

case 1-429-327  
August 28, 2013

## Domino's Pizza: Leveraging A Technology Platform

In 2006, Domino's Pizza was completing its second year after going public and the company's executives had some crucial decisions to make regarding investments in the company's internal operations to support its expansion strategy. After a period of revitalization under the ownership of Bain Capital from 1998 to 2004, Domino's was once again on track to resume the rapid global growth rates that it had experienced in the 1980s and 1990s. This trajectory was further solidified when the company opened its nine thousandth store in March of 2010 and its 10,000 store (in Turkey) in September 2012.<sup>1</sup> Yet, strong competition from Pizza Hut, the market leader, and challengers such as Papa John's had compounded the challenges that the entire pizza industry was facing from a growing trend toward healthy eating among consumers and a move toward organic foods.

### The Pizza Industry

Pizza first emerged in the United States in the late 19th century, and the first recorded pizzeria was founded in Manhattan in 1905 by Gennaro Lombardi. While the popularity of pizza grew over the next several decades, it wasn't until 1960 that industry consolidation and rapid expansion of franchises occurred. With the success of McDonald's going public in 1965, companies such as Domino's (founded in 1960) took an interest in the franchise model and began to pursue large-scale growth strategies.

Today, the average American eats approximately 46 slices (23 pounds) of pizza a year, making it one of the most popular takeout foods across all demographics. A 2010 survey indicated that 93 percent of the U.S. population ate pizza at least once a month, and 21 percent of 18 to 24-year-olds purchased pizza more than three times per month.<sup>2</sup> Pizza had been among the top 10 foods consumed by Americans for more than 20 years.<sup>3</sup> Globally, it was a multi-billion-dollar industry with rapid growth taking place in countries like India and China. The size of the pizza market in the U.S. alone was reported to reach \$37 billion in 2009.<sup>4</sup> Local producers made up 59 percent of the market, with major companies such as Pizza Hut and Domino's dominating the remaining 40 percent.<sup>5</sup>

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*Published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan.*

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