
Case: DUNKIN'DONUTS in India: A Strategic Failure

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Abstract:

The Quick Service Industry is considered as the fastest growing sectors in the globe. The subcontinent, India, in the recent years, has witnessed the growth in the population of the working professionals and the community belonging to the millennial. This has encouraged the Indian market to welcome various Multi- National Corporations (MNCs) belonging to the food industry. These ranges from McDonalds to Starbucks and along with the other brands Dunkin Donuts have also thought of trying their luck in India. Dunking Donuts, a MNC, targeted the Indian Customers especially the Indian youth with its variety of Breakfast food served with a difference. Even after all the different kind of strategies tried out for influencing the buying behaviour of the Indian masses, but still the brand faced many challenges due to which Dunkin Donuts could not create a stable market position in India. The following case has attempted to identify the various factors that have affected the growth of the brand in India. Do you think Dunkin Donut was a Strategic failure in India? If yes, why Dunkin Donut could not create the same success story in India as it has done in America?

Keywords: Quick service restaurants, fast food, Food industry, Restaurant, doughnuts

Case Study

Dunkin' doughnuts, the main American Quick-administration eatery (Quick Service Restaurants) brand with an overall presence, ventured in the Indian market in 2012 as a team with Jubilant Food Works Limited. Dunkin' Donuts customized its menu as per the taste buds of Indian Youth and the pricing was as per the purchasing power of the white-collar category family units. It in like manner fixed up its stores, menu, and arranging to help bargains. In any case, ignoring store facelifts and a menu re-try, Dunkin' Donuts continued combating in the Indian market. In this manner, Dunkin' Donuts arranged its centre contribution and Jubilant began smoothing out store counts and costs. Dunkin' Donuts business kicked off in India with the opening of its first branch in New Delhi, which was during the year 2012 under the name "Dunkin' Donuts and More", with an objective of providing more extensive menu than its US stores.

So, how it all started, and what was the main purpose of starting the Dunkin' Donut restaurants in the US?

It all started in 1950 when the whole world was under the influence of World War II. An entrepreneur had a thought of selling sandwiches, coffee, and doughnuts to the laborers at the shipyard in Quincy, Massachusetts. Seeing that significant income originated from coffee and doughnuts, so he chose to deal just coffee and doughnuts on to a food truck, he understood

that the gaining was sufficient to open up an eatery, and he did that, and Dunkin Donuts was born. This person was none other than William Rosenberg.

Gradually Rosenberg held onto little shops which began to turn into the primary shop for all the workplace goers who needed to get a speedy breakfast on their approach to work and the establishment developed. The development has been with the end goal that the brand is presently has gotten inseparable from breakfast essentially wherever in the US.

There are presently over 8,500 restaurants in 41 states across the U.S.A. and over 3,200 international restaurants across 36 countries which come around to a total of more than 11,300 Dunkin' restaurants in the world. So fundamentally, they had the aptitude in coffee, and consequently as per one of the reports of Forbes they had the option to contend with their greatest rival for example The Starbucks.

The intention of launching Dunkin' Donuts in India:

As India has the best market after China for such a business it is a ton of serviceable for the productive business to a part in this tremendous market. This was also done by the Dunkin' Donuts. They entered the Indian market in 2012 with a comparative thought which they followed in the USA. They dispatched the brand in the Indian market subject to the excellent doughnut model to serve breakfast to customers from 7 am onwards.

Dunkin' Donuts' consideration towards doughnuts and espresso was not in a condition of amicability with the Indian thought of breakfast. Moreover, the out-of-home breakfast occasion isn't something which was a part of Indian Culture. The Indian trusts in having their first gala of the day with the family and that too the home-made food is more enjoyed. Moreover, there is no reliance on having something sweet toward the beginning of the day, on the other hand it is mostly something strong and kind of a dinner which could cause them to stay eager and kind of 'stomach full' feeling for a more expanded time. Eating up considerable treats before whatever else isn't at all the bit of Indian culture. Dunkin' Donuts is known to be a morning meal focused modest food joint, yet the morning dinner affinities in India are phenomenal. By then, out of the blue, Dunkin' Donuts showed up in India. In any case, Indians, who used to their standard breakfast food, which happen to be inviting in taste wherever in the country, didn't want to exhaust a significant pile of singed bypassed, wipe substance called a donut.

The organization was treated as a baked good shop at first when it was dispatched in India in 2012 where individuals would visit to devour doughnuts as a pastry. The organization at first dispatched as an AM brand that offered a morning meal menu to clients. Dunkin' Donuts at first neglected to comprehend the purchaser's inclination for a drive-through eatery that offered full supper as opposed to light doughnuts for a morning meal. At taking a gander at the helpless reaction from the clients, concerning doughnuts they chose to rebrand itself as a PM brand that offered significantly more than doughnuts and coffees.

Chai, not coffee, is the choice of beverage in India

In contrast to the western individuals, who lean toward coffee, Indians typically have the larger part decision of chai. There is a distinctive sort of chai which is offered over the world however the way Indian makes chai is unique. The normal Indian Masala chai doesn't have

various varieties in the chai flavor, yet simply the customary fixings as milk, sugar, dried tea leaves, ginger, tulsi, and cardamom are added to get the extraordinary and real flavor.

Be that as it may, Dunkin' Donuts went to the Indian market with its coffee and frosted tea which isn't what Indian clients are used to. Also, this is the thing that Starbucks did in Vietnam-they sold an inappropriate sort of drink and fizzled. Nonetheless, they have understood this slip-up, and starting today, they have begun giving chains in the small bunch of their outlets left in the south Asian nations.

Indian desserts contrasted with donuts

Indian cooking has a huge assortment of sweet dishes that you can depend on the fingers. Be that as it may, a donut was a new idea for the Indian market. Furthermore, where there are so various assortments of Indian desserts twelve unique assortments of doughnuts can't rival the neighbourhood desserts bites which happen in hundreds. Because rarely to have desserts for breakfast doesn't mean there's no space for such items in the market. The interest is immense. In Indian, there are many family-possessed organizations, known as the MITHAIWALAS (sweet dealers) they have been selling sweet snacks for quite a long time. Dunkin' Donuts, an American Brand in India, needs to rival these nearby outlets, which has more profound compatibility, social likenesses, and solid sovereignty with the neighbourhood clients. A Donut was viewed as an 'on occasion' or 'how about we have a go at something new today' sort of a thing by the modest number of Indian clients who were westernized enough to be available to visit Dunkin' Donuts.

Is price an issue!

Along these lines, Dunkin' Donuts showed up in India only a couple of months in front of the dispatch of worldwide documented Starbucks by dispatching its store in the public capital. It at first began with presenting 10 stores and bit by bit turning into a skilful India player with 100 stores in the nation inside five years. The procedure which they used to enter the Indian Market was "to be a reasonable eating place that would get moolah (cash) from food." So this would precisely depict the technique which was fundamentally the same as or rather I would state a similar system which they followed in the US to rule income from the coffee business of Dunkin' Donuts.

Hari Bhartia, co-administrator and author of Jubilant Bhartia Groups, said the point was to dispatch a reasonable brand in India "Our item like coffee is estimated at 10% to 15% lower than our rivals, we need more clients to scale up our business."

The arrangement was that the stores will be completely possessed by the Jubilant FoodWorks, which additionally has the rights for Dominos Pizza and reproduce a similar model of affordability. It will pay an eminence charge to the Dunkin'.

Bhartia needs to separate Dunkin' from its adversaries, particularly from Starbucks. There are just about 1800 coffee bistros in the nation with various brands and one of those is Starbucks. Thus, to separate their items from that of contenders they offered throughout the day administration to their store alongside coffee thus they included doughnuts beginning from Rs. 45, burgers, and sandwiches. Be that as it may, Dunkin' is the market chief in the US in Regular, decaf ice, and hot seasoned coffee in the US.

To keep a tab on the expenses as well as the quality the greater part of the fixings were sourced locally yet additionally few were should have been imported for the correct quality. Shockingly, Bhartia understood that the model for the natural way of life of the US won't work here in India. In India, coffee culture was becoming however practically 60% to 70% of the income was created from the offer of food items. Furthermore, that was the motivation to execute a few changes in the menu to support in the Indian market. Though in the US, coffee was the greatest income worker.

Thus, let expect that the Average Salary of an individual in India is around Rs.30000 every month which is \$420 in the US. Furthermore, as indicated by Zomato, the cost for 2 in Dunkin' is around Rs.600 which is a lot for a normal compensation worker. The value itself has estranged a great many individuals, and this is the motivation behind why Dunkin' Donuts may never go standard in India. While, if we look at doughnuts of Mad Over Donuts the cost for 2 territories from Rs.300 to Rs.450, which is less expensive than that of Dunkin' Donuts. In any case, the idea of both the brands is extraordinary and the way of life of having doughnuts in India is unique (we typically consider it to be a sweet dish not as a morning meal feast). Along these lines, in the wake of investigating the contrast between the cost of both the brand the normal worker will go with the less expensive one.

All things considered, not all Premium-Priced Western chains Fail in India. KFC, for example, is doing acceptable and has around 400-500 stores in the place where there are veggie lovers. For one, KFC's principle things are exquisite, not sweet. Besides, KFC's formula is remarkable when contrasted with the credible Indian chicken curry, which gives it an extraordinary selling cost.

Dunkin' Donuts slide lined its menu for refreshments to focus in just on the menu of a food thing and overlooking its beneficial beverage line, which cost the association likely turn of events. While it's confined menu drove bargains, Dunkin Donuts Risked its Brand Identity by developing its menu, along these lines losing its middle division from various QSRs. Multinationals QSR need to think worldwide and act locally in their thing arranging procedures, keeping their core image blemished while modifying the menu as per the regional taste.

About the changed procedure

Dunkin' Donuts offers the American food menu that incorporates coffees sandwiches, doughnuts alongside the Indian driven menu things that incorporate vegan sandwiches, burgers, and Lychee chocolate. The doughnuts were likewise modified according to the Indian taste buds like the RasmalaiFlavor, Kesar BadamFlavor, and a lot more which particularly focused on the celebration seasons in India. The costs of doughnuts and coffees additionally assessed as in the scope of Rs 65 and Rs. 75 separately. Presumably, the coffee market of India is expanding at a developing stage and that is the reason the stores in India are attempting to center its technique to support the offer of coffee in India while confronting intense rivalry with the worldwide driving coffee organizations, among which are Starbucks and CCD. The store Dunkin' Donuts has presented the veggie lover burgers in their menu as these veg burgers are extremely well known in the Indian Fast Food Market. While the contenders have just tasted a triumph like McDonald's, which have guaranteed an incredible income from and the most prominently sold food thing in the entire of the McDonalds business as 'Mc Aloo Tikki' and 'Mc Veggie'; Dunkin' Donuts begins at least their rivals and

presented very nearly 10 new assortments in the vegan burger class which is fit according to Indian taste s and inclination.

The company has adopted the price penetration strategy or its food products in India. Penetration pricing strategy allows companies to boost sales, quickly gain a larger market share, and gain market acceptance for the brand by setting a price lower than those of the competitors. The cost of Dunkin' Donuts is moderately brought by 15 down to 16% when contrasted with contenders like McDonald's and Starbucks. At present Dunkin' Donuts charges a donut at Rs 50 and a Coffee for Rs. 80. Such an entrance evaluating methodology will permit the organization to situate itself as a moderate brand in India and offer an incentive for cash points of interest for the Indian clients. Indian clients exceptionally value delicate and lean toward the items that are of acceptable quality and are offered at an alluring cost. Entrance estimating methodology will hence permit Dunkin' Donuts to draw in countless Indian clients towards the brand and rapidly increase a bigger piece of the overall industry in India.

Conclusion

Dunkin' Donuts has been effective in adjusting its doughnuts menu to suit Indian Preference by offering Indian driven Doughnuts in the menu that are a hit among the Indian clients. Since its dispatch in India, Dunkin' Donuts has ready to adapt up to building up its essence in 38 areas in India. The eateries confronted dismissals at first as breakfast menu café that offered just American Doughnuts at 7 am. The organization fizzled in India because it failed to catch the Indian Culture and the idea of sound and heavy(complete) breakfast with the relatives. Due to the fruitful evolved ways of life, for example, McDonald's and KFC which are settled in India, Dunkin' Donuts has additionally extended its menu to draw the Indian clients. In any case, it stays a test for the organization to grow its activities and menu things to build its piece of the pie in the Indian Fast Food Industry. Because of the merchandise and premium pricing, Dunkin' Donuts had and remains to have, a tough time growing their business. Not saying that the business will go extinct. The Indian market is large, and there might always be someone who would want to undertake the company's menu every once for a long time. However, long-term growth is predicted to be slow.

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