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### Papa John's International Inc. Case Study Sample

John Schnatter's venture into the pizza industry started off as a simple business plan that served a limited number of customers back in 1982. Despite the business being small; Schnatter's focused on delivering high quality pizzas and quick customer service. The business grew and Schnatter branded it to, "Papa John's Pizza". Papa John's pizza currently takes the third position globally among the biggest pizza chain firms (Papa John's, 1). Below is an analysis report of Papa John's Pizza which summarizes the case taking care of all elements; both primary and secondary.

Ideally, Papa John's logistics comprise of internal and external strategies that are used to enhance the business operations and at the same time, bring revenue to the firm. These are the inbound logistic strategies and the outbound logistics (Papa John's, 1). The inbound logistics of Papa John's entails the means in which customers order for pizzas without having to physically walk to the restaurant. At Papa John's pizza, customers have been enabled with an online means where they can place their orders for delivery to their homes or places of work. The online logistics accounts for almost half of the company revenues through sales (Papa John's, 1). In the year 2007, the total revenue of Papa John's was \$ 1.063 billion and included was USD 400 Million from the online account (Papa John's, 1). In outbound logistics, Papa John's has several vans used for pizza delivery to customers who order through the online platform or text messages. The available means of distribution in at Papa John's pizza place include sit down

dining, customer deliveries, carry out for walk-ins and customized take and bake orders. The delivery of pizza has been deemed as a dangerous job next to that of military personnel and the drivers are exposed to high risks (Papa John's, 1). Nonetheless, Papa John's pizza has institutionalized protections measures for these drivers. However, the question of whether the drives should carry protective weapons especially at night is still debatable.

Besides, the operations of Papa John's pizza are greatly enhanced through their strategic location in prime areas where customers are available in large numbers. The operations of the company are also supported largely by their suppliers who are the commissaries of such locations (Papa John's, 1). Through the support of suppliers, the company is able to cut down the costs of operations and save on high hiring costs. Leasing of company buildings and other delivery vans increases flexibility in terms of relocation to new areas if need be (Papa John's, 1). In addition to the commissaries, Papa John's has increased partnerships with other third parties who help keep prices of supplies as low as possible, for example, BIBO commodities.

Consequently, Papa John's pizza marketing and sales promotion are carried out in a radicalized manner to ensure wide popularity and persuasion of customers. Advertising has been made national through the television and radio, internet, direct mail and at the store (Papa John's, 1). The company further engages in community activities by offering support to activities such as sports. In addition to the CSR sponsorship, Papa John's pizza offers educational scholarships to individuals. The marketing strategy of including other proprietary items and desert in the menu strengthens further the already strong brand. Papa John's pizza believes in a quick and efficient customer service to respond to queries and complains (Papa John's, 1). The company offers fast customer service online through the internet. This offers instant responses to customers 24 hours a day all year round.

Additionally, the procurement of cheese and other products for Papa John's is made efficient through its partnership with suppliers such as BIBP commodities. Furthermore, the company has connected itself with several regional commissaries who supply to the store in all locations available nationwide (Papa John's, 1). Technology in the pizza industry is an important aspect especially in ordering and communication with customers. Papa John's has integrated an effective use of IT applications and text messages through which customers can make their orders (Papa John's, 1). The company further deliver promotional information through the IT and text messaging service to the customers.

Moreover, Papa John's pizza ensures that its human capital is developed more through the Operation Support Service and Training (OSST) program. The OSST program is an important approach for the human resources management department. The general company administration is effective to ensure continued growth in the highly competitive and saturated pizza industry (Papa John's, 1). Papa John's pizza company derives competitive advantage from the application of efficient cost and product differentiation strategies. These strategies are significant for the expansion of the customer base. The company faces a lot of challenges in the industry from its rival in the industry such as Dominos Pizza and Pizza Hut and due to the unstable conditions in the market of many countries where it has stores (Papa John's, 1). Through its slogan of 'Better Ingredients, Better Pizza, Papa John's', the company has been able to attract many customers and differentiate its products more.

### **Papa John's pizza mission statements**

The company defines its mission statement in four so as to cover its four main stakeholders – customers, team members, franchises, and shareholders.

#### **Customers**

Papa John's will create superior brand loyalty, i.e. "raving fans", through (a) authentic, superior-quality products, (b) legendary customer service and (c) exceptional community service.

### **Team Members**

People are our most important asset. Papa John's will provide clear, consistent, strategic leadership and career opportunities for Team Members who (a) exhibit passion toward their work, (b) uphold our Core Values, (c) take pride of ownership in building the long-term value of the Papa John's brand and (d) have ethical business practices (Papa John's, 1).

### **Franchisees**

We will work as a team with our franchisees to create continued opportunity for outstanding financial returns to those franchisees who (a) adhere to Papa John's proven Core Values and systems, (b) exhibit passion in running their businesses and (c) take pride of ownership in building the long-term value of the Papa John's brand (Papa John's, 1).

### **Shareholders**

*"We will produce superior long-term value for our shareholder. (Papa John's, 1)."*

The company mission statements are informative and each conveys important information about the company. This is essential as it clarifies important purposes of the company as regards to each stakeholder. The statements are stated simply and in simple language (Papa John's, 1). The simplicity avoids dilution of the overall message intended and captures the essence of the company. Using as few words as possible maintains clarity of message and important details. The statements do not seem to be memorable word per word but the meaning of the relay can be recalled easily. When people memorize mission statements they are able to use them to in making important decisions about the company. Customers are able to understand in brief what the company does for them, and all other stakeholders. The contents of Papa John's

mission statements are achievable and as a matter of fact, almost everything that they have stated is being done (Papa John's, 1). The statements do not contain an element of ambiguity as clarity is enhanced through simplicity of ideas. As such, employees of Papa John's can completely support the statement of the team members. In the light of the above elements, Papa John's mission statements have been stated appropriately.

Papa John's financial position is well maintained for sustaining the operations of the company worldwide efficiently and makes profit from the venture as well. The revenue from operating activities features income from the commissaries and other external sources indicating that the influence of the company has a positive impact on the stakeholders (Papa John's, 1). The worth of franchises in Papa John's business is determinable from the financial position showing a close connection of the company with them. The financial information showing on the company's revenue and statement of position are indicators of the success of the strategic goals of the company of, "*building the strongest brand loyalty in the pizza industry*". The role of the commissaries, franchises and external income sources emphasizes the results.

The company intends to fulfill its strategy of building the strongest brand through five major components. These include (1) offering high-quality menu items, (2) ensuring efficiency in business operations, (3) human resource training and development, (4) effective marketing and sales programs and (5) using a strong franchise system. The application of the above components makes the strategy more appropriate for the company due to the enhanced achievability.

### **SWOT analysis of Papa John's pizza company**

#### **Strengths**

Papa John's company is very large owing to its global existence and this gives the company more competitive power over most of its competitors. The company enjoys the benefits

of economies of scale as a result. Furthermore, Papa John's enjoys a large customer base worldwide who are loyal to the company (Shabanova et al, 45). The global nature of the company ensures that the company has a large and extensive market for its products. The company has an effective and efficient human resource due to corporate training.

### **Weaknesses**

Despite that the company has large revenue base, much of it is taken away by commissaries and partnerships which the company is in. The company's flexibility in terms of location by having commissaries support may raise uncertainties in the consumers and stakeholders who have invested in the company (Shabanova et al, 45). Unstable economies in the countries where the company has stores may negatively affect its growth abroad. There is high competition in the pizza industry requiring the company to stay in check always.

### **Opportunities**

Papa John's company can be able to invest more abroad with the vast revenue sources from trade. Due to its flexible nature, the company can relocate to suitable areas as per customer location, or preferences (Shabanova et al, 75). Online and text ordering makes the company more convenient for customers and thus more preferred. Through partnerships, the company can be able to invest widely even in risky areas.

### **Threats**

The rising expenditures in advertising promotional activities consume a bigger portion of the revenues which could be used for investment. High competition in the pizza industry from big rivals like Dominos Pizza and Pizza Hut, threatens the survival of the company (Shabanova et al, 85). Taxes in different countries may be higher, thus taking away much income from the company.

**Recommendations for SWOT analysis**

The SWOT analysis indicates several opportunities for the company which could be exploited by maximizing the strengths. The weaknesses and threats can be improved as the business gains more momentum. The global expansion should be engaged fully with the vast incomes and partnerships (Shabanova et al, 55). The pizza industry seems appropriate for Papa John's given that the company has made huge milestone being the third chain in the world.

**Recommendation: Differentiation strategy**

The strategic desire of the company to build the strongest brand in the pizza industry can be enhanced and achieved in the greatest way possible through an improvement in the current differentiation strategy (Shabanova et al, 28). Papa John's should continue its persistence in offering products uniquely valued by customers due to the high quality of ingredients and overall pizza state. The differentiation strategy increases the reputation and customer loyalty to the company products.

**Ethical considerations of the strategy**

Pizza industry requires that the manufacturers employ the highest degree of hygiene in preparation, packaging, and delivery. In the application of the differentiation strategy, Papa John's Company should meet the health standards set as well as ensure that all other products offered in the expanded menu also adhere to such regulations. It would be unethical by using strong additives to the pizza during preparation to make the dough, for instance, gain extra properties. The corporate responsibility of the company of participation in community activities through sponsorships and scholarships should be enhanced and made equitable for all. Packaging materials should be those which are biodegradable to prevent environmental degradation.

In short, Papa John's is one of the most popular pizza restaurants. Its strategy has worked well over the years helping it to make millions in revenue. Nonetheless, their journey has not been without challenges. There is an increase in competition and this is an eminent threat to Papa John's. However, the company should stick to its strategy and enhance its mission statement.



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