

# Dominos marketing strategies and technology commerce essay



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According to Dominos corporate website (2010), Dominos pizza was founded in 1960 by Tom and James. It was bought and started as a small pizza store in Michigan. With \$500 as initial investment, Tom joined forces with his brother and together they opened a pizza delivery store in Ypsilanti, Michigan. Initially it was known as Dominick's. As Monaghan's operations grew, the original owner of Dominick's decided to maintain rights to the name.

Under deadline for a Yellow Pages ad, driver Jim Kennedy came up with the name Domino's Pizza. The three dots of Dominos the fact that Tom initially started 3 stores.

In February 1968 a fire accident took place in Monaghan's original pizza store. Advertising manager Bob Cotman had a narrow escape from the building, climbing down a fireman's ladder. Although the pizza shop started operations within two days, Domino's lost stored goods worth \$40, 000. (information from the UK site (2010). The staff pulled together, with each existing store location responsible for producing one pizza item cheese, dough, chopped toppings which drivers then ferried from one store to the next to keep operations running. After that a very difficult situation arose that he had to cover not only the total fire losses of \$150, 000, of which only \$13, 000 were paid by insurance but also had to pay leases of five new franchises and recruit five new store operators as soon as possible. In 1975, the trademark lawsuit was launched by Amstar against the company.

Furthermore, they started preparation to launch themselves on an international scale. In 1989, the Domino's Pizza changed entirely when the Deep Pan pizza was launched for the very first time in twenty five years as <https://assignbuster.com/dominos-marketing-strategies-and-technology-commerce-essay/>

the company had the urgent need for reacting to market demand. This step proved vital in providing strength to the financial foundation and made certain the growth of Domino's Pizza because they started operating their five thousandth store. The chain of Dominos Pizza grew quickly as they were operational in all varied places. Despite Domino's Pizza grew up at diverse locations and started doing good business, they were still a very traditional company. (History of Dominos pizza) Tom retired in 1998. He was the one who expanded Domino's chain around the world making it the world's largest pizza delivering company known for quick service restaurants around the world. In addition, he gave majority of the \$1bn earned through the sale of Domino's to charity.

## **Marketing Strategies**

In 1973, Domino's Pizza introduced the policy that customers must be receiving their pizzas not later than 30 minutes of placing their orders, or if not they would take delivery of the pizzas free. The guarantee was condensed to \$3 off in the mid 1980s. In 1985, Advertising Age placed Domino's ad " among the fastest-growing money makers in the restaurant industry." The company had to keep pace not only with its own growth but also with that of its competitors, including the industry leader, Pizza Hut, which had more than 4, 000 units to Domino's 2, 300. In the previous year, Domino's spent 249% more in advertising, media. On the other side, the biggest threat for Monaghan's empire entered in delivery business that is Pizza Hut in 1986. (Advertising age, Domino's inc. 1985)

In 1992, the company settled a case filed against it by an Indian family whose lady was killed by a Domino's delivery driver. The company paid the <https://assignbuster.com/dominos-marketing-strategies-and-technology-commerce-essay/>

family US \$2.8 million. In 1993, Domino's settled yet another case in which the company was sued because a Domino's delivery driver ran a red light and collided with a lady's vehicle. The woman was paid almost US \$80 million. The guarantee was dropped the same year because of the "public perception of reckless driving and responsibility", according to Monaghan. (Founder of Domino's) "Domino's Truck Kills 2 En Route to Delivery," (Chaudhury, 1998)

In December 2007 Domino's introduced a new slogan, "You Got 30 Minutes", sticking to the earlier promise but getting short of promising delivery in a half hour. (Dominos corporate website 2010) In addition to this, Dominos changed their menu in 1992 and introduced for the very first time a non pizza item to their menu. Being Domino Pizza already on hand, the making of bread sticks was not so different which was the introduced item.

The company kept on advertising for many years that if the delivery of their pizzas took longer than 30 minutes, the pizza would be delivered at no cost. This was also copied by the Ninja Turtles movie and cartoons. The benefits to Domino Pizza were enormous as millions of kids heard the name of Domino Pizza out of their favourite cartoons and they were the prospective customers. In 1993, Domino Pizza discontinued this policy and came up with a new one stating that if a customer was unhappy he could on his will have a new pizza or a refund. By 1994, Dominos Pizza marketing policy winded and they introduced chicken wings also in to the menu. Not only this, the company hit the African market as they opened a new store in Egypt. 1996 was the year when Dominos Pizza website was launched. That year the company declared global sales to be nearly \$3 billion. In the 1980s, <https://assignbuster.com/dominos-marketing-strategies-and-technology-commerce-essay/>

Domino's Pizza was well known for its advertisement campaign featuring "The Noid". (Dominos corporate website 2010)

In the same way, the Super Bowl Sunday was the most hectic and very busy pizza delivery day of the year and Dominos Pizza sold over a million pizzas, which was forty-two percent more as compared to normal Sunday trading volume.

According to Dominos marketing director Robin Auld (Noelle McElhatton, marketing director management) Dominos franchisees pay a 5% royalty of their net sales into Domino's National Advertising Fund (NAF). That's centrally managed and used to maximize sales and grow brand awareness. He said door-dropped menus are very effective for prosperity of ordering pizza and we use news paper and royal mail. Domino's also launched new offers that can be ordered by national hotline (087 12121212), in-store and online at [www.dominos.co.uk](http://www.dominos.co.uk) or SMS ordering system, which was the first time in UK in 1999. The Domino's text service requires only five minute initial online procedure. Firstly customers register and create their favourite menus giving them each an easy to remember name, delivery address and mobile number for order. Secondly, the chosen menu is typed directly from mobile phone. Customer can put their credit card details while registering so that they can use their card when they order and pay with cash upon delivery. In February 2003, the company announced multiyear partnership with the National Association for Stock Car Auto Racing (NASCAR) through which Domino's became the " Official Pizza of NASCAR." According to news paper article (Detroit News, March 26, 1997) Domino's delivered \$2. 8 Billion in world wide sales last year. By 2011 the value of the home delivery food <https://assignbuster.com/dominos-marketing-strategies-and-technology-commerce-essay/>

market was estimated to have reached £1, 474 million in the UK and expects to grow 30% to £1, 918 million. At Domino's Pizza, the values are summed up in a chant that's sung in the

“ Sell more pizza, have more fun!”

## **DPZ – Dominos Pizza Inc (NYSE)**

12: 00 AM ET, 03/04/2010

Last: 13. 70

Change: -0. 36

%Change: -2. 56%

Volume: 2, 982, 700

Open:

14. 06

High:

14. 06

Low:

13. 36

Previous Close:

14. 06

Market Cap:

805. 0M

Shares Outstanding:

58. 8M

EPS:

1. 38

52wk High (3/3/2010):

14. 13

P/E Ratio:

9. 93

52wk Low (3/9/2009):

5. 61

Dividend:

0. 00

Dividend Date:

N/A

Yield:

0. 00

Average Volume:

572, 000. 00

## **Figure 1 : Marketshare (Dominios corporate website)**

### **Financial information**

Domino's Pizza UK & IRL plc financial results.[1][9][11][12]

#### **Year to December1**

**Revenue (£ million)**

**EBIT (£m)**

**Net profit (£m)**

**Earnings per share (p)**

2008

136. 0

22. 5

15. 7

10. 9

2007

114. 9

18. 3



13. 2

8. 4

2006

95. 0

13. 7

10. 0

6. 2

2005

81. 7

10. 4

8. 3

5. 1

2004

74. 2

9. 1

6. 7

4. 1

2003

61. 6

6. 0

4. 6

2. 8

Note 1: - Accounts to 2005 prepared according to United Kingdom Generally Accepted Accounting Principles. Accounts from 2006 onwards prepared according to International Financial Reporting Standards.

Figure: 2

Performance of the Dominos pizza

2007

2006

2005

2004

2003

2002

2001

System sales (£m)

293.6

240.1

200.7

174.3

142.3

118.9

98.4

Stores at start of year

451

407

357

318

269

237

215

Stores at year-end

501

451

407

357

318

269

237

(Dominos corporate website)

Figure: 3

## **SWOT ANALYSIS**

### **STRENGTHS**

3, 500 global operating franchises in over 50 countries

Well-built brand equity maintained by intense marketing campaigns

Effective supply chain & distribution network with fast operations

### **WEAKNESSES**

Slow further growing and decreasing existing-stores sales

### **OPPORTUNITIES**

Growing presence in emerging markets, particularly in India, China

Leverage supply chain & distribution system to introduce new products

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## THREATS

Ever-changing consumer food tastes

Adverse effects due to foreign currency

Tough multi-national competitors

Hard competition with local pizza shops and small chaons

## Conclusion

Like any other thing, there is a positive as well as a negative point and the negative point of Dominos is that it can be a burden on one's finances. The large pizza's can have a price of £14. 99. The side orders also can cost on average £4 each and that in anyways not cheap. Occasionally, there are offers introduced by Dominos.

However, one can say that dominos is great because the food is fresh and always warm when delivered and the taste is fantastic.

The group invests a lot of time and money in upholding the positive reputation of their brand and has remained successful quite a lot. Domino's brand marketing activity is financed through a National Advertising Fund (NAF) which is made up of franchisee contributions. Dominos pizza sells hot and freshly backed. There is neither a deep frying nor for any forms of cooking like baking on a gas-fired conveyer oven. Furthermore, Dominos believes to meet strict quality standards to ensure food safety measures that meet or exceed any applicable government guidelines and that is the reason it has come forward as a strong competitor of pizza hut and has outclassed it

in many countries. Today there are over 8, 000 Domino's Pizza stores in more than 50 countries, employing over 145, 000 team member and involving over 2, 000 franchisees. Globally Domino's Pizza delivers more than one million pizzas every day. So, it equates 25 to 30 part time or full time jobs in every new store. In the same way, concept of home delivery means it's reduce noise of store and traffic.

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