



Domino's Pizza searched for its 'Blue Ocean' in Israel – and discovered it online. The chain's move that would 'open up' a Domino's Pizza branch in every Israeli home successfully enabled it to conquer the online order category and increase its sales by 21%

The pizza delivery chain Domino's Pizza was founded in the United States in 1960 by two brothers Tom and James Monaghan. In 1961, James sold his share of the business to his brother in return for a Volkswagen Beetle. 38 years later, Tom sold 97% of the chain to investment firm BainCapital for one billion dollars.

Today, the chain operates over 9,000 branches in 60 countries around the world.

The brand is currently celebrating its 50th anniversary overall and its 20th in Israel.

The Competitive Environment

The Domino's Pizza Israel chain essentially competes for the Share of Stomach (S.O.S.) of its consumers. It faces competition from different directions: pizza chains and neighborhood pizzerias, frozen pizzas sold in grocery stores, non-pizza fast food chains and even restaurants that offer home delivery. The chain bases its sales on phone orders, and holds 25% of the home delivery sector. 1,000 private neighborhood pizzerias hold a combined 46%, and they are Domino's Israel direct competition.

2008 saw the beginnings of the global recession, which also affected the Israeli market. On the one hand, this was an opportunity for Domino's Pizza Israel because its consumers were cutting down on eating in restaurants and replacing that with pizza deliveries to home. On the other hand, consumers are becoming more price sensitive, looking for value, which they can primarily find in neighborhood pizzerias.

The Marketing Challenges

Domino's Pizza Israel wanted to create a significant change





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in the market, to achieve a genuine competitive advantage over pizza chains and neighborhood pizzerias as well as increase its sales and attract new customers.

The Creative Solutions

In one sentence: Domino's decides to open up a branch in every home in Israel.

Throughout the years, Domino's Pizza Israel has primarily been implementing product innovativeness in pizza. Since October 2009, however, the chain decides to base its marketing strategy in Israel on technological innovation, which will be based on its ability to offer pizza delivery service and to monitor the delivery online.

The move was designed to establish an advantage over the large pizza chains on the one hand, and to reinforce and differentiate the brand from neighborhood pizzerias on the other, which cannot offer a similar service. In addition, the move also helps create an information bank of new hi-tech-oriented customers and to communicate with them.

The online fast food orders arena was identified as Blue Ocean: although competing fast food brands offer fast food ordering services online, none of them ever communicated this in a manner that would allow them to capture ownership of this area.

Once Domino's Pizza Israel decides to be the first brand to launch e-commerce in fast food, its website is adapted to allow customers to build and create a pizza through pizza builder, in a visually simple manner, the pizza they would prefer including dough type, size and toppings.

In addition, the site assimilated the Pizza Tracker application that allows customers to monitor the five stages of the pizza process, from the moment it is ordered and until it is delivered to the home. When the delivery messenger leaves, the customer receives an SMS updating him on the estimated arrival time of their pizza at home.

In addition, in order to cope with the customers' fear of disclosing

personal credit card information over the internet, the chain maximized the fact that its delivery staff arrive each time to the customer's home and gave customers the opportunity to pay for the pizza in cash.

In order to motivate consumers to change their consumer habits and to try the new service, the chain implemented a special pricing policy for customers who order pizzas online in the evening: pizzas at 40-50% discount over phone reservations, creating an attractive value over neighborhood pizzerias.

Results of the Move

The online pizza order rate currently stands at 40% on average of all of the chain's orders. The move sparked a 30% increase in the number of new customers, and improved the chain's image and perception as a cutting-edge chain. In addition, total sales for Domino's Pizza Israel increased by 21% in comparison with sales at the start of the move.

Although the move involves technological innovation, it creates a halo effect over the brand, and improves image and qualitative parameters such as quality and taste.

The results of the move and the online order percentage of Domino's Pizza Israel are the highest in comparison with other Domino's markets in the world.

And in the Future...

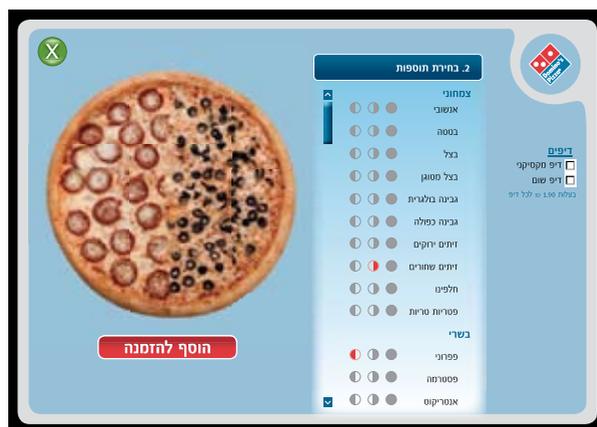
Domino's Pizza identified online orders as a competitive advantage and as a growth engine for it, and it will

Things You Didn't Know About Domino's Pizza

- The chain operates 35 branches in Israel, and employs 1,000 delivery staff that ride over 340 motorcycles.
- Domino's Pizza Israel is the only company that promises delivery to the customer's home within 30 minutes of the order.
- The exclusively developed Heat Wave is a special delivery pouch with an internal heating device that maintains the pizza's temperature at oven temperature the entire way to the customer's home.
- During the 2010 Soccer World Cup, pizza orders in Israel increased by 55%.
- The Domino's Pizza Israel website allows customers to chat LIVE with a chain's customer service representative.

continue to invest in educating the market on making online pizza orders.

The chain has already opened 'online pizza branches' in leading web portals, through which 95% of online traffic pass in Israel pass through: YNET.co.il, Walla.co.il and Sport5.co.il. Domino's intensively works in social media, and will broaden its activities in social networks such as Facebook. In addition, in the near future, customers will be able to order pizza through their cell phones through designated Smartphone applications.



1960

Brothers Tom and James Monaghan establish Domino's Pizza and design the domino logo.

1973

Domino's Pizza guarantees delivery of the pizza to the customer's home within 30 minutes of the order.

1983

The chain opens its first branch outside the US.

1990

Domino's Pizza is launched in Israel.

2009

Domino's Pizza Israel launches an online pizza ordering and a pizza tracking service to all online customers.