

Pizza hut

Food & Diet



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Pizza Hut has long been known for their ability to continually offer innovative products for their customers. Even with small beginnings, Pizza Hut has proven themselves through quality food, product expansion, and customer satisfaction as one of the top leading brands. As part of the Yum! Group of restaurants, Pizza Hut has grown and expanded both domestically and internationally. As a world recognized name, Pizza Hut has dominated with their original style of pizzas. To expand even further, the introduction of a new type of pizza is suggested.

To answer the age old question of “ Pizza or Chinese for dinner?” this proposal offers the new Chinese Supreme Pizza! More and more people are enjoying the convenience and ease of dining out or ordering in. It has become socially predominant for individuals to enjoy casual dining experiences. Pizza Hut is largely portrayed as a family restaurant offering quality food, reasonable prices, and a memorable experience. However, customers are more likely than before to demand additional choices and typically view the experience of dining out as a social event. Fast foods and pizza are typically preferred over higher end dining experiences.

This gives Pizza Hut a prime place in the market both domestically and internationally. The Chinese Supreme Pizza will be marketed as a specialty pizza and will be sold both domestically and within the Chinese market. The Chinese Supreme Pizza will include a sliced cheese stuffed crust and flavors inspired by locally perceived traditional Chinese flavors. The exact formula for the specialty pizza will vary from market to market based on these concepts. The following shall detail situational analysis, market growth

potential, a competitive analysis, segmentation, target markets, and positioning.

It is with these descriptions that the Chinese Supreme Pizza will conclude to reach younger individuals both domestically and internationally. Targeting young families as well as those with a lower income or a busy lifestyle, the Chinese Supreme Pizza will offer Pizza Hut the chance to further establish themselves as predominant leaders in customer satisfaction. Pricing and distribution strategies, a solid marketing communications plan, extensive financial information, and three year marketing objectives conclude that the implementation of the Chinese Supreme Pizza to be smooth.

Through the use of web based marketing, direct mailers, and television commercial, the Chinese Supreme Pizza will be marketed to the general public both domestically and internationally. The perceived value pricing and the projections for years one through three, offer an exclusive opportunity for Pizza Hut to increase their customer base while continuing satisfaction for their current customers while increasing sales and profits. Well defined implementation milestones not only offer the ability to promote awareness, but will also offer Pizza Hut the ability to remain on schedule and within budget.

An evaluation and control metrics and a methodology to measure performance allow Pizza Hut the ability to monitor, track, and rate performance as well as the ability to pursue contingency plans in the event that they are required. Situational analysis Customer Description In the domestic arena, the consumption of fast food is mainly seen among young black and white males who do not spend much time cooking (Bryant, 2012).

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Additional likely consumers of this product are young families with parents ranging in age from mid-twenties to late thirties with young children at home and individuals who are resource constrained but like to pursue trends.

The common theme among customers is the age range. The foreign market is similar in that the target customer are young individuals who are on the go and do not have time to cook at home. The main difference is on the emphasis of this customer on fresh food and home grown businesses (Euromonitor International, 2013). Market Growth Potential and Competition: Market Size and trends In 2010 the fast food industry in the US generated 184 billion dollars in sales with 300, 000 restaurants employing 3. 9 million people (Statista, 2013).

Yum accounts for 9. 8 billion dollars of this amount and Pizza Hut was ranked 8th among franchises in the US (Yum, 2010). Two main food trends that will impact the fast food industry in the US are the go local movement and the movement to healthy alternatives (Wolf, 2013). These trends will present interesting economic challenges for the industry as providing these alternatives are more costly to source and produce. Yum as a conglomerate of brands is well positioned to utilize its purchasing power to be able to source and deliver these trends to the customers.

In China, the fast food industry is estimated to generate 94. 2 billion dollars in 2012 an 8% increase from 2012 (IbisWorld, 2014). Growth is projected to continue to grow in China due to ferocious competition, the increasing fast paced lifestyle and demand for convenient and take home meals (Euromonitor, 2012). Competitive analysis In the United States and in China, McDonald's remains the company's main competitor. Its strengths include its <https://assignbuster.com/pizza-hut/>

vast brand recognition worldwide, its huge advertising spend and its locally adapted food menu (Jurevicius, 2013). This is contrasted by its weaknesses that include products that are not differentiated and its general unhealthy food menu (Jurevicius, 2013).

Rounding out the SWOT analysis for McDonald's includes its areas for opportunity being in developing a healthy food menu and considering home meal delivery. Threats include the emergence of local competitors and the trend toward healthy eating (Jurevicius, 2013). Pizza Hut needs to consider how it can exploit this information to its advantage. The balance between home delivery and in store eating that currently is part of the Pizza Hut model give it a competitive edge in this area Market Segments and Target Market The domestic market can be split into three distinct segments.

Young individuals aged 18 to 24 years old and who make less than \$40, 000 would be attracted to the product as they are less likely to cook and home and would find value in the product offering. A second market segment would be young families whose busy lifestyle finds the convenience of fast food appealing. These families value efficiency and speed and dine in experiences that cater to families. In addition to these traditional segments that Pizza Hut appeals to, the new product offering also entices strivers, resource constrained young individuals who enjoy trends (Kotler & Keller, 2012), to purchase this product.

The Chinese market segmentation mirrors the domestic market for young individuals and young families. Another market segment in China is the Fashion-oriented consumer, who is already known to enjoy eating at Yum! Brands restaurants and likes to try new brands and products (Ma, 2004). This

target market enjoys the social aspects of the casual dining with family and friends. Positioning Pizza Hut established themselves in 1958 to provide pizza to the masses (Corporate Brands. 2013). Pizza Hut will continue to position itself as the leading pizza casual dining restaurant and as the original pizza place.

According to Corporate Brands (2013), " This in itself gives the brand competitive advantage on a global level. " Pizza Hut has a tradition of listening to their consumers and adapting their restaurants to suit their needs. According to Corporate Brands (2013), " Pizza Hut took the Italian out of Pizza. They made it their own. They made it transferable to any location in the world. In each contrasting cultural location, the brand adapts itself. " Pizza Hut will be able to position the Chinese Supreme Pizza as the quintessential pizza of East meets West.

In the domestic market the Chinese Supreme Pizza will be able to quench both the hunger of those who want pizza with those who want Chinese food. With positioning in the Chinese market, Pizza Hut will be able to offer a more traditional flavor in a more exotic style and setting. This will be particularly helpful to customers who are weary of trying pizza for the first time or prefer more traditional flavors. A pizza for everyone will be promoted with the Chinese Supreme Pizza. Customers will have the red hut roof logo to assure them of its quality.

Pricing and Distribution Strategies Pricing of the Chinese Supreme pizza will be done through the perceived-value pricing method (Kotler and Keller, 2011, p. 398). The Chinese Supreme pizza is perceived as a high-end specialty pizza. Consumers typically value other high-end specialty pizzas at <https://assignbuster.com/pizza-hut/>

\$15 in the US or 60 ? in China. This pricing will put it at the higher end of the Pizza Hut menu, which is appropriate for a supreme pizza, while still keeping it at a price point that will be perceived as reasonable in both the American and Chinese markets.

Although the markup pricing method will not be used for setting the price, it will be used to help set cost targets. The food cost target will be 25% of the perceived-value price, or \$3.75 per pizza in the US (Parpal, 2013). The labor and operations cost target is expected to be somewhat higher, at 35% of the perceived-value price. Distribution will be through standard Pizza Hut distribution channels. This includes in-store dining, carryout, and delivery. Distribution terms, prices, and availability will be the same for the Chinese Supreme pizza as for all other pizzas.

Marketing Communication Plan The marketing communication plan for the Chinese Supreme Pizza will target the market segments that will likely purchase the product being young individuals, strivers and young families. In the domestic market, direct mailers with coupons have been one method that fast food restaurants have been able to communicate with its customers. This emphasizes the value proposition of the brand for these individuals with limited income. The mailer will focus its attention on introducing the Chinese Supreme Pizza to these customers.

In addition these younger individuals are tech savvy spending a significant amount of time on the internet. A large portion of the marketing budget will be devoted to developing a web based marketing program including social media aspects of twitter and Facebook. Finally to ensure complete market penetration a television commercial will be developed that will be aired on all

major television networks in the US. A similar plan will be used to introduce the plan in the Chinese market.