Case Study 2015









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The Challenge

Heat up Pizza Hut's mobile conversion efforts with a new comprehensive national advertising campaign urging customers to use the current technologies to order their pizza. The campaign will be implemented by Pizza Hut between July 1, 2015 and December 31, 2015. The goal of the campaign is to increase the share of pizza orders that are done online by 32 percent by the end of 2015.

The campaign should address the following three overall objectives:

- 1. Position Pizza Hut as the top choice for customers who order pizza digitally
- 2. Provide the greatest digital ordering experience in the category
- 3. Reach the target of 75 percent of all orders done online/mobile by the end of 2015

Considerations

- 1. Currently, some other pizza chains have out-positioned Pizza Hut in the territory of online ordering in the minds of consumers. Domino's pizza tracker and Papa John's rewards program are seen as more advanced digital experiences.
- 2. Pizza Hut offers the broadest suite of ordering options in the business, including the ability to order via Xbox, Hulu, apps for smartphones (iPhone, Android, Windows and Amazon Phone) and tablets, as well as traditional desktop or laptop and mobile sites.
- 3. The average online consumer purchases more frequently and has a larger average total bill than the offline consumer.
- 4. The campaign should focus on pizza consumers who do not currently order pizza online while increasing loyalty with those Pizza Hut customers who already order online.

As part of their campaigns, teams may consider improving the current customer experience within existing online ordering tools, developing loyalty strategies and further broadening the points of entries with new online ordering tools. They may focus on new customers to Pizza Hut, new adopters of online technologies or increasing the frequency of online orders of current customers. Teams should indicate the methodology used in developing their budget when pitching their campaign to Pizza Hut.

Pizza Hut's Key Assets are:

Pizzahut.com Pizza Hut apps Mobile.pizzahut.com





Pizza Hut and the U.S. Pizza Market

The U.S. pizza market is a multi-billion dollar industry. Pizza is America's favorite food, and the average American enjoys roughly 46 slices of pizza a year. 93 percent of Americans have eaten pizza in the last month. The category continues to grow, and with that growth comes behavioral changes in what consumers want from a great pizza experience and how they access the food that they love.

One of the biggest changes in the pizza category in the last 10 years has been the emergence of digital ordering. Ordering pizza, especially delivery pizza, online and not through a telephone call, has exploded in popularity. Among the major pizza chains, including Pizza Hut, ordering pizza through a digital channel now accounts for roughly 43 percent of all orders.

Pizza Hut has been at the forefront of this trend. Pizza Hut is the world's largest pizza company, with more than 6,300 traditional restaurants in the U.S. and another 1,500 Pizza Hut "Express" units located in Target stores, malls, airports, etc. Around the world, Pizza Hut surpasses 15,000 total units dotting over 90 countries.

Pizza Hut has achieved many "firsts" in the pizza category. A little known but remarkable "first" in Pizza Hut history is that in 1994, a Pizza Hut pizza was the first thing ever purchased online. Like, ever. Before shoes. Before books from Amazon. Before anything else was ordered online, a large pepperoni, sausage and mushroom pie was the internet's first purchase! To celebrate the 20th anniversary of its first online order, Pizza Hut offered 50 percent off any medium or large pizza ordered online from January 1-10, 2014. After the initial order in 1994, Pizza Hut introduced online ordering in 2003. In 2007, the company launched a Facebook page, which now has over 15 million followers. Online sales hit 1 billion dollars by 2008, and in 2009, Pizza Hut launched an ordering app for iPhone. Xbox ordering came in 2013.

Competitive Overview

Pizza Hut is the largest pizza company in the world and the largest pizza chain in the United States. Quick-service pizza competitors Domino's, Papa John's and Little Caesars are second, third and fourth respectively. "Mom-and-pop" pizza shops make up the rest of the category, though they are often unable to compete with the major chains when it comes to online ordering and pricing.

Other growing competitors include the new fast-casual, made-to-order concepts which have been eating away at some of the market shares, particularly among health-conscious customers. These consumers want to see their pizza custom made in front of them with what is perceived as "fresher ingredients." With no gluten free options yet, Pizza Hut can be perceived as "indulgent" and not as healthy as other alternatives.

Pizza Hut's strengths rest with families, especially young moms and "famillennials*" as well as those with kids 10-18 years old. Its restaurants are still seen as an excellent spot for celebrations and the dine-in experience is perceived as a convenient, quality experience in the fast casual category.





Target Audience

The campaign can target current Pizza Hut customers who are not currently ordering online or recruit new customers to Pizza Hut. The general pizza customer is a pretty broad target, typically 18-64-year -olds. In terms of digital, that target narrows to 18-49-year-olds and more specifically millennials aged 18-34. Recent advertising campaigns have used innovation to connect with millennials and differentiate the company from its competitors. Pizza customers are split pretty evenly between men and women, though men tend to be younger, 18-24 years old, and women are more likely to be "moms." In more rural communities, conversion rates to digital ordering have tended to be slower.

Strategy

Online orders represent a two billion dollar a year opportunity for Pizza Hut. Within the 43 percent of Pizza Hut orders that are currently done digitally, roughly 20 percent are conducted on a desktop or laptop. This number has been pretty consistent. The remaining portion, conducted via an app on a mobile or tablet, is growing fast. Pizza Hut's recent growth strategy has focused on broadening the points of entries for digital orders.

Pizza Hut is setting out on a mission to increase the percentage of its pizza that is ordered digitally from 43 percent currently to 75 percent by the end of 2015. Ordering pizza digitally—via a desktop website, mobile website, apps for tablets and smart phones, Xbox or Hulu—is easier for customers. Online orders are more accurate as consumers have more time to select what they want. It provides a full view of the menu so consumers are not rushed to select something that maybe they did not really want. It can be incredibly fast too. At Pizza Hut, you can order in less than 15 seconds if customers have preset their favorites or use Visa Checkout, a quick and easy payment service that enables consumers to pay for goods online, on any device, in just a few clicks. In short, it is fast and convenient. On top of that, ordering digitally can be entertaining. Pizza Hut is always looking for ways to enhance its customers' online ordering experience in order to achieve a higher rate of adoption of digital platforms.