Case Study:

Tossed, Sauced, and Heated — Marketing Efforts to Save a Crumbling Pizza Shop

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Introduction to the Case Study

Marketing and strategy decisions can *and should* be used at any and all levels of business. Both large corporations and mom-and-pop shops must master the art of providing more value to their customers. Now, the goals of each company will differ, but neither is exempt from taking marketing actions. In the 21st century specifically, failing to execute the correct marketing programs may land a business chewed up and spat out by the target audience. Even local pizza chains must put *serious* thought into each decision regarding their products, prices, distribution methods, and promotions. The people tasked with making marketing decisions, whether it be internal managers or external consultants, do not always have the luxury of working within a perfected business model. In fact, more often than not, marketers work towards solutions in a problem situation. Paglozzi's Pizza Pies (namely the Flint, MI location), with the help of Cassidy, finds themselves in such a scenario. Some previous mistakes have put the restaurant in a bind, and now it's up to Cassidy to save the day with realistic and effective marketing goals.

Analyzing Alternative #1

In wise fashion, Cassidy has outlined three possible solutions to Paglozzi's problem. The first is to ***determine a reasonable and practical maximum capacity that the pizza store will not exceed during its rush hour. This would involve turning away some orders and conducting business on a first come first serve basis.*** The reasoning behind this option is that those orders, who *are* accepted and taken on by the restaurant, have a greater chance of being fulfilled in a timely and precise manner under these guidelines. At a glance, the obvious downside to *this* alternative is that the company would *potentially* turn away several customers each day. But, when the whole situation is analyzed, it becomes clear that customers were turning Paglozzi's down on a regular basis due to late deliveries. With this solution, provided that it is executed successfully, the pizza shop could regain $1,320 of lost profits due to customer complaints or refusals. Now, it seems out of the ordinary for a company to lose that much money each day due to dissatisfied customers alone — but those are the numbers they drew up. However, in attempt to check their work, if the average cost per unit is $12.50, that means that 106 pizzas are being turned away across three different lunch breaks. These numbers seem *highly* unlikely — especially when compared to Domino's numbers. The international pizza chain, sells 3 million pies each day from 17,600 stores across the globe (Page, 2021, para. 3). Based on those reports, each Domino's sells *just* over 170 pizzas a day. It seems like a stretch for a smaller chain, like Paglozzi's, to sell 106 pizzas daily — let alone fail to meet delivery standards that many times.

But, regardless of the data's accuracy, Paglozzi's faces an unavoidable conundrum: some customer needs will inevitably go unsatisfied. Whether the customer must reject the pizza for bad service (ie. long wait times), or the company realizes that they must not overload themselves with orders, Cassidy has determined that it may be *impossible* for the restaurant to serve *everyone*. But in order to ensure that the maximum amount of customers *are* served well, it would behoove Paglozzi's to *clearly* label and define the positives and negatives of each situation so that those, with the final say, can truly comprehend each suggestion. In keeping with that idea, the biggest *advantages* to this first option are: **1)** The quality of service will increase as each pizza order receives enough time to be delivered and prepared with care. **2)** Customers will be more satisfied if the service improves. And **3)** the restaurant will no longer lose money from pizzas rejected due to poor service. On the other hand, this alternative's biggest *pitfalls* are: **1)** Paglozzi's will most likely have to turn away customers once the proposed capacity is reached. **2)** If a customer is turned down several times, it could lead them to write off the possibility of doing future business with the restaurant. And **3)** while financial losses might be slowed, this solution would stunt the opportunity for growth. Limiting the amount of customers limits sales potential which limits profit.

Analyzing Alternative #2

While the first suggestion assumes that it is impossible to meet every pizza order, the second proposed alternative suggests that *everyone can be served if the company is willing to obtain more resources*. Perhaps *the addition of another delivery car and another pizza oven could bring the restaurant up to the demanded speed of willing pizza purchasers*. If there was more pizza making and pizza delivering equipment, then Paglozzi's may never have to turn down another order. But obviously more orders and more equipment comes with more overhead costs. They'll need more pizza-oven operators, more phone call answerers, and more delivery car drivers. Cassidy knows this and has factored-in those costs into the proposal. According to her findings, each extra hire will increase daily costs by $36 or $48 depending on their job type. Plus, a new delivery car will cost roughly $11,000, and a new pizza oven could cost $20,000 dollars. However, it is unclear whether the majority of these numbers reflect reality. For one, there are several high-quality miniature pizza ovens that cost less than a thousand dollars. These ovens are also cheap to operate and are used by other professionals online. Either way, there is a good deal of potential spending within the realm of this plan, but the company hopes to cover these expenditures with enough sales.

The greatest advantages to this alternative are: **1)** Access to more employees and more equipment translates to the ability to make more money and **2)** Paglozzi's would no longer face the problem of turning customers away. But there *are* some disadvantages — mainly the lack of certainty. Spending thousands of dollars on new cars, ovens, and employees doesn't guarantee that the Flint branch will bounce back. After all this money is spent on capital resources, Paglozzi's will be tasked with earning it all back quickly, and that can put stress on the business as a whole.

Analyzing Alternative #3

The third alternative incorporates ideas from the second suggestion while making one significant change. ***The company could expand their staff and equipment, and move locations, in order to be closer to their B2B prospects; cutting down on transit time to delivery destinations***. But, this new location would set the restaurant back by $17,600 in the first year alone. The benefit here is obvious: Paglozzi's will be closer to their customers. But the downside is even more blatant. Why would a floundering branch of a restaurant chain spend ***thousands of dollars on a new location and new equipment without assurance of success***? The answer is: they probably shouldn't.

SWOT Analysis

To decide on a marketing decision, it's best to first conduct an analysis of the company's strengths, weaknesses, opportunities, and threats. Paglozzi's greatest strength is that they have two other successful locations contributing to the overall brand's reputation. Additionally, the pizza shop has generated enough interest to where they are overflowing with orders. Sadly, their biggest weaknesses are past customer service failures and complications with delivering pizzas in a satisfactory manner. But, because of Paglozzi's previous shortcomings, they have ample opportunity and room to improve. Socially and economically, it seems that there are more than enough consumers, who love, eat, and routinely buy pizza, to sustain the business. Technologically, the restaurant could **put into place a better online ordering system that will also people to order pizza well ahead of the time** that they want it. This will help them secure a possible first come first serve slot. But some regulatory measures may hinder some of the proposed solutions. For instance, the government could enforce a stricter minimum wage; making it more difficult to acquire more personnel. Or, the landlord of the location (new or old) may have rules about how many pizza ovens can be running on his property. There are lots of threats and opportunities to consider before making a decision. But, nonetheless, a decision *must* be made.

Making a Marketing Decision

At face value, Option #1 is the easiest solution to implement. This is mainly because there is no big expense involved. The employees would only have to do two things: keep track of the number of pizzas and politely limit themselves to serving only *those* customers. To many companies, this would present a precarious risk. Managers are afraid that customers will grow tired of being rejected. Thinking that “If we keep turning people away, they’ll never consider our pizza in the future.” While that is indeed a possibility, there is a greater, more dangerous certainty. If your business does bad service, the news will spread. Whether it’s on social media, Google reviews, or old-fashioned word-of-mouth, unsatisfied customers will be a talkative bunch. Dissatisfied customers frequently vent to their friends about their bad experiences — even more so than positive ones. This is because “when experiencing regret, people feel responsible for the negative event. This results in a negative feeling about oneself, which can induce a tendency to stress the social bonds with others to reduce this negative feeling.” (Wetzer, Zeelenberg, and Pieters, 2007, p. 669). Consumers left with bad tastes in their mouths (literally or figuratively) will be sure to get this bad experience off of their chests. So, in fact, there are *some* circumstances where turning away business is smart in a marketing sense. If “new business will cost you money, tarnish your reputation, and possibly even damage the long-term prospects of your organization,” (like in Paglozzi’s situation) you might consider turning away excess orders (Sonnenberg, 2020, para. 1).

But, turning away people in favor of serving existing customers may prove to have even more benefits. Think of fancy, exclusive, and prestigious restaurants that use a reservation system. If Paglozzi’s could have a large draw of patrons, with limited capacity, this new factor of rarity could reposition the brand in consumer minds. This is a well-known phenomenon called ‘social proof’. It is built upon the idea that decisions about brand quality can be informed by that brand’s social popularity. In other words, “consumers rely on the collaboratively shared information and experiences of others to infer a course of action" (Amblee and Bui, 2011, p. 91). This idea is self-evident; people prefer to shop and eat at *popular* places. So, when a customer walks into a restaurant and sees lots of people seated, their brain jumps to two conclusions:

- Lots of people have assessed this place and found that they have good pizza.
- This restaurant must provide good value at this price point (Kogan, 2013, para. 4).

If a place, like Paglozzi's, becomes hard to get in to, it may be appear exclusive and alluring to the target market.

Crafting a Promotional Program to Support Company Decisions

A solid promotional mix will improve the execution of this new plan for having an order capacity. First, flyers should be sent out to all previous, and some prospective, B2B customers. These flyers should inform customers about the new website feature that allows orders to be placed hours in advance. Perhaps to heighten interest and develop a sense of urgency, Paglozzi's could offer an incentive for the first ten orders of each day. Sales promotions (BOGO, % off, and punch cards) could be added to these flyers as well. Such discounts often have an "impact on consumer perceived value" in the immediate sense (Sinha and Verma, 2020). But these promotional efforts should be accompanied by a new *product* strategy as well. It is a good idea for Paglozzi's to purchase another pizza oven. But, instead of paying $20,000 dollars for one, the managers should shop around for a smaller, more modern piece of equipment. For instance, the Ooni Karu pizza oven runs for $350 dollars and has options for charcoal, wood, or gas flame cooking (Quin, 2020). Plus, the oven can cook a pizza in 60 seconds once the proper heat is reached. This could add another promotional appeal. Customers could then specify whether or not they want a charcoal, wood, or gas cooked pizza. Either way, purchasing a miniature pizza oven makes a ton more sense than a full-fledged expensive and bulky cooking system... especially for a company who is struggling.

Summing it Up

In conclusion, the best case scenario, for Paglozzi's, is to set a maximum capacity on pizza ordering, at least during the multiple lunch rush hours, so that each customer receives prompt service. The website should be updated to include a "schedule your order" function which will allow customers to place an order any time of day rather than rushing during their half hour lunchtime. To bolster these new operations, a print advertising campaign should be executed with literature that supports Paglozzi's new and improved offerings. If all goes well, Paglozzi's will improve their brand reputation through quality customer service, become desirable in the eyes of consumers, and save money in the process.

Most importantly, this project will require lots of hard work. Big problems and failing businesses cannot magically fix themselves. The Bible encourages us to make plans and follow them up with guided effort. "The plans of the diligent certainly lead to advantage, But everyone who is in a hurry certainly comes to poverty" (Proverbs 21:5, NASB). Paglozzi's must heed these words, roll their sleeves up, and get to work on delivering better service. Once that happens, the Flint location may once again become profitable.

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