

A swot analysis on pizza hut marketing essay



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SWOT Analysis is one of several strategic planning tools that are utilized by businesses plan, gives overall direction to an organization within its chosen environment, guides allocation of resources and efforts. SWOT analysis also provides information that is helpful in matching the firms resources and capabilities with the competitive environment that it operates. Other than this, the process of SWOT involves four areas of consideration: strengths, weaknesses, opportunities, and threats. It should be noted that when identifying and classifying relevant factors, the focus is not just on internal matters, but also external components that could impact the success of the project. Strengths are defined as the positive attributes of the organization, which are within the organization's control. Such as, specialist marketing and advertising skills, patents, introduction of new and innovative product or service, cost benefit through proprietary knowledge, strong reputation. Weaknesses is factors that are within the organization control and can easily be improved. It is necessary to take care of your weaknesses because these factors can detract you in achieving your goals and objectives. Opportunities is portunities are the external factors that are providing benefit your business directly or indirectly. Such as, market growth, careful research about market, market size. Threats these are also the external factors, which are not in organization's control, but they can seriously damage your organization mission. Threats include competition, economic crises, earthquakes, competition, price war, new regulations. Pizza Hut is the company owned by Yum! Brands in 1997 by Wichita and Kansas. The headquarter is located at Texas USA. The company is engaged in restaurant industry producing wide range of pizzas, pastas etc...

By 1972, with 314 stores nationwide, Pizza Hut went public on the New York Stock Exchange under the stock ticker symbol PIZ. In 1977, Pizza Hut was acquired by PepsiCo, who later also bought KFC and Taco Bell. In 1997, the three restaurant chains were spun off into Tricon, and in 2002 joined with Long John Silver's and A&W Restaurants to become YUM! Brands. Pizza Hut has opened Pizza Hut Express which specializes in small 6" pizzas. The oldest continuously operating Pizza Hut in the world is in Manhattan, Kansas, in a shopping and tavern district known as Aggie Ville.

2. 0 SWOT for Pizza Hut

2. 1 Strengths

The strengths of Pizza Hut is the main strengths of company is their focus on their product and services. Added to that is the ambience or the facility which is not under the category of fast food but a restaurant. The idea of creating this kind venue is to provide the bond between families and friends. Another factor is the on-going efforts of the restaurant to provide the healthier pizza. It is because they found out that there is a percentage of their target that is health conscious. The idea is to strip or cut off the unnecessary calories and fats when the cheeses is added to the dough. The product reinvention did not stop there as the company included to their menus that news tastes and combination of different pizza which is according to the tastes and preferences of the consumers. To gain additional trust from the market, the company pursues their research and develops pizza dippers, as another answer to their never-ending customer demands.

2. 1. 1 Weakness

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Pizza Hut is identified as the largest users of cheese that affects the pizza hut branches that lacks the supply of cheese. The problem with alternatives is eventually identified by the consumers and there is a narrow choice for substitutes. Other than that, the company reported that they incurred high cost in terms of their production, the root of this problem is on the intense competition and their pizza reinvention just to satisfy the taste buds of the customers. As a result, the overhead cost pushed the restaurant branches to have additional charge, not knowing that because of their action, there is more probability to lose most of their consumers.

2. 1. 2 Opportunities

Pizza Hut opened lots of doors through their pizza reinventions or product innovation. This is evident in the increase on the revenue and increasing brand loyalty with their customers. Their service and products are outstanding and they offered new taste combinations and expansion of the varieties of menus also touched their pastas, beverages, and desserts. As said earlier, the opportunity is also part of the marketing strategy of the company to provide the proper utilization of the technology through their online-ordering system. The use of landline is still viable but the evolving world of technology where almost 70% of their customers is sitting in front of the computer gives the company bright ideas to establish their relation with them, with their customers own convenience.

2. 1. 3 Threats

Many companies are bothered by the high competition and Pizza Hut is not different from those companies. Competition really gets the firms to push

their limitations and boost up the needed investment just to answer the risky competition. Pizza Hut is also concerned with their customer satisfaction and most of the extensive research and development is allotted to the needs of the customers. The roles of prices, promotions, advertisement, and delivery systems make the competition too risky and lead the customer in some series of confusion. When there are many options, the customers find it hard to choose and sometimes lead to dissatisfaction.

2. 2 Market share

In the near of the place have a Pizza Hut. Their business is good from many customer. There are many ways to order a pizza and their add-ons in Pizza Hut.

The customer can choose whether the order can be made by call or by online. In call ordering, the customer will dial a specific number that been assigned for pizza hut call centre. Here, a customer will be asked about their name and address. The detail will be stored in a database therefore when the same customer call again, their address are already been identified.

The customer then can state their order and the staff that work in call centre will double check the order for confirmation. The staff will detail the time of delivery and the price for the customer to stand by. After a certain time, the order will be delivered to the customer. The customer will pay the price and enjoyed the pizza.

For online ordering, IT infrastructures are totally involved. The customer needs to log in to Pizza Hut (Malaysia) website using internet. From there,

they need to log in. If the customer is a first time using the services, therefore, the customer needs to register. In the registration, the customer will need to fill up a form that asked about the details of the customer such as name, identity card(IC), address, phone number and others important details and will be stored in a database. The interesting fact that using online ordering in Pizza Hut is that the customer can save their favorite choice of menus for future order.

Then, the customer will state the order and check the order before checkout. After checkout, the customer will need to pay using Maybank2U. com. my. A transaction authorization code (TAC) is needed for security reason. After payment had been settled, there will be an email sent it to the customer to confirming the order had been received. The customer will received the order by delivery within hour or on the specific date that been selected by the customer itself.

Why are there good of business

The fast food self-service concept like KFC, McDonalds, A&W and Marrybrown seemed to draw more lunch time crowd compared with Pizza Hut's dine-in concept of catering mainly to dinner crowd. This causes a major restaurant space slag and wasted capacity due to timing difference. But then, Pizza Hut Malaysia is part of KFC and strategically, this is a niche over second generation type of restaurant practiced by Domino's Pizza

What Pizza Hut may attempt to do is to introduce a fast food lunch package consisting of a slice of pizza, garlic bread, coleslaw/salad and a Pepsi and pricing the lunch pack equal or cheaper to the fast food counterpart to draw

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lunchtime crowd. Most office workers have only one hour and speed of service is key to its success. This will definitely increase sales turnover and eventually proliferate the pizza eating culture in Malaysia.

Pizza Hut restaurants are centrally located and combine modern décor with the atmosphere of a classic, traditional restaurant. The comfort of our restaurants, their carefully designed lighting and modern music, create an attractive environment. All our restaurants have air conditioning. Our sanitation network and our strict adherence to the rules of the health inspectorate ensure that all our restaurants are clean and hygienic.

Conclusion

Pizza Hut has many targets which it has achieved in a given period of time. The time-period is mostly a year. Therefore, in order to fulfill the targets different strategies are adopted by Pizza Hut. It can be concluded that these strategies have been successful and there is flexibility in the strategies, as they can be changed with the changes in the market conditions as well as the targets. Pizza Hut has built the strong reputation of its brand through giving the quality products and earned the respect from its customers. Its innovation and quality with commitment took higher and higher during past few years. But still the company is planning to go and capture more market share. The employees and the management know what they have to attain through the targets which have been put to them and the plans they have assumed help them recognize the way they will accomplish the objectives. Similarly, Pizza Hut has diverse targets set to the mandate they have adopted different strategies to successfully achieve the targets set.

1. 0 Introduction

The factors which influence a decision are also termed as its environment. The environment can be Internal, can be controlled by the organization; Micro, specific to the industry and is different for different industries; and lastly Macro, generic in nature and impacts the whole business environment. The Macro Environment includes all the factors which are external to the firm and which cannot be controlled by the organization. And also they are not specific to any industry but influence all the firms but the influence may be at different level. As a Marketing manager, one must have knowledge of different factors which influences the marketing decision of a firm, And also since they are not controllable, one must adjust the decisions as per the changes in the environment. The Important factors comprising the Macro Environment of Marketing are Demographic, Economic, Socio-Cultural, Natural, Technological and Political-Legal. Influence of each factor shall be discussed in detail in the following parameters.

2. 0 Macro-environment factors would impact on the operation of Pizza Hut of Malaysia

2. 1 Demographic factors

The demographic factors in the take-out pizza industry have provided new positive opportunities for companies in the industry. Now day, Pizza hut have many ways to order. Many people like to use the number specially to order the pizza from Pizza Hut. Pizza Hut's general market segment is younger generation. But they go wide in this thing. They segment high incomes and business class families which can spend money on the best pizza sin the <https://assignbuster.com/a-swot-analysis-on-pizza-hut-marketing-essay/>

market. Pizza Hut's global slogan is also describing its market segmentation that is " Now it's time to eat more". But in Pakistan, the slogan is " Share the good times". Main age group is 12-30 years. Pizza Hut Pakistan offers Halal foods to all its customers. Pizza Hut's general market segment is younger generation. But they go wide in this thing. They segment high incomes and business class families which can spend money on the best pizzas in the market. Pizza Hut's global slogan is also describing its market segmentation that is " Now it's time to eat more". But in Pakistan, the slogan is " Share the good times". Main age group is 12-30 years. Pizza Hut Pakistan offers Halal foods to all its customers.

2. 2 Economic environment

Economic environment is the factors that affect consumer buying power and spending patterns. For Pizza Hut, this part is concerned to the overall perspective for the economy. The macro economy of a nation has a huge impact on a business such as Pizza Hut. Factors in the economy include the gross domestic products, the unemployment and inflation rates, the foreign trade deficit and surplus. If the overall economy of a country is not favourable, lesser people will franchise Pizza Hut because they will most likely loss a great amount of money instead obtaining profits.

2. 3 Natural environment

Pizza Hut for being the first mainstream fast food chain to jump on the Natural wagon. I saw an advertisement today for Pizza Hut's new " Natural" pizza. What's so natural about this pizza.

1. Multi-Grain Crust (note - not organic, not whole wheat, but a multitude of grains)
2. Sauce “ made-with” organic tomatoes
3. Choice of new “ natural” toppings (which from the images they showed consists of sliced tomatoes and begs the question - are the rest of the toppings not-natural?)
4. “ All-Natural” mozzarella cheese

It's just yet another example of the bastardization of the term “ natural.” Junk food purveyors of the world are all racing to slap the term “ natural” on their packaging to win the hearts, taste buds and market share of pseudo-conscious consumers.

2. 4 Technological environment

The technological environment is about the new technology creates new markets and opportunities, replaces existing products and service. Also to research and development activity drives this sector, country spending on R&D. Other than that, technological environment include government programs to encourage more and government agencies to regulate new product safety. The fast changes in technology nowadays have far-reaching effects in the business. The factors that have a huge impact are the research and development, internet and e-commerce, and new technologies. The research and development has effects on the business of Pizza Hut because through R&D new products are developed for the business, the internet and e-commerce also contributes to the technological factors because through <https://assignbuster.com/a-swot-analysis-on-pizza-hut-marketing-essay/>

them customers can give feedback regarding the products of Pizza Hut which can also aid in the research and development, and the service of the company.

Political environment

Political environment is about laws, government agencies, and pressure groups, influence and limit organizations and individuals within a society, increasing legislation. And also increased emphasis on ethics and social responsibility. Business legislation is used to protect consumers, businesses, and the interests of society. It is the most difficult from the four factors because the attitudes and beliefs of people are difficult to quantify. Aside from the attitudes and beliefs, demographic factors such as population and life expectancy are also important aspects in the analysis of the social factors. The influence of the values and beliefs affects the business of Pizza Hut. For example in India beef or pork is not served in the Pizza. The changing trends in the taste of the consumers also play an important role in the external analysis of the environment. If the current trend in the society is being health conscious, thus consumers will demand that the foods be healthy. Its most difficult from the four factors because the attitudes and beliefs of people are difficult to quantity. Aside from the attitudes and beliefs, demographic factors such as population and life expectancy are also important aspects in the analysis of the social factors. The influence of the values and beliefs affects the business of Pizza Hut. The changing trends in the taste of the consumers also play an important role in the external analysis of the environment, if the current trend in food is thai. Therefore Pizza Hut can add an additional food such as vietnarnese or thai soups. If the

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current trend in the society is being health conscious, thus consumers will demand that the food be healthy.

Cultural environment

Cultural environment is an institutions and other forces that influence. Society's basic values, perceptions, preferences, and behaviours. Core beliefs passed on through family, reinforced by institutions and secondary beliefs are more open to change. Sometimes that people's views of, themselves, others organizations, society, nature and the universe. Each country has its own specific culture which is called National Culture and can be defined as : The values, belief, attitude and norms shared by individuals from a specific country that shape their behavior and beliefs about what is important? Every global organization has its own culture which is called Organizational Culture. Pizza Hut manages in global environment by giving more importance and emphasis to the national culture than its own culture.

3.0 Conclusion

Pizza Hut is company who business model had stood the test of time. Today they are an industry giant with name recognition and restaurants spanning the globe. The company has been able to retain market share despite efforts by competitors due to introduction of new products and services and the customer focus. Pizza Hut strives to achieve customer satisfaction and loyalty. They created a system in order to receive customer feedback in order to improve service. They also created a bonus structure which makes individual store managers focus on the customer experience. The bonus structure needs to be restructure to avoid the current situation of managers

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of poor performing stores receiving bonuses while managers of very profitable stores, receiving less if not nothing at all.

The focus on the customer experience is a contributing attribute which separates the company from the rest of the competition. If your customer is satisfied and feels you are delivering good value, then loyalty will grow your business. A loyal, satisfied customer, is you best form of advertising. And also they are not specific to any industry but influence all the firms but the influence may be at different level.