KRISPY KREME DOUGHNUTS:
An American Food Retailing Franchise
Enters the British Market

- How should a company transfer its brand across cultural boundaries and communicate it through architectural interior design?

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ABSTRACT

International expansion is one way for an American retail franchise to grow financially reaching beyond mature markets and/or an economic downturn at home. Securing growth in foreign markets requires a strong consistent brand image as communicated across each area where the consumer interacts with the brand. Commonly known as the “Four P's of Marketing”, customer interaction points include the Product, Price, Promotion, and Place.¹

With increased global competition and a more sophisticated consumer base, American franchises with international aspirations must increasingly focus on the use of the retail environment, or “Place”, as a three dimensional multi-sensory consumer and brand interaction point. To gain international acceptance, an American franchise developed within and for the United States market must readdress their brand strategy, particularly their interior brand environment, for application in each targeted international market.

The process of determining how to communicate an American brand through architectural interior design to the UK consumer market and culture is demonstrated in this Thesis through example franchise Krispy Kreme Doughnuts. The result of this process of analysis is presented both verbally and visually through a new retail store concept design suitable for application in the United Kingdom today.

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NOTE: All photographic, computer-aided, and hand drawn figures, charts, graphs, diagrams, and tables in this Thesis were produced by Larissa Stockton unless otherwise noted.
CHAPTER ONE

1. INTRODUCTION

If London is anything to go by the world has gone fast food mad. Coffee bars, hamburger joints, pizza parlours, soup and juice bars, bagel and noodle bars, and sandwich shops – the list of fast food choices is almost endless. On any given street you may find four coffee and three hamburger choices, let alone a few new concepts putting their first tentative toe in the water.

What distinguished these companies? Take coffee bars as an example. It is hard to tell at first glance. They all seem to offer the same choice (filter, latte cappuccino, espresso, etc.). Unless you are a true coffee aficionado you probably cannot tell any real difference between the coffee they serve, or that one brews coffee the purist’s way and another uses a machine which makes the right noises but has been manufactured to cater for volume rather than quality.

Yet some people prefer one fast food outlet over another. Sometimes this comes down to the product, sometimes it comes down to selection, or you may dislike the rather cumbersome process some of them employ to take your order and your money and then deliver your food to you. You may even prefer the choice of music they play or have a fetish for synthetic coloured uniforms.

Often if comes down to the environment and what this says about the values and personality of the brand.2

This Thesis explores the process of designing an interior retail store environment which can visually communicate a company’s brand across international and cultural boundaries in today’s consumer market. This process will be investigated in detail through American food retail franchise Krispy Kreme Doughnuts. In addition, case studies focusing on the international retail interior environments of established brands will be addressed and design concepts considered.

2 Calver, Retail Graphics, p. 112.
In late 2002, Krispy Kreme Doughnuts announced international expansion plans in multiple markets around the globe. Krispy Kreme’s current brand strategy, including their retail store interior design, is centred on the American consumer and related behavioural patterns as well as American commercial real estate trends and requirements. This is logical for a franchise that, until very recently, has not been focused on growth beyond the American market.

This Thesis focuses on Krispy Kreme’s expansion into the United Kingdom. The United Kingdom is a primary target market for Krispy Kreme Doughnuts. Focusing this Thesis on the United Kingdom market entails specific detailed data on consumer and retail trends to be gathered, analysed, and compared to the United States market. Results of this analysis will allow conclusions to be drawn with regard to the impact of culture on retail interior design generally and specifically with regard to example company Krispy Kreme. The process and procedure used to obtain these results can later be applied to other international markets if desired.

Retail design encompasses just about every facet of design including promotional graphics, product packaging, and interior design of the retail place. These four areas of design are commonly referred to in the marketing profession as the “Four P’s of Marketing”: Product, Price, Promotion, and Place. Collectively these include: product planning, pricing, branding, distribution channels, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. This “Marketing Mix” is the parameters that a marketing manager can use to make decisions that center on the customers in the target market creating perceived value and generating business.

There are many variations of this model, some tailored to different businesses and situations. For the purpose of this Thesis, I have interpreted the “Four P’s” model for retail design, as opposed to marketing, and have grouped different retail design and marketing elements specific to Krispy Kreme as follows:

DIAGRAM 01: The "Four P’s" for Krispy Kreme

This Thesis will focus on “Place”, specifically the interior retail store environment. Here “Place” is not intended to refer to distribution or distribution networks. As depicted in the diagram above, it is difficult to separate out other design areas while developing a consistent overall brand image. Therefore elements crossing over “Place” (such as branding, product packaging design, graphics, e.g.) will also be addressed as necessary. As advertising and related advertisement graphics are a part of Promotion, this
area is only touched upon briefly as it is outside the scope of this Thesis. Specific Product and Pricing strategies will not be addressed.

The body of this Thesis will address “If” and “Why” Krispy Kreme must redesign its current retail store environment to successfully communicate its brand to the UK consumer culture. Through drawn concept designs, this Thesis will answer the question, “How can Krispy Kreme transfer its brand image across cultural boundaries and communicate it through architectural interior design?”

Specifically, to answer the question posed, research and analysis in the following chapters will be conducted with respect to: company background, company requirements, branding and the retail interior environment, consumer behaviour and cross cultural marketing (including UK market competition and product and consumer trends), franchising, international site selection, established international brand case studies, Krispy Kreme Doughnut’s existing brand strengths and weaknesses, and international retail design trends.
CHAPTER THIRTEEN

13. CONCEPT DESIGN SOLUTION

After a year of research and analysis, this chapter presents the concept design solution for Krispy Kreme United Kingdom. It is the visual answer to the question of this Thesis, “How should a company transfer its brand across cultural boundaries and communicate it through architectural interior design.”

The visual solution is presented in three sets of drawings. Concept drawings are shown in Chapter Section 13.1, function drawings in 13.2, and drawings illustrating important details in 13.3. These drawing sets are followed by a discussion on the design approach in Chapter Section 13.4, colour in 13.5 and material in 13.6.

The Set of Concept Drawings begins with the overall perspective for a typical Krispy Kreme store and floor plan. It is then broken down into individual perspective drawings for each of the six modules comprising the design. As previously noted, the modules are based on Krispy Kreme’s six components of store design referenced in Chapter 10.1.1. The collection of perspective drawings is intended to communicate the feeling of the design. Please note that Module 05: Featured Lighting Design and Module 06: Repositionable Merchandise Display Case is not presented in the coloured perspective drawing to prevent over-complication of the image. Furthermore, the Repositionable Merchandise Display Case is an optional module in the design and may not necessarily be used in every store.

The following Set of Function Drawings demonstrates the flexibility and functionality of the design. Here the six modules are combined and applied to various store layouts. Five example
store floor plans are shown based on standards typically used for multiple format retail design planning.\textsuperscript{5} These floor plans are also sized to fit the Krispy Kreme minimum required area of 2,000 sq. ft.\textsuperscript{6} A Lighting Grid is included to demonstrate the application of the featured lighting design to an example store floor plan. Finally, a flow diagram and desire line diagrams demonstrate the ordering process and traffic flow pattern applicable to all of the floor plan types shown.

The third and final set of drawings, Set of Detail Drawings, provides further notation and dimensions for each module. Here it is possible to understand the design considerations and rationale behind each module.

\textsuperscript{5} Moffat, op. cit., 3 March 2003.
\textsuperscript{6} McAleer, op. cit., 14 November 2003.
13.1. SET OF CONCEPT DRAWINGS

CONCEPT DRAWINGS BY MODULE

(9 drawings to follow)

PERSPECTIVE 01: Interior Brand Environment Concept

PERSPECTIVE 02: Key to Concept Modules

MODULE 01: The Vestibule: Entrance, Mixing Station, Merchandise Display

MODULE 02 and 03: The Order: Doughnut Display and Doughnut Theatre

MODULE 04: The Seating: Solutions 01, 02, and 03

MODULE 05: Feature Lighting Design

OPTIONAL MODULE 06: Repositionable Merchandise Display Case

13.2. SET OF FUNCTION DRAWINGS
FUNCTION DRAWINGS

(13 drawings to follow)

FLOOR PLAN TYPE A: 2,000 sq. ft. Square
FLOOR PLAN TYPE B: 2,000 sq. ft. Wedge
FLOOR PLAN TYPE C: 2,000 sq. ft. Rectangle: Entrance on Long Side
FLOOR PLAN TYPE D: 2,000 sq. ft. Rectangle: Entrance on Short Side
ELEVATIONS TYPE D: Display Case/Theatre Side and Front Elevation
FLOOR PLAN TYPE E: 1,000 sq. ft. Airport/Shopping Plaza Format
LIGHTING GRID: Application of Feature Lighting to Example Plan
FLOW DIAGRAM: Mechanics of Space for All Floor Plan Types
DESIRE LINE KEY: Key to Fields of Vision at Point of Entrance
DESIRE LINES TYPE A: 2,000 sq. ft. Square
DESIRE LINES TYPE B: 2,000 sq. ft. Wedge
DESIRE LINES TYPE C: 2,000 sq. ft. Rectangle: Entrance on Long Side
DESIRE LINES TYPE D: 2,000 sq. ft. Rectangle: Entrance on Short Side
13.3. SET OF DETAIL DRAWINGS

DETAIL DRAWINGS BY MODULE

(12 drawings to follow)

MODULE 01 DETAIL: The Vestibule: Entrance, Mixing Station, Merchandise Display (1 drawing)
MODULE 02 DETAIL: The Order: Doughnut Display (2 drawings)
MODULE 03 DETAIL: The Order: Doughnut Theatre (1 drawing)
MODULE 04 DETAIL: The Seating: Three Seating Solutions (4 drawings)
MODULE 05 DETAIL: Feature Lighting Design (1 drawing)
OPTIONAL MODULE 06 DETAIL: Repositionable Merchandise Display Case (1 drawing)
MENU BOARD DETAIL: Ordering Point Information Sign (1 drawing)
PERSPECTIVE: Thesis Visual Conclusion (1 drawing)
13.4. DESIGN APPROACH

When moving into the design section of this Thesis, the approach was naturally modular. When it was time to begin sketching and drawing, design requirements were already outlined through analysis. Ideas and mental images had been forming for some time. Five key words were developed to represent and capture my interpretation of the Krispy Kreme brand. These key words, previously documented, include: Factory, Magical, Heavenly, Fun, and Fresh. These words conjure up images and thoughts which should come to life when viewing the new concept for the interior brand environment.

As can sometimes be the case, initial design ideas felt complicated. Referencing notes from an interview with QUBE Retail Design Partner Philip G.C. Whitting, enabled a refocus of ideas. Philip Whitting advised that retail design must be simple to work. Whatever design one arrives at should be stripped of the frills to get back to the basic form. It is this basic form that works best as the final concept. Acknowledging these professional thoughts, concepts presented in this Thesis strive to achieve this simplicity. The forms and shapes are in a scale and relationship to one another that is balanced creating overall impact.

The underlying idea for the three solid stainless steel forms crossed by the horizontal glowing doughnut display case came from the most unusual inspirational source, Valkyrie. One of three parts of the opera Rings of the Nibelungs written by Richard Vaugner, Valkyrie was performed during the spring 2003 season at St. Petersburg's Mariinsky Theatre, Russia. The stage set, shown in Figure 62, made an incredible impression in its simplicity, changing light, and exaggerated scale. To show the scale of the set, the opera singers have been circled in red. Viewing this opera was a
CHAPTER FOURTEEN

14. CONCLUSION

This Thesis identified and investigated seven areas of analysis that addressed the complexities of communicating a brand internationally through architectural interior design. To explore this question in detail, Krispy Kreme Doughnuts was utilized as an example company. The conclusions of this analysis were demonstrated visually through an interior brand environment solution which was presented in Chapter 13. As a result of the work captured in these pages, one can conclude that Krispy Kreme Doughnuts has great potential to strengthen its brand with a re-design of its store environment upon implementation in the United Kingdom. The results here will be presented to Jack McAleer, Head of Concept Development at Krispy Kreme, after the opening of the Harrods store October 2003. It is hopeful that there will be receptivity to the suggested designs and employed method of analysis.

While historically having a strong focus on Product, Price and Promotions, as Krispy Kreme looks to grow internationally they must engage in the 4th “P,” Place. They must do so as the current store design does not address the designation of areas for integration of local culture, and is not flexible enough to allow for implementation in various floor plan layouts. Furthermore, it has not found the appropriate balance of standardization and customization with regard to its brand awareness and new target market distinctions.

Nevertheless, Krispy Kreme has developed packaging graphics, kiosk designs, and promotional car designs and graphics that are highly effective. Overall brand consistency across the customer interaction points would be significantly improved if the retail store environment leveraged some of these design strengths.
Therefore, it would be a missed opportunity (and possibly a risk to new market acceptance) for Krispy Kreme to push forward internationally with their current retail store design without incorporating these elements.

This Thesis is interested in something other than a “yes” or “no” answer to the question of re-design for Krispy Kreme. This Thesis specifically asks, “How should a company transfer its brand across cultural boundaries and communicate it through architectural interior design?” And further, this Thesis seeks a strategy for entrance into new markets, in this example the market being the United Kingdom.

From comparative case study analysis, it is my conclusive view that there are really two key questions any company must ask itself when moving into new markets:

1. **What are the cultural differences between the new target market and our company’s home market?** Depending on expansion goals and style of the existing store design, the home market can be defined on a city, region, or country basis. Then a decision must be made on whether or not the targeted market is mostly “Similar”, “Different,” or “Very Different” to the home market identified.

2. **What is the strength of our brand on a global level?** Is it “New”, “Established”, or “Mature”, following that of the brand’s life cycle?
The following are the responses to these two key questions for example company Krispy Kreme Doughnuts:

1. Because Krispy Kreme’s design is not specific to any region within the United States, they are placed at a country level for the definition of their home market. Krispy Kreme’s home market is therefore, the United States. The target market has been identified as the United Kingdom and, through the analysis in Chapter 6.1, has been proven to be “Different” from the United States.

2. Krispy Kreme is an established brand in the United States. It is also a publicly traded company which broadens its level of awareness. Furthermore, the company is visible in movies of international reach. Therefore, this brand is entering the level of “Established” with regards to global brand awareness.

With the broad answers to these questions identified, we can now position Krispy Kreme on four design strategy matrices to better understand these interrelationships (as shown in Diagram 06). Each matrix identifies a different area or opportunity to adjust the store environment. While these areas will change with the evolving company and brand, the basic form and modular structure of the concept should remain constant.

Based on answers to the two aforementioned questions (“Different” and “Established” respectively), Krispy Kreme can identify its position on each matrix as “Circle B2” and follow the recommended interior brand environment design strategy. Every time the answer to one of these two questions changes, the matrices can be re-visited and the design strategy adjusted accordingly.

To further illustrate the use of the tool, Starbuck’s can be positioned as “Circle C3.” In this case, Starbucks’ answers to the two questions are “Very Different” and “Mature,” respectively.
The recommended strategies for Krispy Kreme, found in the centre “Circle B2” of the matrices, have been interpreted visually and previously presented in Chapter 13. The conclusive strategies outlined here and in the visuals found in Chapter 13 are in alignment. As time elapses, Krispy Kreme may find that they move within each matrix. Movement would indicate changing levels of global brand awareness and/or entrance into new markets, and as a result the recommended strategies and visuals would correspondingly change.
As a tool used to guide the direction of a design strategy, the specific recommendations in each matrix were defined based on the elements this Thesis identified as adjustable design components of a retail environment. They also fall within the six areas of the retail store as defined by Krispy Kreme. The components identified here can be expanded upon or tailored on a company by company basis.

This matrix is simply a tool. The success of the tool depends on the ability to investigate and answer the two key questions appropriately. Furthermore, any strategic tool is not a guarantee for success. If it were, more brands would be successful. The tool presented here allows Krispy Kreme to logically assess, "How to transfer its brand across cultural boundaries and communicate it through architectural interior design."

For Krispy Kreme, the answer to this “How to” question was to refresh and extend the colour palette and to introduce these colours through new materials such as stainless steel and mosaic glass floor tiles. In addition, the logo and some variations of the logo were introduced into the store at key points such as on chair-backs, the front entrance door handle, and the menu board. A bit of sparkle for a magical environment was created through reflective Corian displays and the mirror-backed “Doughnut Theatre.”

Flexibility of the design was a critical consideration. This was solved for through a modular design approach which included multiple seating solutions, optional displays, and an adjustable polka-dot lighting grid. Furthermore, components were simple and scalable such that they might fit a variety of ceiling heights and store layouts. Additionally, the flow of traffic was redirected, and the local culture accented through unobtrusive murals and pictures on walls and the backs of high booth seating. Through the course of study, the most interesting and unexpected discoveries were the unique complexities of the franchise business and the
importance of consistent brand communication across customer interaction points.

There was, at the onset of this Thesis, an expectation for arrival at a Krispy Kreme design conclusion which incorporated a high degree of bespoke elements sensitive to the local community or market. However, while it is my recommendation for Krispy Kreme to re-design its store environment, only part of this proposal is attributable to its new international intentions. A considerable part is a result of temporarily overlooking “Place” during a period of rapid expansion. Krispy Kreme must constantly evolve, and this Thesis demonstrates that their brand has the opportunity to take a great leap forward.

The solution for Krispy Kreme was a significant departure from the home market strategy, which was appropriate in this situation. However, this solution is specific to Krispy Kreme and cannot be applied across other brands. Each brand situation with regard to maturity and new entrance market similarity needs to be considered individually. To begin with, a brand’s unique message, which should reverberate throughout the retail environment, must be clearly identified and considered at the forefront of all design decisions. Existing brand strengths across different interaction points should be emphasized. Outdated or inappropriate design features should be retired. The design approach defined through the use of the strategic matrices, augmented with an appropriate degree of cultural references and tolerance, will ultimately determine the proper strategy for any brand expanding internationally.
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