

Dominos online case analysis



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Assignment - 1 | Ashish Solanki Case Analysis and Methodology – Assignment

1 DOMINOS PIZZA Domino's Pizza, Inc. is an international pizza delivery corporation headquartered in Michigan, United States of America. It was founded in 1960, Domino's is the second-largest pizza chain in the United States and has over 9,000 corporate and franchised stores in 60 countries. Jubilant FoodWorks Limited, a Jubilant Bhartia Group Company holds the Master Franchisee Rights for Domino's Pizza for India.

The company runs 378 Domino's Pizza outlets in 90 cities of India and expects to open 80 more in 2010-11. It currently operates no outlets in Sri Lanka, Bangladesh and Nepal. Today Domino's Pizza India has grown into a countrywide network of more than 411 stores (as on 30th September, 2011).

Q1. A. What is their field of operations? In 2006, Domino's opened its 5,000th U. S. store in Huntley, Illinois, and its 3,000th international store in Panama City, making 8,000 total stores for the system. It has 8,238 stores which totaled US\$1.4 billion in gross income.

The field of operation of Dominos India is to market its products such as Pizza, Pastas, and Deserts etc. The company wants to communicate their presence in the Indian market. The company has a brief introduction about the Indian operations which started way back in 1996. The company has recently shifted its focus on online booking of home delivery. This has created a huge buzz and is likely to benefit Dominos to a large extent. The company also focuses on taking feedback about the products, where people can write on their blog and inform about various suggestions or reviews. 2

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Domino's Pizza listens to feedback from the consumers, and at the same time occasionally glances over the shoulder of their competition for inspiration and influence. From the customers' feedback and buying habits, Domino's is able to glean information to help influence direction. B. What is the key feature of their business model? The key feature of Dominos is their Home Delivery business. Close to 65% of Dominos sales are done through delivery or take-away. Domino's Pizza had a guarantee that customers would receive their pizzas within 30 minutes of placing an order, or they would receive the pizzas free.

This marketing campaign brought Dominos huge business. The company continues to offer "30 minute or Free" guarantee for orders placed in its stores situated in India. Domino's keeps a watchful eye on the consumer reaction to specific product and pricing. The ability to see their company from the buyer's viewpoint is a significant advantage for any company. The Future Foundation Report (2008) was commissioned by Domino's Pizza to analyze the social, economic, demographic and technological factors likely to impact on the pizza delivery and takeaway market for the remainder of this decade.

The following are some of the key points raised by the report: Lack of time - the research shows that, on average, adults eat out and/or eat delivered/take-away meals around 80 times a year. The Foundation looks at the impact of freeing up time normally spent on preparing food at home, as 'creating a time oasis'. Higher levels of disposable income - real disposable household income is expected to increase by nearly 12% over the next five

years resulting in more opportunity for expenditure on home delivered food.

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Demographic change - over a twenty to thirty year period, the numbers of older people will continue to increase. The research suggests that firms in the home delivery market can benefit from this by building and keeping brand loyalty amongst a generation of people who have grown up as pizza consumers and whose incomes and affluence are likely to grow. In addition, there is expected to be a decline in the traditional family structure, which coupled with increasingly individualized tastes, will result in fewer 'formal family meals' at home.

Leisure activities - the next decade will see more choice of a greater range of leisure activities. The research suggests that spending on home-delivered food and take-aways will continue increasing by 4.5% a year on average during the next five years. Technology - In the short term, (the five years from the date of the report), more people will have access to interactive technologies, up from 70% today to 90%, and the number of broadband users will rise. These people will become better at and more confident about e-commerce and buying food online.

The report indicates that home food delivery firms already active in this area are likely to be especially successful. C. What is the company's vision for growth? Dominos vision is " Exceptional people on a mission, to be the best pizza delivery company in the world. " Today Domino's Pizza India has grown into a countrywide network of more than 411 stores (as on 30th September, 2011). The company has made phenomenal growth in the past 4 years. 4

Case Analysis and Methodology – Assignment 1 Domino's believe that their business model and brand strength place them well to exploit this growth.

Fast growth in franchised stores is planned, coupled with more aggressive marketing including terrestrial TV advertising and local store initiatives ?

New store openings: 19 new stores opened in Q2 FY2012; Total Stores as on 30 September 2011 were 411; it was 339 as on 30 September 2010 ?

City/Town coverage: Present in 96 cities as on 30 September 2011, up from 79 as on 30 September 2010 ? New marketing initiatives: Successful launch of innovative cold sweet treat ' Butterscotch Mousse Cake'.

With this Domino's now has a hot and a cold dessert in its menu. D. What is their Brand Positioning? Domino's Pizza has shaped their marketing strategy into a juggernaut that has enjoyed nearly half a century of success. Dominos advertisements basically emphasize only 2 outstanding advantages of Domino's Pizza. First, the ads tell us that Domino promises that every pizza delivered will be fresh because they do not start making pizza until customers call to order (" our hands do not move until you tell them to").

It is a great product attribute since not every other competitor has so many local stores to secure the high quality of every pizza as Domino, of which there are 9000 stores around the world. Second, the ads promise a desirable benefit: delivery in 30 minutes. It is not a product attribute but a service associated to its products. By this better positioning, the brand, Domino's Pizza, is associated with quick delivery beside high quality in customers' minds. Calling delicious pizza without going out of 5 Case Analysis and Methodology – Assignment 1

ome and enjoying pizza within 30 minutes is really the product and service customers are seeking for. Domino positions

its brand very successful in customers' minds. Domino's strengths include their ability to remain unscathed, although influenced, by their competition. Moreover, their visionary approach to creating a better consumer experience by developing better manufacturing methods is at the foreground. Hard work, persistence, and thinking outside the pizza box have been Domino's formula for success. Although not the market leader, Domino's Pizza is recognized as the leader of innovation.

The pizza industry is crowded with businesses trying to outdo one another with a product that is not well received if strayed too far from the original. Domino's decided to create a value proposition beyond the product. Q2. Are there any potential threats to their line of products/business in the near future? Where do you think the company is headed next in your opinion? Every competitor is recognized as a threat, along with this like all other fast food restaurants also, is the increasing consumer awareness about the harmful health implications associated with high calorie fast food items.

The researches in the health sector about the fast food products being saturated with fats, oil, sugars and sodium etc pose a threat to Domino's. In addition to this there are other researches showing the potential harmful effects associated with the artificial additives, flavors and preservatives added to these fast foods. Domino's is too focused on delivery services (they tend to forget that there's other deliveries around!). There's hardly any outlets that has a nice ambiance for customers to walk in and have a bite. If comparison is done with to pizza 6

Case Analysis and Methodology – Assignment 1 hut which is number 1 threat in the industry, they're losing a lot of points in that sense. Becoming too diverse with the product offering can also be perceived as a threat. In both cases, it is wise to understand the cause and effect associated with adding product, making marketing promises, and expanding into too many markets. There will always be a tipping point from which recovery is futile. The company can head next towards Social media. A bad customer experience is no longer shared between a close-knit group of family and friends.

Blogs can influence buying decisions and become a threat to the Domino's brand. Social media has become a huge part of society. The early adopters molded social media into a peer-to-peer communication channel. Unlike traditional broadcast mediums, social media offers two-way communication. An individual, or a business, can post information and receive instant feedback. This form of communication is a perfect fit for an impatient society. Most companies, at least the successful ones, concentrate on the four Ps that compose their marketing mix.

Product, price, place, and promotion are the cornerstone of many marketing strategies—Domino's Pizza has leveraged the four Cs, or consumer's viewpoint, to establish their marketing mix. Customer solution, cost, convenience, and communication are considered each time Domino's Pizza introduces a new product or initiates a new promotion. During the start-up Domino's had decided to create a value proposition beyond the product. The company should continue to maintain its value proposition for a brighter future. 7