

 Dunkin’

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 Omni- Retailing Channel

 Prepared for Dr. Woods

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**About the Author**:

Alexia Hernandez is a Brand Rebuilder who has helped many retail-chain food chain brands Shake Shack, KFC, and Taco Bell. She is from New York City and was born and raised in Upper Manhattan. She received her bachelor’s from New York City college of Technology and then her Masters in Business from Columbia University. Hernandez’s book The Key to a Successful Brand was published in 2016 and became a New York Times Bestseller. Hernandez now lives in the Upper West Side and enjoys her collection of music and fashion magazines. She will soon be featuring in a Ted Talk and will giving strategies and advice on how to obtain a success business plan and profitable brand.

 

**History of Dunkin’:**

Dunkin’ formally known as Dunkin’ Donuts is an American multinational quick service restaurant chain based in Canton Massachusetts. It was founded in 1950 by William Rosenberg (NY Times, 2002) Dunkin’ Donuts was predominantly at first selling coffee and donuts. The restaurant became successful almost immediately and Rosenberg started to sell franchises. In 1963 Rosenberg son became the CEO of the company at just 25 years of age also opening its hundredth store that year. By 1998 the company had grown to 2,500 locations worldwide with 2 billion dollars in annual sales. In December 2005, Dunkin’' Donuts and Baskin-Robbins (by then operating under the name Dunkin’ Brand were sold to a private equity consortium of Bain Carlyle Group , and Thomas H. Lee Partner for $24 billion (Atlas, 2018). By 2010, Dunkin' Donuts global sales were $6 billion (Atlas, 2018). In 2018 Dunkin’ began to incorporate new concept to make the company more appealing as well as dropping Donuts from its name in order to appeal to health conscious customers (Picchi, 2017). On July 11, 2018, Dave Hoffman took over as CEO. He is looking to add about 1,000 locations in the United States by the end of 2020 (Chesto, 2018).

**Profit Growth:**

According to Zack Investment Research “Over the next five years, analysts that follow this company are expecting it to grow earnings at an average annual rate of 12.44%”. “This year, analysts are forecasting earnings increase of 12.01% over last year. Analysts expect earnings growth next year of 8.95% over this year's forecasted earnings” (NASDAQ, 2018)



**Target Market:**

Dunkin’ has always marketed itself as selling coffee for people on the go. Their slogan “America runs on Dunkin’” is a perfect description of who they want their target market to be. Dunkin’ Donuts coffee is what people drink on the way to work while on the car or on the subway ([MightyStudents.com](http://mightystudents.com/), 2010). Consumers of Dunkin’ generally make fast decisions or already know what they want because of the quick service that is offered. Dunkin’ carries low involvement products and has a low risk for failure, as well as a low price tag ([MightyStudents.com](http://mightystudents.com/), 2010). The target market for Dunkin’ would be a working class group, of a low to medium income, who wants things quick and easy, with a low price point. Though Dunkin’ has a reputation for brewing quality coffee, their coffee beans being 100% Arabica, it’s still has a low price point which makes the consumer not only aware of cost but aware of quality. In recent years I believe Dunkin’ target market has become a younger age group because of the price. Since more teenagers are drinking coffee now and the price for Dunkin’ is low more teenagers are going to Dunkin’. Their selection of donuts and sandwiches is another reason why a younger crowd is consuming Dunkin’.

**Market Corporate Mission:**

Dunkin’’s mission statement according to [Dunkin’donuts.com](http://dunkindonuts.com/) is “Everything we do is about you. From chefs who create exciting new flavors, to crew members who know exactly how you want your drink—we prioritize what you need to get you on your way. We strive to keep you at your best, and we remain loyal to you, your tastes and your time. That’s what America runs on” (2018).

**Financial Data & Balance Sheet:**

Information was found on investor.Dunkin’brands.com (2018).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **FIRST QUARTER 2018 KEY FINANCIAL HIGHLIGHTS** |  |  |  |  |
|  |  |  |  |  |  |
| (Unaudited, $ in millions, except per share data) | **Three months ended** |  | **Increase (Decrease)** |
| *Amounts and percentages may not recalculate due to rounding* | **March 31, 2018** | **April 1,****2017(1)** |  | **$ / #** | **%** |
| Financial data: |  |  |  |  |  |
|      Revenues | $ | 301.3 | 296.4 |  | 5.0 | 1.7% |
|      Operating income | 89.8 | 86.8 |  | 3.1 | 3.5% |
|      Operating income margin | 29.8% | 29.3% |  |  |  |
|      Adjusted operating income(2) | $ | 95.7 | 92.1 |  | 3.6 | 3.9% |
|      Adjusted operating income margin(2) | 31.8% | 31.1% |  |  |  |
|      Net income | $ | 50.2 | 44.3 |  | 5.9 | 13.2% |
|      Adjusted net income(2) | 54.4 | 47.5 |  | 6.9 | 14.4% |
|      Earnings per share: |  |  |  |  |  |
|          Common–basic | 0.58 | 0.48 |  | 0.10 | 20.8% |
|          Common–diluted | 0.57 | 0.48 |  | 0.09 | 18.8% |
|          Diluted adjusted earnings per share(2) | 0.62 | 0.51 |  | 0.11 | 21.6% |
|          Weighted average number of common shares – diluted (in millions) | 87.9 | 93.1 |  | (5.2) | (5.6)% |
| Systemwide sales(3) | $ | 2,660.0 | 2,529.9 |  | 130.0 | 5.1% |
| Comparable store sales growth (decline): |  |  |  |  |  |
|      DD U.S. | (0.5)% | — |  |  |  |
|      BR U.S. | (1.0)% | (2.4)% |  |  |  |
|      DD International | 2.1% | (0.2)% |  |  |  |
|      BR International | 10.0% | (2.0)% |  |  |  |
| Development data: |  |  |  |  |  |
|      Consolidated global net POD development | 71 | 29 |  | 42 | 144.8% |
|      DD global PODs at period end | 12,598 | 12,287 |  | 311 | 2.5% |
|      BR global PODs at period end | 7,993 | 7,822 |  | 171 | 2.2% |
|      Consolidated global PODs at period end | 20,591 | 20,109 |  | 482 | 2.4% |
|  |

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| --- |
| **FIRST QUARTER 2018 SEGMENT RESULTS** |
|  |
| *Amounts and percentages may not recalculate due to rounding* |  | **Three months ended** |  | **Increase (Decrease)** |
| ***Dunkin’' Donuts U.S.*** |  | **March 31, 2018** |  | **April 1,  2017(1)** |  | **$ / #** |  | **%** |
|  | (Unaudited, $ in thousands except as otherwise noted) |
| **Revenues:** |  |  |  |  |  |  |  |  |
| Royalty income |  | $ | 110,833 |  | 107,175 |  | 3,658 |  | 3.4% |
| Franchise fees |  | 4,707 |  | 4,298 |  | 409 |  | 9.5% |
| Rental income |  | 23,591 |  | 23,524 |  | 67 |  | 0.3% |
| Other revenues |  | 780 |  | 1,043 |  | (263) |  | (25.2)% |
| Total revenues |  | $ | 139,911 |  | 136,040 |  | 3,871 |  | 2.8% |
|  |  |  |  |  |  |  |  |  |
| Segment profit |  | $ | 105,063 |  | 101,694 |  | 3,369 |  | 3.3% |
|  |  |  |  |  |  |  |  |  |
| Comparable store sales growth (decline) |  | (0.5)% |  | —% |  |  |  |  |
| Systemwide sales (in millions)(2) |  | $ | 2,015.9 |  | 1,957.1 |  | 58.8 |  | 3.0% |
|  |  |  |  |  |  |  |  |  |
| Points of distribution |  | 9,197 |  | 8,884 |  | 313 |  | 3.5% |
| Gross openings |  | 93 |  | 84 |  | 9 |  | 10.7% |
| Net openings |  | 56 |  | 56 |  | — |  | —% |
|  |

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| --- |
| **DUNKIN’' BRANDS GROUP, INC. AND SUBSIDIARIES** |
| Condensed Consolidated Balance Sheets |
| (In thousands) |
| (Unaudited) |
|  |  | **March 31, 2018** |  | **December 30,****2017(1)** |
| **Assets** |  |  |  |  |
| Current assets: |  |  |  |  |
| Cash and cash equivalents |  | $ | 338,461 |  | 1,018,317 |
| Restricted cash |  | 82,605 |  | 94,047 |
| Accounts, notes, and other receivables, net |  | 106,336 |  | 121,849 |
| Other current assets |  | 88,440 |  | 70,120 |
| Total current assets |  | 615,842 |  | 1,304,333 |
| Property and equipment, net |  | 180,959 |  | 181,542 |
| Equity method investments |  | 140,944 |  | 140,615 |
| Goodwill and other intangible assets, net |  | 2,239,565 |  | 2,245,465 |
| Other assets |  | 66,798 |  | 65,478 |
| Total assets |  | $ | 3,244,108 |  | 3,937,433 |
| **Liabilities and Stockholders' Deficit** |  |  |  |  |
| Current liabilities: |  |  |  |  |
| Current portion of long-term debt |  | $ | 31,500 |  | 31,500 |
| Accounts payable |  | 60,851 |  | 53,417 |
| Deferred revenue |  | 43,935 |  | 44,876 |
| Other current liabilities |  | 273,004 |  | 355,706 |
| Total current liabilities |  | 409,290 |  | 485,499 |
| Long-term debt, net |  | 3,029,232 |  | 3,035,857 |
| Deferred revenue |  | 362,125 |  | 361,458 |
| Deferred income taxes, net |  | 210,090 |  | 214,345 |
| Other long-term liabilities |  | 93,652 |  | 94,813 |
| Total long-term liabilities |  | 3,695,099 |  | 3,706,473 |
| Total stockholders' deficit |  | (860,281) |  | (254,539) |
| Total liabilities and stockholders' deficit |  | $ | 3,244,108 |  | 3,937,433 |
|  |

**Advertising/Promotion:**

Dunkin’ has many ways of promoting and advertising; some examples are billboards, television advert, magazines, and side of busses. They use these mostly to advertise their coffee. The reason why Dunkin’ uses these types of advertising is because of high mobility, and because it’s large advertisement areas. Dunkin’’ Donuts logo is another way of how they advertise. Their logo consists on the color pink and orange. These colors are bright, energetic, dynamic, and fast (Wohl, 2018), which makes busy customers stop in their tracks and pay attention which will make them want to stop at Dunkin’. BBDO will oversea advertising strategy and creation with the responsibility for all national print, broadcast and out-of-home advertising development (Wohl, 2018). Dunkin’ is also trying to put a more modern look into their products. For example the cups that they put in summer of 2018 are the traditional pink and orange but have a repetitive phrase “beat the heat” in more modern styled font (Wohl, 2018).

**Events that Shaped Dunkin’:**

**(1950)** The Open Kettle restaurant in Quincy, Massachusetts becomes the very first “Dunkin’ Donuts” (Dunkin’ News, 2016).

**(1970)** Dunkin’ Donuts coffee goes international, with the opening of the first overseas restaurant in Japan (Dunkin’ News, 2016).

**(1995)** Dunkin’ Donuts is introduces Hazelnut and French Vanilla coffees as companions to the signature Original Blend (Dunkin’ News, 2016).

**(2003)** Dunkin’ Donuts introduces freshly-brewed espresso, lattes and cappuccinos (Dunkin’ News, 2016).

**(2006)** Dunkin’ Donuts becomes the exclusive coffee provider of JetBlue Dunkin’’ which their coffee and tea are served on-board all JetBlue flights (Dunkin’ News, 2016).

**(2011)** Dunkin’ Donuts coffee is available for the first time in single-serve K-Cup pods, for use with Keurig Single-Cup Brewers (Dunkin’ News, 2016).

**(2014)** Dunkin’ Donuts makes it easy to earn free coffee and beverages quickly, launching the DD Perks Rewards program, which rewards customers with a free drink on their birthday (Dunkin’ News, 2016).

**(2014)** Rainforest Alliance Certified™ Dark Roast joins Dunkin’’ Donuts’ coffee menu lineup (Dunkin’ News, 2016).

**(2016)** Dunkin’ Donuts scores a partnership with USA Hockey as the official coffee shop of the U.S. Women’s National Team (Dunkin’ News, 2016).

**(2016)** the new On-the-Go Ordering lets DD Perks members order, pay in advance with a swipe of a finger on a smartphone, and then past the line in store to pick up their favorite items (Dunkin’ News, 2016).

**(2016)** Cold Brew coffee is added to the menu (Dunkin’ News, 2016)

**(2017)** For the 10th year, the American Red Cross and [Dunkin’ Donuts](http://www.dunkindonuts.com/) will partner to increase donations and reward generous donors (American Red Cross, 2017).

**(2018)** The United States signs Dunkin’ Donuts to a 10-year deal naming the donut and coffee shop as the exclusive food vendor of the U.S (The Onion, 2018).

**(2018)** Dunkin’ Donuts teamed with running footwear and apparel company Saucony to release a limited-edition Dunkin’’ Donuts branded running sneaker (Smith, 2018).

**SWOT Analysis on Dunkin’**

Strengths:

Dunkin’ has a unique and strong niche. Dunkin’ sells coffee, donuts and other pastries that have been popular for decades now. Just like a bakery Dunkin’ sells over 1,000 of different types of donuts to the consumers liking (Scrudato, 2015). On top of that they have a strong geographic coverage and are found all over the world. Dunkin’ has always been a go to fast food retail chain for coffee that is reliable and enjoyable. Many people love the taste of Dunkin’s coffees and are loyal to the brand due to their fast service and low prices. The tag-line “America runs on Dunkin’ reminds us of that loyalty and also reminds us of how important the brand is to the US. Dunkin’ is also located in many places such as airports and train stations which can make it very beneficial for people who are always on the go (Scrudato, 2015). This makes Dunkin’ automatically a go to store for consumers because they are reliable and easy to find. The brand following is undeniable not only is the brand known for its coffee and donuts but it is also known for ice cream since Baskin Robbins is under them (Bhasin, 2018). Both brands have a huge fan following and consumers love the food that both companies have. Dunkin’ has huge total revenue of 6.2 Billion dollars due to its popularity.

Dunkin’ is known for its fantastic supply chain management, it has a centralized production design which supports the brand. They also provide consistent quality of products and simplify restaurant-level operation (Pratap, 2017). Drunkin are also smart markerts and have great advertising. The logo and the colors that they use and how they market to the “Blue Collar crowd” but still appeal and have in mind the “White Collar crowd” (Bhasin, 2018). Even though Dunkin’ is not a pricey or a splurge it is still the favorite of many people because of loyal fans. The location that Dunkin’ uses also plays big part, they are strategic n what location they put their stores in and its very much part of their marketing strategy.

The franchise model is also a hit; this model is the reason why Dunkin’ has become so successful over the years. The four thins in which Dunkin’ requires a successful franchise to have are: an available market, prior experience, passion for the business and the right resources. Below is an image on applying for franchising from the page of Dunkin’ Donuts.



 *Figure 1*: Image of the Franchise Model for Dunkin’ Donuts. Reprinted from

Since Dunkin’ sells bakery products, this can be affected by just sitting there. Dunkin’ slowly started to change their model to centralized manufacturing in order to ensure quality. The items were upgraded to make sure that the products are always kept in the right temperature. This shortens the amount of items that are going to waste, even through transportation (Bhasin, 2018).

Weakness:

Although Dunkin’ has been dominating in a lot of countries they are not expanding as fast as other retail chains. One of the reasons for this is due to competitors popping up in certain geographic area where they are not as popular in (Scrudato, 2015). For example; in India Mad over Donuts is a popular localized donut chain that is a competitor of Dunkin’ (Bhasin, 2018). This chain is not letting Dunkin’ expand or have the high exposure that it should be having. India is a growing economic market, which a lot of retail chains are putting their businesses in but Dunkin’ is not present far and wide in that country (Bhasin, 2018). Even in the United States there is not much expansion due to the layout of restaurants (Scrudato, 2015). There is little room for the company to grow in the Northeast, where the majority of its sales come from (Scrudato, 2015). In the Midwest the sales volume is significantly low, causing difficulties in finding a franchisee that is willing to take the position in those locations (Scrudato, 2015). There is also direct competition from retail chains like Starbucks and Krispy Kreme who are known for their pastries and coffee. These chains are grand competitors that Dunkin’ has to keep its eye on due to their increasing popularity (Bhasin, 2018). Indirect competition is also competitors that Dunkin’ has to keep their eyes on. Chains like McDonald’s, Pizza Hut and KFC are competitors even thought they are not known for their coffee nor have donuts in their menu (Bhasin, 2018). These fast food chains do partake in large chunk of the fast food segments and are also very popular among consumers (Bhasin, 2018).

Dunkin’ is known to have a fantastic supple chain and operations management but the franchise is lacking in developing in franchise relations (Bhasin, 2018). This causes for Dunkin’ to have problems with their competitors because they are not expanding as much as they should. This could also cause problems because Dunkin’ doesn’t do partnerships with other franchisers or retail companies. Dunkin’ also has a significant amount of lawsuits. In 2010 alone they had legal battles with 15 separate owners (Scrudato, 2015). This history of bad relationships could cause potential investors from not entering the DNKN family, particularly when they figure out that there are other successful franchises in a similar price range (Scrudato, 2015). According to the SWOT Analysis by Pratap; “As of December 31, 2016, Dunkin’ Donuts had total indebtedness of approximately $2.5 billion under our securitized debt facility, excluding $25.9 million of undrawn letters of credit and $74.1 million of unused commitments” (2017). This is also a major weakness for Dunkin’ which many potential investors of franchise will not want to deal with.

Opportunity:

Dunkin’ has many opportunities that can make their brand presence stronger and better. One of them is Market expansion. Dunkin’ has the ability to expand to places where Dunkin’ is not as popular or seen for example India which is a growing economically. In the year-end of 2014 management spoke of its intent to focus its expansion in Europe, The Middle East, and China, with a total of 19,000 locations and an expectation to expand to more than 30,000 locations (Scrudato, 2015). If this goes according to plan the markets in these countries will soon be saturated causing more popularity and brand recognition (Scrudato, 2015). If the franchise also keeps expanding in the west coast and keeps generating sale volumes in their locations in the Midwest, then they can certainly see their top of the line increase (Scrudato, 2015). Dunkin’ products are good and now more than ever people are consuming branded products (Bhasin, 2018). Dunkin’ can have the opportunity to be a cool and heavy consumption product just like Starbucks (Bhasin, 2018). Another opportunity that can help Dunkin’ is introducing more digital technologies in to the stores. Dunkin’ has the DD Perks app which lets customers order on the app, allows them to save some money and gives them other extra perks. Innovations in technology can cause enhance customer service and marketing, which can result in brand loyalty (Pratap, 2017).

Dunkin’ has a wide range of pastries, sandwiches and drinks/coffee’s. There is always potential in the food market, especially when it comes to desserts and sweets (Bhasin, 2018). Dunkin’ can always add fresh and yummy snacks to its menu to increase drawbacks in stores (Bhasin, 2018). Dunkin’ flagship stores are known for having a variety of products that many other stores have not seen before (Bhasin, 2018). Dunkin’ has the opportunity to introduce or expose these products that can make consumers hype since it’s something new or not seen often. Baskin Robins also has a variety of ice cream flavors- having a total of 150 flavors (Bhasin, 2018).

The company has the opportunity for menu diversification. With the health craze that has being going on in the following years especially with millennial. Dunkin’ has the opportunity to incorporate healthier food options into their menus that can draw more people who are health conscious in. Over the years Dunkin’ has added new sandwiches and drinks that are very tasty but are high in calories. Dunkin’ can add more low-calories products and generally healthy choices into their menus (Scrudato, 2015). Bakery products are usually high in calorie or fat so a separation and introduction of low-calorie items can put Dunkin’ to part with other retail fast food chains that are starting to do the same (Bhasin, 2018). Since customers who consume Dunkin’ are usually a younger target market; introducing a healthier menu to millennials can drive sales and revenue (Pratap, 2017).

Threats:

Strong competition is a huge threat for Dunkin’. The Dunkin’ brand is very popular in the Northeastern United States but in other parts of the country or the world retail chains like Starbucks or Krispy Kreme is popular, especially when it comes to breakfast food (Scrudato, 2015). Competition with local coffee shops and bakeries can also be seen as another competition and threat for Dunkin’ because many people want to consume or sit in “real” coffee shops (Scrudato, 2015). The expansion is also a big threat because other retail fast food chains such as KFC and McDonald’s are expanding faster than the Dunkin’ franchise (Bhasin, 2018). Most of these chains expand internationally efficiently enjoy a larger market share (Pratap, 2017).

Another threat is the raw materials cost, Coffee and other commodities are subject to price fluctuations and potential shortages (Scrudato, 2015). Over the past year that has been a price increase of donuts and coffee in Dunkin’ which has causes many loyal consumers to be in shock. This can be a problem for some consumers who specifically go to Dunkin’ due to low prices. If the prices keep rising, franchisees could witness reduced sales due to lower consumer demand because of higher retail prices (Scrudato, 2015). The cost of logistics is also big for a company like Dunkin’ who follows the Just in Time technique (Bhasin, 2018). The bottom line can also be affected due to the shelf life of the products. Since Dunkin’ has pastries the shelf life is much less than others like McDonald’s and Pizza Hut who are based on orders (Bhasin, 2018).

**Key Competitor (Starbucks)  **

**Brief History**:

The first Starbucks opened in Seattle, Washington, on March 31, 1971, by three partners who met while they were students at the University of San Francisco: English teacher Jerry Baldwin, history teacher Zev Siegl, and writer Gordon Bowker ([coffee.org](http://coffee.org/), 2018). These three guys were inspired to sell high-quality coffee beans, by coffee roasting entrepreneur Alfred Peet after he taught them his style of roasting beans ([coffee.org](http://coffee.org/), 2018). In 1987 the original owners sold the Starbucks chain to Howard Schultz who rebranded his Il Giornale coffee store as Starbucks and the quickly began to expand (The Telegraph, 2011). By 1989, 46 stores opened across the Northwest and Midwest and annually Starbucks was roasting over 2,000,000 pounds (Robichaux, 1989). According to Statista, in 2018 statistic shows there were 14,606 Starbucks stores in the U.S. The [total number of Starbucks stores worldwide](https://www.statista.com/statistics/266465/number-of-starbucks-stores-worldwide/) has almost doubled in the decade between 2008-2018 (2018).

**Why is Starbucks the Key Competitor?**

Starbucks and Dunkin’ are each other competitors. Starbucks says that they sell good quality coffee beans and great tasting brews. Starbucks has also been selling pastries and sandwiches over the years which have been becoming increasingly popular. Starbucks is known for their colors (green and white) and their iconic logo. The logo for Starbucks has become similar to a fashion brand logo. Many young adults or millennial are showing off their Starbucks cups as a fashion statement. Starbucks as a reputation for being an upscale or higher quality and price coffee brand that is passionate about their coffee making. This reputation appeals to many consumers who like to splurge on coffee or feel like they want to spoil themselves. Dunkin’ is known for being the cheaper option that still tastes good.

**Short SWOT Analysis:**

Strength:

Starbucks had established itself to be a powerhouse coffee brand and has a strong worldwide presence. Starbucks has great quality products, its environmentally friendly, and have many locations around the world (Bush, 2016). Starbucks has the ability to charge customer high prices due to its reputation and most people are willing to pay (Bush, 2016). Starbucks is like an experience that many people want to try at least once or maybe a few times. Not only does this mean large profits but it is globally recognized as one of the best coffee shops (Bush, 2016). Starbucks is also known for the treatment of employee; they treat their employees very well and have been listed as one of the *Fortune’s Top 100 Places to Work For* (Bush, 2016). The company has also been great at expanding its business and it is evident since the numbers have been increasing. It is clear that the brand has a well-planned growth strategy (Bush, 2016).

Weaknesses:

Starbucks has high price points which maximize the profit margin and reduces the affordability of the products (Lombardo, 2018). This can be a weakness because many customers can’t afford the products. With the price only increasing this can affect customers who consume Starbucks coffee and other commodities everyday, which can also affect their business (Bush, 2016). Starbucks also lacks on not having an overly unique products. Even though Starbucks does have pumpkin spice lattes, refreshers, frappucinos, and big chocolate chip cookies, they don’t exactly have a unique market. Many coffee shops or bakeries carry some or if not all these product, but just lose out because of Starbucks big name and brand image (Bush, 2016).

Opportunities:

Global expansion can be an opportunity for Starbucks, many counties would love to see more Starbucks because of the popularity and reputation it has in the United States (Bush, 2016). There are plenty of regions like India, some regions in Africa and Central Europe can be a profitable region for branching out (Bush, 2016). Starbucks also has opportunities of introducing new products to their menu that are unique to the brand or are hardly found anywhere else. This can cause many new and old customers to invest more on Starbucks and increase their popularity. Starbucks can also team up with other companies that also have a big name, the partnership can impress and appeal to target customer of both companies and can be very profitable for both as well (Bush, 2016).

Threats:

Some of the threats that Starbucks has is competition with retail chains that have low-cost coffee or food products, like Dunkin’ (Lombardo, 2018). This is a major reason why Dunkin’ is a key competitor of Starbucks and can cause customers to switch to Dunkin’ if the costs just keep increasing. Though both coffee sellers will increase their products eventually, Dunkin’ will still be the inexpensive option between the two. Another competitor and threat is local or independent coffeehouses (Lombardo, 2018). Many people are switching to authentic coffee shops because it is more aesthetically pleasing and they believe that the coffee is authentic and true to the source. Caffeine pills is also a popular market, many people are letting go have caffeinated drinks which can harm the profit for Starbucks because Starbucks relies on these people who need caffeine in there system in order to get through the day (Bush, 2016).

**Conclusion & Recommendations:**

Dunkin’ has a lot of potential to grow into a internationally successful and profitable business. They have the ability to rise there ranking in the 100 Top Retail Companies from their current position of 51 to the 28th, which their competitor Starbucks currently is (). Some of the recommendations that I advise to Dunkin’ Brand Group is growing their business internationally or the US. Expansion is very important for a business to get High recognition and meet their profit margins. With the research I did on Dunkin’ it was relatively known that Dunkin’ has not been expanding fast enough compared to other franchises or retail fast food chain stores. During the years Dunkin’ has been increasing the amount of stores, in 2016 they opened 317 new restaurants internationally (Pratap, 2017). According to Pratap’s recommendations for Dunkin’ Donuts, the brand has also collected substantial indebtedness (2017). This means that its focus should be on international expansion and making its customer experience better in order to beat the competitors, such as Starbucks (Pratap, 2017). Dunkin’ also has the ability to introduce more stores or promote a better brand image especially in regions like the Midwest since their sales are very low (Scrudato, 2015). Dunkin’ is known to be smart marketers and can create an even better marketing team in order to advertise their new products or innovations. Brand image is very important and competitors like Starbucks and McDonald’s have that in the bag. A stronger brand image can boost up Dunkin’ sales. In order to do this Dunkin’ can create customer interactions or engagement through social media. Media outlets like Instagram, Snapchat, Twitter or Facebook are great ways for Dunkin’ to engage with customers. They can create surveys or ask customers what they would like to see from Dunkin’, for example; new or old products, comments and concerns, partnerships or special events for their community. This can create a sense of understanding and passion for their customers which many people will like to see from a company as important as Dunkin’. Another form of marketing that can promote Dunkin’ as a higher brand is the use of celebrities or influencers who are genuinely fans of Dunkin’ coffee and products. They can be used and seen in commercials and social media outlets.

Innovations are an important element that Dunkin’ can have, they can introduce self- checkout or shelf-order stations that can create efficiency and greatly help customers who are in a hurry. In countries like China, face recognition is becoming a popular a new innovations that was introduced to KFC. Dunkin’ can also incorporate face recognition in to their retail restaurants because many customers order the same drinks or sandwiches in the morning. This feature can make it easier and faster for them to get their food and many customers, especially in places in New York City where people are always in a hurry can be very satisfied since they seem to run on time. Since 2014 DD perks has been a important app for Dunkin’ fans who save money and get special perks, commonly for their birthday. The DD perks app can also feature face recognition or an easier check out option (Costello, 2014).

My company also recommends Dunkin’ to incorporate new products especially when it comes to Donuts and drinks. There is always room for growth for pastries and sweets since there is a huge variety of it. Dunkin’ can also create a unique market; this opportunity can beat out competitors like Starbucks since they are also having difficulties in creating a market of unique products. This can be done by creating new products that only can be found in Dunkin’ and not anywhere else. The diversification of the menu can really help Dunkin’ by introducing a healthier option in their menu or separating low calorie items. With the healthy craze that is happening over the years, especially with the younger crowd. This can put Dunkin’ on the map for even more success because not only will they be benefiting by eating better but also by saving money since Dunkin’ is a cheaper option than Starbucks.

If Dunkin’ introduces a healthier menu or keeps on improving or finding better coffee beans and recipes they can incorporate block chain innovations. In 2018 Starbucks announced that they will introduce block chain technologies (Soper, 2018). Starbucks will start their pilot program in Costa Rica, Columbia and Rwanda (Soper, 2018). This technology will connect customers to farmers from these countries and provide them with information and understanding of where their products are coming from and the journey from bean to cup (Soper, 2018). This can create of sense of authenticity and high quality which can boast up a franchise like Dunkin’ in to a higher brand image that it has today. Health conscious consumers will want to purchase Dunkin’ products more because of this feature, which can be see in stores or in their website. Just like Starbucks this idea for Dunkin’ can connect coffee drinkers with coffee farmers, who can ultimately then take advantage of new financial opportunities (Soper, 2018).

Finally, a better treatment of workers is a recommendation and important element to Dunkin’. If the employees are in a fun, motivating and healthy environment; the employees will be more than happy to go to work and do their job efficiently and better. Starbucks is known for creating a great working environment for their employees, in fact they are in *Fortune’s Top 100 Places to Work For*(Bush, 2016). Looking at websites like [Indeed.com](http://indeed.com/) I have come to a conclusion that Dunkin’ employees are put in a fast working environment because it can be very busy in some regions. This can cause for employees to not have breaks on time or at all. This is a huge issue which can cause legal problems for the company. The company has been through many legal battles in the past so this is an easy issue that they can eliminate by recreating a management system in stores. With a greater working condition this can enhance customer service and create a better reputation for Dunkin’ and for people who potentially want to work for the company.

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