DOMINO’S SIZZLES WITH PIZZA TRACKER

When it comes to pizza, everyone has an opinion. Some of us think that our current pizza is just fine the way it is. Others have a favorite pizza joint that makes it like no one else. And many pizza lovers in America agreed up until recently that Domino’s home-delivered pizza was among the worst. The home-delivery market for pizza chains in the United States is approximately $15 billion per year. Domino’s, which owns the largest home-delivery market share of any U.S. pizza chain, is finding ways to innovate by overhauling its in-store transaction processing systems and by providing other useful services to customers, such as its Pizza Tracker. And more important, Domino’s is trying very hard to overcome its reputation for poor quality by radically improving ingredients and freshness. Critics believe the company significantly improved the quality of its pizza and customer service in 2010.

Domino’s was founded in 1960 by Tom Monaghan and his brother James when they purchased a single pizza store in Ypsilanti, Michigan. The company slowly began to grow, and by 1978, Domino’s had 200 stores. Today, the company is headquartered in Ann Arbor, Michigan, and operates almost 9,000 stores located in all 50 U.S. states and across the world in 60 international markets. In 2009, Domino’s had $1.5 billion in sales and earned $80 million in profit.

Domino’s is part of a heated battle among prominent pizza chains, including Pizza Hut, Papa John’s, and Little Caesar. Pizza Hut is the only chain larger than Domino’s in the U.S., but each of the four has significant market share. Domino’s also competes with local pizza stores throughout the U.S. To gain a competitive advantage Domino’s needs to deliver excellent customer service, and most importantly, good pizza. But it also benefits from highly effective information systems.

Domino’s proprietary point-of-sale system, Pulse, is an important asset in maintaining consistent and efficient management functions in each of its restaurants. A point-of-sale system captures purchase and payment data at a physical location where goods or services are bought and sold using computers, automated cash registers, scanners, or other digital devices.

In 2003, Domino’s implemented Pulse in a large portion of its stores, and those stores reported improved customer service, reduced mistakes, and shorter training times. Since then, Pulse has become a staple of all Domino’s franchises. Some of the functions Pulse performs at Domino’s franchises are taking and customizing orders using a touch-screen interface, maintaining sales figures, and compiling customer information. Domino’s prefers not to disclose the specific dollar amounts that it has saved from Pulse, but it’s clear from industry analysts that the technology is working to cut costs and increase customer satisfaction.

More recently, Domino’s released a new hardware and software platform called Pulse Evolution, which is now in use in a majority of Domino’s more than 5,000 U.S. branches. Pulse Evolution improves on the older technology in several ways. First, the older software used a ‘thick-client’ model, which required all machines using the software to be fully equipped personal computers running Windows. Pulse Evolution, on the other hand, uses ‘thin-client’ architecture in which networked workstations with little independent processing power collect data and send them over the Internet to powerful Lenovo PCs for processing. These workstations lack hard drives, fans, and other moving parts, making them less expensive and easier to maintain. Also, Pulse Evolution is easier to update and more secure, since there’s only one machine in the store which needs to be updated.

Along with Pulse Evolution, Domino’s rolled out its state-of-the-art online ordering system, which includes Pizza Tracker. The system allows customers to watch a simulated photographic version of their pizza as they customize its size, sauces, and toppings. The image changes with each change a customer makes. Then, once customers place an order, they are able to view its progress online with Pizza Tracker. Pizza Tracker displays a horizontal bar that tracks an order’s progress graphically. As a Domino’s store completes each step of the order fulfillment process, a section of the bar becomes red. Even customers that place their orders via telephone can monitor their progress on the Web using Pizza Tracker at stores using Pulse Evolution. In 2010, Domino’s introduced an online polling system to continuously upload information from local stores.

As with most instances of organizational change of this magnitude, Domino’s experienced some resistance. Domino’s originally wanted its franchises to
select Pulse to comply with its requirements for data security, but some franchises have resisted switching to Pulse and sought alternative systems. After Domino's tried to compel those franchises to use Pulse, the U.S. District Court for Minnesota sided with franchisees who claimed that Domino's could not force them to use this system. Now, Domino's continues to make improvements to Pulse in an effort to make it overwhelmingly appealing to all franchisees.

Pizza Hut and Papa John's also have online ordering capability, but lack the Pizza Tracker and the simulated pizza features that Domino's has successfully implemented. Today, online orders account for almost 20 percent of all of Domino's orders, which is up from less than 15 percent in 2008. But the battle to sell pizza with technology rages on. Pizza Hut customers can now use their iPhones to place orders, and Papa John's customers can place orders by texting. With many billions of dollars at stake, all the large national pizza chains will be developing innovative new ways of ordering pizza and participating in its creation.


**CASE STUDY QUESTIONS**

1. What kinds of systems are described in this case? Identify and describe the business processes each supports. Describe the inputs, processes, and outputs of these systems.

2. How do these systems help Domino's improve its business performance?

3. How did the online pizza ordering system improve the process of ordering a Domino's pizza?

4. How effective are these systems in giving Domino's a competitive edge? Explain your answer.

**MIS IN ACTION**

Visit Domino's Web site and examine the order placement and Pizza Tracker features. Then answer the following questions:

1. What steps does Pizza Tracker display for the user? How does the Pizza Tracker improve the customer experience?

2. Would the Pizza Tracker service influence you to order pizza from Domino's instead of a competing chain? Why or why not?

3. What improvements would you make to the order placement feature?