

The Journey from Worst to First

5 CX lessons we learned from the Domino's turnaround

The secret it turns out, is in the sauce. And the dough. And the cheese. But it's also in the corporate culture, the marketing, the store layout, and the technology.

On March 6, at HAP's first CX Connect event, HAP's C.A.R.E. Connectors got to taste the results of their improvement efforts with a sampling of Domino's pizzas. And we got to hear how Domino's achieved them from Tim McIntyre, Domino's executive vice president of Communication, Investor Relations and Legislative Affairs.

A pizza revival

In the depths of the recession, with Domino's franchises averaging a mere \$49,000 in profits per year, Domino's decided it was time to take a look at what was going wrong. What they found was that, while consumers loved their speedy delivery, they weren't quite as crazy about the product. In an effort to preserve profits, a series of cost-saving measures had resulted in a pizza that was so bad it was tied for last with Chuck E. Cheese.

"That's why the space shuttle blew up," says McIntyre. "Because every team was required to use the lowest cost equipment and every little team worked independently. Everybody had a great idea over here independently to drive costs out of the space shuttle and then when it launched, it exploded."

After taking a long hard look in the mirror, Domino's decided to reinvent. They spent two years working on a new recipe, going through 30 dough recipes, 24 sauces and 2 dozen cheese blends.

"We wanted something that wasn't incremental. We wanted something that was transformational," says McIntyre.

After getting the product right, it was time to tell the public. In a bold ad campaign, they showed people responding negatively to the old product, and then talked about the new pizza, more herbs, better cheese, etc., offering a \$5.99 medium pizza deal.

"People thought we were crazy," says McIntyre, about baring the truth and apologizing for an inferior product.

But it worked. Over the first few days, Domino's came dangerously close to running out of pepperoni and had to buy dough trays from other pizza chains.

Since then, they have reinvented the rest of the menu, redesigned the stores to create "pizza theaters" where carry-out customers can watch their dinner being made, and dazzled customers with a series of digital tools that help pizza lovers order pizza and track their orders.

Domino's has gone from being tied for worst pizza to being number one today. With over 15,000 stores in 89 countries, the Ann Arbor-based company has reached \$12 billion in global retail sales. And their franchisees went from an average annual profit of \$49,000 to an average of \$123,000.

What does pizza have to do with health insurance?

Before Tim took the podium, Ann Jones, HAP's director of Marketing, challenged us to get inspired by the Domino's story. And if the lively Q & A was any indication, we did!

We talked about what can we learn from Domino's and apply here at HAP to improve the consumer experience. Here are five of the key lessons we learned and some questions to ponder:

In business and in life, if you want to convince someone that you've changed, "make sure the change is real, honest and sincere."

Regardless of your industry or the product you sell, customer trust comes from honesty and transparency. And it requires a willingness to look at what you're doing in a way that may be uncomfortable.

"People think when they're in control, pizza tastes better"

Domino's identified what McIntyre called an emotional roller coaster. Excitement goes up when you order a pizza. Then, you wonder if they got the order right, if they'll be able to find your house, how long it's going to take. And excitement goes way down. Then the doorbell rings and it goes back up. In order to improve the customer's experience, they created the Pizza tracker which shows the order, when it goes into the oven, the name of the person making it, when it goes into the car, the name of the driver and how far they are from your house.

Domino's invested aggressively in data analytics and digital platforms that have transformed the customer experience.

How can we make our product (health insurance) more appealing by helping our members feel like they're in control?

"If you're not failing, you're not trying."

They spent two years creating a new recipe. 85 percent of their current menu is new. With both menu items and technology, they're constantly coming up with new ideas, developing what Tim refers to as "pretotypes" and testing them. If an idea starts to fail, they pull it.

Collectively, lots of little cost savings turned out a really bad product

Domino's, says McIntyre, adopted the attitude, "We're not going to cut our way to greatness. We're going to work really hard and look at those things that we can control. What we can control is that we have engineered our pizza in such a way that we tied with Chuck E.-freaking Cheese."

Their pizza tasted really bad. They were focused on delivery time (30 min. or less), and by cutting costs here and there they ended up with a bad product.

Are there places where we have tried to "cut our way to greatness?" And if so, what can we control to make a better product and better experience for our customers?

Prioritize that which will benefit customers and team members

When pitching new ideas, Domino's focuses on the benefit to both customers and team members more than the company's bottom line. They invest in the ideas that they think are going to work, rather than the ones that fit into the next year's budget.

"We invest for the long term, because if you're constantly chasing short term stuff, you're not going to get to the long term. You need to have a strategy. You need to have a pace for change. And you need to have a plan. And that's what we decided to do," says McIntyre.

We thank Tim McIntyre for giving us lots of food for thought. And we invite you to join in some Domino's kind of thinking with us. If you're not a Connector yet, there's still time to become one and get your invitation to our next CX Connect event in May. [Learn How to Become a C.A.R.E. Connector](#) or visit the [Personal Brand page](#) on oneHAP to find other helpful resources.