

Business Situation and Campaign Objectives

A struggling business in a declining industry

In late 2009, the pizza category was in decline and the nation's three largest pizza companies were struggling. While overall U.S. fast-food had grown 6.4% from 2002 to 2007, pizza sales had risen only 2.5% during that period. Squeezed between healthier and fresher dining options on one side and less expensive burger and sandwich players on the other, pizza had fallen out of favor with American consumers. Papa John's predicted 2010 U.S. franchised same-store sales would be flat to down 1%. Pizza Hut expected modest domestic growth. And the prognosis for Domino's, whose same-store sales had been flat or down for four straight years, was dim. The company's share price was down more than 50% since early 2008. Wall Street analysts were dubious about a near-term recovery, with Citigroup forecasting "below-average top-line trends" through 2010. [Source: "A Smaller Piece of the Pie", WSJ, February 23, 2009.]

Financials weren't the only problem. Through a driver analysis from the Domino's Brand Tracking Study, we uncovered that 'Speed' and 'Best in Delivery' were no longer key drivers of purchase and that we were falling farther behind on the #1 driver: 'Taste'. Unfortunately, fifty years of pushing speed and efficiency had eroded Domino's brand reputation when it came to taste. Among the big three pizza chains, Domino's ranked last. [Source: Domino's Brand Tracking Study, 2009.] Subsequent quantitative lost buyer studies revealed that many of Domino's lost consumers were citing taste as the reason for leaving the brand, and focus groups provided even more context to the problem. Basically, consumers felt Domino's pizza tasted more like the box than pizza.

Domino's knew they had to make a change. Their response was to innovate. They remade their core product, the traditional hand-tossed pizza, literally from the bottom up, with new recipes for crust, sauce and cheese that scored substantially higher in taste tests when compared to the old pizza.

Domino's Pizza business and marketing objectives

The objective was to introduce Domino's new pizza and increase Domino's same-store sales by two percent in 2010. Additionally, from a consumer standpoint, the goal was to move brand perception, specifically taste, awareness of the new and improved pizza and market share, as measured by the Domino's Brand Tracking Study and NPD/Crest.

Domino's expected the advertising to exceed category norms for effectiveness as measured by Millward Brown, and paid media spend needed to be less than the year prior.

Research objectives

We designed research with three objectives in mind:

1. Understand Domino's place in consumer and food culture.
2. Understand how people felt about our brand and product.

3. Identify what could make the story of our new and improved pizza most believable and persuasive.

Research contribution

Role of research in understanding Domino's place in consumer and food culture

We dug into feelings about the Domino's brand through several primary and secondary research methodologies. We leveraged the diagnostic detail in the Domino's Brand Tracking Study and conducted secondary research, focusing on social media. Additionally, we used man-on-the-street intercepts and Domino's proprietary online community to further contextualize the brand. The synthesis of these individual pieces of work helped us to understand the brand's place in culture and the things that had contributed to its place in consumers' minds.

What was most striking from this synthesis was consumers' disappointment, expressed through Twitter feeds, forums and Facebook postings, toward the brand for its failings. They felt betrayed. And they were vocal.

We also had the research goal of developing a more holistic understanding of the Domino's target consumer. To do this, we mined our consumer segmentation to update our target consumer, and named them 'The Reals'. This target was further contextualized by conducting a series of 12 ethnographies in three key Domino's markets – Los Angeles, Minneapolis and Raleigh/Durham. By spending time with people in their homes and dining with them in their favorite restaurants we learned how much 'The Reals' valued the personal relationships they'd developed with their local pizza places and other restaurants. Domino's had so long been focused on impersonal, efficient service that consumers had no idea who Domino's was.

When we asked people to personify the brand, the majority described it as young and male. "You know, pizza age," one guy told us. "A late-night drinker," said another. "It's a 15-year-old boy at a party," someone said. What's more, in consumer minds, there was no Domino's kitchen, no chefs, no servers, not even ingredients. "They just get their food off the back of Sysco trucks," a woman in a focus group told us. It became clear that no one actually thought of food when they thought of Domino's.

It didn't help that food scares – from mad cow disease to salmonella to Domino's own food integrity scandal – an employee fiasco in April of 2009 that left consumers wondering what happened to their food at Domino's -- led people to an overall skepticism of fast food and the companies that made it.

Through focus groups and quantitative message testing we learned two more important things: pizza alone would not change people's perceptions of the brand. "Everybody says new and improved," one person told us. "For me to believe this I'd have to see wholesale change. The whole company would have to be different." We realized that, although we had a great new product, our battered brand couldn't credibly announce it. To create a new expectation, we had to give people a reason to believe in us again. But even before that, we had to disarm their anger and resentment.

In the midst of people's criticism we heard something that gave us hope. People used phrases like "I wish they would," and "They used to be..." It seemed that, beneath their disappointment, people were pulling for Domino's – for the icon we'd been, the good times we'd contributed to and to some extent, still stood for. People told us they wanted Domino's to be great again, to "turn back to what made them great – the pizza," as one person said.

Role of research in understanding how people felt about our brand and product

In addition to negative feelings about Domino's and fast food, we discovered that people's

feelings about big corporations were changing. Through secondary research we learned that high-profile bailouts during the recession of 2008-2009 put greed and dishonesty in the spotlight. People were wary of self-serving statements. What's more, they were starting to take it personally when companies disappointed them. Populist anger seemed to keep building even after companies went bankrupt, CEOs went to prison and fines were levied. Why did people seem unable to forgive these companies, we wondered?

One thing we saw again and again in qualitative research: companies never admitted they were wrong. They fought and delayed and fired people. They revved up the PR engines. But they never simply said, "Hey – we screwed up."

Admission is interesting. It's humanizing. When a company admits they're wrong they begin to seem human, fallible and vulnerable. Admission changes the perception of intent. What might have seemed like a deliberate act of greed or dishonesty instead looks like a mistake or bad judgment. But most of all, admission lays the foundation for a new relationship. It's like a reset button. Without admission of wrong, there can be no real reconciliation.

Role of research in sculpting our "new and improved" story

To a skeptical public, "new and improved" ad campaigns felt not just cliché, but disingenuous. "Everyone says they've got something new and improved," people told us. We knew the tone of our campaign had to feel real and authentic. It had to prove our story, not just tell it. We felt sure that admitting to our past failures as a food company would win people over. The client, understandably, was skeptical.

We took scripts into creative development focus groups. There, we discovered that the disruptive nature of admitting our failure was so compelling that it likely outweighed the potential risk of disparaging our own product. It was also through groups that we learned the importance of showing response and conversion. As unexpected and impactful as our admission was, "new and improved" became even more believable to consumers when they were told we'd responded to people's complaints, and then learned that people who'd written Domino's off were coming back around to the brand.

Further research (using a quali-quant method where larger groups of respondents evaluated ads in one room quantitatively, and subsequently discussed qualitatively in smaller groups) on finished format versions of the campaign demonstrated the effectiveness of the approach. We launched the campaign on December 28, 2009.

Copy testing results were phenomenal and validated the approach. Breakthrough scores were 77% better than the QSR norm, and persuasion was 176% better. Millward Brown said Pizza Turnaround (Anthem) was among the most effective ads they'd ever tested – in the top one percent of all ads tested over the last five years. [Source: Millward Brown.]

Campaign Description

Humanizing the brand through listening

To disarm people's reluctance to believe, we settled on a single, powerful concept: we listened. We created a campaign based on the simple notion that instead of running from criticism of our product, we listened to it, responded, and created a better pizza.

To prove it, we hired a documentary film crew to capture real focus group participants giving honest, blunt, feedback on our old pizza, then replayed the footage for Domino's management and captured their responses. We felt this provided the foundation of honesty that made the rest of the story believable. Domino's employees read complaints about our product from online forums, twitter feeds and blog posts. We made sure to show that they'd listened before they

acknowledged the need to change. This established the brand's credibility.

Instead of a narrator and actors, we had Domino's CEO and other executives tell their own story of how they changed the pizza. This contributed to the honesty and transparency that made the campaign so powerful. But we didn't stop there. We made surprise visits with our new pizza to the people who'd previously disparaged it in focus groups, and let them try the new product for themselves. This approach drove home the idea of Domino's responsiveness.

Media strategy

We launched with high profile TV placements in each round of the NFL Playoffs, American Idol and Primetime premieres to raise mass awareness. We used online banners/video, local radio and OOH, OSIs/direct mail and POP were also used to spread the message. All drove traffic to Pizzaturnaround.com, which served as a social media hub featuring long form videos on the new pizza and a real-time chatter feed that captured user comments (both good and bad) on the campaign from YouTube, Twitter and Facebook. The site helped to provide a two-way conversation with consumers, as well as a simple, easy place to order the pizza.

In keeping with our responsiveness theme, we monitored the online conversation through Burrelles Luce and Nielsen BuzzMetrics, capturing and analyzing content and messages from more than 150 million blogs, user groups and social networking sites worldwide. Social media specialists were assigned to respond to consumer feedback — both positive and negative — and we used learnings from these consumer conversations to mold the work over the following months.

Business Results

Q1 2010 same store sales rose 14.3% over the previous year — the largest quarterly same store sales increase in Fast Food history. [Sources: Domino's First Quarter 2010 Financial Report, and "Domino's Claims Victory with Pizza Makeover Strategy" by Emily Bryson York, Ad Age, 5/10/10.]

DPZ's stock rose 44% in the month following the launch and ended the quarter at a 75% increase over Q1 2009. [Source: Domino's First Quarter 2010 Financial Report, 5/4/10.]

First-quarter 2010 growth was three times more than Papa John's and Pizza Hut's same store sales combined, yet Domino's spent considerably less on advertising than either of them. [Source: Nielsen Ad*Views]

As of second quarter 2010, Domino's Brand Tracking Study showed a 10% lift in taste perception, along with a 45% increase in top of mind awareness. Market share had gained 1.8 points [Sources: Domino's Brand Tracking Study, May 2010; Study Logic: Eye on Competitive Retail Study Q2 2010]

The campaign has earned over 2 billion free media impressions to date, including mentions or features on CNN, MSNBC, The Colbert Report, *Huffington Post*, Mad Money with Jim Cramer, ABC World News, Fox News, Oprah Radio, The Tonight Show with Conan O'Brien, *Time*, *The New York Times* and dozens of others news and press outlets. [News Power Online and Burrelles Luce.]

The phrase "Doing a Domino's" insinuated itself into popular culture as shorthand for contrition and reinvention. It's been used in association with everything from the GOP to the Sundance Film Festival to Ad Age columnist Barbara Lippert's own admission that she misjudged the potential of our campaign.

Best of all, through follow-up quantitative and qualitative research, we continually hear that consumer sentiment toward the brand is shifting. People increasingly speak about the brand's innovation, evolution, and momentum. While there's still room to continue the story, consumers' feelings of disconnection and disappointment are greatly reduced, and in their place is a rekindled respect for, and new relationship with the brand.

All of this, while spending about \$1 million dollars less than the year prior and less than the competition.