

The macro and micro environment analysis



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Business can be influenced by many different external stimuli, for example, recession in economy would put a direct effect on any business, moreover, national economy downfall, inflation rates would put an adverse effect on the business too. Besides, what turned out to be an adverse effect for many companies, it became a beneficial point for Domino's pizza, becoming one of the leading and dominant pizza service on earth.

As stated by CEO of Domino's Pizza that results have shown the enough proof that in time of recession our prices and our company remained stable. The trend had totally changed, people who used to eat out were decreased in numbers which shown that people are not willing to make expenditures or maybe they don't have enough to spend.

The CEO of Domino's Pizza was committed to make planning which included a process of obtaining funds which they couldn't get in the past which has been invested on Alternative investment market. Share price of this this company also went up to the top since the company has been established in 1999 and this large group now possess more than 500 sites only in United Kingdom and Ireland, which more plans to open in the future.

By bringing new ideas into work, Domino's sales had gone up by introducing new pizzas for example Meatero. Second one to mention would be Rugby theme Scrummy, alongside the new ways in which orders are made. Orders are not only taken via phones but also online, cell phone texts. This type of ordering has gone up in a significant way. Environment of outside is very dynamic and is rapidly changing, everything which is outside the boundary of the business would be counted as an external source.

‘ Domino’s continue to succeed, even in the current harsh economic conditions, because of domino’s unrelenting focus on the quality of domino’s pizzas, intense devotion to service and by marketing to domino’s customers when and where they want to order. It is this passion that has delivered profit growth of 27. 8% to £29. 9m (2008: £23. 4m) and that will continue to drive domino’s business in years to come.

PEST (Political, Economic, Social and Technological)

i. POLITICAL ISSUES:

Political issues include regulatory frame work operating in judicial system which may affect the business in different ways. There are not many political factors in UK affecting Domino’s business. Factors such as laws on business employment, pollution and taxation apply on the organization which it has to follow regarding the rules.

ii. ECONOMIC FACTORS:

If the county’s economy is better so the GDP of the country will be good, this is a green signal for the business as the per capita income of the people will be increased and they will spend more money. In domino’s survey domino’s came to know that most of the people in the beginning of the months spend more and they visit Domino’s very often. When the inflation rate increases the cost of raw material also increases and this leads towards high prices of the products and vice versa.

iii. SOCIAL FACTORS:

Domino's is a multinational and it is basically originated from America so the organization is overwhelmed by domino's western culture. There are social forms of society which consist of Upper class, middle class, middle upper class, lower class. Every country has cultural norms, values, beliefs and religion which can affect the organization.

iv. TECHNOLOGICAL FACTORS:

Now a day's technology is improving so as baking and heating ovens will be of new and efficient technology and will provide efficient service. Due to new technology there are new ways of marketing like internet; telemarketing and the organization can advertise their products with much more faster pace. Computer based customer data that is MIS (managing information system) helps in collecting customer data, daily transactions, future forecasting and decision making. New vehicles will make their service more efficient.

Briefly discuss the industry of sector

The food industry is a complicated and one of the diverse business which operates alongside and provide food to consumers around the world. People who are not considered inside the scope of this industry are those farmers who grow on their land for themselves and survive on it.

The food industry includes:

Laws: which include All laws applicable which govern the food industry whether local, regional, national or international regulations.

Education: This includes academic, vocational and consultancy

Research and development: It would be done with the help of food technology

Financial services insurance, credit

Manufacturing: this would include agrichemicals, seed, farm machinery and supplies, agricultural construction, etc.

Agriculture: raising of crops and livestock, seafood

Food processing: preparation of fresh products for market, manufacture of prepared food products

Marketing: promotion of generic products (e. g. milk board), new products, public opinion, through advertising, packaging, public relations, etc.

Wholesale and distribution: warehousing, transportation, logistics

High level technologies outline prevailing food production. In this many areas are included. Agricultural machinery, human labour has been almost practically eliminated by use of tractor in the field. Biotechnologies are bringing change, in such areas as agrochemicals, plant breeding and food processing. Many other areas of technology are also involved, to the point where it is hard to find an area that does not have a direct impact on the food industry. Computer technology is also a central force, with computer networks and specialized software providing the support infrastructure to allow global movement of the myriad components involved.

Key success factors

The critical success factors are related to domino's broad areas, customer's preference for pizza

as a food item.

Its ability to prepare a pizza within a short time, to deliver it within 30 minutes of recording the order, and the store location.

Since Domino's business model is based on home delivery, the speed of preparing the pizza and delivering it are the critical success factors.

International strategies (Competitive analysis)

SWOT Analysis:

Every organization has its strengths, weaknesses, opportunities and threats.

So, the

SWOT analysis for Domino's is as under:

Strengths:

Domino's is the market leader in providing different products of pizzas as there are no competitors in this sector. Their good image makes the organization more strong. Domino's is providing good taste, quality products with qualified staff, good atmosphere and hygienic environment. They are specialized in pizzas. Motivation level of staff is very high which makes the organization more prosperous. They are ISO (International Standard Organization) certified. They have enough resources for operating different activities of the organization. They are providing free home delivery service.

They have created monopoly in this sector. Another big Strength and even a Competitive Advantage is the fact that they have a full service restaurant as well as delivery services. Most of Domino's competitors do not have restaurants. Because of the restaurant, Domino's can market to many different segments that other pizza chains cannot. For example, Domino's can market to families much easier than Domino's or Little Caesar's.

Domino's weaknesses:

The fact that Domino's does have a restaurant to run is also a weakness. Domino's has higher overhead costs, due to the restaurant that other competitors don't have to deal with. Another result of higher overhead costs is higher prices Domino's must charge. Obviously, Domino's is not the low cost producer. They rely on their quality pizza and good service to account for their higher prices. They are providing less range of products comparatively with high prices. They are more focused on western taste instead of Eastern.

Very few outlets have dine-in facilities

The menu is limited and pricey, and there are very few budget items on the menu.

Opportunities:

New markets can be explored and new opportunities they can gain.

Domino's can come up with the new products considering the Eastern taste of the people as like McDonalds. Diversification of new products can increase their market share. They can reduce their prices because of more Domino's.

Threats:

Domino's number one threats are from their competitors. Currently,

Their closest competitor is pizza hut who is working to open their

Branch rapidly. Domino's main competitive advantage over Pizza hut is

their lower price.

Evaluate domino's company strategies with other different companies:

Domino's has succeeded in expanding over continents and observed spectacular achievements, but in efforts to develop globally it has not been able to manage the domestic market with full efficiency and as a result, is losing grounds in the domestic market. Domino's has raised the standards of pizza industry to great heights, but in current economic situation, rising commodity prices and decrease in people's purchasing power, it is struggling to balance between profitability and maintaining its standards. The increasing competition in the fast food industry adds to its array of challenges.

A critical factor in Pizza Hut's success has been a menu that has constantly evolved and expanded to cater to the changing needs and specific preferences of customers in different parts of the world. In having understood the pulse of the customers, Pizza Hut has clearly established itself as a brand with a Britain heart and Domino's need to learn that.

Benchmarking:

The status of Domino's has been as a private company, After making benchmarks with competitors, it has been observed that the level of sales for many years has been the same, which is a big achievement and is financial indicator that the organisation is towards growth and success in the retail business. It seems like good news for company.

Speaking of bad news, the growth at which the competitors were going it was faster as compared to that of Domino's. It was actually giving up market share. At the same time, Domino's were celebrating internal celebrations of the fact that against our own internal matrix Domino's were doing well.

Domino's did not only have to consider the past achievements and results in benchmarking but also it needed to take a look around at competitors, and on many occasions, Domino's require to realize what their outcomes are and initiate to grip ourselves responsible for that particular level of functioning.

Domino's accept unevenness since domino's can choose a lot of people around us who are just as mediocre as domino's are. I want to find the very, very best, and I want to benchmark against them, and I want to get as good or better. I think if I lead that expectation and I get my team and my organization to embrace it, that's how domino's' were going to become world-class performers.

Takeaways

Upon successful establishment of a business, masses think that there is no room of improvement any more, but things change either towards betterment or worseness. The minute companies become satisfied and

pathetic in a minute when they go down. when To have a high-performance organization, you must foster a culture of continuous improvement.

Don't accept mediocrity. Instead, look to your competitors, and benchmark yourself against them to achieve world-class performance.

Organisation business plan:

A business's plan is the way of decisions and conducts made by the business to accomplish its goals. A business has a diversity of goals and objectives. In order to achieve business goals businesses should make sure that they organize their business in most efficient and effective manner; in achieving those objectives different plans are made. In the same way, Domino's has laid down many objectives which will help achieve the targets. Internal and external changes in the environment have made Domino's to reconsider the past strategies. The PEST and SWOT analysis illustrate the changes in environment. After rethinking all the factors Domino's has taken decision upon establishment of business plan, called functional plans

These plans have been designed to make improvement in the operation efficiency of a business. All business organizations take on plans at practical level as once the practical objectives are accomplished; business objectives turn out to be easy. In order to make the practical strategy well organized, Domino's has made coordination among all its department.

Porter's Five Forces analysis of market structure

The competitiveness of any company can be evaluated using famous five Porter's forces.

Porter's Five Forces make an effort to analyse the charm of any industry by looking five forces in the market.

Porter suggests that the probability of commencement of profits in a given industry will be depended on five factors.

1. The probability of new entrants, for example more the barriers for entry of new entrants are places more the chances of present market capturing firm to make high profits.

The chances of entering a market would be hard if:

Heavy capital spending is required which would constitute to big entry cost.

Firms which are already equipped with past experience and knowledge of marketing would be advantageous.

Another new entry barrier could be a Government policy, which blocks entry or makes it uneasy; for example, imposition of tax on imports which would make a barrier for foreign firm to get entry in the local market.

The current brands are more reliable and have a high level of trust on their name

The reaction of established firms could be hard hitting towards new comers in pricing

The established entities could be in much more domination over supplies, for example, more proportion of the market is under influence of companies as De Beers.

2. The power of buyers.

The stronger the power of buyers in an industry the more likely it is that they will be able to force down prices and reduce the profits of firms that provide the product.

Buyer authority will be more if:

Market does not have many big buyers, so established ones would be of particular importance to the firm.

To gain the trust of buyer, it is very essential to bear in mind that provision of services should be of high standard at a reasonable price.

As buyers could have strong bargaining power and could actually take possession of the firm, this warning could lead to better provision of services.

3. The power of suppliers.

If suppliers are in a position in a particular market that their dominance is very strong that new entrants have fewer chances to make profits out of that sector because market is influenced by those established suppliers which gives them power to decide how the business should operate in that sector.

Suppliers will be more dominant if:

They are in small numbers (leaving fewer choices).

To go from one supplier to another would not be easy or could be very costly.

The bargaining power of supplier can give them enough control to take hold of existing firms.

4. The extent of competition

This estimates the degree of rivalry among those operating firm. Higher competition would make lesser chances for operating firms to make higher earnings.

Competition will be complex if:

There is greater proportion of parallel firms in terms of their masses and all going for a tough competition to capture consumers in the same market.

The ultimate result for industry leavers could be threatening, because their funds are invested. This means the established firms will not take it easy and will fight hard in order to keep their resources intact.

In a situation where there is higher level of capacity utilisation then prevailing firms will put an effort to win the sales to increase their own demand.

There will be a fight in a crunching market when volumes of sales will be getting lower.

If there is not much reliability then consumers are most likely to switch.

5. Additional threat.

This measures the extent to which buyer can change its taste and move on to other products of the same industry e. g. travel in public busses rather than private cars.

By looking at Porter's analysis, we see that firms are more likely to get higher rewards if the business:

Is complex to pass in

Has not much competition

Has to deal with small buyers

Has to deal with small suppliers

Have no other alternatives.

Whereas, rewards are more likely to be lower if:

Entrants can pass in easily

There is high level of competition within the industry

The Buyers are powerful

The Suppliers are powerful

There are other options available

For top management it is crucial that they understand and acknowledge the consequences of Porter's five factors before making a decision of industry to

operate into. Ways to make favourable outcome should be sorted by trying to bring change in these five factors

For example:

One solution could be the mergers between rivals, there are such examples in the past in automobiles industry, pharmaceuticals and banking industries when rivals merged together to remove competition.

If distributors could be bought up by firms then more influence of buyers can be achieved.

If firms can stand out themselves among their rivals by unique selling proposition then this could good achieve positive results for the firm, the example of such marketing practitioner would be Coca Cola

if they respond energetically to a firm that enters its market this may deter potential entrants in the future

These five forces tend to change accordingly conditions of the market. For instance, customers have access to wide range of information these days to compare their options and prices; this makes consumer a powerful individual. The exposure of world markets (for example through the efforts of the WTO to increase the effect of safeguarding trade limits has led to much more competition in markets in past few years. In North America, It has been seen that in automobile industry leader Toyota is declining where as General Motors has risen in terms of sales recently just because consumers have now more options. At the same time, World Wide Web has even made easier for producers to enter in the markets because people have access to the

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internet all over the globe and online shopping trend is increasing day by day. The world of business is dynamic and environment surrounding particular industry is unpredictable and will keep changing.

International market approach:

Domino's concept is focused on outstanding people on a task to become the greatest pizza delivery company on earth. The commitment is to bring joy, energy and value to customers by making a delivery of pizza on time.

Because the aim of the company is not only to provide services on their outlets in fact reaching out to customers on single call and by way of quickest delivery be at their door step.

Customer should have many options to choose from the menu. Variety of different combination would give an edge. Customer should have the feeling that he is getting the finest offer whereas company making sure that it is earning to its extra potentials. Menu cards show that different types of pizzas have different prices on them; family size pizza can be one example of this. The extreme profit is made in meat items which is again with different combinations and varieties is combined together to make an individual pizza.

As soon as customer is on the table or an order has been made from outside, not only reasonable price is charged but also on some occasions discount coupons are provided to customers so that not only they can have their delicious food in a fine environment but also have some inducement to buy from Dominos. Hence, consumers are compelled to uphold trust towards Domino's.

Endurance, shaping relationships and making use of change in condition

Over long period of time, Domino's has grown and brought a wide range of products to the table which gave Domino's an additive advantage over its competitors, which included internationally famous pizzas for instance, Italian pizza, pan pizza and stuffed crust. In the menu offers the option of a complete meal.

Besides, Dominos are nowhere behind their competitor Pizza Hut in bringing in home tradition. Domino's have a firm belief in their slogan that Think global act local.

How the firm should make an entry into the market:

Domino's Pizza could manage to cover the market by providing Pizza with a quick home delivery system.

Dominos not only captures walking customers but also makes advertising on various media to capture wider areas so that more market is covered.

Progress plan:

Pizza hut is defined generally as a family deal. The reason behind it is they don't approach their customers in a direct way. They focus entire proportion at the other hand their rivals focus a certain demographical area. However pizza hut aims at a wide range of population. By successfully doing this, they achieve their targets in a profitable manner.

They are faced by many rivals in the industry due to which they have to do almost everything to stay in the market because their competitors are on

every high street. Pizza hut not only makes a commitment to provide best food but also considers the prize to which it should be delivered, making it as reasonable as possible.

They try to give something extra in their commitment, i. e. in their food they give unique variety of stuff crust which brings customers to their doors every now and then. Their menus also have vegetarian pizzas with salad and past bar which is not offered by many restaurants. This is one of those ideas which could attract more customers.

Likely development in next 10 to 20 years:

Top management level of Dominos is unable to grasp the key idea which could bring change growth and innovation. They couldn't get the whole process from which an organisation goes through which starts from birth and taken to a level of growth and maturity eventually reaching at a level of decline. This process is simply unavoidable.

In the initial stage of growth, capital expenditures are made with very little or no return. It's only through crunching operational incompetence and ineffectiveness, obtaining and or inclining market share that companies regain their initial capital expenditures

Dominos stayed at position of S-Curve where maximum return are being gained without taking account of the fact that decline of profits are probable. Only time can tell whether they have team and leadership development which will finally decide whether they will incline or decline.

Reasonable suggestions for enhancement and advancement in overall scenario.

- Bring new things in the way Pizzas are made.
- Concentrate on areas where the outlets are situated.
- Take the quality of pizza the upper level.
- Maintain good environment in outlets.
- Should concentrate more on marketing itself confidently.

Conclusion:

Domino's Pizza regularly innovates the way its product goes with the likings of its customers and in feedback getting customer's satisfaction. The slogan of this company which illustrates its aim is that Think Global and act local. Hence, every now and again Domino's Pizza has been suiting its products with delicious touch for consumers. Moreover, giving quality food at reasonable price has been one of the earliest mottos. Steps have been taken such as Fun Meal and Pizza Mania to popularize it more among consumers.