

BY ELISABETH A. SULLIVAN//STAFF WRITER

A CUT ABOVE

ANY WAY YOU SLICE IT, PIZZA HUT'S RECENT MARKETING EFFORTS HAVE EARNED THE PIZZA GIANT A LOT OF ATTENTION FROM CONSUMERS AND MEDIA ALIKE

WHO: Dallas-based Pizza Hut Inc.—a subsidiary of Louisville, Ky.-based Yum! Brands Inc., one of the largest fast-food companies in the world—leads the pizza-making pack with more than 12,000 locations in 100 countries. Pizza Hut's U.S. sales totaled \$5.4 billion in 2007, according to Yum! Brands.



WHAT: Pizza Hut has been a stalwart in the pizza category since 1958, but over the past few years, the brand had lost relevance, says Pizza Hut CMO Brian Niccol.

Pizza Hut also finds itself in a faltering category. National pizza chains are losing share to other meal options, as more consumers seek out healthier options and turn to grocery store products for more of their meals. And rising ingredient prices have

made pizza, once considered the epitome of cheap meals, a bit more expensive—just as more fast food purveyors are adding value meals and dollar menus.

To try to secure a larger slice of the home meal replacement market, Niccol and his team set out to differentiate and elevate the Pizza Hut brand, to push the brand beyond pizza, and to make the brand more relevant and accessible to young, tech-savvy consumers.

HOW: Late last March, Pizza Hut added two pasta entrées to its menu—meaty marinara and creamy chicken Alfredo—and debuted the new additions with a surprising announcement. At a press conference/celebration for the pasta launch, President and Chief Concept Officer Scott Bergren announced, “Starting tomorrow, Pizza Hut is Pasta Hut.” Exterior signage at the company's Dallas headquarters had been changed, the Web site had been redesigned, and a national print and TV ad campaign would run to announce the name change, the company said. The American media picked up the story, and TV news anchors across the country debated whether the name change was an elaborate PR stunt or a drastic business decision.

It was, of course, a PR stunt—and an effective one at that. “The launch of Tuscani Pastas coincided with April Fools’ Day, so it was the perfect occasion to have some fun around the product debut,” Niccol says. The joke was readily apparent, but the company's focus on pasta is very real,

he says. Pizza Hut is working to break out of the struggling pizza category and into the broader home meal replacement category by becoming the first national pizza chain to offer pasta for delivery. “We identified pasta as a product that our customers were already consuming on a regular basis but one where we could enhance their pasta experience by offering the convenience of delivery,” Niccol says.

Judging by the “real consumers’ reactions” in Pizza Hut's Tuscani Pasta TV commercials created by BBDO New York, the company's foray into pasta is a hit. Unsuspecting consumers shown in the TV spots who tried the pasta declared them restaurant-worthy—and consumers at home have agreed. “In the first month, we sold 2 million trays of pasta. That's 6 million pounds of pasta!” Niccol says.

Ron Paul, president and CEO of Chicago-based food industry research firm Technomic Inc., says the menu expansion was a smart one. “From a consumer's perspective, [the phrase] ‘pizza and pasta’ rolls right off the tongue. ... It could be a billion-dollar business for [Pizza Hut].”

But Pizza Hut isn't stopping at pasta. This year, the company plans to significantly expand its WingStreet chicken wing business to up to 3,000 locations across the country. And Pizza Hut is one of the latest entrants into the natural ingredients category, using multigrain crust and all-natural pepperoni, sausage and tomato sauce to make its pizza more appealing to health-conscious consumers.

Pizza Hut also is trying to create better customer engagement by becoming more relevant and accessible in the digital realm—in effect, to become the Amazon.com of the restaurant business, Niccol says. Last October, Pizza Hut launched a Facebook application that allows users to browse the full menu and place an order through the Facebook site. The app records the user's favorite meal choices to make future orders faster. The company recently

ran a contest awarding \$50 Pizza Hut gift cards to new Facebook “fans” and a sweepstakes awarding one fan a vacation for two to Italy, valued at \$10,000.

“It's important for us to stay relevant in the areas that are important to our core customers,” Niccol says. “We are approaching 1 million Pizza Hut fans on Facebook. ... We've identified a platform that is important to our customers, created a space there, and given them something relevant, both through our Facebook ordering application and through the various Facebook sweepstakes and promotions we've run.”

Pizza Hut also has created a desktop ordering widget and mobile ordering applications. The company has partnered with video game brands such as Rockstar Games and GameFly to promote the Pizza Hut brand in-game and become “the pizza of choice for gaming enthusiasts,” Niccol says. And Pizza Hut is going beyond using younger channels to using younger language. Like Coca-Cola's “Coke” or Reebok's “RBK,” Pizza Hut has created a shorthand, text-speak version of its name: “The Hut.”

Technomic's Paul says Pizza Hut is on the right track with its recent traditional and digital marketing efforts. The category is faltering and Pizza Hut's same-store sales dropped 1% in the fourth quarter of 2008, according to Yum! Brands. Pizza Hut faces competition from major players such as Papa John's and Domino's, as well as from supermarkets' lower-priced fare. Therefore, Pizza Hut has to market its convenience, quality and product assortment, Paul says, and that's just what Niccol is doing.

“The challenge for us as marketers is to find ways to become a part of everyday occasions, so that whether it's pizza, pasta or wings, Pizza Hut customers know they can turn to us at anytime for great food at a good value,” Niccol says. “The more successful we are at keeping our brand top of mind, the more successful we'll be inserting ourselves into those occasions.”

COMPANY	PIZZA HUT INC.
HEADQUARTERS	Dallas, Texas
2007 U.S. sales	\$5.4 billion *
2008 U.S. sales	N/A
Ad agency of record	BBDO New York

*Source: Yum! Brands Inc.