

Dunkin' Donuts Marketing Plan

Principles of Marketing

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Overview of Dunkin Donuts

Dunkin Donuts is an American based global donut company and a coffeehouse whose headquarters are based in Canton, Massachusetts, in Greater Boston. The company was established in the year 1950 by William Rosenberge in Massachusetts. Since inception, Dunkin Donuts has experienced unprecedented success that has made it become one of the biggest and leading coffee and baked good outlets globally. Currently, Dunkin Donuts has over twelve thousand restaurant in more than 36 nations. The products that are sold by Dunkin Donuts comprises of donuts, bagels, other baked goods, and a variety of hot and iced beverages. Nevertheless, it can be pointed that even though one might get the impressions that the company's main revenues emanates from the sale of donuts, that is not the case since only 8% of the revenues generated by Dunkin Donuts comes from the sales of donuts. Indeed, 65% of the revenues comes from the drinks while the remaining 27% comes from other food related items. Some of the hot drink items that are sold by Dunkin Donuts comprises of coffee, tea, and hot chocolate. On the other hand, the cold drinks sold by Dunkin Donuts among others comprises of iced tea, ice coffees, ice lattes, and ice macchiatos that are flavored in different flavors such as caramel, hazelnut, and vanilla among others. Since the year 2006, the marketing slogan used by Dunkin Donuts states that "*America Runs on Dunkin*"(Dunkin Donuts, 2017). Some of the main competitors of Dunkin Donuts comprises of; McDonalds, Starbucks, Gloria Jean's, Dutch Bros, and Yum Brands.

SWOT analysis

SWOT analysis as explained by White (2012) is an analysis tool that is mainly used to analyze the strengths and weaknesses of an organization as well as the opportunities and threats that the organization is likely to face. In this section, the SWOT analysis of Dunkin Donut is presented.

Strengths

- a) A strong brand that is well known in various parts of the world
- b) Customer loyalty as many customers
- c) A variety of products from which customers can choose from
- d) Good knowledge of the market as the company has been in the market for a long time

Weaknesses

- a) Poor relationship with the franchisee
- b) Common perception that the products sold at Dunkin Donuts are unhealthy

Opportunities

- a) The company has the opportunity to expand into new markets where it is yet to establish presence to
- b) The company has the opportunity to introduce new line of products that are totally healthy

Threats

- a) Increased competition from existing competitors as well as new entrants
- b) Persistent increase to the number of people who are health conscious would result to the organization experiencing major decline in sales

Product line for the marketing plan

As is evident from the SWOT analysis, Dunkin Donut's main challenge at the moment can be explained to be the increased number of customers who are now conscious of the impacts that the meal they consume can have on their health. As a result, an increasing number of people are now keen on having healthy meals and the general perception that meals sold by Dunkin Donuts are not healthy is definitely going to have a major impact into the operations of the company if nothing is done. From that perspective, it is suggested that the company undertakes a marketing campaign that aims at making the target customers that Dunkin Donuts also offer various products on the menu that are quite healthy. Indeed, by doing that, the company will be able to appeal to a lot of customers who are health conscious.

SWOT based argument on why the proposed marketing campaign warrants investment

As already pointed out, it is high time that Dunkin Donuts implements a marketing campaign that debunks the common perception that the meals sold by the company are unhealthy and should not be consumer by anyone who happens to be health conscious. In this section, a SWOT based argument on the reason why the proposed marketing campaign warrants investment is discussed.

Strengths

- a) Dunkin Donuts is a well-known brand that has been in existence for a long time
- b) The company has the required resources and experienced marketers to ensure that the campaign will be effective

Weakness

- a) Majority of the target customers are already of the view that products sold by Dunkin Donuts are not healthy products

Opportunities

- a) Dunkin Donuts has the opportunity to increase its customer base by appealing to health conscious customers

Threats

- a) The competitors are likely to copy the strategic move by Dunkin Donuts once they find that it is been effective

Marketing Plan Focus

Based on the Dunkin Donut's SWOT analysis, it is evident that there exists some opportunities in increasing the current marketing processes of Dunkin Donuts' charitable foundation. In this regard, it is essential for Dunkin Donuts' customers to know about the charitable organization that exists to assist the needy children in their community. The marketing goal is to increase the sales of the company by a substantial amount. Sales increase can be made possible through attracting more customers through advertising as well as publicity effort. The marketing strategy will target new customers and change them to repeat existing customers as well as attract other potential clients. According to Cravens and Piercy (2006), a marketing plan is a company's blueprint or a comprehensive document that shows the organization's marketing and advertising strategies for the coming period. Thus, the charitable foundation can be used as a marketing campaign to attract more customers into the business. In this view, a single product

'Dunkin Munchkin' will be selected to be utilized for the charitable foundation. All the revenue earned as a result of Dunkin Munchkin will be invested in the charitable foundation. In fact, the Dunkin Munchkin will be sold in all restaurants and customers will be informed that if they buy the Munchkins, the revenue earned will be directed to the foundation.

Dunkin Donuts has been labeled as the father of all fast food shops in the U.S and across the globe (Schmidt and Oldfield, 1999). Therefore, customers will not have a problem buying any new product from the Dunkin' Donuts. The Munchkins sold in different restaurants of DD will be paired up with different ingredients and flavored glazes. The flavored ingredients will offer the customers different tastes that are offered by all Dunkin' Donuts. Besides, some glazes will be developed for the global market while others will target the home country—the United States.

For instance, a proposal will be made a plain cake Munchkins that is flavored with a citrus glaze to be sold in South Korea, and a Nutella flavored glaze for Germanys (Dunkin' Donuts, 2016). Also, customers would be allowed to choose the Munchkin as well as the glaze they wish to have as a mix. However, this will only be offered for a limited time promotion where 65% of the sale's revenue will be plowed back to the business and 35% of the sales to be directed toward Dunkin' Donuts & Baskin-Robins Community Foundation. The promotion will only run from April to September as a summer marketing campaign. The proceeding part of this paper discusses the marketing plan to be used for Dunkin' Munchkins.

Segmentation Approach

Demographic Segmentation

Segmentation method involves the process of dividing the market into different small groups according to gender, age, and geographical segmentation (Lin, 2002). In the Dunkin'

Munchkins marketing plan the demographic segmentation approach will be applied. To begin with, the Dunkin' Munchkins is likely to appeal more to a younger and middle-aged demographic population because the product is new in the market, attractive as well as it offers the customer a choice to select from different flavors of Munchkins and glazes. However, the Munchkins might less appeal to older demographic because in most cases older people do not like changing their usual diets or choices because of health issues.

Secondary, behavior segmentation will also be applied to actually implement the Dunkin' Munchkins product. In this case, the behavior to look for in this segmentation is that of people who like taking the risk in trying new products as well as enjoy changes in their regular choices. In addition, we will also be looking for the segment of individuals that like to purchase products for a certain cause. In this case, these types of people will desire to purchase Dunkin's Munchkins product because the money earned through its sales goes to the charitable foundation. In this view, the above analysis reflects back why the demographic segmentation with specific demographics is selected in marketing the Dunkin' Munchkins.

Geodemographic Segmentation

Geodemographic segmentation approach can be described as a range of methods utilized to characterize and classify localities or neighborhoods from the residents living close to each other are likely to have the same social-economic, demographic, as well as lifestyle features (Wedel and Kamakura, 2012). In this case, the geodemographic segmentation approach includes people living in the United States and who like traveling. In short, the geodemographic segmentation will include students and young adults of the middle class. Through geodemographic segmentation approach, the marketing plan will attempt to target all races and gender and working-class people who might be happier buying a product whose money will

benefit future generations. However, this campaign will not use psychographic segmentation approaches as it is not applicable to this particular Dunkin Donuts' product.

Target Definition

The target for Dunkin' Munchkins will include young people as well as middle-aged individuals with families. On the basis of age, the marketing plan will be targeting people between the ages of 16 to 40. Basically, the product Munchkins appeals more to young people as well as children. Therefore, bring forth the family group is imperative as it will be easy to target children. The marketing plan is also targeting individuals that like enjoying a thrilling, and purchasing a product that can bring a positive influence on their society. In this case, young adults like to be associated with products and companies that give back to the community.

Position Statement

Dunkin' Munchkins offers the young as well as middle-aged people, who might not have an opportunity to travel around the world, an opportunity to taste the glaze flavor of other parts of the world, while at the same time making a significance difference in the lives of the needy people in their community. The marketing plan will post the question- so where in the world are Dunkin's your favorite Munchkins?

Marketing Mix Discussion

According to White (2012), a marketing mix is an effective tool used by marketers to develop marketing strategies and implement it with essential tactics of using the 4Ps. The following are the marketing mix for Dunkin' Donuts promotion strategy:

Marketing Mix: Product

Basically, this marketing plan is all about the product that exists in the Dunkin' menu the 'Munchkins'. However, the additional feature that is being done to this product is the provision of choices of glazes that presents different flavors of other nations where Dunkin' Donuts operates. This means that customers will have an opportunity to taste the flavors of different countries without having to travel to those nations. This marketing plan is also bringing the attention of the people about the Dunkin' Donuts & Baskin-Robins Community Foundation and it to this campaign. Thus, this helps customers to taste the flavors the world and at the same time assist children in their community without spending a lot of money or leaving the country. Indeed, after this campaign proven to be successful, the promotion will run again but this time using a different product like breakfast sandwiches or Coolattas.

Marketing Mix: Price

One of the core pricing strategies to be employed in this campaign includes the volume maximization. The primary reason for selecting this particular pricing strategy is because we plan to sell as many products as possible during a particular period. Even though this is a three-month exercise to gather enough funds to support the Dunkin' Donuts & Baskin-Robins Community Foundation, it is also essential to extend the period to collect funds for the charity if possible. Besides, the marketing plan also aims at using this opportunity to maximize the volume of sale of Dunkin Munchkins product.

Moreover, a fixed price strategy will also be utilized to promote and sell the different flavors for Dunkin'. Indeed, not many coffee or doughnut shop provides dunking sauces; therefore, this is a positive move for the coffee shop market around the world. However, this product is not entirely new to the fast-food market, therefore, benchmarking for different prices at

various fast food store would be an added advantage in determining the price to offer for the Dunkin's Munchkins.

In most cases, Munchkins are sold for a skimming price of \$6.50 for a 25 count. Indeed, it is possible to walk into a store and buy a brand doughnut for less than \$5, but they do not have the flavor offered by Dunkin's and they are not as fresh as the customer might need it to be at that particular time. For instance, Krispy Kreme Stores sells a 24 packet of glazed raised doughnuts for approximately \$4.15 (Fast Food Menu Prices, 2016).

Therefore, to set new prices for the Dunkin glaze, it is important to benchmark from other fast food companies. For example, according to Fast Food Menu Prices (2016), the price of sauces at McDonalds is \$0.25 per sauce while places like Pizza Hut charges \$0.50 per sauce. With this in mind, we can be able to set the new prices for Dunkin' Munchkins, and thus we will be able to remain neutral and compete with other fast food shops as we will be charging \$0.50 per glaze. Moreover, we can have a promotion by offering three glazes for approximately \$1.20.

Marketing Mix: Promotion

The time limit for this promotion is very limited as it will run from June through August in the U.S. in fact, this is the period when most children and young adults are not in school and traveling is common. In addition, this period of time is selected for this promotion because most people like traveling during the summer holidays and in the course of their trips, they tend to stop to popular fast food joints like Dunkin' Donuts for some snacks. Personally, when traveling I like stopping at Dunkin' Donuts for breakfast or snacks as it has different products that appeal to each person in the group or the family.

Another reason I decided on this particular promotion is the fact that Dunkin' Donuts is an international coffee house and has some of the most exciting flavors across the globe where

they operate. In fact, most of the flavors that Dunkin' offers us in the U.S are few compared to what is offered there outside the home country. Also, it is during this research that I noticed that Dunkin' Donuts has a foundation, which I had not heard about and what they do, therefore, it was essential to expand the functions of that foundation in such a time where consumers expect companies to return to the communities. Indeed, this promotion will largely appeal to existing customers who are committed and conscious of their surroundings or communities, as well as new customers that had no idea about Dunkin' Donuts charitable foundation and their involvement in their communities.

Social media will be used in the promotion of this product. In fact, the social media is an interactive and vital element in passing the message to young people across a diverse region. Most young people are said to spend most of their time in the social media and this is a great opportunity to let them know about the promotion at Dunkin' Donuts. The slogan in the social media will be "so where in the world are you Dunkin's your favorite Munchkins?" In addition, Dunkin' Donuts offers numerous kind of food on their menu (Dunkin' Donuts, 2016). In fact, this will allow young people and young adults to post pictures or captions as they dine in the Dunkin' Donuts Facebook feed or Twitter feeds about their combination and favorite glazes and Munchkins as well as what country they are having their Munchkins. The benefit of the social media is that it cut down the cost of the marketing campaign as the product will be marketed by customers when responding to the slogan of the promotion.

With 35% of sales of Munchkins sales going to the community foundation, then if a customer were to purchase a 30 pack of Munchkins with four glazes, they would pay \$8.75 without the local and state tax, and thus the foundation would gain \$2.78 for each of such sales. The fact is this might not appeal like a lot of money, but with effective marketing promotion such

as online banner adverts, T.V, Radio, local customer mail, and social media, these will generate a generous amount of charitable funds. It might be argued that the charitable contribution might be a loss of revenue to the Dunkin' Donuts, but the reality remains that it is a winning situation as the company will build its name both locally and internationally. As 35% of each specific product is directed towards the charitable contribution, there will be a direct tax write off for the Dunkin' Brands and also 30% of the marketing dollar for it.

Marketing Mix: Place

The promotion will be designed to run in all Dunkin's Donuts shops in the U.S. as an incentive in order to make all shops in the U.S participate, the company will offer one paid shift for any sales person or cashier that sells or promotes the most glaze and Munchkin combination. The company will also offer a two day paid vacation and bonus for the sales manager as an incentive to promote the product. The employee's incentives will be distributed regionally and therefore, there will be an opportunity for employees to participate and be successful. The store receipts will clearly show how much contributions to the foundation and it will be displayed in different media like social media for the customers to understand their positive impact to the society.

Additionally, the customers will more purchases will earn double perks bonus points of Munchkins as well as glaze combinations. The company will set a tracker to show each Dunkin's donuts perk customers the positive impact they make on the community. There will also be a countdown calendar that will be easily available to perk customers in order for them to understand how many days left for them to earn bonus points and contribute towards the charitable foundation.

For transparency purposes, all necessary information about the DD community foundation will be made available to the company's website, in the store, the customer's app, as well as in emailed circulations.

Potential Success Metrics

There are several ways in which the outcome and the success of this campaign can be evaluated. First, the increase of the Dunkin' Donuts customers can be evaluated through by the increase in the number of app downloads. In addition, the increase of sales of the DD Munchkins as well as the flavored glazes sold can be determined by comparing with the number of the same products sold the previous years. Historically, Dunkin' Donuts is known for its contribution toward the development of the communities in areas they operate in (Connelly, 2016).

The success of the promotion can also be measured by the amount of dollar collected for the purpose of donations by Dunkin' Donuts & Baskin-Robins Community Foundation in this promotion as compared to other promotions that were conducted in previous years. In addition, the promotion is projected to have some positive impact on the bottom line within the three months that it will run because once the customers purchases the Munchkins they will need something to drink. Therefore, the effect of this promotion is also projected to be seen beyond contribution toward the charitable foundation as a result of the increased Dunkin' Donuts perk customers. Indeed, the promotion will be viewed as a 360-degree win for the Dunkin' Donuts across the globe.

International Considerations

The international consideration is to improve and promote the “taste of American flavors.” Either it is through the Munchkins, a flavored glaze offered as a compliment to the Munchkins, or other food products in the DD menu, the promotion will be aimed at promoting the different flavors offered by Dunkin’s America. Indeed, the promotion has the chance to provide the local customers to taste different American options of their excellent menu products without having to travel to different parts of the United States. Dunkin’ Donuts has been rated number 1 ranking for customer loyalty within the coffee class by Brand Keys for 9 years now (Dunkin’ Brands, 2014). Therefore, such ranking will help the DD to be recognized not only in the local market but also in the international markets. As the Dunkin’ Donuts community foundation runs in the U.S, the international consideration would to have some projects such as the construction of playgrounds for the children living in the community as their core objective and set 30% of promotion sales toward that specific objective. In fact, the objective or goal should be in-line with something needed by a specific community so that such promotion might have some positive impact on the local people. In this view, the schedule of the timetable needs to be lengthened or shortened in accordance with the goals and objectives set by each international location.

Conclusion

The reason that the promotion should be funded is that it will enable the Dunkin’ Donuts to bring the tastes and flavors of many different parts of the world to the local customers that might not have an opportunity to travel and indulge into such excellent glaze and Munchkins. In addition, the promotion should be funded because it brings the issue of charity into the business and most customers need to be associated with companies that give back to the community.

Indulging into the problems of the community, Dunkin' Donuts is able to bring premium products to their existing and potential customers. Indeed, this leads the Dunkin' Donuts and Baskin-Robbins Community Foundation to have a vision for public watch, and thus allow both the company and the foundation to grow even more and positively impacting the community. Dunkin Donuts appeals to target all markets because of the products they sell as well as their partnership with Baskin-Robbins. In fact, both have products for different markets that target all genders, age, race, and nationalities. Nevertheless, Dunkin' Donuts have not lost their touch with the people as their main target is individuals in the age between 20-55 years, working class, all gender and all races. Donuts and coffee are the main driving force of the company, but as the environment change, different menus are added to the menu to keep the company updated with the new generation. Therefore, the promotion plan will be effective as people not only associate Dunkin Donuts with coffee and Donuts but as well as another type of fast food.

Moreover, the promotion initiative is a move projected to reach out to the people in the community to know about the charitable foundation and give them a chance to be part of building and developing the children in their society. Thus, the marketing plan will automatically connect Dunkin' Donuts and the Community Foundation with future generations.

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