

Comparative study between pizza hut and dominos business essay



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This research is based on service comparison of pizza hut and dominos. Delivering quality service is of utmost important. This research is based to test the quality of service and comparison between two pizza Houses. The fast food industry of India is experiencing phenomenal growth and is one of the fastest growing sectors in the country, with the compounded annual growth rates of the market crossing 25%. Further, on the back of changing and busy lifestyle, fast emerging middle class population and surging disposable income, the industry will continue to grow at a pace in coming years. It now accounts for roughly half of all restaurant revenues in the developed countries and continues to expand there and in many other industrial countries in the coming years. But some of the most rapid growth is occurring in the developing world; where it's radically changing the way people eat. People buy fast food because it's cheap, easy to prepare, and heavily promoted. This paper aims at providing information about fast food industry, its trend, reason for its emergence and several other factors that are responsible for its growth.

This report provides extensive research and rational analysis on the Indian fast food industry and tracks the changing dynamics of the market. It features market performance, key related sectors and competitive landscape of the market. The research study looks into the market condition and future forecasts, and outlines current trends and analyses. It has been made to help clients in analyzing the opportunities, challenges and drivers vital to the growth of fast food industry in India.

For the purpose of this report, Fast Food Industry includes fast food restaurants, teahouses, coffee shops and juice bars in India.

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Consumers will be feeling the impact of the crisis far more over the coming months and will have to adjust their daily habits and attitudes accordingly. There are already clear signs pointing in this direction, which are not necessarily detrimental to food retail. In times of economic crisis, the cocooning effect tends to emerge and this involves consumers focusing increasingly on activities within their own homes. For example, they will go out less in favor of enjoying evenings in. These behaviors will impact primarily on the restaurant industry, with the lack of consumption outside the home made up for by the purchase of food products to be eaten at home, the research group noted – something which has already been seen in a number of countries. Although only around half of consumers will actually be affected by the crisis, the situation will have a major impact on food retail. The various sectors, industries and retail will all be affected by the economic crisis to varying degrees. There will be losers, but also winners in this downturn.

The 6000 corer fast food retail industry is mainly dominated by the multinational players and the key players which are active in the research of the food retailing include:

Pizza hut

Pizza Hut is one of the flagship brands of Yum! Brands, Inc., which also has KFC, Taco Bell, A&W and Long John Silver's under its umbrella. Pizza Hut is the world's largest pizza chain with over 12, 500 restaurants across 91 countries.

In India, Pizza Hut has 137 restaurants across 36 cities, including Delhi, Mumbai, Bangalore, Chennai, Kolkata, Hyderabad, Pune , and Chandigarh

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amongst others. Yum! Is in the process of opening Pizza Hut restaurants at many more locations to service a larger customer base across the country.

Dominos

Domino's vision is focused on " Exceptional people on a mission to be the best pizza delivery company in the world! ". Domino's is committed to bringing fun and excitement to the lives of our customers by delivering delicious pizzas to their doorstep in 30 minutes or less, and all its strategies are aimed at fulfilling this commitment towards its large and ever-growing customer base.

Domino's constantly strives to develop products that suit the tastes of its customers, thereby bringing out the Wow effect (the feel good factor).

Domino's believes strongly in the strategy of ' Think local and act regional'. Thus, time and again Domino's has been innovating toppings suitable to the taste buds of the local populace and the Indian market has very well accepted these.

Problem statement

Why do people prefer Pizza-Hut over Dominos pizza (In respect of service, quality, price, location)?

Research Objective

To find out the comparative analysis between Pizza-hut and dominos-pizza.

To check out the preferences of the people / or the customers.

To find out which factors are more preferred by the customers.

BACKGROUND OF THE PIZZA-HOUSES

Domino's Story

The Domino's Pizza story is one of passion, determination, the ability to overcome adversity and most importantly, a single-minded dream of becoming number one in the pizza home-dining industry.

Four Decades Of Experience

The '60s

Domino's Pizza began with one store in Ypsilanti, Michigan on December 9, 1960. Its owner, Thomas S. Monaghan, was a 23-year-old student at the University Of Michigan School Of Architecture who was looking for a business venture to sponsor his studies. With his brother James, he bought an existing pizza store called Dominick's Pizza. He soon found himself absorbed in the pizza business and immediately began to make improvements. Although a novice in terms of pizza making skills and knowledge of the industry, Monaghan had the self-determination to get the job done and to do it better than anyone else. What was needed was to consistently make great pizzas fast and safely deliver them to the customer's door.

His partnership with his brother was dissolved in 1961, by 1965, Monaghan own three stores and officially changed the company name to Domino's Pizza, Inc. A pioneer and innovator in the pizza delivery industry, Monaghan continuously looked for better and faster ways to handle the rush. He developed a fast pizza-making method and an efficient order taking system. From the moment the phone rang to the time the pizza was delivered to the

customer's door, Monaghan stressed the need for hustle. " Never get behind" was the operating motto.

Even though delivery drivers were instructed to abide by the traffic laws at all times, once they got out of their delivery vehicles they were to run to the customer's house, ensuring a piping hot pizza. Capitalizing on the success he had found in his three stores servicing college campuses, Monaghan adapted the same successful system at Michigan State University in 1967. A massive pizza craving population of 20, 000 students living on one campus, offering one size of pizza with only six toppings to choose from and introducing the company's 30 minute pledge soon made this store the company's biggest money maker. This store is also notable because it solidified in Monaghan's mind the need to expand. Monaghan sold his first franchise to Charles Gray on April 1, 1967, after personally training Gray for the job himself.

The company suffered its first serious setback when on February 8, 1968 the company's central office and commissary were destroyed by fire. The company was inadequately insured and Monaghan was only able to recoup \$13, 600 in losses. Nevertheless, Monaghan's belief in his dream drove him to push the company forward once again. By the end of 1969, Domino's Pizza, Inc., consisted of 42 stores reporting an estimated \$8. 1 million in total sales.

The '70s

Despite its high turnover, Domino's was \$1. 5 million in debt. By 1970, its creditors took action and 200 lawsuits were filed against it. Monaghan lost control of the company to the banks, only to have it returned to him 10

months later in worse condition than when they had taken it over. Monaghan and his wife managed to salvage what was left of the company and once again took off in pursuit of their dreams.

Monaghan focused on rebuilding the trust of his creditors and the company's reputation and spent much of his time visiting his stores, talking with store managers and team members, and observing them in action. He continued to emphasize the Domino's system of simplicity and speed. Passing on his enthusiasm for the nature of the business and creating a friendly, competitive environment, Monaghan also implemented the "Manager of the Year" award, a national honor presented to the company's best store crew chief.

Knowing what made Domino's different; primarily its unparalleled successful system of promoting from within, pizza makers, delivery drivers and order takers all knew they had the opportunity to advance through the ranks to become a store manager or even a franchisee. This not only encouraged a spirit of entrepreneurship, but also ensured a dedicated, industrious workforce. Ten years later Monaghan's vision of promoting from within to build the best company with the best people paid off as 92% of Domino's Pizza franchisees had started their careers in the company at entry level jobs.

Maintaining his persistence on making training a top priority, a week-long new employee orientation program was developed as Monaghan toured the country visiting stores. After a decade and a half of sixteen hour shifts and endless obstacles to overcome, Monaghan and Domino's Pizza were finally

running smoothly. By the end of 1974, there were nearly 100 stores amassing \$20.4 million in sales. Late in 1974, Monaghan received a letter from Amstar Corporation which had been using the trademark "Domino" since 1900. It demanded that he change his company's name. With nearly 100 stores nationwide and growing public recognition and acceptance, Domino's Pizza was being told to return to the starting gate.

On September 30, 1975, Amstar filed suit against Domino's Pizza for trademark infringement. Domino's lost the case and was forced to operate all new store openings under the name Pizza Dispatch. But 1980 brought a positive conclusion to the lawsuit, with the company being permitted once again to operate under its long-established identity of Domino's Pizza. The company ended that year with 398 stores recording \$98 million in sales.

Franchising also continued to grow. In fact, by this time, most of the company's growth came from its strong franchise base, and the majority of the franchisees were from the internal ranks. Opportunity kept the Domino's Pizza team motivated and highly productive. There was something big waiting for everybody who was willing to work for it. Monaghan often referred to his franchisees as the very heart of the company and time and time again they have proven this to be true. With their energy, dedication and financial investment, they would help bring Domino's Pizza to a level of success beyond what Monaghan had ever imagined possible.

The '80s

In 1983 the company celebrated the opening of its first international store in Winnipeg, Canada. Domino's Pizza International, which Monaghan called the

company's "hope for the future," became in part responsible for much of the company's later movement and growth. 1983 also saw the opening of the company's 1000th store in Colorado Springs, Colorado. After a quarter of a century of honing its pizza making and delivery systems, Domino's Pizza knew the pizza delivery business. In 1985 tens of thousands of customers around the world showed their confidence in the company by ordering 135 million pizzas during that year, an astonishing 69% increase over the previous year's sales. By 1989 Domino's had opened its 5000th store.

The 90s

By 1992 the international division had opened its 500th store outside the United States. The domestic market continued to grow with the introduction of innovative variations to the original pizza recipe as well as creative up-sell items. 1993 was shaping up as another major year for Domino's until December brought one more crisis: a \$79 million judgment against the company in a lawsuit alleging the 30 minute guarantee was at fault in a St Louis traffic accident. After days of soul-searching, Monaghan decided to withdraw the guarantee permanently, a move that made headlines worldwide - such was Domino's renown. Not only is Monaghan credited with pioneering the multi-billion dollar pizza delivery industry, but also with numerous inventions. He is responsible for the corrugated pizza box, conveyor ovens, and Doug mixers, insulated bags to transport pizzas in, the pizza screen, Doug trays and, most important to the success of his own business, a unique franchising system enabling managers and supervisors to become independent business owners.

In 1999 Monaghan, a deeply spiritual man, decided it was time to give back to the community much of the wealth he had accumulated as a result of his 39 years at the helm of this great company. So he sold Domino's Pizza to Bain Capital, an organization with a proven track record of identifying companies with significant growth potential, and steering them to achieve that potential.

The Future

Many changes have been made since Domino's was sold to Bain Capital, and a new spirit of excitement has paved the way for the future. Despite encountering setbacks and obstacles along the way, the story of Tom Monaghan's 39 years at the helm of Domino's Pizza is one of never giving up on your dreams. What began as one man's vision evolved into a thriving worldwide industry?

Domino's Pizza India Limited

Domino's Pizza India Limited (DPIL) is the master franchisee for India, Srilanka , Bangladesh and Nepal from Domino's Pizza International Inc., USA. The company had been promoted by Mr. Shyam S. Bhartia and Mr. Hari S. Bhartia of the Jubilant Organosys Group (Formally Vam Organic Group).

The Company was incorporated in March 1995. The First Domino's Pizza store in India was opened in January 1996, at New Delhi and today after nine years Domino's Pizza India has grown into a countrywide network of over 100 outlets in 27 cities, which includes:-

North - Delhi, Gurgaon, Chandigarh, Ludhiana, Amritsar, Jalandhar,
Dehradun, Shimla,

Agra, Kanpur, Lucknow, Noida, Faridabad, Mussoorie

South - Chennai, Bangalore, Hyderabad, Coimbatore, Mangalore, Cochin,
Secundrabad, Manipal,

East - Kolkatta

West - Mumbai, Pune, Ahmedabad, Goa

Domino's intends to penetrate completely within these markets by opening up 20-25 outlets per year in these cities. Domino's has a young and enthusiastic team of over 2, 100 employees. Today, Domino's has emerged as the leader in the fast food segment with about 65% of market share of pizza delivery in India and have outlets more than any other corporation in the business of food, not just the pizza business. All the Company outlets are corporate outlets invested by the company and also managed by the company.

Over a period since 1996, Domino's Pizza India has established a reputation for being a home delivery specialist capable of delivering its pizzas within 30 minutes to its community of loyal customers from its entire stores around the country. Customers can order their pizzas by calling the single countrywide "Hunger Helpline" - 1600-111-123 and Domino's was the first one to start this facility for its customers.

Domino's vision is " Exceptional people on a mission, to be the best pizza delivery company in the world!". Domino's is committed to bringing fun and excitement to the lives of our customers by delivering delicious pizzas to their doorstep in 30 minutes or less, and all our strategies work for fulfilling this commitment towards our large and ever-growing customer base.

Domino's constantly strives to develop the product that suits the taste of its customers to bring out the ' WOW' effect (i. e. the feel good factor).

Domino's believes in the strategy of " Think local and act regional" that is blended with a playful image personified by our " Hungry Kya?" positioning. Thus, time and again Domino's has been innovating toppings, suitable to the tastebuds of the locals and these have been very well accepted by the Indian market, are doing extensively well in the market. We are constantly in the process of innovating further; we introduce new topping every 3 -4 months

Domino's understands customers demand and is constantly developing local flavors understanding the local sentiments. Also, the ingredients, sauces etc. are made keeping in mind the taste buds of Indian consumers while retaining the international flavor.

Domino's constantly strive to make the company an integral part of the lives of the target audiences by getting involved with the clientele at the emotional level and building long-term relationship with them. Thus, Domino's concentrate more on carrying out below-the-line activities in the area it serves.

Domino's believe in bringing fun and excitement into the lives of our clientele. We take our delivery proposition very seriously and our entire <https://assignbuster.com/comparative-study-between-pizza-hut-and-dominos-business-essay/>

corporate ethic is based on it. Domino's is the recognized world leader in Pizza delivery. But it isn't just about delivering; it's also about giving back to the community. Domino's believes that an essential component of corporate responsibility is to provide support to charitable organizations that benefit the communities where its employees and customers work and live.

Domino's worldwide is known for its commitment toward social causes and believes in adding fun to the lives of our customers and communities it serves.

In India, Domino's has been associated with the NGO's devoted to the cause of underprivileged Children's. Domino's conducts Store Educational Tour (SET) for the underprivileged children time-to-time. Recently this was done in the one of the Domino's outlet in Delhi and Mumbai with the underprivileged children from CRY (Child Relief and You) where Domino's took the pledge to provide part-time employment to the eligible wards from CRY who are above 18 years, reiterating its commitment towards social causes. Also, fifty-percent of that day's first 20 deliveries of the store were given to CRY toward the cause of the underprivileged children. The children had a gala time while they learned to make and bake pizzas at the store and finally tasted the sumptuous offerings made by them during the Store Educational Tour.

Domino's Pizza India also boasts about its commitment to serve its customers on time by implementing the " 30 MINUTES OR FREE" service commitment, they have been able to achieve this as a result of continuous efforts and dedication of the entire team in improving operating efficiencies.

Domino's Pizza India has been consistently rated amongst the top 2 pizza chains worldwide in the Domino's family by Domino's International, in terms of quality of operations. Our pizza delivery times have also been judged as the best delivery times in the world across all Domino's.

PIZZA HUT INDIA

Background

Pizza Hut entered India in 1996, and opened its first restaurant in Bangalore. Since then it has captured a dominant and significant share of the pizza market and has maintained an impressive growth rate of over 40 per cent per annum. Pizza Hut now has 95 outlets across 24 cities in India; and employed nearly 4, 000 people by end of 2004. Yum! has invested about US\$ 25 million in India so far; this is over and above investments made by franchisees.

Yum! Brands Inc is the owner of the Pizza Hut chain worldwide. A Fortune 300 company, Yum! Brands own Kentucky Fried Chicken, Pizza Hut, Taco Bell, A&W and Long John Silver's restaurants worldwide. Yum! Generated more than US\$ 25. 9 billion in worldwide sales in the year 2003, and has more than 33, 000 restaurants in over 100 countries.

A major player in the Indian fast food and beverage sector

Market share

Pizza Hut is believed to have close to 50 per cent market share of the organized pizza-retailing segment in India.

Financial performance

According to an article in Financial Express, the market size of the pizza segment is around US\$ 87 million and currently growing at the rate of 15 per cent to 17 per cent per annum. According to Pizza Hut sources, most of their outlets are financially successful, encouraging further expansion. In India, the average investment for each outlet is US\$ 275, 000-335, 000 and is borne by the franchisee.

Factors for Success

Offering value food

Employing economies of scale, Pizza Hut has made its offerings more affordable. Its delivery offer of US\$ 4. 4 for four personal pan pizzas has been very successful; helping it grows the business by 25 per cent. They have recently introduced a range of vegetarian personal pan pizzas for US\$ 1. 1. Most Pizza Hut restaurants are located in the metros and smaller metros. In taking long strides across the country, Pizza Hut is consolidating its position by opening more restaurants in the metros where it already has a presence as well as opening outlets in new markets.

Moving beyond metros

According to company sources, Pizza Hut is moving beyond the metros and foraying into 12 to 13 new markets including Trichy, Nagpur, Bhubhaneswar, Thiruvananthapuram and Pondicherry to increase penetration.

Aggressive marketing and tie-ups with local and popular brands

Pizza Hut has increased its visibility by launching a well-received TV campaign aimed at the young crowd. It has formed partnerships with recognized brands such as Nestle and Pepsi. It also holds regular promotional campaigns targeted at children and uses these alliances to offer packages during these campaigns.

Developing the local supply chain

The local supply chain for Pizza Hut was developed by Yum! and currently 95 per cent of the ingredients they use are locally produced. They now import very few specialty items like pepperoni.

Leveraging the India Advantage : International brand with an Indian heart

Pizza Hut is one of the first international pizza chains with purely vegetarian dine-ins at Chowpatty (Mumbai), Ahmedabad and Surat, which also serve Jain menus. Pizza Hut has even opened two all-vegetarian restaurants in the western state of Gujarat to cater to the Jain religious community, whose members prefer not to eat at places where meat is served.

Offering more than the international menu

International food chains typically offer only a few localised products in other parts of the world. However, Pizza Hut's local menu is as large as the international one. According to Pizza Hut, the Indian food heritage is very rich, and hence Indians like local flavours. The Tandoori range of pizzas, which was developed locally, has a menu mix of over 20 per cent.

Indigenous sourcing of raw materials

Pizza Hut has reduced costs through indigenous sourcing of raw material. It has tied up with a local company Dynamix Dairy Industries Ltd (DDIL) for sourcing mozzarella cheese. The landed cost of imported mozzarella comes to US\$ 3.3 – 3.5 per kilogram. The domestic price, however, works out to US\$ 2.99 – 3.1 per kilogram. Pizza Hut is adding to the bottom line by localising equipment as well as by paying attention to inventory replenishment, which has been reduced from 60 to 30 days.

Future plans

According to Yum! Restaurants International, India is amongst the top five growth markets for Pizza Hut. Pizza Hut is also experiencing double-digit growth in India and hence is confident about expanding its operations in India.

Pizza Hut hopes to increase the number of Pizza Hut outlets in India to 180 by the end of 2008 from the present figure of 130. The expansion programmed will make Pizza Hut the fastest growing western restaurant chain in India. In addition, Yum! plans Pizza Hut to be in 42 cities by end of 2007, and 55 cities by end of 2008.

Conclusions: –

Keeping up the sentiments of Indian customers and services offered by Pizza-houses and Keeping our study focused on some of the key -areas of sensitivity of customers preferences (analysis of factors which affects the preferences).

We come to a conclusion that : -

Pizza -hut is preferred() over dominos in terms of

Variety of Pizza's

Good ambience

Services offered

Quality of pizza's

Location of the Outlet

Waiting time in the outlet

Domino's is being preferred over pizza-hut in terms of: –

Door step services

Low pricing

So we can say that due to these qualities Pizza-hut dominates Dominos -
pizza

In different areas and capture the market share and gain rapidly.

Recommendations

For Dominos

Increase varieties in Pizza's.

Focus on location of the outlets.

Increase the quality of Pizza's

Make good ambiance in outlets

Should focus more on market zing itself confidently.

For Pizza-Hut

Try to attract more number of Ladies customers.

Should focus on Low price customers.

Make the door step services better