

# Good example of understanding service management in dominos pizza new zealand rep...

[Business](#), [Company](#)



## **Introduction**

Domino's Pizza is a fast food chain restaurant with its headquarters in the United States of America, founded by Tom Monaghan in 1960. It is the 2nd largest pizza chain store in the United States after Pizza hut a great competitor in the US. However Domino's Pizza's expansion worldwide surpasses that of Pizza Hut with its presence in over 70 countries in the world. Dominos New Zealand is among the over 70 international branches that operates Dominos services in the country. The paper presents an analysis of the fast food industry in New Zealand. Subsequently, the service analysis report details the promotional strategies employed by Domino's Pizza in New Zealand through online social networks in improving the rate of sales achieved by the chain store in New Zealand.

## **Discussion**

### **Nature of the Fast Food Industry in New Zealand**

The fast food industry in New Zealand is one that has been dominated by international multinational corporations (MNCs) mostly with their headquarters in the United States of America. Among the MNC fast food chains stores established in New Zealand are McDonald's, Pizza hut, Subway, and Domino's Pizza (Harper, 2012). However, this is not to imply that New Zealand does not have indigenous fast food brands. In fact, one of New Zealand's long standing fast food brand is the White Lady which has been in operation since the 1930s (Neil, Bell, & Hemmington, 2012). There are several issues that directly influence and characterize the fast food industry in New Zealand. They include

Foremost, the competition in the industry is stiff drawn from local competitors as well as international MNCs that have set base in New Zealand. Local competition is driven by family based fast food businesses in the form of moving trucks commonly known as 'taco trucks' which offer low cost hot food to the working middle-class in urban centers (Hermosillo, 2012). Cooked food hawking is popular in New Zealand offering local cuisine to city residents pressed for time while going through their daily routine. The practice of food vending from moving vehicles has been in use since the 1950's and continues to enjoy prominence to this day (Neil, Bell, & Bryant, The Great New Zealand Pie Cart, 2008). The vending of food from moving vehicles has predominantly defined the fast food industry in New Zealand up until the entry of fast food chains from the United States in the late 1980s and early 1990s (Whitaker, 2002). Examples are the Café de Wheels and the White Lady which are the two most popular fast food businesses vending their food from moving vehicles in New Zealand (Parish, 2008). As earlier mentioned these fast food businesses are usually family owned and operated by family members who pass the business down from one generation to the next (Orsman, 1999).

Traditionally, the moving fast food stores offered local cuisine constituting of marched potatoes, and gravy, pies amongst other local delicacies. However, with the entry of international fast food chains, they ceased to offer the traditional meals and concentrate on the production of burgers, sandwiches chips and steak (McGill, 1989). According to King (2003) the popularity of the pie carts (vehicles vending fast food) in New Zealand is particularly maintained by the convenience that it provides residents with busy

schedules in the city areas. This coupled by the history of vending food from moving vehicles makes food on wheels a national heritage in New Zealand hence its dominance despite the entry of fast food chains run by MNCs. Another element that sustains the pie cart fast food vending business in New Zealand is the fact that the business appeals to a wide scope of customer segments ranging from young people to the old basing on the variety of offerings on the menus(Ray, 1976). Nonetheless, the refocus of the pie cart vending cuisine to include fast food dishes characteristic of international brands makes competition for MNCs such as Domino's Pizza stiffer (Rowland, 2010).

An interview with the management at one of Dominos outlets reveals that the food chain is considering the development of a Kiosk system where Domino's Pizza can be sold where customers can access easily . This move is in line with Domino's overall objective added Runner which majorly incorporates in his words " make the customer happy." The same opinion was shared by the second interviewee who also observed that quality service delivery is the main challenge and focus of Domino's Pizza in ensuring customer satisfaction .

The second most notable characteristic of the fast food business in New Zealand is the freedom of business operation that those engaged in the fast food business enjoy. To this end, Bailey and Earle (1999) observe that the liberalization of the fast food industry in New Zealand acts as a form of the hospitable environment that enables many different franchises both local and international to venture into the business. This further raises the stakes in the food vending business in New Zealand with reports showing that the

rate of turnover for small and upcoming fast food outlets to be very high (Goodsir, 2008). Figure estimates by the Restaurant Association of New Zealand place the growth rate of fast food outlets providing Pizza's in New Zealand at 32% between the year 2004 and the year 2007 (RAN, 2008). This develops stiff competition for brands such as Domino's Pizza which is increasingly making it very difficult to maintain a consistent competitive advantage in the New Zealand fast food market. Claims by Liu (2014) in an interview delved into the specific attributes of Domino's Pizza that make it a most preferred choice in New Zealand. His responses affirm that the quality of Domino's Pizza is of Superior quality as compared to competitors' and this is what sets Domino's apart from the rest in terms of differentiation.

Thirdly, international competition from other brands from the United States and elsewhere in the world also present challenges in the competitiveness of Domino's Pizza dominance in New Zealand (Williams, 2002). For instance, the entry of American fast food chains Kentucky Chicken in 1971 in New Zealand has been followed by steady growth and the establishment of presence in the country posing stiff competition for Domino's Pizza and generally in the fast food business in the country (Brailsford, 2003). This is albeit the competition that is brought about by locally developing fast food chains such as the White Lady which continue to re-invent their services to match up and counter competition presented by foreign fast food stores which Domino's Pizza is part of.

Pertinent to the discussion on the fast food industry in New Zealand are health agencies concerns about the levels of salt that are found in New Zealand's fast food varieties compared to the salt levels in other fast food

products in the USA and Europe. Analysts have conducted investigations on the salt levels in fast food products in New Zealand and found that the salt levels are much higher than conventional levels in the United States or Europe (Harper, 2012). This develops a health worry among fast food eating people as the health risks of taking too much salt in their meals abound. Calls for the reduction of salt levels in the food products provided by the companies have been a matter of debate in the country by health experts who are geared toward the reduction of the salt to levels that are not hazardous for human consumption (Dunford et al., 2012).

### **Domino's Pizza Competitive Strategies for sales promotion through online platforms**

Competition in the fast food business in New Zealand requires innovativeness and ingenuity in the management of a fast food franchise in order to stay ahead of the competition. The management of Domino's Pizza has placed a lot of emphasis on innovative ways of winning new customers to the business as well as maintaining a hold on the existing ones (O'Carroll). This it has achieved through the communication platforms available online to communicate with customers and expand their customer base. According to the 2012 annual report for Domino's Pizza, the company's extension in New Zealand resulted in a 6. 6% growth, in stores sales and, as a result, contributing to the double digit growth that the entire company witnessed the same year a 13. 2% (Pang, Hassan, & Chong, 2014). In an interview with Runner (2014) the point that came out clearly was that policies governing customer satisfaction protocols are adhered to letter in attempt to deliver the best services to the customers. Further Runner pointed out that all

customers whether existing (loyal) or new are treated with the same respect and are provided with quality services in equal measure. Hence, Domino's highly regards customer satisfaction above anything else, thus the delivery of quality services according to Runner (2014) is the main factor that drives customer loyalty at Domino's Pizza.

Innovation has been responsible for boosting sales from Domino's Pizza outlets by 50% with most of the sales coming from mobile phone applications (Placeholder3). Other than the use of mobile appliances to make orders for Domino's Pizza the company has invested in social networks such as Facebook that has served to boost the sales of the company substantially. The use of social media ensures that customers have the choice of making orders from wherever they are becoming quite convenient. Plans are also underway to develop an iPad application that follows from the already established iPhone application for making Domino's Pizza orders (Messieh, 2012).

The Domino's Pizza Facebook page in New Zealand boasts of 208, 000 likes as at the end of the financial year 2012 a number which continues to grow every day. Facebook has been instrumental in the development of relationships between the company and its customers. Through this, the firm has been able to expand its capacity by building loyalty of customers among those who have liked the Facebook page despite the fact that the networks of friends on Facebook continues to popularize the company and its products amongst New Zealanders. To ensure that customers communicate to the company through social media. The firm has developed a dedicated team that responds to customer's concerns from 9 am through to 10 pm every day.

This has ensured that the response time for each customer is a maximum of 30 minute duration or less. In effect, the company has built on efficiency in responding to orders made by customers through Facebook (Dominos Rolls out Facebook Ordering App in New Zealand and Australia, 2012).

Other online solutions that New Zealand's Domino's Pizza have explored are the development of android app and an iPhone app. The android app which can run on all android operated mobile phones. The application can be used to make orders from the company. The application is advantageous as it uses GPS location functions that make it possible to reach out to customers wherever they are without much hustle finding them. The same technology has been developed for the iPhone making it possible to make orders from an iPhone and locate the customer through the iPhone app (Domino's Pizza Launches New iPad ordering App, 2014). These platforms serve as strong points for the company in the expansion of its customer base other than providing customers efficient and quality services.

The development of applications for various devices from phones to touch pads and so on have served to place Domino's Pizza competitively in the market. However, some problems with the functionality of the apps may bring about confusion. As interviewee Liu (2014) notes at times the applications malfunction which result in orders being undelivered. When customers show up at the store to receive their order and find it not ready the management id forced to offer them free gifts and incentives to calm them down . Nonetheless, Domino's Pizza is committed to the improvement of the applications to ensure efficiency in service delivery to its clientele.

Moreover, as interviewee Runner (2014) explains improvement of the online



applications serve to save customers time when making orders for Pizza and thus improve service efficiency . In addition Runner holds the opinion that apps run by Domino's Pizza are thus far the best in the industry and therefore the most reliable in the food industry of New Zealand as it stands .

## **New Store Designs**

The company has as well invested in new store design as a means of differentiation. The new stores feature designs from the ' Theatre of Food' design which ensures that customers can be able to enjoy the feel of a sense of theatre when at the store, a form of carnival for customer to gleam at when at the store. This incorporates the repositioning of the pizza making to the front where all can see. Additional plans are to customize each store to be unique to its particular surroundings (Tregidga & Kearins, 2014). Whereas the new look of the stores serve to have an inviting effect on clientele Runner (2014) explains that the greatest challenge lies in ensuring that customers are served with the highest standards of service so that they make repeat visits in future. Hence, the store designs serve complimentary to the quality of service that customers are provided with at the food store which depends on the capacity of Domino's Pizza to effectively train its staff to ensure quality service delivery to its clientele .

## **Research in Product Development**

Domino's Pizza has made strategic investments in innovation that would lead to the development of products to rival and surpass competitor standards. In this regard, the company has recently developed the Classic Crust, a crispier fluffier, and tastier pizza brand. The Classic Crust has since performed well in

the New Zealand market since its roll out in 2012 attracting more customers to the store (Domino's Pizza, 2012).

The company is also aware of customer's concerns about healthy living and in reaction to this has included healthy options in its menus. For example, it includes offerings such as 97% fat free pizzas that is served on a thin crispy base that is loaded with fresh vegetables and lean protein. On top of this, the company has as well launched cheesier pepperonis which contain 34% lower fat content alongside other healthy options for its clientele (Domino's Pizza, 2012).

## **Staff Support and Charity**

Domino's Pizza in New Zealand is not only committed to customer services but as well committed to the welfare of its staff members. To this end, it has developed a staff support program where money is kept aside for situations where emergencies occur, and staff members require monetary bailouts. Whether it is an accident that happened at work or due to a personal challenge at home, the fund is meant to serve as a rescue for workers in Domino's stores in New Zealand. This has served to build and establish team work among members to ensure success of the organization. The company's annual report in 2012 reports that \$475, 000 USD in aid has been utilized in the staff benevolence since the inception of the program (Domino's, 2014). Lastly, the company is also engaged in charitable activities where a portion of the proceeds from the sale of Domino's Pizzas is dedicated towards charitable initiatives. The company financial report in 2012 financial year noted that the New Zealand franchises raised \$15 000 for Kids-Can a

charitable organization supporting up to 270 000 vulnerable children in the region (KidsCan, 2012). In turn, this has served to ensure that the company's goodwill serves to impact its growth positively.

## **Conclusion**

The analysis of the business' Domino's Pizza finds that several features or characteristics of the business serve as strengths while others serve as weaknesses. This analysis is essential in establishing the position of the business in an attempt to develop strategies that can place the business at a better position in comparison to the competition. The following are a summary of the findings of the business service management analysis.

First, the competition that the services offered by the company Domino's Pizza faces are driven majorly by both local and international competitors. To this end, the management at Domino's Pizza is faced with the challenge of managing competition from both quarters. A weakness in its service management as regards competition from local franchises is the fact that locally developed franchises are based on moving vehicles commonly known as pie carts. The pie cart has the advantage of moving to where the customer is and hence providing customers with convenience. Further, local franchise competition is also in the provision of products that are characteristic of the foreign franchise businesses. Hence, Domino's Pizza faces competition from the provision of fast foods that are considered substitutes to its pizza such as steak and pies. Moreover, locally offered cuisine sell at lower prices compared to prices at Dominos that makes competition quite stiff.

Secondly, competition that Domino's faces also sprouts from other international corporations that provide fast foods and have set up in the country. To this end, the company aims at product differentiation through offering customers better communication services which serve as its greatest strength in ensuring its competitiveness against international corporations. Strategic investments in online communication platforms have sustained the company's competitiveness in New Zealand. The development of Facebook as a means through which customers can make orders and communicate with the staff of the company about the quality of services rendered as well as their experiences with the pizza forms a great milestone in ensuring the firm's competitiveness in the industry.

Similarly, the development of mobile phone applications such as the iPhone app and an Android app have served to set the company apart from its competitors about the quality of services that it provides to its clientele.

What is more, the applications come with the capability of location scouting through GPS and GPRS. It has enabled the staff to make deliveries faster improving on the efficiency and effectiveness of the company's services.

However, mobile apps and social networking are not exclusively the strengths of the company. It is because the firm has as well made strategic investments in the improvement of the menu that it offers to its clientele by incorporation of healthy options in the menu. It has further set the company apart from its competitors making it a favorite brand to many in New Zealand. In respect to ensuring healthy standards in the quality of meals provided, the company has as well taken into consideration concerns raised by nutritionists regarding the salt content of fast foods in New Zealand in an

effort to provide healthier food products.

Similarly, the company has made strategic investments in the development of an image that customers can be proud to be associated with. In this regard, the company has developed a new design for its stores that are somewhat aimed at offering a carnival experience for visitors coming into the stores and hence serve to win customers.

Lastly, the company is as well committed to community development where it participates in charitable initiatives both within and without the organization an element that serves as a strength to motivate its staff toward team work and also develop a positive image of the company amongst the public ultimately leading to the success of the firm.

## **Recommendations**

The company's online strategies for communication to customers especially on delivery of pizzas serve as its greatest advantage over the competition in New Zealand. Consequently, it is recommended that the company invests heavily on research and development in the field to enable the company explores more avenues that it can reach out to its customers.

Further, with regard to the apps that are already in use it is the recommendation of the researcher that the management at Domino's makes it possible for clientele who are not technology oriented to employ other avenues that they can explore in making orders. For instance, the company shouldn't overlook the option of establishing a dedicated phone line and a call center for managing orders made through telephone. Similarly, the management at Domino's should as well explore establishment of other

technological solutions to making orders such as vending machines. Opening up the avenue that customers can choose from in making orders from the company also increases the market share that Domino's Pizza enjoys.

Secondly, the researcher notes that the management of the enterprise is quite insistent on the quality of service delivery to customers terming it as the central goal of its business operations. In this regard, the researcher recommends that the achievement of quality service depends as well on the manner in which the management treats its employees. Hence, it is recommended that employee-management relations be tailored to support the objectives of the company with respect to quality service delivery to customers

In the same line the researcher notes that the staff benevolence program serves sufficiently in providing employees with motivation to perform their duties; however the recommendation of the researcher is such that the management at Domino's Pizza should explore other staff motivational approaches such as pay raises and bonuses as a way to develop competitive performance among staff members.

Finally, to counter competition poised by local franchises the management should explore the possibility of rolling out its services on wheels i. e. moving vehicles that sell Domino's Pizza to clients so as to counter the competition in the convenience offered by the pie cart in New Zealand. Hence, in line with its goals in customer satisfaction through quality service delivery the company can be in a position to ensure that it delivers just that by offering customers services at their convenience.

## References

Bailey , R. W., & Earle, M. D. (1999). Home Cooking to Take Aways: Changes in Food Consumption in New Zealand During 1880 - 1990. Palmerston North : Massey University .

Brailsford, I. (2003). US Image but NZ Venture: Americana and Fast Food Advertising in New Zealand, 1971 - 1990. Australian Journal of American Studies, 22(2), 10 - 24.

Domino's. (2014). Community Initiatives. Retrieved 5 15, 2014, from

Dominospizza: <http://www.dominospizza.co.nz/corporate/community>

Domino's Pizza. (2012). Theatre oof Food 2012 Annual Reoport. Retrieved 5 15, 2014, from [http://www.dominos.com](http://www.dominos.com.au/media/15948/2012_dpe_annual_report.pdf).

[au/media/15948/2012\\_dpe\\_annual\\_report.pdf](http://www.dominos.com.au/media/15948/2012_dpe_annual_report.pdf)

Domino's Pizza Launches New iPad ordering App. (2014, April 28). Retrieved 5 15, 2014, from wn.com: [http://article.wn](http://article.wn.com/view/2014/04/28/Dominos_Pizza_Launches_New_iPad_Ordering_App_Dominos_Pizza_I/).

[com/view/2014/04/28/Dominos\\_Pizza\\_Launches\\_New\\_iPad\\_Ordering\\_App\\_Dominos\\_Pizza\\_I/](http://article.wn.com/view/2014/04/28/Dominos_Pizza_Launches_New_iPad_Ordering_App_Dominos_Pizza_I/)

Dominos Rolls Out Facebok Ordering App in New Zealand and Australia.

(2012, May 10). Retrieved 5 15, 2014, from Web Pro News: [http://www](http://www.webpronews.com/dominos-rolls-out-facebook-ordering-app-in-new-zealand-and-australia-2012-05).

[webpronews.com/dominos-rolls-out-facebook-ordering-app-in-new-zealand-and-australia-2012-05](http://www.webpronews.com/dominos-rolls-out-facebook-ordering-app-in-new-zealand-and-australia-2012-05)

Dunford , E., Webster , J., Woodward , M., Czernichow , S., Yuan , W. L.,

Jenner , K., . . . Neal , B. (2012, June 12). The Variability of reported salt levels in fast foods accross six countries: opportunities for salt reduction.

CMAJ. doi: 10. 1503/cmaj. 111895

Goodsir, W. (2008). Managing Employee Customer Service Interpersonal

<https://assignbuster.com/good-example-of-understanding-service-management-in-dominos-pizza-new-zealand-report/>

Exchanges in the Hospital Industry: A New Zealand Hotel Case Study .

Auckland: Auckland University of Technology .

Harper, P. (2012, April 18). Kiwi fast food has more salt - study. the New Zealand Herald. Retrieved 5 15, 2014, from [http://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=10799753](http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10799753)

Hermosillo, J. (2012). LONCHERAS: A Look at the Stationary Food Trucks of Los Angeles. University of California .

KidsCan. (2012, April 16). Pizza helps kids in poverty This Monday at Domino's. Retrieved 5 15, 2014, from KidsCan: <http://www.kidscan.org.nz/news-and-events/current-news/pizza-helps-kids-in-poverty-this-monday-at-domino%E2%80%99s>

King, M. (2003). The Penguin History of New Zealand . Auckland : Penguin .

McGill, D. (1989). The Dinkum kiwi Dictionary . Lower Hutt: Mills Publications.

Messieh, N. (2012, May 9). Domino's doubles-down on social, launches Facebook ordering in Australia and New Zealand. Retrieved 5 15, 2014, from thenextweb.com: <http://thenextweb.com/socialmedia/2012/05/09/dominos-doubles-down-on-social-launches-facebook-ordering-in-australia-and-new-zealand/>

Neil , L., Bell , C., & Bryant , T. (2008). The Great New Zealand Pie Cart. Auckland : Hachette Livre.

Neil , L., Bell , C., & Hemmington , N. (2012). A Pie Cart Story: The Longevity of a Vernacular Fast Food Eatery. Locale: The Australian-Pacific Journal of Regional Food Studies, 2, 104 - 118.

O'Carroll, A. D. (n. d.). An analysis of how Rangatahi Maori use Social



Networking Sites. MAI Journal, 2(1), 46 - 59. Retrieved 5 15, 2014, from [http://www.journal.mai.ac.nz/sites/default/files/Vol%202%20\(1\)%20Carroll.pdf](http://www.journal.mai.ac.nz/sites/default/files/Vol%202%20(1)%20Carroll.pdf)

Orsman, H. (1999). A Dictionary of Modern New Zealand Slang . Auckland : Oxford University Press.

Pang , A., Hassan , N. B., & Chong , A. C. (2014). Negotiating Crisis in the Social Media Environment: Evolution of Cises Online, Gaining Credibility Offline. Corporate Communications: An International Journal, 19(1), 96 - 118.

Parish, S. (2008). Bradt Eccentric Australia . Norwich : Globe Pequot .

RAN. (2008). Food Service Facts . Auckland : The Restaurant Association of New Zealand .

Ray, P. (1976, August 28). Biting Big into Fast Food. The New Zealand Listner, pp. 14 - 15.

Rowland, P. (2010). Dining Out: A history of the Restaurent in New Zealand . Auckland: Auckland University Press.

Top 100 Chains: U. S. Sales. (2014). Retrieved 5 15, 2014, from Nation's Restaurent News: <http://nrn.com/us-top-100/top-100-chains-us-sales>

Tregidga , H., & Kearins , K. (2014). Kapai New Zealand: Eat Your Greens! Business Case Journal, 17(1). Retrieved 5 15, 2014, from <http://www.questia.com/library/journal/1G1-337370350/kapai-new-zealand-eat-your-greens>

Whitaker, A. M. (2002). Pictorial History South Sysdney Australia . Sydney : Kingsclear Books.

Williams, A. (2002). Understanding the Hospitality Consumer. Oxford : Butterworth, Heinemann.