

Swot analysis of dominos pizza in india



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The case described below is about Domino's Pizza and its position in the market by analyzing it through different framework of analysis like the SWOT and the PORTER'S FIVE FORCES.

Dominos is one of the leading pizza makers all over the world and is acquiring a very good position in the market but is facing a very tough competition from its main competitor pizza hut which is better than it in a no of things due to which it captures a major share of market.

Using the low price strategy it is growing in the market and expanding its business all over the world but still it has to work on a no of things in order to come up to the expectation of the customers.

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INTRODUCTION:

Domino's Pizza currently operates in more than 60 countries across the globe. It owns a well-knitted network of both company owned as well as franchise stores worldwide. It is one of the leading and most popular pizza

delivery companies in the USA. The 8773 global outlets are spread across all the USA's states and the 60 countries of the world. Currently about 10, 500 people are employed at the Domino's pizza. Domino's Pizza India Ltd. was incorporated in March 1995 as the master franchisee for India and Nepal, of Domino's Pizza International Inc., of USA. Moreover, the company holds the master franchisee rights for Sri Lanka and Bangladesh through its wholly owned subsidiary. Mr. Shyam S. Bhartia and Mr. Hari S. Bhartia of the Jubilant Organosys Group were the promoters of the company. (Kaul, n. d.)

Since inception, Domino's Pizza India Ltd. has proceeded to become one of the largest and fastest growing international food chains in South Asia. The first Domino's Pizza store in India opened in January 1996, at New Delhi. Today, Domino's Pizza India has grown into a countrywide network around 250 outlets in 49 cities and is the leader in the fast food delivery segment.

Ever since it was established, Domino's Pizza India has maintained its position of market leadership with its constant product innovation and maintenance of stringent service standards. In the year 1973, domino's began a guarantee scheme that its pizzas would be delivered in 30 minutes or less of ordering failing which the customer would receive the pizza free. So it 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 chain of stores around the country. Customers can order their pizzas by calling the countrywide Happiness Hotline – 1800-111-123 and 44448888 which is valid only for NCR, Delhi, Mumbai and Bangalore. (Patel, 2010)

WHY DOMINO'S PIZZA?

Domino's mission 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’.

Domino's Pizzas topped with cheese and happiness, Domino's is committed to put an extra smile on its customer's faces with this mission. (Anon., 2010)

30 MINUTES AND DOORBELL!

The first thing that comes to your mind after hearing HUNGRY KYA! (Are you hungry.?) Is of course Domino's? Domino's managed to become the “ PIZZAS KING” of South Asia.

Here's how an ordered pizza covers the journey from shop to our home, while chomping our favorite pizza, we never thought how it always got home within 30 minutes of placing the order on phone? And how time could never beat the friendly delivery boy even by a minute, crushing our ‘ free pizza’ dream? Well, here's why. “ They do scientific survey of city traffic to ensure delivery of our pizza within 30 minutes.”

Revealing how they are able to ensure delivery within half an hour? they prepare master plan to reach the destination within time. “ They send out

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their senior managers on bikes and check high traffic hours and calculate the actual time of delivery, “ all their employees are duly trained to deliver pizza safely.

And snags? “ Even changes in traffic scenario, like construction of bridges and closing of passengers are taken into account and the schedule is changed accordingly.” they are able to deliver pizza within 30 minutes in 99 percent cases, else is give free to the customer. Here’s another surprise: “ A few people know that they do not allow an employee to drive the bike at the speed of more than 40 km/ph. Their safety is paramount to them,” (Kaul, n. d.)

“ That is why they call them Safe Delivery Persons (SDP). Informing that they have 3, 000 bikes on the Indian roads for delivering pizza, Slogan before leaving for delivery: ‘ You have to drive safe’. I also find out that soon every bike will have a speed control meter to further check SDP.

LITERATURE REVIEW:

MODELS:

To find out the market position of Domino’s Pizza we should know about the models like SWOT, PESTEL. PORTER’S FIVE FORCES which we can apply:

SWOT ANALYSIS:

SWOT Analysis is a strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities, and Threats inside a company, project, or a business venture. It involves identifying the internal and external factors that

are favorable/ unfavorable for business to succeed. So it is four factors analysis.

PESTEL ANALYSIS:

It is to analyze the broad macro-environment of organizations in terms of these factors:

Political

Economic

Social

Technological

Environmental and

Legal

PORTER'S FIVE FORCES ANALYSIS:

It is to define the attractiveness of industries and sectors for investment and to identify their potential for change.

SWOT ANALYSIS

STRENGTH:

Dominos have strong service facilities like '30 min's NAHI TO FREE' (otherwise FREE): dominos were the first to start the trend of 30 minutes otherwise free that means they will deliver your order within 30 minutes

otherwise they will give you for free and they are very honest with this concept as they do what they say but they never let their employees to drive the bike so fast in order to reach before 30 minutes and all the employees have to follow this rule strictly and they reach any place before 30 minutes. So it has good door step services within half an hour.

Low price menu: In India Domino's is trying to attract the middle class and lower middle class people who are interested to spend their money on pizza but in low price. Those people are eager to go for an outing in any festival and want cheap and best family restaurant. Domino's would be most preferable. They do not need high class ambiances or amusement in the shop so the establishment cost is low for the dealers and the price of pizza is very reasonable for the customers.

Variety of Pizza's: Dominos Pizza has a lot of varieties like vegetarian and non-vegetarian. In vegetarian lots of pizzas are available as well as non-vegetarian too. (Adam, 2010)

Quality of Pizza's: the quality of Dominos Pizza is also very good. The taste of all the pizzas are very yummy.

More outlets- Even in smaller towns: dominos have its outlets even in the smaller towns its popularity and pizzas are not limited to big cities but small cities also due to which people know it more whether from a metro city or from small city.

Quick service at outlets: the service at the outlets of dominos is very fast and customers don't have to wait for long for their order which makes the brand

even better because low price along with good service as a very rare combination.

Excellent offers: The Domino's pizza franchise constantly keeps on inventing ways through which it can make a greater impact on the fast food market. That is how the fast food franchise came up with "Fun meal is four offers". Through this method, the pizza franchise is able to produce more variety in the food delivered to its customers at their door steps. Through its "Fun meal for four" pack the Domino's pizza India offers four pizzas at the rate of Rs. 180. This means charge of one pizza will be just Rs. 45. Domino's mainly offers are more attractive for the students and middle class people and they are the main customer which they targeted. Domino's also regularly introduces sell-in-schemes like promotional schemes for dealers, promotional coupon, festival offers etc. Sometimes they also give great discounts to the customers. (Prasso, 2007)

They are strong presence in the market as a brand name: they have a very strong presence in the market and through its long presence in the market and continuous loyalty toward the customer providing them a great service at a cheaper rate it really have created a very good reputation and brand name. So it makes Domino's Pizza better than its competitors.

WEAKNESS:

Domino's just has delivery outlet but does not have an eating outlet, where the consumers could enjoy themselves. This has provided pizza hut with a competitive edge over Domino's. Domino's also do not have any fixed customer through they are one of the main competitors of the pizza hut.

Pizza hut is also an internationally known chain of pizza outlet that entered the Indian market towards the end of the 20th century. Its target audience is basically the youth and the families who like socializing. They are initially targeting only the metropolitan cities as they have positioned themselves as an outlet for rejuvenating lost relationship and socializing as they have an excellence ambience to boost it. Thus pizza hut emphasizes more on the ambience, it provides rather than the product it offer. As far as the price is concerned, pizza hut products start at around Rs 160. It is priced much higher than

dominos pizzas but they justify it on the basis of the service and the ambience they provide their customer at the outlet. Pizza Hut's marketing strategy is basically aimed to make the consumer feel very important. It actually wants the consumer to believe that Pizza Hut is the ultimate outlet for celebrating anything and everything. It has created an ambience to ensure that customers start finding excuse to the outlet. Dominos has a major threat from Pizza Hut in this aspect. With the increasing number of professionals and increased exposure to western style of eating outdoors frequently, Pizza Hut may quickly score over Domino's. In addition the great interiors, the music and the overall service at the pizza hut outlets create an atmosphere which tempts you to visit the place again. So Dominos have to do something to overcome this problem.

Leaving aside the local restaurant and a few local brands like Smokin Joe's & gracias etc, Domino's mainly faces competition between two players Pizza Hut and Smokin Joe's. (Jones, 2008)

They don't have dine-in facility: they don't have the dine in facility in their outlets that gives its competitors advantage over it and because its main competitor pizza hut have this facility and dominos is facing the main competition from pizza hut.

Outlets lack space: the outlets lack space which creates the problem of limited sitting space for customers and sometimes customers have to wait for the seats to be vacant for them.

Ambience not up to expectations: it is not so successful in creating an environment which reflects its brand and reputation as dominos being a brand should come up with a different idea which influences the customer.

No option for birthday parties and corporate lunches: instead of being such a big brand in the fast food industry dominos lack the facility of birthday parties or meetings which is a very big weakness as its competitor pizza hut is very good at all these things. (Shreshtha, 2010)

OPPORTUNITIES:

New restaurant at busy places: it should open its new restaurants at busy and crowded places where it can attract more customers.

Capturing the new customer through low price menu: it offers a low price menu which is an advantage to it and it should take the proper benefit out of it growing fast food market-scope for expansion: fast food market is growing very fast along with the time as the new generation all are very fond of fast food and pizza is on top of the list hence making it a great opportunity for the company to expand its business and make profit. Introduce more

varieties: it should introduce more varieties of pizzas and add more food items along with the pizza.

Bigger outlets: it should increase the size of its outlets as its outlets all being smaller than the competitors hence giving less space for customers to sit and enjoy the meal.

Take away counters: it should include take away counters to its outlets so that people feel more comfortable and easy to bring back. (Boyer, 2007)

THREATS:

From their competitors: it is facing a very tough competition from the existing competitor pizza hut as pizza hut have some of the better facilities with it is regarded better than dominos and hence really affects the market of it distributing the consumers.

Pizza hut main competitive advantage over dominos is dine-in facility: the main competitor pizza hut has a unique dine in facility that makes it different and much better than dominos.

Emergence of Papa John's – World's Pizza makers: new entrants entering the market are coming as a big threat for dominos as it is facing a hyper competition situation from pizza hut and in this scenario a new entrant can make the situation worse and make it loose market.

Better quality and variety of competitors: dominos being a low price pizza seller than its competitors that gives it an advantage but at the same time the difference in quality can be seen and that makes the difference.

No take away counters for pizzas: doesn't have any take away counters which in turn harms its own market and the consumers coming to it. (Jones, 2008)

PORTER'S FIVE FORCES ANALYSIS:

Analyzing the above using the five forces framework we can see that in the above discussion it is stated clearly that the threats of new entrants is quite high and a no of new competitors are entering into the market like the papa john's and the pizza being an all time favorite of humans everyone knows that its profitable to invest in it and hence can enter in the market with high hopes.

We can also see that it is in a hyper competitive situation with its existing competitor pizza hut. And Smokin Joe's also giving a tough time to it hence making the situation even difficult due to which we can say that the threat of rivalry within the industry is too high.

We also know that pizza being an all time favorite for people it's very normal that instead of going to dominos pizza they can switch to any nearby confectionary or bakery in order to enjoy pizza and hence can harm the business of dominos because a lot of time people prefer not to order and wait for the delivery to come or waste so much of time going there and prefer to go and buy the cheaper pizza from the nearby confectionary or shop which taste same or sometimes better. Hence we can see that Domino's faces threat of substitute products and can be affected from it not so highly but still will have medium affects.

RECOMMENDATION:

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The dining conditions have to be changed drastically if Dominos have to target the Premium segment of customers. They are way behind Pizza Hut in the dining experience. Some of the Dominos Restaurants lack even basic amenities. Due to this a condition can occur where customers judge the quality and taste of the Pizza with respect to the restaurant environment and ambience. Thus to have a greater market share and tap premium segment of the market, Dominos can provide good quality restaurants. There should also be provision for music, TV's, kid's zone etc in the restaurant. By doing this they can even charge a little bit more on the food items.

CONCLUSION:

This assignment is based on Indian pizza market. Now in global market where they are stand in recent scenario. The main objective is increasing the number of customer base of Domino's Pizzas. This also has talked about the entry of various giants in Indian pizza industry. It has touched various aspect of pizza industry such as product line, comparison, strategy, competition, etc

Dominos pizza industry is purely based on home delivery service industry. Domino's is the current market leader in India, but may soon face very tough competition from both McDonald and pizza hut. So to improve their brand image and consolidate their position in the market, they need to take up some innovative approach very soon. Special area of dominos is home delivery 30 min's concept, using this punch line they grow their business in various segment like opening dine-in facility, all over the India. , Also starting the new restaurant with new innovative products as well as opening the new segment for Domino's pizza.