

## DOUGH T.O. - Background and Context

[Insert Background/Context Here]

### What is DOUGH T.O's central goal?

The choice needs to make a material impact on profits and align with DOUGH T.O's fun and youthful brand identity

**Where to play?** - Active, Youthful people looking for a sweet treat

**How to win?** - Offer signature cookie dough products that consumers enjoy and buy repetitively

- A unique customer experience: customize to allow persons to have their name written on cups
- CSR initiatives like discounts from using reusable jars

### SWOT Analysis (Strengths, Weaknesses, Opportunity, Threat)

A strategic planning technique used to help us identify strengths, weaknesses, opportunities, and threats related to business competition or project planning.

Strengths	Weaknesses	Opportunity	Threats
<p>-Strong Brand presence on social media.</p> <p>"Unique"</p> <p>Huge variety of flavors → backed up by stats of what are most popular.</p> <p>"Specialty" flavours incl. Special seasonal flavours are shown to draw in an audience/crowd.</p>	<p>Sustainable packaging that maintains freshness.</p> <p>Large expense on labor</p> <p>Training and production</p> <p>Sales fall during Winter (likely earn half of the sales in spring and summer)</p>	<p>*Maybe state out some stats here that shows the opportunity*</p> <p>Because of the pandemic, many people staying at home; Baking becomes a new viral trend during the lockdown period</p>	<p>Sweet Jesus</p> <ul style="list-style-type: none"><li>• Has a similar model which has a strong social media presence</li><li>• More variety of products</li><li>• More stores and have expanded to the US</li></ul> <p>Bliss Dough</p> <ul style="list-style-type: none"><li>• Uses delivery</li><li>• Distributed in groceries as well</li></ul> <p>For Real Dough</p> <ul style="list-style-type: none"><li>• Closes storefront during winter</li></ul>

			<ul style="list-style-type: none"> <li>• Unique and familiar</li> </ul> <p>(Research on the prices and evaluate the competitor) Relatively easy access into the market as it is a product that can be made in home with the right equipments</p>
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### Our use of a Reverse Engineering Strategy

[Explanation of the reverse engineering strategy]

**Step 3 of Reverse engineering (The question): What needs to be true for each option in order for this option to work (i.e. meet the goals of DOUGH T.O.?)**

- Option 1: open a permanent flagship location
  - Consumers would be using this permanent location as the central place to order and pick up Dough T.O products
  - The location of this permanent shop needs to be well advertised and well branded to make a permanent impact in terms of marketing.
  - Have to make up additional revenue to make up for the winter months
  - Would need to offer additional products to supplement for winter months
  - Would need to leverage economies of scale, producing high volumes of dough at a relatively low cost
- Option 2: offer franchise rights
  - Consumers would be willing to visit any franchise location and have the same unique experience that Dough T.O is known for
  - A sustainable and realistic financial agreement needs to be established between the company and the franchise owners in order to maintain material profit impact
  - The franchise should be in line with the company's idea and construct
- Option 3: sell through grocery stores
  - Most consumers would be grocery shoppers looking for a sweet treat

- The DOUGH T.O brand needs to be made popular enough for grocery shoppers to either (a) immediately recognize the brand and be willing to buy the product or (b) be willing to try the brand if they are new consumers and still be willing to purchase the product
- Option 4: enter into strategic partnerships
  - Consumers would be willing to purchase products from other brands licensed to sell their products
  - The brand, customer experience and company standards would need to be maintained throughout all partnerships.
  - The partner would need to be “bigger” than DOUGH T.O, to make utilizing their reach worth our time.
- Option 5: think outside the box
  - consumers will gravitate towards the outside the box idea

Now, we analyze the barriers of each choice. This helps us determine which option *sticks*, and which option is actually feasible/practical for the business. This step helps to eliminate options from our potential strategy.

#### **Step 4 : Identify barriers to each choice**

- Option 1: open a permanent flagship location
  - Capital and operating costs that make it difficult to sustain growth
  - Less foot traffic and in-store ordering during winter months
  - High overhead fees: \$7,000 per month
- Option 2: offer franchise rights
  - Licensed owners ability to duplicate Dough T.O's initial success
  - Duplicate or multiple franchises in a certain area may reduce the average foot traffic for a single location → decreasing profit.
- Option 3: sell through grocery stores
  - customers would be limited to grocery shoppers
  - Some grocery stores may turn down the partnership, depending on current inventory and how many similar products are already on the shelves
  - Pricing of products would need to increase to account for grocery chain's profit or accept the reduced profit margins for increased sales
  - Increased competition with competitor products placement on shelves
  - Brand may be diluted (not a fresh, young brand anymore) and become mainstream
- Option 4: enter into strategic partnerships
  - creating mutually beneficial partnerships

- Option 5: or think outside the box
  - inability to successfully implement ideas
  - Example: Vending machines would require a lot of maintenance costs.

### What options are left?

- Option 1: Flagship store
- Option 4: Strategic partnerships
  - Only if the partnership is beneficial, i.e., the partnership also meets the same criteria as outlined below, and the partner itself can also be described as also meeting the same goals as DOUGH T.O
    - Example: partnering with another youthful, pop-culture brand would most likely be beneficial, as would partnering with a really mainstream well-known brand or a celebrity brand that is popular amongst a younger audience for its reputation (e.g. Gucci, Apple, maybe even Sweet Jesus).
    - Note: Current partnerships DOUGH T.O already have
      - Hershey's Chipits Canada
      - Sobeys
        - Lowkey kind of like selling in grocery stores
        - We can assume that the distribution/wholesale category in exhibit 5B as the partnership with Sobeys
          - Not exactly the best results
          - Might vary because of COVID

### Our criteria for a solution/course of action

- ☐ Reaches the target audience of youthful people
- ☐ Will maintain the brand and customer experience
- ☐ Has to make a material impact on profits

### Now, we run some tests...Based on the barriers for each option, are we still able to meet our criteria?

- Option 1: open a permanent flagship location
  - Capital and operating costs that make it difficult to sustain growth
  - Less foot traffic and in-store ordering during winter months
  - High overhead fees: \$7,000 per month
  - Criteria is met:
    - 1. Able to reach the target audience of youthful people due to location (downtown Toronto), due to marketing ("instagrammable" location/vibes).
    - 2. Will maintain the brand and customer experience by allowing owners to directly engage with customers/products.
    - 3. Has the opportunity to make a material impact on profits. According to *Exhibit 5B*, 59.8% percent of their revenue for 2019 came from their pop-up store; this implies that a physical location attracts business,

- **Option 4: enter into strategic partnerships**

- creating mutually beneficial partnerships
- Criteria is met:
  - Reaches target audience when we partner with brands that are implementing

**Additional Value Propositions:**

- Comparing/contrasting our products pricing to our competitors
- Sustainable alternatives - Bring Your Own Jar Initiative
  - Pro: this may increase traction with the youthful audience that DOUGH T.O. is trying to target, as many of the younger generation are interested in sustainability and eco-friendly alternatives.
  - Pro: On average less materials lost per sale -
  - Pro: Customize your jar!
  - Pro: Brand loyalty
  - This initiative would work best with Option 1: permanent flagship store, as it would avoid having to negotiate more complex financial agreements with other franchise owners, for example.
- Redo the website (Alana thinks it needs work lol)
- Increase the general marketing of products → the new/speciality items bring the crowd as per the case study.
- To keep the youthful vibe and continue to engage the target, we may choose to partner with certain brands (similar to Option 4) to increase marketing.
- DOUGH T.O is going to be able to fully take advantage of bulk ingredient orders to achieve economies of scale compared to the pop up model

**Questions to Answer if chosen this alternative**

- Option 1
  - Where should it be located
    - We kind of already have the best location chosen for us already
    - Through the assist of financial data, we see how the 28 week pop-up store on Queen Street WEst as the largest contributor to the brand's 2019 sales revenue
      - <https://www.kijiji.ca/v-commercial-office-space/city-of-toronto/1-000-sqft-retail-space-at-queen-bathurst/1557224130>
        - Good storage space
        - Average pricing per month for a store be around \$8000
      - <https://www.point2homes.com/CA/Commercial-For-Rent/ON/Toronto/Trinity-Bellwoods/634-Queen-St-W/101561505.html>
        - Cheaper
        - Around the same area
        - Furnishes more for clothing store
  - How could DOUGH T.O increase foot traffic during the winter months?
    - What about general sales during winter months?

- What additional products could DOUGH T.O add to its product line to encourage foot traffic during the winter months?

- Hot Chocolate



- Cookie Coffee Cup

- Should we have a cost breakdown on what it would need to make this work?
- Create standard module for workers on how to work with
- Option 4
  - If they already have partnerships with Hershey's Chipits Canada and Sobeys Canada, how many more partnerships would they need?
    - Partnerships don't have to be permanent. The most beneficial partnerships for this brand would be companies/organizations/celebrities who are able to target the audience they wish to appeal to (i.e. limited time flavours, products, partnerships, marketing, etc.)
    - Partnerships will come along as they establish more success especially with a flagship store.

## Steps in Case Analysis

- Identify the most important facts surrounding the case.
- Identify the key issue or issues.
- Specify alternative courses of action.
- Evaluate each course of action.
- Recommend the best course of action.