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Domino's Illustrates Power Of 'Rational' Appeals

Karlene Lukovitz, May 13, 2010 01:47 PM

Domino's Pizza's recent sales surge is one compelling reminder of the power of a clear benefit appeal and intelligent execution, as opposed to advertising that entertains but falls short on results, in the opinion of at least one marketing consultant.

"In a world that believes that advertising must be entertaining, Domino's is winning with a rational product message that is honest, informative and persuasive," asserts Gary Stibel, founder/CEO of Westport, Conn.-based marketing management consultancy New England Consulting Group. (Domino's is not a client.)

Domino's, which introduced and began marketing its reformulated core pizza product late last year, reported a 14.3% jump in domestic-same-store sales in this year's first quarter. Pizza Hut parent Yum Brands reported a 1% sales decline and 9% profit decline for the pizza chain on a same-store basis in Q1, although it noted "significant improvement" in sales for the period versus fourth-quarter 2009. Papa John's reported a 0.4% decrease in overall domestic same-store sales, including a 1.8% decrease for company-owned stores and a 0.1% increase for franchised locations.

While Domino's reformulated pizza is an improvement on its former product, its current competitive advantage within a mature and highly competitive market is based primarily on positioning and execution, rather than a superior product, maintains Stibel.

Domino's' "Oh Yes We Did" product relaunch TV campaign won both attention and credibility with consumers by frankly acknowledging that the old product wasn't all that hot, and backing its improved claim with a money-back guarantee, as opposed to the price-promotion or entertainment value approaches of competitors, he says.

Stibel also credits Domino's for successfully leveraging digital media in conjunction with television to greatly expand the reach of its message cost-effectively -- for example, its new social media-based "Taste Bud Bounty" contest incenting fans to bring "holdouts" (friends who still haven't tried the new pizza) into the fold. "They clearly understand that loyal supporters are far more effective at converting others to a brand than television alone," he notes.

Citing trends revealed by New England's competitive benchmarking data, Stibel says that examples of other brands that are gaining share against their closest competitors by employing "old-school rational messages, in addition to emotional appeals" include Sam Adams beer (versus Heineken), Audi (versus BMW) and Southwest Airlines (versus JetBlue).

Southwest's "Bags Fly Free" campaign is succeeding, for example, because it consistently reinforces, across media, a single, rational differentiator that has "hit a nerve with consumers," he says.

"Making good products better and then leveraging strong, clear positioning and execution is, of course, hardly a 'new' strategy for growth and competitive advantage -- best practices marketers have been using this formula successfully for decades," Stibel adds. "But it does seem that many marketers are too often forgetting that programming is for entertaining people, and advertising is for selling."