

# Case study for pizza hut



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Let's define what CRM is first.

CRM stands for Customer Relationship Management. The goal of implementing such management system is as follows: Source: Marketing Management, 12th edition, Kotler & Keller. According to Peppers and Rogers, one-to-one marketing that can be adapted to CRM marketing are as follows (This is the complete list of the above diagram): ? Identify your prospects and customers. ? Differentiate customers in terms of their needs and their value to your company. Interact with individual customers to improve your knowledge about their individual needs and to build stronger relationships.

? Customize products, services, and messages to each customer. ? Reducing the rate of customer defection. ? Increasing the longevity of the customer relationship. ? Enhancing the growth potential of each customer through “share-of-wallet,” cross-selling, and up-selling. ? Making low-profit customers more profitable or terminating them. ? Focusing disproportionate efforts on high-value customers.

Source: Marketing Management, 12th edition, Kotler & Keller . Please describe how Pizza Hut improves customer satisfaction through CRM program. In 2005, Pizza Hut started the CRM program which consisted of the following three: 1-800 hotline, Customer satisfaction/loyalty survey, and Bonus program. The 1-800 hotline: From looking at the CRM model above, you can see that the hotline allowed Pizza Hut to ‘Interact to improve knowledge’ about the customer's wants and needs. By knowing what the customers are happy or unhappy about, Pizza Hut can take different

measures to satisfy the customers. I believe it's always good to have a channel that's 'open' to customers in order to get a feedback and hear complaints.

Even if you lose the customer, if you can hear from them why they're leaving, you'll at least be able to remedy the problem so that it won't happen again. Survey: The survey also helped Pizza hut 'Interact to improve knowledge' about the customers so that they can 'customize for each customers,' or in other words customize to satisfy customers. Bonus program: Through this, Pizza Hut was able to retain existing customers. It helps Pizza Hut to 'identify prospects and customers,' because customers who participate in bonus program can be identified as a 'customer'. Through this, Pizza Hut can reward/satisfy loyal customers for their continued use.

From this, you can also keep track of customer's purchasing patterns so that you can offer them coupons when their account seemed to have turned dormant. Retaining customers are very important because acquisition of a new customer can cost as much as 5 times more than retaining an existing customer. % reduction to the customer defection rate can also increase profits by 25% to 85%. 2. Explain why the Pizza Hut's CRM program seems not success.

And suggest some CRM programs that may attract more customers and increase market share over the competitors. Pizza Hut's CRM program doesn't look to be successful, obviously from the figures provided in the case study. Pizza Chain 2005 Market Share 2006 Market Share 2007 Market Share  
Pizza Hut 54.6% 51.

1%47. 7% Domino's21. 6%23. 8%25. 2% Little Caesar's14.

9%14. 5%14. 0% Papa John's4. 8%6. 4%8.

8% Sbarro4. 1%4. 1%4. 3% Source: Case-study handout.

From the data above you can see that the market share had continued to decrease for Pizza Hut, while the market share for Domino's, Papa John's, and Sbarro has increased. As for the reason why Pizza Hut was not successful, I believe that it might be something to do with delivery service. I know that Little Caesar's is a take-out service franchise and Domino's is a delivery service franchise, and Papa John's is similar to Pizza Hut in that it offers both restaurant and delivery service. By looking at the data it seems like it has lost its market share to Domino's and Papa John's. Papa John's had a small market share which means it doesn't have many locations, so naturally it might be possible for them to increase market share just by increasing the number of stores. As for Domino's, I believe they are different from Pizza Hut in that they specialize in delivery service.

It might be wise to study what kind of CRM programs Domino's offers to its delivery service customers. Pizza Hut should do the same type of CRM programs that Domino's is offering. Perhaps it might be wise to categorize delivery service customers as a group and perform one-to-one marketing. Below are some of the things that might be helpful for Pizza Hut keep its delivery service customers: ? Delivery satisfaction cards/analysis ? Surveys on delivery service ? Coupons for delivery services (just like a bonus program to retain user and see how much of the handed out coupon is used) ? Online 1: 1 support. (since many people order online these days) On a side note, I

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found out that Pizza Hut's parent company, Tricon Global Restaurants, changed its name in 1997 to Yum! Brands, Inc. Reference: [http://www.](http://www.yum.com/about/brands.asp)

[yum.com/about/brands.asp](http://www.yum.com/about/brands.asp)