

Free case study on swot analysis of dominos enterprises limited

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Executive summary

Domino's Pizza Enterprises Ltd. is an international medium sized pizza franchise that has operations in the following countries: New Zealand, the Netherlands, Australia, Belgium and the principality of Monaco. It was established in 1960 and listed in NYSE and DPZ in 2004. The founders of the company were Tom and James Monaghan. The company's slogan is " it is all good". It boasts of a strong digital presence that allows its customers in Australia and other nations to order their pizza via Face book, an app on their Ipad and the Domino's pizza. The mission of the company is to sell more pizza and have more fun while its vision is to number one in pizza and with people. This largely explains why the company has been one of the industry leaders in the QSR pizza in Australia and continues to post huge profit margins.

The brand has a strong brand image in Australia; an aspect that gives it an edge over its competitors. Its website and Face book platforms have to a great extent contributed to fortifying the company's image. The company also launched an I pad app to allow its customers to order pizza. Like all other companies, the company has to content with the rising costs of raw materials and production. This in turn affects the company's bottom line. The company faces stiff competition from other franchises such as Pizza hut in Australia. In order to continue maintain its position as a market leader, Domino's Pizza Enterprises Ltd. needs to take advantage of its two greatest strengths: strong brand image and strong digital image.

Introduction

Domino's Pizza was set up in 1980 after the owners of Silvio's Dial A Pizza purchases the franchise from the US company Domino's Pizza Inc. The franchise has stores in the following countries: the Netherlands, Australia, Belgium, New Zealand and the principality of Monaco. Domino's pizza is owned by two brothers: Silvio and Fec Belvacqua. The following essay will be an analysis of the strengths, weaknesses, opportunities and threats to the business.

Interview with owners of Domino's Enterprises Limited, Australia

Business owners: Silvio and Fec Belvacqua

Company: Domino's Pizza Enterprises Limited

Interviewer: When did you establish your business?

Silvio Belvacqua: We established our business in 1978 as Silvio's Dial A Pizza. In 1980, we became Australia's first home delivery pizza store. Later on we bought the master franchise for Domino's Pizza Enterprises Limited in Australia and New Zealand. The franchise currently has branches in the following countries: Australia, New Zealand, the Netherlands, Belgium and Monaco. In 1996, our company was rebranded from Silvio's Dial A Pizza to Domino's Pizza.

Interviewer: What changes has your business undergone since its establishment?

Silvio Belvacqua: Our business has undergone a lot of changes over the years. The volume of pizza we sell daily has increased over the years. We

currently sell over 1, 000, 000 pizzas on a daily basis. In Australia, Domino's Pizza is currently the fifth largest QSR pizza restaurant chain by network store number behind the following chains: Subway, McDonald's, KFC, and Red Rooster. In terms of network sales, Domino's Pizza is currently the sixth largest chain in the Australian QSR segment

Interviewer: What is your vision and mission as a business?

Silvio: Our vision is to become number one with people and in pizza. Our mission is six fold: we seek to produce more for less. We seek to treat people as we would like to be treated. We think big and grow. We incentivize what we would like to change. We set the bar high, train and we never stop learning. We promote from within and we are not just ordinary, we are exceptional. The slogan of the company is well recognized and simple; it is all good.

Interviewer: Who are your clients?

Silvio: Our clients are drawn from diverse segments of the population. We deliver pizza to office executives; stay at home parents, college students and even families. We do our best to cater for each of the segments.

Interviewer: What has made your business grow so far?

Silvio: Our company has embraced e-commerce hence we take orders that are made over the internet. In order to attract and retain clients, our website features coupons and special offers. The online system keeps a record of each customer's previous orders in order to fast track re-ordering. The company also has an application on I-phones that is meant to ease the

ordering of pizzas by the store's customers. Domino's has a strong brand image which gives us a loyal following whenever they launch any new products. The store also boasts of strong networks among its franchises and diversity therefore boasting their share in the market and increasing the volume of sales.

Interviewer: What are the challenges that you have experienced as a business in your pursuit of growth?

Silvio: There have been numerous challenges that we have experienced over the years.

Interviewer: How have you overcome your challenges?

Silvio: We have overcome our challenges by capitalizing on our strengths in order to maintain our position as market leaders. Domino's Pizza Enterprises Limited became the first franchise to launch their Facebook ordering tool complete with a unique pizza tracker. In addition Domino's Pizza Enterprises Limited launched the I Pad App as a follow up to its I Phone that achieve \$2million sales in 12weeks. We have also introduced healthier toppings and healthier ways of preparing our pizza.

Situational analysis

Strengths

Domino's Pizza has a strong brand presence which is complemented by an even stronger brand image hence one of the most loyal customers' base. This is largely attributed to the franchise's aggressive marketing and advertisement strategies which focus on showcasing the passion for great food that Domino's has and the focus on quality ingredients.

In addition to being a strong brand, Domino's Pizza Enterprises Limited is also an industry leader as far as innovation is concerned. Domino's uses the highest quality and freshest ingredients in its production process. Most of these ingredients are also locally sourced rather than being imported which adds a native touch to all of the company's products. In 2012, Domino's Pizza Enterprises Limited introduced a new design, Theater of Food to its stores, a pilot of which was Surfer's Paradise, which is based on recycled and green construction materials. Most importantly, the production process has been brought to the front side of the store, which allows customers to witness it in its entirety. This was also complemented by the introduction of drive-in stores, which allows customers to order and pick their pizza while in their cars.

Weaknesses

The rapid expansion scheme that the company is currently undergoing presents is a weakness of sorts in terms effective management of all its franchises. This situation that's further complicated by the company's objective to streamline all its operations in the over 800 stores owned. However, the introduction of the company's new design, Theater of Food, is bound to definitely turn around these management challenges.

Opportunities

Domino's Pizza Enterprises Limited has several opportunities for growth in terms of its effective use of the digital space and its target market. The franchise's target market is the youthful segment of the general population which is the fastest growing market segment across all the five countries the

company has a presence in. For instance in Australia alone, Melbourne accounted for a third of the entire country's growth in the youthful population between the years 2009 and 2010. Over 50% of the company's sales in 2011-2012 financial years were made on the digital platform.

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Threats

Competition from other industry players poses the greatest threat to Domino's. In Australia, the franchise face stiff completion from Eagle Boys and Pizza Hut in the QSR pizza segment and from McDonald's, KFC, Hungry Jack's, Subway, Red Roster and Chicken Treat. In addition to this, the ever increasing consumer awareness about the implications of fast foods is also a threat to Domino's.

Industry Analysis

The pizza industry is highly competitive. This holds for the two regions that Domino's Pizza Enterprises Limited has presence. Just all consumer based industries, the industry faces a lot of challenges posed by dynamic consumer trends; demand for healthier menus and the declining economy. Domino's major competitors are McDonald's and Pizza Hut in the chains and pizza QSR segments respectively. McDonald's main strength is that it appeals to the

general population and classic logo is renowned world over. However in the recent past McDonald's has faced a lot of legal problems as result of false advertisement allegation and violation of fraud legislations. Pizza hut on the other hand is a subsidiary of Yum! that specializes in pizza making and delivery. Pizza Hut is renowned for being the world's most health conscious QSR because it incorporates a fruit salad in every meal.

Strategic Plan: Recommendations for Future Expansion

Domino's strongest selling point is its brand. The QSR chain recently improved its brand and created a new clean, crisp and strong logo that is indicative of the company's future. Unfortunately this new logo has only been unveiled in some parts of Australia. The plan is to unveil the new logo in the remaining areas of operation within the next few years. This should have been and must be done immediately because the success of Domino's Pizza Enterprises Limited is hinged on its strength as a franchise and closeness as different entities. In fact most of its expansion strategies should focus on the European market because the Australian/New Zealand segment of the company is already well established and thus will grow organically. Domino's should also take advantage of its strong digital presence which gives the franchise a competitive edge over all other industry players. The QSR chain should focus more on increasing the proportion of online sales from the current 50% to about 85% in the next two years. This can be easily achieved via aggressive social media marketing across all the five countries as opposed to Australia only. In addition, Domino's can also launch more apps that are compatible with Black Berry, Symbian and Windows based

phones to complement the current Android and Apple based ordering Apps. Finally the company should strengthen its social media presence across all the five countries instead of being limited to Australia and New Zealand. Basically Domino's should replicate all the strategies that made it an industry leader in Australia in all its European markets.

Conclusions

Domino's Enterprises Ltd commands a strong presence in the Australian QSR pizza segment. Its innovative recipes coupled with a strong presence on the digital platform have gone a long way in fortifying this position. Competition is stiff in this segment which also features renowned brands such as McDonald's and Pizza Hut. By capitalizing on its strong digital presence and innovating new apps for phone users, the company can become an industry leader.

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