

An analysis on dominos pizza marketing essay



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This report focuses on the marketing activities by Pizza Hut, Dominos and Papa Johns as part of the fast food market. The report has looked at culturally diverse markets being China, India, USA and Mexico. Looking at the various cultures through an etic approach the report aim to convey the different levels of standardization and adaptation that companies have tried to establish in international markets. Through the marketing activities that have been carried out by each company respectively, this report forms a connection with cultural theories by theorists like Hofstede and Hall with the aim to establish which company is standardized or either adapted.

In respect to the advertising activities, each company has been alert to meet local cultures in different countries. Eliciting responses that incorporate culture specific aspects like the Guan-xi and the Compadre in high context cultures and catering to the needs of low context cultures with increasing factual analysis in countries like USA, the selected companies have shown their high levels of local responsiveness. Through the report it is evident that have targeted their advertising to their standardized business model focusing on in house dining or a delivery system or even a standardized concept of the quality of products.

Sales promotions done by these companies have brought to light the increasing elements of standardization as consumers are becoming increasingly technologically advanced in this mobile generation. Domino's has standardized its technological efforts gaining a competitive advantage giving customers the ability to see the exact location of their pizza during manufacture, customization of the pizza, online delivery etc. these

companies have also been quick to gain public attention through local social media portals.

Pricing affecting the level of standardization and adaptation, as this reports reflects. Affected by differing economic levels in different countries along with the stage in the product life cycle reached affecting the degree of standardization. Customer preferences and their disposable incomes also play a significant role on pricing and through the use of companies like Domino's, Pizza Hut and Papa John's this report aims to communicate these links.

With respect to the brands of the three companies the report sheds light on the different choices made by the company to maintain brand coherence and establish a meaningful relationship with their customers. With local adaptations the findings suggest branding develops a personality over time and when changed can result in negative attention. Branding when adapted correctly increases resonance the highest level in the customer based brand equity pyramid.

This report also brings to mind the cultural aspects that link to websites being the initial contact point with customers and thus must be very culturally sensitive. Through the analysis it is evident that companies have adapted their websites in terms of subtle characteristics such as colour, gestures displayed, images, information provision as these affect the degree of standardization.

Through this report the findings suggest that although standardization includes the benefits of economies of scale, generation of a better brand

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image in the global market and easier operations by the company there is an increasing need for adaptation as cultures although can be compared are greatly distinct and have to be acknowledged for a company to succeed in a host country.

Introduction:

The report based on the fast food market focuses on pizza making brands Domino's, Pizza Hut and Papa John's. This report concentrates on the activities carried out by these brands across the globe in countries such as the United States of America, India, Mexico and China analyzing how cultural differences affect each brand (Fig -1). Through the analysis of the level of standardization and adaptation adopted by these brands across diverse cultures the report sheds light on the chosen companies activities: Websites, Sales Promotion, Advertising, Branding and Pricing.

In the business environment is it integral to understand the differences in cultures, attitudes, environments etc. that requires firms to view their companies through a range of indices.

Standardization gives companies an increasing advantage in terms of economies of scale along with common brand images as consumers have become increasingly mobile (Levitt, 1983; Craig, 1986, Yip, Loewe and Yoshino, 1988 as cited by Theodosiou and Leonidou, 2003). Domino's, Pizza Hut and Papa John's have tried to internalize these benefits although as contended by Terpstra and Sarathy in 2000 (Theodosiou and Leonidou, 2003) these firms are affected by factors like culture, purchasing power and consumer needs therefore encouraging adaptation.

This report aims to analyze marketing activities in different economically developed markets such as China and India belonging to the BRIC nations, Mexico a developing country and USA a developed nation. These markets give insights into differing price sensitivities affecting the products being sold respectively.

Marketing Activities Analysis

Advertising

Pizza hut, Domino's and Papa John's generally make use of Television commercials to advertise their products around the world. They use TV commercials as it enables them to reach a large target audience to deliver their marketing communications. This pull strategy fits in with the company's budgets and is adapted to meet the local requirements of the countries in which they are viewed in thereby promoting sales.

Domino's

Table - 1

Country

Tagline

Language of advertisements

Snap Shot of the Tagline

India

USA

China

Mexico

Yeh hai rishton ka time (“ This is the Time for Relationships”)

“ Oh Yes We Did!”

“ 30 minutes fast heat delivery”.

Hindi

English

Chinese

Surce: (Dominos. co. in, 2012)

Analysis on Domino’s Pizza

Domino’s Pizza has differentiated itself by advertising and positioning itself differently in different countries. Having altered their advertisements to local languages Domino’s is able to communicate in a better way to their customers. Though their standardized pull advertising strategies (Ghauri and Cateora, 2010) the company has generated increased amounts of interest in the consumers and Domino’s continues to achieve this through their adapted sales promotions. Domino’s have also adopted an identical ad in two of our chosen countries being USA and Mexico, wherein the commercial speaks about the product changes that have been made in order to improve the quality of the pizzas. This global prototype ad has been adapted locally being locally responsive (Ghauri and Cateora, 2010). Domino’s has also adopted a

standardised pattern throughout its operations in different countries although there are elements of adaptations that can be seen through their differing taglines etc. Domino's has also been alert to meet cultural imperatives in countries like Mexico and China in terms of "compadre" and "guan-xi" as the commercials focus on relationships and friendships being established with the brand, this tends to positively effect sales (Ghauri and Cateora, 2010). Another interesting finding has been the fact that Domino's throughout its operations in both international and home markets have focused their attention to their fundamental delivery model as they gain a competitive advantage from delivery in the pizza business.

Pizza Hut

Table - 2

Tagline

Language of Advertisements

Snap Shot of the Taglines

India

USA

China

Mexico

Pizzas and Much More

Make it great

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Pizza and More

Hindi

English

Chinese

Analysis on Pizza Hut

Pizza hut has been marketed in a way to meet the requirements and the likings of different countries. Throughout the advertisements that are set out by Pizza Hut it is evident that their emphasis has been on their in-house dining experience. In most commercials there are snapshots of the waiters, the ambiance, the furniture etc. This standardisation with local adaptations in terms of their different products that cater to local consumer taste preferences displays the company's emphasis on their in house dining services instead of their delivery. Mexico on the other hand portrays commercials incorporating different settings on a ship, or at a rock concert and even in consumers' homes. This can be linked to the fact that Pizza Hut does not cater to the online market but caters to customers over the phone (Pizzahut. com. mx, 2008) (Fig - 2. 10). This can be seen as a decision to cater to the economic condition of the market, as Pizza Hut has adapted their delivery channel (Theodosiou and Katsikeas, 2001).

Fig - 2. 10 Pizza Hut ads in Mexico

Papa John's Pizza

Table - 3

Tagline

Language of Advertisements

Snapshots of Taglines

India

USA

China

Mexico

Better Ingredients Better Pizza

Better Ingredients Better Pizza

Better Ingredients Better Pizza

Better Ingredients Better Pizza

Hindi

English

Chinese

Spanish

Source: (YouTube, 2010)

Analysis on Papa John's

Papa John's uses a standardized tagline for Indian, Mexican, USA and Chinese markets. Papa John's have effectively used their CEO and produced high performing ads. Consumers have perceived these ads to be "authentic" and "genuine" (Kelso, 2012) giving Papa John's consumers an image wherein the company cares and is about real people creating a personal connect with the consumer.

Overall Analysis:

As advertising is a basic necessity in the marketing mix of an international brand, the chosen companies Domino's, Pizza Hut and Papa John's have translated the needs and wants of their local consumers. Through the use of adapted symbols these companies have also aimed to meet the cultural needs of local consumers. We have also seen that the companies have adapted their languages in different countries, which is intrinsically linked to different cultures (Ghauri and Cateora, 2010). Domino's and Pizza Hut have equalized their effects of both standardisation and adaptation, which is evident in their advertisements and their messages to respond locally. Papa John's on the other hand have adopted pattern advertising, which can be linked to the concept of "thinking globally, acting locally" (Ghauri and Cateora, 2010), as the brand has a common mission to provide "Better Ingredients Better Pizza", but still has adapted its advertising strategies in different markets. Through this example it is evident that B2C advertising is greatly heterogeneous as the transferring success across different countries is increasingly difficult and therefore must be adapted.

WEBSITES

PIZZA HUT INDIA

PIZZA HUT CHINA

Source: (Pizzahut. com. cn, 2012)

PIZZA HUT USA

Fig-3. 10 Food allergies and sensitivities

Fig-3. 12 Book it page

PIZZA HUT MEXICO

Fig-3. 16 Nutrition

ANALYSIS

Pizza Hut USA has a red background which in most western cultures signifies Christmas as it is widely celebrated across USA and Mexico uses brown which means practical, down-to-earth and comfortable (Empower-yourself-with-color-psychology. com, 2009) this encourages customers to make purchases and are attracted to the websites. Pizza Hut India website also has a red background for its homepage and its delivery page. Red in India symbolizes Indian weddings and the Indian bride (Empower-yourself-with-color-psychology. com, 2009) thereby attracting the Indian customer. China has a light yellow background which depicts royalty and honour in Chinese culture reflecting the standard of service provided by the company in China, being compared to a 5* experience. (Empower-yourself-with-color-psychology. com, 2009).

DOMINO'S PIZZA INDIA

Source: (Dominos. co. in, 2012)

DOMINO'S PIZZA CHINA

Source: (Dominos. com. cn, 2013)

DOMINO'S PIZZA USA

Fig-3. 27 Tracker Page

DOMINO'S PIZZA MEXICO

ANALYSIS

Dominos has standardized layouts of its websites across the globe with white as its background colour. White symbolizes weddings and brides in the USA, and is a symbol of peace and purity in Mexico, India and China (Geert-hofstede. com, 2013) thereby motivating a purchase as customers feel relaxed when on the page. However, adaptations have been made to fit the different markets and bridge the cultural gaps (Ghauri and Cateora, 2010)

PAPA JOHN'S INDIA

PAPA JOHN'S CHINA

PAPA JOHN'S USA

Fig-3. 44 Investors Page

PAPA JOHN'S MEXICO

Fig-3. 45 Homepage

ANALYSIS

Overall, a certain level of standardization is seen in Papa John's websites across countries. The websites in all four countries follow the colours of the logo. Green symbolizes new beginnings and white is sign of peace and purity in all four cultures (Empower-yourself-with-color-psychology. com, 2009), which subtly encourages purchases. There is also a degree of adaptation displayed in the websites. Sales promotions, advertisements and languages are adapted in context to the cultural values of each country.

OVERALL ANALYSIS

Domino's Pizza has a comparatively higher degree of standardization in its website layout in all four countries as compared to the websites of Pizza Hut and Papa John's Pizza. Domino's website background colour is mainly white in all four countries unlike Pizza Hut and Papa John's which have adapted their background colours in accordance to the culture of the respective countries. Pizza Hut India has adapted its website layout according to the country's high-context culture. It shows an employee using various non-verbal communication techniques to promote its products, which is not shown in the websites of the other three countries. However, Pizza Hut does not provide the option of creating your own pizza and pasta, which is offered, by Domino's and Papa John's. Finally, Papa John's aims to make a connection with its customers by displaying pictures of its founder and brand ambassador, John Smith on the homepages of all four countries. Therefore, although there is certain degree of standardization in the websites of Pizza Hut, Papa John's and Domino's, there are also certain adaptations that have been made in consideration of the cultural differences in each country.

Websites being increasingly important in creating a link with the customers, as it is a direct portal between the brand and the customer, they must be increasingly adapted to accommodate cultural differences. Websites have also reduced the barriers between customers and the company as it has become increasingly accessible over the Internet in multiple countries.

SALES PROMOTION

Dominos India

Dominos Mexico

Fig - 4. 8 ONLINE-ORDER DEALS

Analysis:

Domino's has standardised its sales promotion in three of the four countries - USA, Mexico and India through Facebook - uploading coupons, unveiling new items, added to their menu. These promotional items being adapted from their domestic operations are culturally accepted in the countries in which they feature and hence have increased sales and adoption rates in short periods of time (can sales promotions go global). Dominos in both USA and India have used an adaptive approach for their sales promotion through Mobile Applications. China and Mexico both do not have a Mobile Application option for their customers. In USA the app., shows the Pizza Tracker option in which people can track their order progress status (Domino's, 2012). In the Indian app., they have not adopted such style of service to the customers and kept it simple to place an order. Domino's mobile applications technology gives the company a cutting edge advantage as 80% of smartphones have ordering apps (Dominosbiz. com, 2008). In countries like

China and India, Domino's has introduced its "30 Minutes or Free" sales promotion. This effective sales promotion attracts new customers as a way of increasing sales in a short span of time.

Furthermore, both Dominos USA and India have used the Electronic and Plastic cards option for their customers, whereby, they can send their loved ones greeting cards or vouchers by mail or post for usage in Domino's. Mexico & USA have used another system of combining few options to offer to customers who come in a group of 2 or 3 to 5. They can thereby select a type of pre-fixed menu which differentiates with India and China Domino's.

Papa John's India

Papa John's China

Papa John's Mexico

Papa John's USA

Analysis:

Papa John's Pizza does not have a mobile application (standardised for the global market) for its sales market in any of the countries, they just keep it normal by online or phone orders.

Taylor Swift being one of the most top and famous singers of USA came to an agreement with Papa John's Pizza of her album RED to be sold along with a Large Pizza as a promotion.

Papa John's, USA started Papa Rewards, a Gift Shop and an E-Gift card facility in only one country which elicits brand awareness through these sales promotions thereby increasing sales.

American Football being one of the most popular sport of USA (Usatourist.com, 1998), Papa John's came up with a two million free pizza scheme in collaboration with NFL - targeting the local sport-freak customers (adaptive).

Pizza Hut India

Pizza Hut USA

Pizza Hut Mexico

Fig - 4. 27 Online Deals Targeted Football Followers

Pizza Hut China

Analysis:

Pizza Hut has incorporated the same pre-fixed menus in all countries chosen (India, Mexico, China & USA). They have adapted these to meet social and cultural norms. In India, Mexico and China they cater to a smaller group of people starting with 2 individuals, whereas in USA they cater to a larger group of people starting with 8. This aims to target groups of customers.

Due to the recession period, the lower-priced chains gained sales and the bigger chains lost theirs sales. To gain some of its lost market share, Pizza Hut launched a \$ 10 promotion by which customers could get any pizza, any crust and any topping for \$ 10 thereby stimulating an immediate increase in their sales (Franchisedirect.com, 2010).

Mexico and USA have used a similar approach towards their customers by setting a contest of winning a double trip to Football finals and Gamer Vacation of Maxim Magazine Party Spot respectively since Football is very well known and famous in both the countries. The Gamer Vacation contest is

held mainly to attract the teenage category customers and influencing them to buy more beverages so that they can build the game pieces. Gift cards available in USA and India have been adapted to meet the local market taste through the personalisation of messages. In Mexico & China they do not have this type of feature. Pizza Hut's mobile application enables customers to place orders online, which has been adapted only in their two big markets USA & China.

Pizza Hut China has adapted its Children's Party theme with a South African theme and a London theme as the children are very fascinated by the foreign countries thus getting attracted by such birthday parties (Pizzahut.com.cn, 2012)

Overall Analysis:

Sales Promotion/marketing activities are incorporated to attract customers and to promote their products (Ghauri and Cateora, 2010).

Pizza companies use value meals and promotions/rebates to attract budget minded customers (Franchisedirect.com, 2010). These demonstrations do significantly well in less economically developed countries where prices are out of the reach of customers. (Can sales promotions go global)

Dominos quoted that technology is playing an important role in their daily sales as it is convenient for users and customers can use it in their own time as they are more relaxed in ordering over the app. It added millions in revenue for Dominos just via the mobile app.

Pizza Hut also quoted that it boosted its sales by \$ 1 million in a period of five months from July to November 2009 (the initial period of launch) (Franchisedirect. com, 2010).

Papa John's has not yet adopted any kind of mobile application business for their customers.

Facebook and Twitter are becoming a vital medium of sales promotion for the chain of stores. It has been quoted that 85% of the Pizza-chain sales are through promotions and discounts acquired through these social media websites according to the Citigroup Global Markets (Franchisedirect. com, 2010). The previous version of sales promotion was not effective enough since it could not target any specific group. Furthermore, these social media portals are more cost effective methods of marketing and promoting the products (Baker, 2012) India, USA and Mexico have aggressively marketed their products via Facebook and Twitter nowadays while China is still lacking behind this procedure due to government regulations which prevent foreign social media and micro-blogging websites. In order to meet the growing need for social media and microblogging in China the government has introduced an inter-country social media and micro-blogging websites such as Weibo. com, e. t. qq. com, renren. com that incorporates different sales promotion as mentioned below (Table - 1).

They restrict these websites to avoid any sensitive issues to be discussed publically and become a revolt against the government officials (Branigan, 2009).

Table - 1

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Websites:

Facebook

Twitter

weibo

e. t. qq

renren

Social Media

Micro-blogging

Micro-blogging

Micro-blogging

Social Media

Dominos

India, USA and Mexico

India, USA and Mexico

—

—

—

Pizza Hut

India, USA and Mexico

USA and Mexico

China

China

China

Papa John's Pizza

India, USA and Mexico

India, USA and Mexico

China

—

—

With the introduction of a variety of sales promotions companies are able to significantly increase short-term sales encourage repurchase and increase buyer switching between brands. (can sales promos go iglobal)

Pricing:

Domino's Pizza:

Dominos USA:

General Analysis:

At Dominos, by adopting a standardized strategy to their supply chain and dough manufacturing processes Domino's has been able to control price escalations (Fig - 5. 3) . Their " One Brand - One System" policy (Dominosbiz. com, 1983) incorporates firms using the same core products and proven suppliers maintaining consistency and quality standards across different countries. This standardization has also given rise to increased

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buyer power from the company giving them a competitive edge in terms of prices of equipment and non-food items.

Dominos has also lowered their distribution costs by implementing a shorter internalized distribution channel. Dominos has a set of Master Franchisers who further contract Sub - Franchisers adapting itself to meet cultural differences affecting the deeply rooted channels giving increased localized information. (Fig - 5. 4)

Fig - 5. 4 Master Franchisers and Sub Franchisers

Domino's have also standardized their business model that solely caters to delivery and 'carry out' pizza (Doctoroff, 2012). In developing countries although Domino's has incorporated tables in their outlets. Its purpose has not been to change its business model towards in-house dining but in fact to cater to local market needs. This does not affect prices, as high investments in the delivery of a service do not have to be incurred by the company.

Papa John's Pizza:

Papa John's China

General Analysis:

Papa John's is aware of the drawbacks of competitor based pricing and hence have focused their pricing strategy by meeting a "premium price point" (Morrison, 2012). Papa John's claims that their products are aimed at meeting the needs of those who are looking to purchase products providing them with value and better quality as their tag line suggests- "Better Ingredients. Better Pizza." (Papajohns, 2013). This standardized approach

that has been adopted has been able to maintain Papa John's global coordination. Their prices have been set higher than competitors prices communicating the perceived value of the products although they have not been placed at a level where they do not generate sales as Papa John's is part of the 'big four' pizza franchisers (Franchisehelp. com, 2013). Papa John's have influenced their prices by standardizing their entry modes into international countries through a franchising model as their products are perishable and need to be located near the consumer and consumption of the product.

Pizza Hut:

Pizza Hut India:

Pizza Hut Mexico:

Source: Nytimes. com, 2010

General Analysis:

Pizza Hut has standardized their business model and aims to meet high standards through their increasingly important service scape. Their restaurants give consumers a 5 star feel, which has been replicated throughout their operations in both domestic and international markets. This increasingly high standard of their service scape has increased their costs, as they need to meet a range of standards in terms of staff, furniture, cutlery etc. These significantly increase costs and are reflected through in the pricing strategies. By adapting their pricing strategies at Pizza Hut they have been able to gain a competitive advantage meeting the growing diversity in

the food market. Pizza hut also sources their materials and equipment locally which helps manage price escalation.

Branding

Papa John's

Analysis:

Brands today have an increasingly important role as they are termed to be the " most valuable assets companies have" (Ghauri and Cateora, 2010 p. 286).

Domino's and Pizza Hut have adapted a their brand over time to match a dynamic market. This can be seen through their change in logo and packaging respectively. Pizza Hut received a negative response from their consumers as the brand had formed a strong relationship with them.

Domino's has benefitted from their change and they have adopted this change throughout their operations in USA. Papa John's a having a transferrable logo has been able to standardize its logo throughout their operations (USA, India, Mexico and China) providing meaningful associations as the brand aims to provide customers with better quality products.

Looking at countries like India, China, Mexico and USA companies like Papa John's, Dominos and Pizza Hut have aimed to further strengthen their brand image with affiliations with other brands like Coca- Cola and Pepsi, which shows (Table - 1) the different beverages used by the pizza companies.

Conclusion:

Despite the profound benefits brought by standardization this report lays emphasis on the fact that in the fast food industry- the pizza market, companies need to be increasingly careful with their marketing activities, as standardization could not bring long-term benefits for the company in an international boundary. This is affected by the fact that cultural differences play a significant role on the success of a product in an international country.

Looking at the analysis in the report advertising has been greatly affected by subtle differences as suggested by Edward Hall in this theory of High Context or Low Context cultures. The chosen companies have adapted their advertising efforts to incorporate visuals, music and information by being locally responsive. Advertising in a B2C environment must be increasingly heterogeneous as transfer of success is becomes greatly difficult.

Looking at the sales promotions adopted by Domino's, Pizza Hut and Papa John's in order to gain a short-term response in increased sales these companies have been greatly responsive to differences in cultural norms, their target markets and government regulations in dissimilar markets

Pricing has also been a determinant in the success of a company in an international country. The findings suggest that pricing must be alert to accommodate national customer purchasing powers. Different stages in the evolution of the PLC in chosen countries like China, India, Mexico and USA also greatly affect the pricing of a company thereby resulting in the success or failure of a brand.

Marketing activity that incorporates branding analyses the fact that with a standardized brand in international boundaries like Papa John's gives increased brand coherence and is easily transferrable into an international markets. Pizza Hut on the other hand having created a personality with its customers could not alter its brand name and logo, as customers were not accepting of the idea.

Having placed significant amounts of emphasis on the closest form of contact between customers and the company, Pizza Hut has used an innovative concept wherein a man guides customers through the Indian website meeting subtle cultural associations in terms of gestures and facial expressions. Domino's have also been innovative adapting their websites to meet the growing technologically savvy customers and have introduced new tracking techniques etc, giving customers a clear understanding of where their pizza is during the production and exactly how long it will take.

Owing to these marketing activities analyzed in the report it is evidently clear that companies although focus on sales promotions being short term, in order to gain long term benefits the company must adapt itself meeting local requirements. These companies as seen also provide enough standardization so as to reap benefits from brand salience and resonance.