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M.S. Krishnan

Domino's Pizza: Digital Transformation in the Pizza Industry

By 2023, Domino's Pizza had stood up to competition ranging from market leader Pizza Hut to the vast number of small local independents, as well as industry-wide challenges of consumer preference trends. It had more than 19,000 U.S. franchise, U.S. company-owned, and international stores, almost double its 2012 total.¹ And, by the measure of the stock market, Domino's was triumphant. Its share price had grown by 99.1% from September 2017 to August 2020,² while shares of YUM Brands (Pizza Hut's parent company) and Papa John's grew only 21% during the same time.³ Over the longer term, Domino's stock share price increased from around \$100 during 2015 to a 2020 peak over \$430, and the company reached a market cap over \$13 billion in September 2023.⁴ What made the difference? Domino's strong performance was linked to the company's many recent technological innovations and an effective customer-centric social transformation within the company.

The Pizza Industry

Pizza emerged in the United States in the late 19th century, with the first recorded pizzeria founded in Manhattan in 1905 by Gennaro Lombardi.⁵ While the popularity of pizza grew over the next several decades, it was not until 1960 that industry consolidation and a rapid expansion of franchises occurred. With the success of McDonald's going public in 1965, companies such as Domino's, which was founded in 1960, took an interest in the franchise model and began to pursue large-scale growth strategies.

By 2021, the U.S. pizza restaurant market (total revenue) was reported at \$45.5 billion; of that, locally based pizza outlets accounted for about 40%, while 60% went to major companies such as Domino's and Pizza Hut.⁶ Globally, restaurant pizza was a multi-billion-dollar industry with rapid growth taking place in countries such as India and China.

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