



# The Great Donut Revolution

*Duck Donuts began franchising just five years ago. Today they have sold more than 200 stores, including new openings in New Jersey in Marlton and Avalon. The donut-buying public is ecstatic.*



**We should all love our jobs as much as Ted Gill does.**

It's refreshing to hear a business professional, with franchise ownership aspirations, unashamedly spout three "reallys" describing his product.

"People really, really, really love the idea of fresh, made-to-order donuts," he says, when asked how business has been since the opening. "Business has been great."

There's no measured, calculated tone with Gill. His enthusiasm leads to unabashed exaggeration. "There is a little bit of a wait, but it's definitely worth it. You get a warm donut, and it's a million times different than if you got one just sitting around the shelf somewhere."

Ted Gill is the general manager at one of the newest Duck Donuts locations. He runs the show in the recently opened Marlton store in the Marlton Crossing strip mall, as the rapidly expanding chain of made to order donut shops makes a splash in the Garden State.

Ted Gill (center)  
general manager  
of Duck Donuts  
in Marlton, NJ.



A former owner of an East Brunswick pizzeria, Gill found the opening for the Duck Donuts position on Facebook. He spoke with the franchise owners, who probably had an easy time deciding to give him the job. In an age where one bad customer experience gets halfway around the world before a good one gets its pants on,

Ted Gill gets it. "People want a fresh, delicious product, and customer service is key. We want everybody to leave here with a smile."

He plugs his employer like a winning race-car driver. "That's what we strive to do at Duck Donuts."

Duck Donuts President Gary McAnaney, who

## Going Global

If you were apprehensive about a South American vacation because of the absence of Duck Donuts, that's no longer a problem for you. As this article goes to press, Duck Donuts has recently announced an expansion into the Southern Hemisphere, with ten stores opening in Chile.

According to the official press release, Duck Donuts has signed an international franchise agreement with OBX Alimentos SpA. Their CEO, Marcial Dieguez-Acuna, is quoted as saying "We look forward to having Chileans adopt this new concept with open arms and for Duck Donuts to become a significant player in the sweets industry in Chile. We will offer a superior product to current market standards and with the highest level of quality service."

Given that the business model is working pretty well in America, it's not hard to imagine that Chileans will take to Duck Donuts just as quickly. Russ DiGilio says the company is pursuing more international franchising opportunities. In a few years, you may be able to get a Duck Donut wherever your vacation plans take you.

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is overseeing the company's ludicrous-speed expansion, shares Gill's enthusiasm for customer happiness as part of the big picture.

"It is a detail-oriented business. You have to pay attention each and every day to the small stuff," McAneney says. "I think that's with any food business, but ours is a little different... we're discretionary spend. People have choices on whether they're gonna buy donuts or not. It's not a must have, so we need to be on top of our game with each and every experience.

"Our franchisees have to understand that. They cannot take their success for granted. Even if the first month or so, lines are out the door and sales are going great, they can't take their foot off the gas pedal delivering that customer experience."

During the interview with Gill, customers filter in and are greeted warmly by the staff. Employees behind the counter assist them in the challenging decision of how to coat their donuts, send the brand new donuts through the fryer, and carefully cover them with the requested toppings and drizzles, creating dazzling donut artwork that looks as great as it tastes. All in full view for customers...many of them excited children...to watch.



It's fair to believe that the experience is rehearsed enough that it isn't just a show for a writer of a popular magazine. It's also fair to say the experience is different from well-known large donut chains, who have rested on "acceptable" customer service laurels for decades.

So yes, the quality of service at Duck Donuts is noteworthy. But let's not discount the quality of the donuts as part of the business plan.

Sitting on the counter is a cake container filled with cinnamon sugar donut pieces, which patrons are welcome to try. Usually the taste results in approval for the complete, paid version, with any of a "duckzillion" combinations of coatings, toppings, and drizzles.

**"People want a fresh, delicious product, and customer service is key. We want everybody to leave here with a smile."** – Ted Gill

Your fresh and warm donut can be coated with strawberry frosting, Oreo crumbs and hot fudge drizzle. Or try peanut butter frosting, with shredded coconut and blackberry drizzle. And so on. Imagine choosing a dozen combinations like this for your team at work. Imagine your suddenly improved stature within the company as you open the box to display them at the meeting. Can't think of the right combo? Duck Donuts suggests favorites: maple frosting with chopped bacon (bigger than bacon bits) is beloved of course, as is the Key lime frosting donut with graham cracker crumbs, which is only available in the spring.

When this writer's arm is twisted enough to

try one (resulting in a fairly easy "uncle"), he opts for a breakfast sandwich...a maple covered donut sliced in half, with egg and cheese inside and bacon pieces on top. After some thoughtful consideration of the additional bicycle miles required to work it off, I follow up with the aforementioned Key lime edition.

The verdict? Let's just say that with Duck Donuts in Marlton now, you're within an acceptable radius anywhere in South Jersey. Go try them. If you can find a better donut, contact me so I can ask the publisher to let me do a story on them too.

The fresh coffee is no slouch either, in case one still thinks that's a reason to frequent the "leading brand" donut stores.



**D**uck Donuts founder and CEO Russ DiGilio simply wanted to make the world, or at least the Outer Banks of North Carolina, a better place.

DiGilio, who at the time owned several assisted living facilities, frequently spent vacations with his family in the resort town of Duck (you see where this is going, right?), which, according to Wikipedia, offers "outdoor recreational activities, summer events and concerts, watersports, fine dining, shopping, art galleries, and a nationally known jazz festival."

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The only thing missing from that list, DiGilio noticed, was a fresh donut shop. And so the first Duck Donuts was born.

Well, okay. Don't quit your day job thinking it's that simple. DiGilio and his family spent months developing the right combination of batter and shortening "from absolute scratch," and researching the market before opening the first store in 2007.

"There are a lot of different food options out there," DiGilio notes, "and if someone wants to come up with something, they need a niche. They need something unique, a hook to bring people in. You can't just be any Joe Schmoie hamburger shop. There's just way too much competition.

"In our days as kids, going to boardwalks and hole in the wall places, we used to get donuts, and they were made to order. You walked up to the window, they made some donuts and you go on your way. Our reminiscing of times when we were on vacation prompted us to do this in a much different way."

"Fortunately for us, made to order wasn't very prevalent."

Nor did it become prevalent in Duck for the first couple of years after the store's opening. As every business owner knows, success doesn't come without a struggle. It took some time.

"The first year out of the gate...nobody knew what we were about. On vacation you've got a lot of options. It took word of mouth. The third year was the first year we broke even, that's when it kicked in and we said this has legs. By the fourth year, we knew we had something special."

**T**o say word of mouth has been an effective marketing tool for Duck Donuts would be quite the understatement. It's one thing to inform your soon to be vacationing friend about the amazeballs donut shop on Osprey Landing. It's quite another level to repeatedly pester the founder about franchising. Duck Donuts gets so many such offers that there is a prominent page on their website about how to do just that.



Duck Donuts founder and CEO Russ DiGilio

"It was surprising to me how much a donut impacted people," DiGilio recalls, "but when you think about it, the whole idea is family based. People were on vacation enjoying themselves, and it just elicited these memories of while people were on vacation of an enjoyable time.

"It was almost like we had a cult following. We had people write in all the time, telling us how much they love our concept, the donuts were out of this world, and they just loved it. They prompted us, year after year, to come to their hometown or teach them how to do what we do.

"Over time it became so overwhelming that we said, we're gonna kick ourselves if we don't test the waters and try to franchise this concept."

Today Duck Donuts is operational in 13 states, with contracts to open in ten more. The actual number of stores is growing so rapidly that an exact number listed here would likely be inaccurate at press time. There have been 200 locations sold since 2013, with 30 stores likely to open this year alone.

Some pretty impressive numbers in just five years of franchising. But to DiGilio, that first franchise opening, in Williamsburg, VA, is still arguably the proudest moment.

"That couple dipped their toes in the water before anyone else and took a huge risk, which we're eternally grateful for. But the fact that that store opened with such fanfare and has done so well and continues to this day, in the big picture, set us on our way."

And if Dunkin' Donuts and Krispy Kreme aren't looking over their shoulders yet, they ought to be. ■

## Quack Gives Back

Duck Donuts didn't invent the Chemo Duck, as is easy to believe when one initially views the Quack Gives Back page of their website. Which is why the two entities are a perfect fit for each other.

Chemo Duck is a program dedicated to helping children with cancer overcome their fear and anxiety through the inevitably trying therapy. Children are given a "Chemo Duck," a stuffed yellow duck with hospital scrubs and a chemotherapy port. Parents can use the Chemo Duck to help their children see what their therapy entails and to help ease the child through treatments.

"Obviously what caught our attention was the duck," DiGilio explains. "Their whole program is based on childhood cancer awareness and education. They're not really working for a cure, but they are helping the families who are dealing with this type of illness, who need a lot of support and comfort and education."

This last September (September is Childhood Cancer Awareness Month), all of the Duck Donuts stores gathered together and raised \$75,000 for Gabe's Chemo Duck Program.



Chemo Duck

"We deal with families, they're one of our primary customers, mothers with children. This was a nice tie-in, because it's children dealing with an illness, and they have a duck as their mascot, so it just seemed like a natural relationship. And all families can benefit from what we have to offer, and this is our way to give back to those struggling with illness."

Duck Donuts strongly encourages franchisees to give back, which they are happy to do, through their Quack Gives Back program. The King of Prussia store alone raised over \$4,000 for the Children's Hospital of Philadelphia. "We challenge our franchisees to be connected with their local community," DiGilio says. "We want our stores to be connected with whomever, nonprofits, baseball teams, high schools, churches, etc."

If you'd like to learn more about Gabe's Chemo Duck Program, you can find the website at [chemoduck.org](http://chemoduck.org).