

## **SWOT ANALYSIS OF PIZZA HUT**

Is a restaurant chain and international franchise based in Addison, Texas, USA (a northern suburb of Dallas) specializing in American-style pizza along with side dishes including (depending on location): buffalo wings, breadsticks, and garlic bread. Pizza Hut is the world's largest pizza restaurant chain and is a subsidiary of Yum! Brands, Inc., whose restaurants total approximately 34,000 restaurants, delivery-carry out units, and kiosks in 100 countries.



The chain was founded as a pizzeria in 1958 by the Carney brothers - Dan and Frank. Borrowing \$600 from their mother, the brothers purchased some second-hand equipment. The then Wichita State University students took a family pizza recipe, rented a small building, and opened the first restaurant at a busy intersection in Wichita, Kansas.

The oldest continuously-operating Pizza Hut in the world is in Manhattan, Kansas, in a shopping and tavern district known as Aggieville.

### **SWOT analysis of pizza hut**

#### Strengths

- Part of the largest restaurant chain in the world
- Over 20,000 franchises around the world
- Brand leader in the UK
- Innovative range of pizzas under one roof
- Famous television advertising
- Food attracts people of various ranges from young to old.
- Sound financial situation and international turnover.
- 100% owned by yum!
- Pizza Hut sits on top of global full-service restaurant tree

#### Weaknesses

- Loyal customers are feeling that the satisfaction of the pizzas is declining.
- While Novak said Pizza Hut's expansion into China is going exceedingly well, there is battling problems in New Zealand and Australia.
- There are complex computer systems and internal conflicts from franchisees.
- There is a lack of an organic pizzas, which will limit the target market

#### Threat

- Rising competition undermines Pizza Hut as consumers go for greater convenience
- Rising cheese costs threaten margins
- Threat from Dominos pizza, also from Mc Donald's who have tried to introduce a new meal that is a Pizza called: McPizza.

### Opportunities

- New Pizzas with different crust sizes and flavours.
- Pizza Hut expands Indian market menu and looks to old favourite to bolster sales in the US
- Pizza Hut targets upscale products and a downscale consumer base

### **Pizza hut strengths**

Through pizza hut being the largest restaurant chain in the world, this obviously means they dominate their market, and can invest in new products, e.g. new pizzas. They have low competition, although they do have competitors such as dominos pizza, yet they have an advantage over these as pizza hut are a restaurant as well as a take away unlike dominos pizza, this means pizza hut may have more sales therefore more income, which may help pizza hut with any improvements or adjustments needed to the business.

Pizza hut has a huge market segment, attracting more customers meaning a higher percentage in sales, which may lead to greater profits.

### **Pizza hut weaknesses**

Loyal customers are feeling that the satisfaction of the pizzas is declining. This may lead to low customer satisfaction and a reduction in customers and credibility in the market, this may lead to customers converting to main competitors such as dominos pizza.

While Novak said Pizza Hut's expansion into China is going exceedingly well, there is battling problems in New Zealand and Australia. This therefore meaning they are losing money in places such as new Zealand and Australia, this could be due to their culture and lifestyle, maybe meaning pizza hut need to introduce a more varied range of products to attract customers of all lifestyles and cultures.

There are complex computer systems and internal conflicts from franchisees, this leads to de-motivation of staff. Lowering the quality of products (pizzas), service to customers, and could lead to a lack of new ideas.

There is a lack of organic pizzas, which will limit the target market.

### **Pizza Hut Threats**

Rising competition undermines Pizza Hut as consumers go for greater convenience; this will lower the amount of sales consumed by Pizza Hut as these sales are going to smaller companies who are charging less.

Rising cheese costs threaten margins, cheese is essential to the business as it is there primary good, there for they are unable to go with out it, this may lead to Pizza Hut eventually buying goods from abroad or buying cheaper brands.

Threat from Dominos pizza, also from Mc Donald's who have tried to introduce a new meal that is a Pizza called: McPizza. So Pizza hut will have to improve or maintain the quality of the pizzas in order to compete with Dominos and McDonalds,

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to ensure that Pizza hut dominate this market. They will also have to keep their prices down and this may lead to them buying good from abroad where it is cheaper.

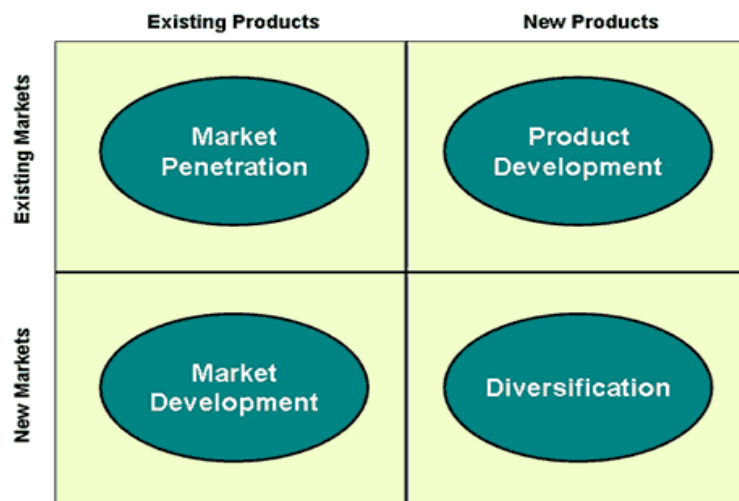
### Opportunities

Pizza Hut can introduce new Pizzas with different crust sizes and flavours. This may attract new customers with new tastes and this may increase their sales.

Pizza Hut has expanded into the Indian market menu and looks to the old favourite to bolster sales in the US.

Pizza Hut has targeted upscale products and a downscale consumer base; this will attract customers who are more willing to buy these Pizzas.

### Ansoff's Matrix



Ansoff's Matrix shows the main strategic options available to firms.

We believe that the best option for Pizza hut is to introduce new products in existing market.

So this firm should follow a product development strategy. This may involve substantial modification of or additions to its present product range, which in turn might require extensive research and development. So Pizza Hut can introduce a new Pizza with different toppings in order to widen their product range. Also as Pizza Hut lead this market segment they have the money to indulge in research and development.

We feel that Pizza Hut should not follow the strategy of diversification, this is a high risk strategy as it would be very difficult for them to find a completely different product as they are un experienced and have limited skills for example in producing footballs. Customers in this segment would prefer to go to top brands such as Adidas and Nike.