

# Domino's Pizza

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The Domino's case study published in Harvard publications describes about how Domino's as a company tackled its challenges and applied its strategy to be a dominant leader in pizza industry. Domino's has undergone one of the greatest turnarounds in recent business history. In under a decade, they have gone from being a punchline about quality, with a share price below \$10, to being the largest pizza company in the world and a darling of the stock market priced over \$150 crossing all big technology companies like google, apple. In this analysis I'm going to brief about the history and then focus on how they turn around their fortunes by realizing that their product wasn't just pizza, it was delivering pizza.

The company started back in 1960 when Tom and James Monaghan bought a pizza shop called "Dominicks" later James sold his share to Tom for exchange of Volkswagen beetle. Tom then eventually changed the name of the shop to Domino's Pizza with logo as a Domino tile with three dots representing the three pizza shops they had. In 1970's Dominos acquired franchise model, over the next decades they grew steadily and currently added up to 17000 stores worldwide. Then, Tom sold company to Bain for 1.1 billion dollars and he took company to public in 2004. Later in 2009 Dominos got named as worst tasting food in America which affected stock down to \$8. As a result a major revolution began to every aspect of the company with Patrick Doyle as new CEO, he started fixing with quality of pizza and advertising the changes by comparing earlier criticism with new taste which introduced new version of Domino's pizza to customers and resulted in great demand. Secondly, he modified franchise

system by training all franchises to have team member empowerment so that every worker had authority to fix customer issues instead of notifying higher level authorities which resulted in less resolving time to make customers happy.

One of the biggest challenges faced by food industry and restaurants is menu, they need to add on new items to attract customers which includes challenges like maintain inventory, meeting food standards, raw material price inflation. Domino's tackled this by continuously revamping its menu like launching a new recipe for Buffalo wings and Boneless Chicken, many others along with meeting food standards of the country where it is franchising. Besides, it also concentrated on delivery service which is another big challenge for food industry by bending towards customers like famous plan "30 minutes or its free" promise though it experienced some side effects like quality and complaints, it revealed the importance of ordering and delivery system along with good pizza. As a result, Dominos invested highly in technology innovations like websites, applications, custom vehicles with pizza warmers and bags to trap heat which resulted in Domino's as a leader in pizza delivery industry. Not only the ordering system is quick and logical, but it includes live tracking status feature for an order, which updates customers about status instead of waiting for pizza to deliver. This move resulted in great customer satisfaction. Along with this, Domino's also added "honest ad campaign" to receive criticism from customers, which helped them to improve in all ways to satisfy customers. As a result, share price grown up to \$200 and increased 10,000 franchises across the globe which concludes Domino's holding large share of pizza industry. Whilst a company is good at product or bad, half of the battle is how customers find it, order it and review it. The two main targets for any company is to provide quality product to beat its competitors and customers satisfaction to win the market.

Along with the challenges mentioned earlier, there are many more challenges faced by food industry like Domino's are frozen pizza substitute for lower price, local pizza outlets as competitors, raw material suppliers power, offering pizza for cheaper price, wages for store workers, third party delivery chains, promoting unhealthy food via advertisements, various healthy food choices, sanity.

Dominos tackled some of them by introducing frozen ingredients in their pizza which will cut down the pizza price. In addition, continuous innovation of new features for the technology friendly customers like voice ordering, vehicles, hotspots, zero click ordering resulted in 50% of orders from digital channels and among them 31% is of domino's worldwide pizza orders. Domino's CEO describe itself as technology company that just happens to make pizza, who develop all tools in-house and gather information on customers as competitive advantage. Besides, it compete with delivery service of big giants like Amazon and Google by using drones to deliver pizza and like Uber and Walmart it started using self-driving cars to deliver pizza. With the tech and better pizza has paid off for Domino's revenue skyrocketed from \$1.1B in 2010 to \$14.3B in 2019.

Dominos have been consistently focusing on improvising both quality and method of approaching customers by integrating fast growing technology made them to lead the pizza industry. This is the brief journey of Domino's and how it dealt with challenges along the journey.

### **Recommendations:**

Dominos is doing well at revamping their menu and introducing new items, to tackle the challenge of maintaining inventory and mitigate the power of suppliers, the senior management

should discuss about the better options to contrast the inflation on raw materials by considering other alternatives. In addition, it can also create new pizza recipes which differ them from all other competitors (like Trader's Joe who offers better quality products for cheaper price) as the entry barrier is very low. Whilst pizza being an unhealthy food, company has to invest in advertisements that attracts customers irrespective of food type like Coke, even though its bad for health the first thing comes to people's mind is a chill drink or famous actor advertising for coke which will ultimately reduce the barrier of unhealthiness. Secondly, Company also should invest on automating the pizza making process so that even the minimum wages for the workers at stores increases it can hold the price of the pizza with best quality. At last, Domino's is a well-known as a technology company that happens to make pizza!

## References:

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