Strategic Management Cases

Domino's Pizza, Inc., 2013

www.dominos.com , DPZ

Based in Ann Arbor, Michigan, Domino's is the largest pizza delivery company in the USA having a 22.5 percent share of the pizza delivery market. Domino's digital ordering channels include online ordering at www.dominos.com, mobile ordering at http://mobile.dominos.com, and ordering on iPhone, Kindle Fire, and Android apps. More than $2 billion of Domino's pizza is ordered online annually. There are more than 10,500 Domino's stores in over 70 countries. Domino's had sales of over $7.4 billion in 2012, with $3.6 billion of that coming from the USA.

History

Growing up in foster homes most of their childhood, Tom Monaghan and his brother James borrowed $900 in 1960 to purchase a mom-and-pop pizza store in Ypsilanti, Michigan, named Domi-Nick's. After trading his brother James a Volkswagen Beetle for his half of the business in 1961, Tom changed the store name in 1965 from Domi-Nick's to Domino's Pizza Inc. The company experienced steady growth during the 1960s, and by 1978, there were 200 Domino's stores in the USA. During the 1980s, the company expanded rapidly both in the USA and internationally. By the end of the decade, Domino's had more than 5,000 stores in the USA, Canada, United Kingdom, Japan, Australia, and Colombia. By 1998, there were more than 6,000 Dominos, with 1,500 located outside the USA. Tom Monaghan retired in 1998 and sold 93 percent of the company (worth $1 billion) to Bain Capital Inc. In the six years following the sale, Domino's enjoyed great success under Bain Capital and in 2004 Domino's became a publically traded company on the New York Stock Exchange under the ticker symbol DPZ. The initial stock price was $16 per share and placed a value on the company at more than $2 billion (double the price Bain paid).

Domino's changed its 49-year-old recipe at year end 2009 and started a heavily advertised marketing campaign called "new inspired pizza." Domino's stock price appreciated from around $8 a share at the start of 2010 to $60 in mid-2003. Fueled by the new recipe and new products, Domino's celebrated its 50th anniversary in 2010 and was awarded best pizza chain in 2010 and 2011 by *Pizza Today* magazine, marking the first time ever that the same pizza chain had received the award in consecutive years. Domino's CEO Patrick Doyle was named the best CEO of 2011 by CNBC. Domino's was recently ranked number 1 in *Forbes* magazine's "Top 20 Franchises for the Money" list.

About 96 percent of Domino's stores are owned by franchisees. There are very few company-owned Domino's stores.

Corporate Philosophy and Mission Statement

Domino's does not have a stated vision statement, but the company mission statement is as follows: "Exceptional franchisees and team members on a mission to be the best pizza delivery company in the world." Domino's "guiding principles" are based on the concept of one united brand, system and team:

- • putting people first;