Executive Summary

Pizza Hut has been one of America’s leading pizza chains since 1958. In recent years, online ordering has become one of the leading ways for consumers to order pizza. Other pizza companies, such as Domino’s Pizza and Papa John’s, have taken the lead in online ordering with Domino’s pizza tracker and Papa John’s offers online ordering rewards. Pizza Hut has been out positioned by other pizza companies in online ordering. Pizza Hut, unlike other companies, offers the unique ability to order off of newer technologies such as Xbox and Hulu. Overall, Pizza Hut wishes to increase their online orders by 32 percent.

To reach this goal, this campaign seeks to target famillennials. This group consists of 21st century families that are up-to-date on newer technologies. These people are 18 to 34 years old and order pizza as a convenience due to their fast-paced lifestyle.

In order to achieve the goal of a 32 percent increase, this team decided to place advertisements on television and a variety of digital media. The television advertisements will be focused in broadcast, cable and primetime television. Digital media will include targeted websites, social media platforms and Xbox advertising. The advertisements will focus on the many ways people can order pizza, how fast it is and the accessibility of online ordering so as to position Pizza Hut as a truly better option than other leading competitors.

Overall this team used the full $10 million budget to reach the goal of a 32 percent increase in online orders. Using the option to order from Hulu’s website and Xbox, along with the national campaign we concluded that Pizza Hut would position itself above the competition, and would deliver all the needs that these famillennials need in their fast pace lifestyle. We are confident that our plan will meet the marketing objectives of increasing online orders by 32 percent and reaching 75 percent of the target audience.

Situation Analysis

*Brand History*

Pizza Hut began in 1958 in Wichita, Kansas, when Frank and Dan Carney borrowed $600 from their mother and started what would be the first of many Pizza Hut stores. This was the start of the biggest name in the pizza industry (“About us.”). Once the Carney brothers decided to create a consistent look for all of their restaurants, the company grew from 43 stores in 1963 to 300 stores by 1967. The decree for unconformity in America’s “Neighborhood Pizza Place” created a flood of new franchise queries, marking the company’s first big growth spurt. With other franchises wanting to be a part of a brand with a strong brand image, PepsiCo made its first offer to buy Pizza Hut. But since the brand boasted 1,800 franchises, Pizza Hut decided to wait and ended up selling the company two years later for $320 million (Overfelt, 2003).

Digital ordering in the pizza industry has been on the rise and now accounts for approximately 43 percent of all pizza orders today, and Pizza Hut has been the at the forefront of this trend. Along with being at the forefront of many trends and categories, Pizza Hut holds the title of having their pizza as the first ever online purchase in 1994. With that being said, it is now obvious as to why Pizza Hut is the face of the pizza industry and has been so incredibly successful (Overfelt, 2003).

*Key Brand Issues*

*Out-Positioned in Online Ordering*. Though Pizza Hut has a wide variety of ways to order online, their competitors have seemingly out-positioned them in the way of online ordering. Domino’s pizza tracker and Papa John’s rewards programs seem more attractive and advanced than Pizza Hut’s online ordering (American Advertising Federation, 2014).

*Quality and Healthiness.* Consumers have become more aware of health issues over the past five years, including weight, nutrition and food safety (Brennan, 2014). This trend is expected to slowly increase (Brennan). As such, consumers are seeking healthier options. Currently, Pizza Hut does not have any gluten-free options (American Advertising Federation, 2014). Also, Pizza Hut is having to compete against “the new fast-casual, made-to-order” pizza concepts (American Advertising Federation, p. 2). Sixty three percent of consumers like these new restaurants (Wall, 2013), because they believe that these new restaurants use fresher ingredients (American Advertising Federation).

*Industry Profile*

Pizza Hut competes with other establishments that prepare and deliver pizza. They also carry a variety of of other food products, such as pasta, wings and salads. The industry is also composed of both full service restaurants and quick service establishments. The primary activities of this industry are providing pizza delivery and carry out services, but they also provide sit down restaurant services.

*Seasonality/Timing*

Seasonality does not have an impact on sales. Pizza is available at all times during the year and is not preferred more during one season or holiday. Seasonality may only have an effect on the creative side of advertising. For example, holidays or football season may influence the message of the advertisements (Wall, 2014).

*Target Audience*

Pizza Hut’s target audience consist of the target market group called famillennials, young adults, ages 18 to 34 years, that may have started a family. The audience is also just about evenly split between men and women, but the men tend to be younger while the women are more likely to be mothers (American Advertising Federation, 2014). This means there is a diverse target audience to advertise to. Pizza is a fun food that can meet the needs of almost anyone. This can include older and younger crowds, families and individuals. More importantly, the campaign will target customers that are either unaware of or are not currently using the multiple online ordering services.

*Kristy Johnson*

Kristy is a 32-year-old mother of twin boys, who are both little league baseball players. Kristy’s husband travels a lot as he is a salesman for an up-and-coming technology company. The Johnson’s also have two dogs. She is a working mother and does not always have a sufficient amount of time to cook dinner for her family after work or after her boy’s baseball games.

Kristy has a lot on her plate as a working mother and caretaker of children and dogs, so she is a prime example of an individual in Pizza Hut’s target audience. She could benefit greatly from the convenience of ordering a pizza for the family dinner after a busy day, and she could use the convenient online services offered from Pizza Hut.

*Blake Kelly*

Blake is a 20-year-old college student, and he is an active member in a fraternity. He also waits tables to help pay for his school and other living expenses while in college. Blake is currently in 15 course hours and is on a budget looking for cheap and convenient food when he chooses to eat out. He enjoys playing video games, watching sports, particularly football, and spending time outdoors. He also spends a lot of time on social media. He has a Facebook page, Twitter page, and an Instagram account. He understands technology very well, as most others his age do.

Blake is another prime example of an individual in Pizza Hut’s target audience because he can benefit from the online ordering convenience and great prices to satisfy his hunger. He can grasp the online ordering method quickly and place an order however he chooses and save money as well as time.

*Geography*

Geographically, Pizza Hut is located nationwide across the United States. Out of all of the large pizza chains throughout the United States, Pizza Hut is the most popular. Pizza Hut is primarily most popular in the southern and eastern portions of the country.

*Competitive Analysis*

The pizza service industry is a large industry with four major players in the market: Pizza Hut, Domino’s Pizza, Little Caesars, and Papa John’s. Pizza Hut has the largest market share at 15.3 percent. Domino’s Pizza is the second largest competitor and is the largest threat to Pizza Hut’s market share. Domino's Pizza has a sophisticated online ordering system, which has the leg up on Pizza Hut. They also offer a variety of high quality artisan pizzas that produce a larger profit margin. Little Caesars comes in third with 8.1 percent of themarket share. It is one of America’s fastest growing food chains in the world and offers ready made pizza to go at a cheap price. The last main leading market share holder is Papa John’s at 6.5 percent. They have a steady growth rate, but are facing rising ingredient costs and lowering profit margins. The rest of the 60.4 percent of pizza market is made up of smaller competitors, with small, independently-owned stores making up 53.2 percent of that figure (Hoovers, 2014).

*SWOT Analysis*

*Strengths*. Pizza Hut is a very large brand with high brand loyalty as well as a huge brand name. The brand has a diverse range of options on its menu. Pizza Hut is known for its quick service and clean food. Due to its large brand name and worldwide reach, Pizza Hut has over 20,000 franchises around the world. Lastly, Pizza Hut is in a solid financial situation as a company.

*Weaknesses.* Even though Pizza Hut has a diverse menu, it lacks organic options for customers. Pizza Hut is also struggling with how to handle dissatisfaction amongst loyal customers.

*Opportunities.* One opportunity for Pizza Hut is to attempt to create an organic pizza. Another opportunity for Pizza Hut would be to create even more innovative crusts and pizza sizes for customers. Lastly, Pizza Hut has the option to delve into new markets and delve more into deliveries.

*Threats.* Competitors include Domino’s Pizza, Papa John’s, Cici’s, Little Caesars, Chuck E. Cheese, and local pizza chains nationwide. Consumers who are concerned with their health are switching to other pizza companies with healthier options. Finally, Papa John’s has to contend with the rising prices of ingredients for their pizzas.

Media Objectives and Justification

The media objective is to reach an average of 70 percent of the target audience an average of 2.7 times.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Month | Reach | Frequency | GRPs | % of Budget |
| July | 50 | 1 | 50 | 9% |
| August | 50 | 2 | 100 | 9% |
| September | 80 | 3 | 240 | 21% |
| October | 80 | 3 | 240 | 21% |
| November | 80 | 3 | 240 | 20% |
| December | 80 | 3 | 240 | 20% |
|  | Avg = 70 | Avg = 2.7 | Total =1,110 | Total % = 100 |

The media objectives pattern is a pulsing pattern for July through December with a heavy up period from September to December. The frequency average is based on the Ostrow Model of Effective Frequency. September through December has the highest reach, frequency, gross rating points and percent of budget because of football season. Though Pizza Hut, and pizza in general, does not have any seasonality, pizza is a common food of choice during football games, especially during watch parties. The increase also helps reach more of the target audience. The target demographics include young families and millennials, spread across the nation.

Strategy

To complete the campaign goal of increasing online ordering by 32 percent, this team seeks to position Pizza Hut’s online ordering as an easy and fast dinner solution. If Blake wants a fulfilling dinner in the middle of his video games, he remembers the advertisements he saw during last week’s football game and knows that he can quickly order his pizza through his Xbox. When Kristy, the mom on the run, needs a simple meal, she knows the Pizza Hut app is easy to use, and that she has a coupon from the loyalty program. A variety of media will be used to build awareness of these different ways to order, encourage consumers to download the Pizza Hut apps and reach the target 75 percent of orders done online.

*Television*

*Broadcast*. Advertisements will be placed on both broadcast and cable television, to ensure a large percentage of people will see them. These advertisements will be 30 second spots about Pizza Hut’s online ordering, specifically the many different ways to order. The broadcast television advertisements will air from September to December. Each month will have 16 advertisements. These advertisements will be shown during highly watched football games: one advertisement each Saturday, Sunday and Monday. The extra four advertisements will be placed during other key games that may not occur during the regularly scheduled advertisement placements. These advertisements will target audiences like Blake Kelly, the young, male population.

*Primetime and Cable.* The primetime and cable 30 second advertisements will be during popular season premieres from August to October. For primetime, there will be one advertisement per month in July and August, and two advertisements each from September to December. For cable, there will three advertisements each in July and August, seven advertisements each during September through November and five advertisements in December.These advertisements will target a wider audience of millennials, including Kristy Johnson and her family.

This team chose to focus on football games and new season premieres because this is when many people will sit down to watch television instead of recording it. The Pizza Hut advertisements will be more likely to be seen during these times.

*Digital Media*

*Targeted Websites.* Most of the target audience spends approximately four days a month online, so there will be a significant amount of website advertisements (Walsh, 2014). Online media starts with targeted website. The advertisements will be animated banner advertisements on the homepage of each website that lead to Pizza Hut’s online ordering website. The targeted websites for this campaign are US Weekly and Better Homes and Gardens. Women like Kristy frequent these websites often (SRDS, US Weekly; SRDS, Better Homes and Gardens). Over the past year, US Weekly’s and Better Homes and Gardens’ websites received nearly 14 million unique visitors total (SRDS, US Weekly; SRDS, Better Homes and Gardens). Targeted websites will bring in approximately 14,875 impressions each month, totaling at 89,250 impressions over all six months.

*Hulu*. Advertisements will also appear on Hulu, the publisher video site, to promote the easy way of ordering from Pizza Hut on the Hulu website. Advertisements will be 30 second videos shown during Hulu’s programs to promote the easy way to order pizza without even leaving the Hulu website. These advertisements will introduce over 12 million unique visitors to the newest way of ordering pizza online (SRDS, Hulu). The advertisements will create approximately 12,170 impressions each month and 73,020 total impressions.

*Social Media.* A range of advertisements will appear on social media websites and applications. More than 80 percent of internet-using millennials use social media and networks (Pew Research Internet Project, 2014). Facebook and Twitter will have special advertisements during the entire six month campaign. On Facebook, advertisements will be be placed in peoples’ timelines. On Twitter, sponsored tweets from the Pizza Hut account will appear at the top of peoples’ feeds. Total, the team is seeking approximately 33,400 impressions each month with a total 200,808 impressions.

*Xbox One.* There will also be special advertising for the Xbox One. With Xbox One’s unique in-game advertising, Pizza Hut can integrate into a video gamer’s experience without being intrusive. These advertisements, paired with the Pizza Hut app for Xbox, make pizza ordering the easiest choice for gamers like Blake.

*Mobile App*

The Pizza Hut app is an integral part of online ordering. To promote app downloads and usage, two approaches will be taken: coupons and the InnerCrust customer loyalty program. Every time a customer downloads the Pizza Hut app, they receive a coupon. This will prompt consumers to use the app immediately and will make the app memorable. The InnerCrust loyalty program will be heavily promoted, especially the ways to earn rewards. This part of the campaign will target the entire millennial audience. Millennials have access to apps on their phones and tablets, making ordering pizza easier than ever before.

Media Mix

*Justification of Reach and Frequency* (Put percentages up on pie chart)

In terms of reach and frequency, half of the reach and frequency goals must be met each months. Within the months of July and August, the plan in place would reach nearly two-thirds of the set goal at 33.7 of 50. In the month of July, the desired frequency goal of “1.0” is doubled to a frequency of “2.0”. In August, the plan set would reach the set goal of “2.0”. In the last four months of the campaign, the reach set is “80” with an average frequency of “3.0”. The estimated performance of the plan set would have a reach of “43.5” in the months of September and October, while November and December would have a reach of “42.5”. Although the frequency does not meet the “3.0” mark set each month, the plan put forward will have an estimated frequency of “2.1”, which is much more than fifty percent of the frequency goal.

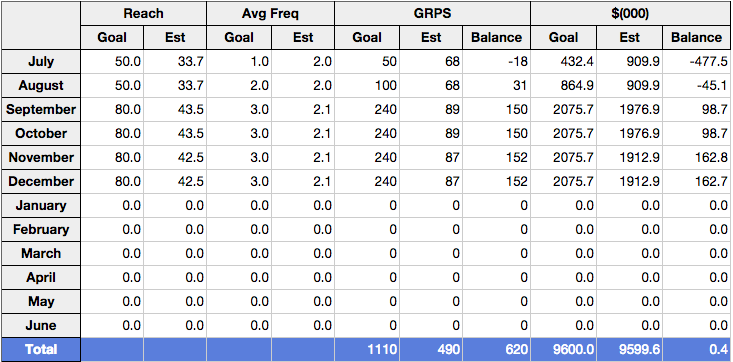
*Justification of Individual Media Vehicles* (Discuss Ostrow Model)

The team’s primary plan of utilizing half of the budget on broadcast television is due to the demographic targeted in the plan with an average frequency of “2.7” over the six month period. After conducting in-depth research and analysis on Pizza Hut, the team found between the market, message, and media factors in the Ostrow Model, that Pizza Hut needs a high amount of frequency adjustment. Broadcast television has a very large reach and within the ages of 18-34, sports and primetime television are very popular. A little more than one-third of the budget will be spent on digital media advertising. This includes social media (Facebook, Twitter, Instagram, etc.), publisher sites, and targeted sites. Due to social media and online magazines being very popular with the target audience, it makes a lot of sense to influence this target audience. Another four percent of the budget will go towards advertising on Xbox since gamers will have the convenience of ordering while gaming. Lastly, prime time cable television is another useful to advertise Pizza Hut’s new mobile application since the vast majority of people ages 18-34 are into more segmented television shows on cable television.

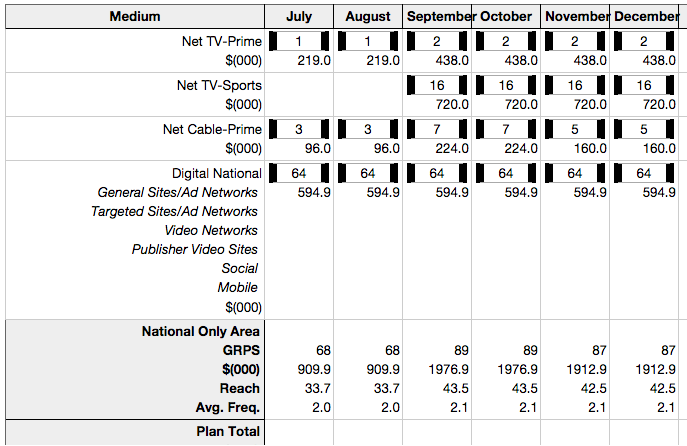
Money

* All TV = $6,030,000
* $3,970,000 leftover (digital)
  + $400,000 for Xbox
  + $3,570,000 for rest of digital
    - Continuous for social media, publisher, and target sites
    - $595,000 per month
      * 45% social ($267,750), 45% publisher ($267,750), 10% targeted ($59,500)

Year at a Glance:



Flowchart:



Conclusion

In conclusion, the campaign goal is to raise online ordering by 32 percent. In order to do so, a careful evaluation of Pizza Hut’s strengths and weaknesses as well as an in-depth analysis of the “perfect” target audience called famillennials were in order. After careful evaluation this team discovered that there are two key brand issues that are currently holding Pizza Hut back. The first issue is being out-positioned in online ordering by competitors such as Dominos and Papa Johns. The second key brand issue is the overall quality and healthiness of the product being served. Consumers are constantly seeking healthier options with restaurants that use fresher ingredients.

As for the target audience, famillennials ages 18-34 showed that they have a few major themes in common that drive the purpose of purchasing pizza. The main driving factor in purchasing pizza is the convenience of ordering a meal and not having to prepare any food. Also another important factor is the fact that the pizza can be a full meal and satisfy people’s hunger for a good price. That goes for individuals ordering pizza, or the busy mom that does not have time to cook dinner for the family, but can rely on Pizza Hut to satisfy her family’s hunger.

After evaluating where Pizza Hut stands right now, this team decided that in order to achieve the campaign’s goal of raising online sales by 32 percent, Pizza Hut should adopt the media objective pattern of a small stair-stepping pattern in the months of July through September and then remain as a continuous pattern through december. During these months advertisements will be run through cable and broadcast television to reach the audience members watching sports and cable television shows. Social media, targeted websites, Hulu, and Xbox will also be used to advertise the online ordering capabilities and convenience that Pizza Hut has to offer. Sterling Cooper Draper Pryce hopes to work with Pizza Hut in the future to help build and strengthen Pizza Hut’s online ordering.

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