

# Classic Case Study: Domino's Turnaround Repositioning

## Domino's Pizza Turnaround

Domino's Pizza started in 1960 as a single store offering pizzas delivered in 30 minutes or less. Today it is the largest pizza chain in the world. A great success story - but almost one that never happened, as (over time) they traded-off pizza quality to cut prices - resulting in falling customer satisfaction.

This activity is a classic marketing case study, and one that all marketers should be aware of - both for its daring and for its great results. It was a risky and bold strategic move - and one that could have easily backfired.

So let's now do back to 2009 and revisit a major repositioning campaign for Domino's Pizza (in the USA market) entitled "Pizza Turnaround".

Although, at this time Domino's was a major fast food chain in the USA market selling around 1 million pizzas per day, their competitive position (based on product quality) was poor and was weakening.

To improve their position, their turnaround campaign involved a major overhaul of the brand and their pizzas was in response to customer complaints about the quality of their pizzas, which they had identified from focus groups, social media sentiment, direct complaints, and various other information sources.

Unfortunately for Domino's, the consumer feedback was very harsh and included comments such as:

- *pizzas taste like cardboard*
- *the crust is lacking*
- *mass produced, boring, bland pizza*
- *microwave pizza is far superior*

As you can see, these comments are not just minor complaints - but they go to the core of their pizza product. There is no product tweaking and minor improvements that could fix these issues. And that's why Domino's decided that a pizza "turnaround" was required (see below videos).

## Accepting of Customer Criticism

One of the interesting aspects of their re-launch campaign was that they publicized many of their negative comments from their research. Rather than "hiding" from the negative comments, they embraced them and promised to do better.

They even ran ads that read "our pizza sucks" - a somewhat risky strategy that could have easily damaged the brand. But it should be noted that this communication messaging was tested and researched before rolling out in the form that is shown in the two videos below.

This embracement of negative customer feedback would be considered a very open, honest, and authentic response – clearly communicating that the brand is listening and is trying to win back lost customers. And while we have seen an increase in honesty and transparency from brand's in more recent times - this open approach was relatively novel in 2009.

### **A Big Investment in New Product Development**

At the time, their CEO Patrick Doyle, stated their goals was to *“create a better tasting pizza than anyone in the category!!!”* This means that the new product had to be good. And because the company planned to communicate the poor quality of its old pizzas, there was no turning back - the product needed to be a hit.

In the end, the improved product and campaign had a reported cost of around \$75m and took around 18 months to develop and execute. And as you will see from the videos, the new product design was a major strategic change for the firm - driven by top management (not just marketing).

### **Key Outcomes**

But this investment achieved a very positive ROI, with domestic same-store sales increasing by over 10% in the next year.

And by 2017, Domino's Pizza became the leading pizza fast food brand in the USA market with \$5.9 billion in sales revenue, surpassing their arch rival Pizza Hut.

### **Your Task**

Review these two videos and then answer the questions underneath. The first is a summary of the campaign and its results, while the second captures some feedback from focus group participants AFTER their pizza turnaround.

### **Videos to Review**



## Student Discussion Questions

1. Why do you think that the campaign was successful? (What were the 2-3 key factors?)
2. Do think that it was a good idea to embrace and communicate their prior poor pizza quality? Why/why not?
3. Given that Domino's were already selling one million+ pizzas per day, what was the main risks of their repositioning campaign?
4. After reviewing the videos, which of the marketing mix elements would they have need to modify to ensure that the campaign was successful overall?
5. How do you think that Domino's new product process for Domino's in this campaign compares to the new product process in a marketing textbook. (You may make logical assumptions about Domino's likely steps.)