

# Q&A With Domino's CEO On Chain's Image, Italy Prospects

Candice Choi, The Associated Press

NEW YORK (AP) — Italy may not seem like the ideal place for a Domino's Pizza shop, but the man who heads the American chain remains optimistic about the possibility.

Despite the skepticism Domino's might initially encounter, CEO Patrick Doyle says that the chain's delivery model may give it an advantage in Italy.

"There's a lot of pizza, but there's not a lot of delivered pizza," Doyle explained. "So there may still be an opportunity."

Italy aside, Domino's, which is based in Ann Arbor, Michigan, has been enjoying strong sales growth overseas and boasts nearly 6,000 international locations.

Back at home, where it has 5,000 locations, Domino's has been trying to improve the image of its pizza, which has long been plagued by a reputation for tasting generic and manufactured.

In late 2009, Domino's revamped its recipes and launched a surprisingly frank ad campaign acknowledging the shortcomings of its food and service.

After several consecutive years of declines, sales have turned positive. Now, the company is in the process of rolling out new store designs that highlight the pizza-making process.

Looking ahead, Wall Street analysts expect Domino's and other national pizza chains, including Papa John's, to take market share away from smaller chains and independent players, in part by using their bigger advertising budgets and more sophisticated online ordering platforms.

Doyle, who has been CEO of Domino's since 2010, recently spoke with The Associated Press about the company's prospects at home and abroad:

**Q: Domino's launched an ad campaign in late 2009 to address the negative perceptions about the taste of its pizza. Do you think the image still needs work?**

A: I think there is room for improvement, but clearly people's impressions of Domino's have improved.

We built a brand for 50 years that was around the convenience of delivery. Nobody loved the food. There are a lot of people who tried it in the past, didn't love it and haven't tried it again.

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It takes time to work through that. So I think absolutely there's still opportunity to change people's minds about the brand.

### **Q: What prompted Domino's to acknowledge its taste problem so openly?**

A: Marketing 101 says you always talk about your point of differentiation. For us, that was delivery.

So we just kept hammering away at delivery as the point of differentiation. And there just came a point when it stopped working. In 2006, 2007 and 2008, our sales were negative in the U.S. I think we finally stepped back and realized there is no conflict between delivering a pizza quickly and consistently and having it taste great.

### **Q: Tell us about the new "pizza theater" store design that you're in the process of rolling out.**

A: When you walk into the stores, the kitchen is going to be open, the walls are going to be gone and you're going to be able to watch the process of your pizza or somebody else's pizza being made.

We realized customers want to see the food. They want to see how it's being prepared. The fact that we're starting from a fresh dough ball is powerful for the consumer.

Even if it's only once or twice that they're coming to the store and seeing it, now they've got a mental image of how that pizza's being made. That stays with them.

### **Q: Why has Domino's performed so well overseas?**

A: The wonderful thing about pizza is that it adapts incredibly easily to different tastes. The bread, the sauce and the cheese works fundamentally everywhere. Then we top it differently around the world.

So in Asia there's a reasonable amount of seafood and fish that's on the pizzas. In Latin America it looks a lot more like it does in the U.S. In France, the four cheese pizza is incredible.

It's the great thing about pizza — it's actually very easy to adapt to local taste profiles.

### **Q: Do you think you'll ever have stores in Italy?**

A: We're looking at it. But you'll see other markets open before you'll see Italy.

The other big market that we're not in today is Argentina. And it's almost for the same reason — Argentina is actually very heavily, ethnically Italian.

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**Q: Are there any patterns in what people order in different parts of the country?**

A: Interestingly, pan pizza and thin crust pizza do better down the center of the U.S. Everybody eats more hand-tossed pizza than anything else. But it's particularly stronger on both coasts.

**Q: There are several higher-end pizza places popping up, including Chipotle's Pizzeria Locale, which people in the industry refer to as fast-casual pizza chains. What will their impact be on Domino's?**

A: If you think about what fast-casual means in the minds of the consumer, it's about better quality food and ingredients. It's about an open environment. It's still fast and convenient and still needs to be good value. We're addressing all those things.

In terms of the fast-casuals themselves, they are still very small. I am sure that somebody will break out and start to grow. But there are going to be a lot of them that are going to fail.

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