

South Africans, say goodbye to Dunkin' Donuts and Baskin-Robbins

JSE-listed Grand Parade Investments is closing all Dunkin' Donuts and Baskin-Robbins outlets in South Africa following poor performance. The decision was made to liquidate the poor-performing assets after Grand Parade failed to find a buyer.



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The South African franchise owner said the move is in line with its value-based strategy that aims at improving the group's capital allocation, which will assist in funding the growth of its Burger King business.

"Shareholders are hereby advised that Grand Parade will exit its poor-performing assets Dunkin' Donuts and Baskin Robbins and has today filed an application for the voluntary liquidation of these businesses," the company said in a statement.

"The decision to exit Dunkin' Donuts and Baskin Robbins was made following sustained losses in these businesses and an unsuccessful process to dispose of these businesses. The decision is in line with the company's value-based strategy, which aims at improving the group's capital allocation by channelling capital to high-value potential assets, such as Burger King," the statement said.

Mohsin Tajbhai, Grand Parade Investments acting CEO, said that Dunkin' Donuts and Baskin-Robbins have negatively impacted the group's cash resources. "Since June 2018 it became apparent that both brands would not meet their original, nor revised forecasts based on the poor performance of existing stores."

"We have been actively pursuing opportunities to exit these businesses in the most effective and efficient way since September 2018. We have engaged with several potential buyers over the second half of 2018 and have decided that voluntary liquidation of both businesses is the best possible option in the absence of any serious offers," he said.

"While disappointed in our inability to gain traction in SA, Dunkin Brands International is aware of our decision to exit. The liquidation process will be managed in such a way that obligations to landlords and staff can be dealt with responsibly. Of the 120 staff impacted, we will aim to accommodate as many as possible in our other businesses or pay appropriate retrenchment compensation to those who cannot be offered alternative employment."

Dwindling rollout

Grand Parade acquired the rights to represent Dunkin' Donuts and Baskin Robbins in SA, Namibia, Botswana, Zambia and Mauritius in January 2016. The group initially intended on developing more than 250 Dunkin' Donuts restaurants and more than 70 Baskin-Robbins shops in the country. In its 2018 financial year results, however, Grand Parade said it had rolled out five stores for Dunkin' Donuts and one store for Baskin-Robbins, bringing total stores to 11 and five, respectively.



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[Business Day](#) reports that the decision to close the SA outlets of the US fast food chains followed a warning in Grand Parade's 2018 financial year results that the company had been badly hurt by the introduction of sugar taxes and rise in the VAT rate.

"While the closure of Dunkin Donuts and Baskin Robbins is a disappointment, this is the right decision for all stakeholders and we are now better positioned to focus our efforts on building on the current momentum at Burger King," Tajbhai.

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