also become a leader in digital innovation. The Dunkin' Mobile® App created in 2012 allows guests to pay right from the app with their virtual Dunkin' Donuts Card. The App also lets guests browse the menu, locate the nearest Dunkin' Donuts restaurant, access their DD Perks® account to find mobile coupons and offers, and more. In 2016, Dunkin' introduced On-the-Go Ordering, which allows DD Perks members place a mobile order up to 24 hours in advance, select their desired location, and then pick up their order inside a Dunkin' Donuts restaurant, or at the drive-thru.

Today there are over 11,000 Dunkin' Donuts locations worldwide and offers over 1,000 menu items. The CEO for Dunkin Brands Inc. has been Nigel Davis since 2009, and with his board of directors and management team, Dunkin' Donuts has continued to strive in the food and beverage industry as an international leader. The company continues to expand into different geographic markets, with further international and domestic expansion.

Target Market

Dunkin Donuts has a wide target of consumers including both genders and all incomes. The targets are segmented into the following categories: Students, Workers, The youth/children, and families.

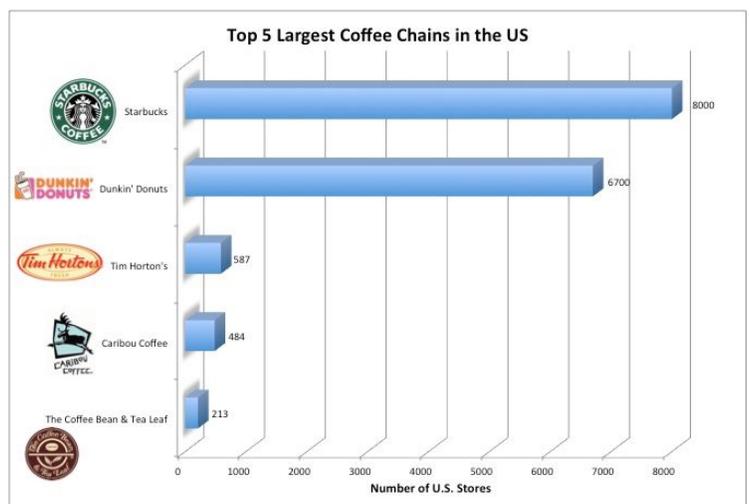
Consumers in the student's category are likely to range in age from 18 to 25. These coffee influencers have an average income and are always on the go.

The workers' audience are usually 25 and older. People who work 70 or more hours a week can fit this segment. Dunkin Donuts fast service strategy accommodates to their busy schedule. The kids/youth group are target with certain products like baked goods and frozen beverages and ages range from 5 to 18. The families are a broad category with multiple members. This group is a strong target since the average U.S. household consumes 4.2 cups per day. Consumers are often categorized as socialmoms, family travelers, and even sports fanatics. Obtaining this details on the potential consumers allows Dunkin Donuts to strategize how these people will be reached with their marketing efforts.

Competitive Analysis

Dunkin Donuts has many competitors when it comes to coffee distributors and quick serve restaurants. For the past eight years Dunkin Donuts has been recognized for having the #1 loyalty when it comes to coffee. The franchise makes it easy to accommodate to the consumers' preferences based on

location, for example in Korea they serve coffee cubes with most beverages because it is a trend in those areas. In 2013 Dunkin Donuts reported to have the number one share in regular, decaffeinated, flavored, and hot coffee, as well as donut, bagel, and muffin servings amongst other quick serve



restaurants. On October 1st of 2012 their stock price in coffee was at \$31.00 and since then has almost doubled to \$59.57. The image below represents the largest coffee chains in the United States.

Marketing Mix:

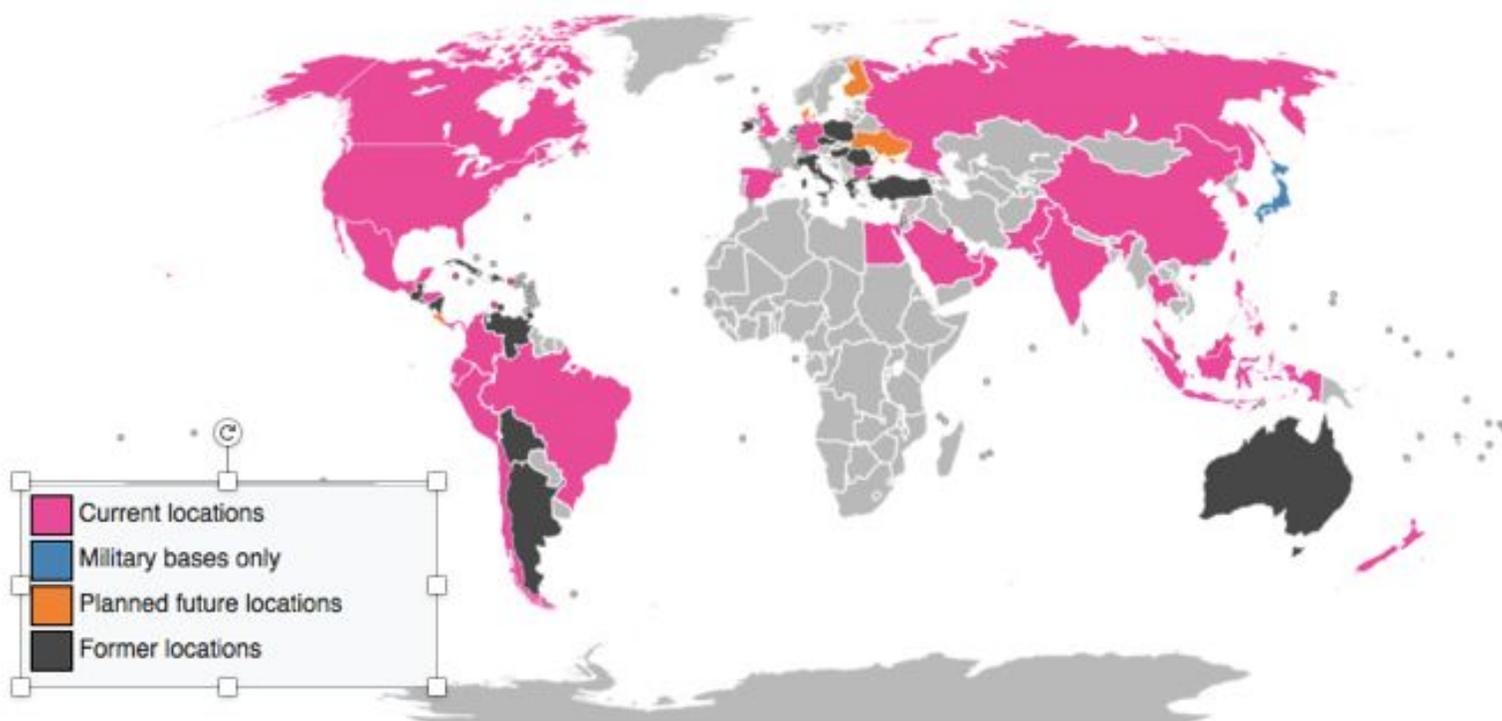
The organization can be categorized as a social marketer, meaning they engage closely with their various target markets with the marketing objectives to increase sales. They use strategies to stay in competition with other coffee distributors and quick service stores. With strong appeal from a wide range of consumers. They currently use social media platforms including Facebook, Twitter, Google+, YouTube, Pinterest and Instagram. With more than 6.6 million fans on Facebook, this platform alone provides free and effective advertising. They also use a blog on their website, updated on a regular basis as a way to engage with consumers. Dunkin Donut's marketing mix can be further explained with the Four P's of marketing.

Products

The products offered by Dunkin Donuts includes a large selection of hot and iced coffee, frozen beverages, doughnuts, cookies, muffins, danishes, bagels, sandwiches and more. Despite the companies' name, doughnuts are only 8% of total sales. Other baked products are at 25% of total sales. Dunkin Donut's acquires an average of one million annual sales in coffee and remain as a leading source for coffee in America. The high-quality products create an advantage amongst various competitors. Dunkin Donuts also offer a variety of their coffee creamers in grocery stores.

They have also allowed consumers to purchase their beverages to be made at home, like packaged tea or coffee and K-Cup pods which can be made using a Keurig coffee machine. From May-December 2015 there were more than 150 million K-cups sold. These Dunkin Donuts products are offered in subscriptions, meaning they can be delivered to your house as often as you need them. These product placement approaches make it even easier to reach the busy target market of Dunkin Donuts.

They have also created new menus that accommodates to specific consumers like those who are looking for a quick meal with reduced fat, calories, sugar and sodium. This menu includes products like muffins, wraps, bagels, and oatmeal. They also have a breakfast menu with products like hash browns and breakfast sandwiches to compliment the coffee items.



Place

Dunkin Donuts is currently located in about more than 60 countries across the world including Brazil, India, Japan and China. About 40% of all international sales come from South Korea. Dunkin also obtains nearly 7,600 outlets in the U.S. alone. The organization uses an approach where store locations are in a convenient place for consumers to quickly grab a beverage and meal. Dunkin has expanded on the same approach by having 24 hour operating locations and obtaining a presence in new settings like airports, gas stations, food courts, supermarkets, malls and even Walmart stores. Below is a map where Dunkin Donuts global presence is displayed in pink.

Price

Dunkin Donut's can gain strong competitive advantages when it comes to their reasonable prices on all the products they offer. Their products are affordable for all groups targeted by their marketing efforts. Having a menu that can accommodate to all incomes can increase sales and brand recognition. Dunkin can specifically benefit from obtaining a more affordable product base than their well-known competitor, Starbucks's. Dunkin Donuts choice of creating policies regarding prices has resulted in a gain of loyalty from their foundation of customers. Despite their already realistic prices, Dunkin Donuts offers their consumers coupons and deals to make their products an ideal purchase to all potential consumers. Maintaining strong relationships with suppliers allows Dunkin Donuts to buy supplies in bulk, cutting costs and justifying their low prices. The image below displays Dunkin Donuts prices with competitors.

<u>Starbucks vs Dunkin' Donuts</u>		
<u>Prices</u>		
	Tall-\$1.75	Small-\$1.39
	Grande-\$1.96	Medium-\$1.69
	Venti-\$2.07	Large-\$1.89
		

Promotion

Dunkin Donuts keep up with their high profile through marketing efforts like print media, broadcast media, event sponsorships, charity involvement and more. The famous Dunkin Donut's logo and multiple catch phrases are a strategy to be memorable to the consumer. The organization also interacts with loyal consumers through social media platforms like Facebook, Pinterest, YouTube, Instagram, and Twitter. Dunkin Donuts also offers their supporters reward memberships programs. The Dunkin Donuts Perks rewards system has more than 4.3 million members using the benefits offered by the company. The promotion objectives include raising brand awareness, maintaining good reputation and increasing sales. These promotion plans have been successful for the organization by driving growth and raising the brand awareness in the United States to 94%.

SWOT Analysis

Strengths

Brand Recognition: With its strong geographic coverage, legendary variety of more than 1,000 doughnut products, and strong loyalty from their customers, Dunkin Donuts is one of the most recognizable quick-service restaurants in the world. The company's tag line "America runs on Dunkin'" reminds us of the loyalty that its customers possess for its pastries, bagels, muffins, and coffee. Meanwhile, Baskin-Robbins brand is one of the most notable ice-cream parlors in the world. Its trademarked 31 flavors helped it grow in the 1940s and 50s, and the company now has roots in many of the largest economic markets in the world. Together under Dunkin Brands Inc, Dunkin' Donuts and Baskin-Robbins have become some of the most recognized brands in the modern world.

Convenience: Dunkin Brands' storefront offers customers a time-saving opportunity that is valuable during breakfast hours. Many of its various locations offer drive-up service and others are located strategically in and around airports, train stations, and travel ports that generally necessitate fast service. The advance that the company anticipates in China and the Middle East over the coming years will likely stem from the company's growing position in these geographies. Along with the convenience of their online and app ordering, including ordering 24 hours in advance, convenience has become one of Dunkin' Donuts most prominent strengths.

Weaknesses

Poor Franchisee Relationships: In order to grow a franchised business, the franchisor must be able to attract new ownership to manage its locations. The franchisor should offer a proven business plan and support the needs of those that operate its storefronts. That said, Dunkin Brands has a significant history of lawsuits with its franchisees. In 2010 alone, the company experienced legal battles with 15 separate owners. And while those that have opened franchises over the course of the company's history have been able to fatten their wallets, this history of bad relationships could be enough to deter potential investors from entering the Dunkin Brands Inc. family.

Domestic Expansion: Opportunities present in the emerging economies of the world are intriguing for Dunkin' Brands. However, maintained expansion within the United States may not be as easy to come by over the long term. The current layout of restaurants suggests there is little room for the company to grow in the Northeast, where the majority of its sales come from. When delving into the company's geographic sales breakdown, sales volume significantly drops off in the Midwest, and that could make it difficult to find franchisees willing to take a position in those locations. Westward expansion in the United States could be a good tactic for Dunkin Donuts in the future.

Opportunities

International Expansion: With more than 11,000 total locations, and an expectation to expand to more than 30,000, international markets will soon be saturated by new Dunkin' Donuts locations. There are a multitude of emerging economies that could provide growth opportunities for Dunkin Brands. And if the company continues expanding its base on the West coast of the U.S., and generates stronger volumes from its present locations in the Midwest, the top line would certainly see a material increase. By opening up to these new markets, Dunkin' Donuts can further increase their brand recognition and will establish themselves everywhere. This could also open a door to new product development thanks to the different preferences of people around the world.

Menu Diversification: The company has more than just entertained the idea of breaking into lunch and dinner dayparts over the past few years. Dunkin has added new sandwiches and drink options to its menu to meet this growing demand. But to go even farther, the company has a significant opportunity in the health craze that has swept the nation recently. Therefore, we would keep an eye on low-calorie items, and generally health-conscious choices going forward. This helps Dunkin' Donuts relate to their current customers better and could even attract new customers to try the different products.

Threats

Strong Competition: Dunkin Donuts may have a strong presence in Northeastern United States, but

elsewhere it is not always the dominant breakfast force on the market. Companies like Starbucks and Krispy Kreme have been worthy adversaries in the battle for quick-service dominance in the breakfast daypart. And now, competition from local coffee shops and bakeries has grown, as well, with cultural changes in some urban areas resulting in an unfavorable view for large restaurant chains. So “shopping local” could negatively affect the company. All the while, Restaurant Brands, the operator of Burger King, recently made the move to acquire Tim Horton’s, the Canadian coffee distributor. Under the wing of the burger chain, we may soon witness another attempt by the company to crack into the larger American markets.

Raw Material Costs: Coffee beans are subject to substantial price fluctuations and potential shortages. While there haven’t been particularly noteworthy price changes recently, we have seen the negative effects that coffee shortages have had in the past. If commodity prices rise again, which is likely, franchisees could witness reduced sales due to lower consumer demand stemming from higher retail prices. So if coffee demand continues to increase to the point where prices will have to rise, then Dunkin’ Donuts will have to come up with a strategy to at least stay in business as a lower cost coffee brand.

Conclusion

Dunkin’ Donuts has done a great job overcoming difficult operating environments and has many opportunities to further develop as a brand. They are one of the top-leading brands in the restaurants industry. They have been successful in using digital technology and a loyalty program to increase sales recently, but could further improve by implementing our suggestions. Dunkin’ Donuts has become the company that it is today by having over 65 years of experience in selling their products. Brand loyalty has been key to them because of this, and they are adding even more loyal customers internationally. It would take a very large threat for Dunkin’ Donuts to lose business and lose the company, so if they are safe if they continue to practice the business plans that have worked for them through the decades.

Where will Dunkin Donuts be 3-5 years from now:

Our research has led us to believe that in 3 to 5 years from now, Dunkin Donuts will continue to expand internationally to new locations and create new opportunities for itself. They will try new approaches to reach consumers, and find new ways to stand out from competitors. The brands openness to innovations are leading them in the right direction, while maintaining their distinct brand image. The brand will gain the loyalty of new audiences by staying up to date with the trends in consumer preferences. This ethically responsible organization will learn from their mistakes and keep competing to increase consumer base continue expanding their stock price.

Suggestions

We suggest that Dunkin' Donuts continues their efforts in expanding both domestically and internationally. In the united States, Dunkin' Donuts should focus on franchising more in the Midwest and West regions, as those are where the fewers locations and lowest sales are. By expanding, they can gain a more American presence and dominance. Internationally, Dunkin' Donuts is expanding well into other geographic markets, so continuing to franchise globally is a great idea. This will help keep the brand alive for 65 more years.

Because healthier foods are a big trend, we suggest that Dunkin' Donuts diversify their menu for a more health-conscious target market. By adding a submenu of these items and marketing them, then Dunkin' Donuts will be able to see an increase in sales, they will reach a new target market, and their overall image will improve. By also diversifying their menu for a lunch or dinner audience, they will be providing products that will suit customers at different hours of the day, broadening their business spectrum.

We also suggest that Dunkin' Donuts improve their social responsibility efforts by advocating for sustainably-produced coffee beans. This will improve their image by letting customers know that they are trying to produce their products sustainably. This will also make their threat of rising raw material cost diminish because their coffee will be sustainably produced.

Resources

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