Summary of Krispy Kreme’s Revenue Streams

Krispy Kreme’s revenue model relies on a mix of direct sales, franchise income, and partnership-driven channels, as detailed in the 2023 Annual Report. For fiscal year 2023, total revenue was $1.53 billion, with distinct contributions from three main revenue streams: Hub and Spoke Revenue (Retail and B2B), Franchise Revenue, and Licensing and Other Revenues (Krispy Kreme 2023 Annual Report, Consolidated Financial Statements, page 31).

This is Krispy Kreme’s primary revenue stream, accounting for $1.35 billion or approximately 88%\*\* of total revenue (page 31). The Hub and Spoke model includes both Retail and B2B channels, wherein donuts are produced in “Hubs” and distributed to both Krispy Kreme stores (Retail) and external retail partners (B2B). This model not only supports Krispy Kreme’s storefront operations but also includes wholesale distribution to grocery and convenience stores, further extending its brand reach and revenue base. The growth in this segment reflects a \*\*12% year-over-year increase\*\*, driven by expanding partnerships with major grocery and foodservice channels (page 10).

2. \*\*Franchise Revenue\*\*:

Franchise Revenue is Krispy Kreme’s second-largest revenue contributor, generating \*\*$126 million\*\*, or roughly \*\*8%\*\* of total revenue (page 31). This stream comes from franchise fees, royalties, and franchise-based supply agreements, primarily in international markets such as the UK and Japan, where the Krispy Kreme brand has seen considerable growth. Franchise revenue was up by \*\*10%\*\* from the previous year due to successful new openings and high franchise partner performance, particularly in Asia and Europe (page 14).

3. \*\*Licensing and Other Revenues\*\*:

Licensing and Other Revenues account for \*\*$51 million\*\*, making up \*\*4%\*\* of the total revenue (page 31). This includes revenue from branded product licensing, promotional partnerships, and collaborations with various retail and media entities. The expansion in branded merchandise, coupled with strategic licensing agreements, allowed this segment to grow by \*\*15%\*\* year-over-year, supporting Krispy Kreme’s brand identity and contributing to additional revenue outside traditional channels (page 18).

In summary, Krispy Kreme’s diversified revenue approach—primarily anchored in its Hub and Spoke model—enables the brand to maintain substantial revenue from both retail and wholesale avenues while supporting growth through franchise and licensing income. Total annual revenue rose by \*\*13%\*\* in 2023, underscoring the effectiveness of Krispy Kreme’s expansion and distribution strategies (Executive Summary, page 5).

\*\*References:\*\*

Krispy Kreme Inc. (2023). \*2023 Annual Report\*. Retrieved from [https://s202.q4cdn.com/983903322/files/doc\_financials/2023/ar/Annual-Report-2023.pdf](<https://s202.q4cdn.com/983903322/files/doc_financials/2023/ar/Annual-Report-2023.pdf>)

In analyzing Krispy Kreme’s revenue model, I found that it’s built on a mix of direct sales, franchise income, and strategic partnerships, which collectively contribute to its impressive financial growth For fiscal year 2023, Krispy Kreme reported a total revenue of $1.53 billion, with three key revenue streams driving this success: the Hub and Spoke Revenue, Franchise Revenue, and Licensing and Other Revenues (Krispy Kreme, 2023 Annual Report, page 31).

The Hub and Spoke Revenue model is by far the largest contributor to Krispy Kreme’s overall revenue, accounting for $1.35 billion or approximately 88% of the total (page 31). This model revolves around Krispy Kreme’s production system, where donuts are made in centralized "Hubs" and then distributed to retail stores (Retail) and external partners (B2B). The B2B channels also include distribution to grocery and convenience stores, which significantly expands the brand's reach beyond its physical storefronts. In 2023, this revenue stream grew by 12% year-over-year, largely driven by Krispy Kreme’s expanding partnerships with major grocery chains and foodservice companies (page 10). This increase illustrates the brand’s strong position in both the retail and wholesale markets and highlights its ability to scale operations effectively.

Franchise Revenue is the second largest source of income for Krispy Kreme, contributing $126 million, or about 8% of the total revenue (page 31). This segment includes franchise fees, royalties, and supply agreements with Krispy Kreme’s franchise partners, particularly in international markets like the UK and Japan, where the brand has seen strong growth. Franchise Revenue grew by 10% compared to the previous year, driven by successful new openings and high performance from franchisees, especially in regions such as Asia and Europe (page 14). The strong international expansion underscores the company’s ability to tap into global markets, leveraging the power of franchising to increase its footprint.

Finally, Krispy Kreme’s Licensing and Other Revenues brought in $51 million, making up about 4% of total revenue (page 31). This revenue stream includes income from branded product licensing, promotional partnerships, and collaborations with various media and retail companies. In 2023, Licensing and Other Revenues grew by 15%, benefiting from expanded branded merchandise and strategic licensing deals (page 18). These partnerships have allowed Krispy Kreme to build its brand beyond just donuts, helping it stay relevant in a competitive market and adding a layer of diversification to its overall revenue.

In summary, Krispy Kreme’s success in 2023 can be attributed to its diversified revenue streams, particularly its strong performance in the Hub and Spoke model, franchise growth, and strategic licensing. The total revenue of $1.53 billion, which rose by 13% year-over-year, reflects the company’s solid expansion and effective distribution strategies (Krispy Kreme, 2023 Annual Report, page 5). By balancing direct sales with franchising and licensing, Krispy Kreme has built a robust financial foundation that supports both immediate and long-term growth.

\*\*References:\*\*

Krispy Kreme Inc. (2023). \*2023 Annual Report\*. Retrieved from [https://s202.q4cdn.com/983903322/files/doc\_financials/2023/ar/Annual-Report-2023.pdf](https://s202.q4cdn.com/983903322/files/doc\_financials/2023/ar/Annual-Report-2023.pdf)

Overall, Krispy Kreme’s diversified revenue approach has proven effective. The company’s reliance on the Hub and Spoke model as the primary revenue generator ensures steady sales from both retail and wholesale channels. The additional income from franchises and licensing agreements further boosts the brand’s financial stability and growth potential. It’s clear that Krispy Kreme’s ability to balance these different revenue streams has been a key factor in its 13% revenue growth in 2023. This success demonstrates how a well-rounded revenue model, driven by innovation and strategic partnerships, can lead to sustainable expansion in an increasingly competitive market.  
  
  
  
  
Krispy Kreme's revenue model in 2023 offers a fascinating mix of direct sales, franchise income, and partnerships, with each segment contributing significantly to the company's overall performance.