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LEADERSHIP & BUSINESS PODCAST

EPISODE 187: JOE JORDAN – THE DOMINO'S PIZZA STORY

Joe Jordan

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Female Speaker

From William & Mary in Williamsburg, Virginia. This is Leadership & Business, produced by the William & Mary School of Business and its MBA program. Offered in four formats the full-time, the part-time, the online, and the executive MBA. For more information, visit wm.edu.

Ken White

Welcome to Leadership & Business, the podcast that brings you the latest and best thinking from today's business leaders from across the world. Sharing strategies, information, and insight that help you become a more effective leader, communicator, and professional. I'm your host, Ken White. Thanks for listening. It's hard to imagine life without pizza and difficult to imagine pizza and pizza delivery without Domino's. It all began in 1960 with one store in Michigan. Now, Domino's is the number one pizza restaurant in the world, operating in 95 countries. By the end of the decade, Domino's expects to have 30,000 stores. 98% of the stores are owned by franchisees, and 95% of store owners worked at a Domino's before becoming owners. It's a success story fueled by a love of pizza, opportunity, and innovation. Joe Jordan is President of U. S. Business and Global Functions at Domino's. He's been with the organization for eleven years. He joins us to talk about the pizza business, Domino's guiding principles, and what it takes to stay on top. Here's our conversation with the President of Domino's, Joe Jordan.

Ken White

Well, Joe, you just finished speaking with the first-year students in our full-time MBA program, and several of them afterward came up to me and told me how much they

enjoyed your talk. But a number of them caught your passion. They said, wow, he's so passionate about what he does. What drives you?

Joe Jordan

I love the business, and I've always loved food as a business because it's so tangible, and you can get into the stores, you can get into the restaurants and see it. But the thing that makes me, and I believe pretty much everyone that works at Domino's, really passionate about the business is our franchisees. I mentioned in the presentation 95% of our franchisees started as drivers or pizza makers in our stores. And these are people who pizza is their life. It's not a job. We say that they have pizza sauce running in their veins, and they do. And they're in their stores 364 days a year. They're working when I'm home with my family when I'm on vacation. Their stores are open. So I feel an obligation to them, and it's a responsibility that I don't take lightly and that I take a lot of pride in. In helping make their lives better, and they help make their communities better. And so we're not just selling pizza. We say the power possible is what we talk about, one pizza at a time. And that's what our franchisees do, and I try to help them do it, and I love it.

Ken White

Over 90% of the franchisees come from within. That seems like a real differentiator.

Joe Jordan

It is a special sauce for us. Certainly, because it is a hard business, it's not an overly complicated business, but it's a hard business to run well. As I mentioned, you're open seven days a week. You're open late. Your busiest nights are Friday and Saturday when everyone else is at home. Having someone who knows what they're getting into, who isn't just investing in a business or buying themselves a job, as some franchise organizations are that way. This is someone who cares about pizza. They love pizza. They come up. We have a franchise management school that you need to have worked in the store before you can become a franchisee. You can't just write a check and buy a store. You have to know what it's about. If you know what it is about. We've seen that result in better stores, better operations, happier customers.

Ken White

You discussed the principles that lead Domino's and the organization. How are they created?

Joe Jordan

Yes, some of it is explicit. Some of it, I'll be honest, is a little rearview mirror strategy. It's, hey, we were really successful here. What did we do? Let's go back and look at that and try to codify that so we can replicate it. And so things like embracing revolution around

new and inspired. When we relaunched our pizza, we didn't say in 2009 2010, let's embrace revolution. We said we have to do something, that this company is in a very tough position. Our franchisees are in a tough position. Then as we worked through that, and it was so successful, we said, all right, what made that successful? It's because we weren't incremental. It's because we were big. We were bold. I've never seen an idea get bigger as it works its way through a company. They typically get smaller as they work through the operational complexities, the legal complexities. So let's start as big as we can, embrace that revolution, have big ideas, and have them be as big and as impactful when they finally hit the market as well.

Ken White

When you think of those big ideas, does one, in particular, come to mind, or are there many?

Joe Jordan

Yeah, there are a lot of them, but it's new and inspired, obviously, and coming out in the first place. And that's the grandfather of them. Instead of just saying, new and improved, we said, hey, our pizza was not good. That was the beginning of the modern era for Domino's Pizza. But since then, we created a pizza delivery car. We worked with Chevy. We worked with Roush and Aftermarket. We crash-tested these things. I mean, we're a pizza company. What are we doing? We're showing our passion to give customers a great pizza experience. And whether it's that, whether it's paving potholes, so our customers don't end up tipping their pizza off their front seat as they're driving home, we want customers to say. I can't believe a pizza company just did that. And that that's our action standard.

Ken White

I can't believe any company would publicly say, we don't like our product. We are starting over. That's bold.

Joe Jordan

It's Cortez burning the ships a little bit. Right. There was no going back from that. And there were a couple of nervous nights. And huge credit to Russell, who is our current CEO. Patrick, who was our CEO at the time, for being willing to take that chance. And it was a chance because I don't think anyone had done something quite like that before. Others have replicated since, but it ended up working. But it was a risk.

Ken White

One of your principles is uncommon honesty. And that ties into many of your campaigns.

Joe Jordan

Yeah, we talk a lot about tensions, and the tensions are these coiled-up discomforts. That's how we talk about them. And one of them in our brand was we were a pizza place without good pizza. That's a real tension. Another tension at the time, particularly around 2009, 2010, a lot of protesting, a lot of people feeling that the government wasn't being honest large organizations weren't being honest. So we could have just said new and improved and been out there and not taking a risk and not had the same reaction. But our values are internally uncommon honesty with each other. Shouldn't we treat our customers the same way? And shouldn't we go out there? And it has the dual benefit of being who we are genuinely. But then breaking through in all the media noise that's out there as we're trying to get our customers attention.

Ken White

Man, isn't breaking through tough?

Joe Jordan

It really is because it can be a sea of sameness. And we like to think that customers think about our brands a lot more than they do. We're thinking about it all the time. But no, there's particular moments and occasions that they're going to be thinking about us. And how do you make sure that one, you're going to be top of mind, and then two, you're going to be top of mind with a relevant brand difference for them?

Ken White

And so many channels requires great creativity. How does Domino's approach that?

Joe Jordan

Yeah, we're fortunate in that we have a fantastic team. Our marketing team in the building are some of the most creative marketers who are as passionate as I am about the business and using that, oh, yes, we did standard. We're also very fortunate. We work with an advertising agency out of Colorado called Work in Progress, and they've been fantastic brand partners for years who understand the brand and what we're doing. They're not coming up with ideas to win awards, which many agencies do. They're coming up ideas that will drive our business then, that happened to win awards as well.

Ken White

The tagline oh, yes, we did. Seems to be a big piece of what Domino's stands for.

Joe Jordan

It really is. And again, from a tagline perspective, I think it's okay. Some customers will play it back. What I want customers to playback is the underlying sentiment underneath it of

this is a company that I'm occasionally taken aback by what they're doing. And they care so much, they think so much about this, whether it's changing the ordering process or helping drive recycling on pizza boxes, which a lot of people are very confused about. They're thinking about this whole thing and trying to make this better for me. And I can't believe someone would be that maniacal about pizza.

Ken White

It's fun, and it's a differentiator.

Joe Jordan

It is, and it helps make our business run better, and it helps make our brand stronger for our customers.

Ken White

We'll continue our conversation with Joe Jordan in just a minute. Our podcast is brought to you by the William & Mary School of Business. The world is changing like we've never seen before, and that means change for business and your role in it. You can sit on the sidelines and watch things evolve, or you can be a part of creating the future. If you want the tools and education needed to succeed in the years ahead, we invite you to consider the MBA program at William & Mary. Wherever you happen to be in your career, William & Mary has an MBA program for you. The full-time, the part-time, the online, and the executive MBA all taught by the number one-ranked MBA faculty in America. Take charge of your future. Check out the MBA program at William & Mary at wm.edu. Now back to our conversation with Joe Jordan.

Ken White

When you talked with our students earlier today, you discussed defining why. That's a Domino's principle. Can you tell us about defining why?

Joe Jordan

Yeah, I think otherwise. It's really easy to be in an ideation or to see these ideas from your agencies and for things to feel scattershot, to not feel like they're all coming from the same brand. And we talk about the magic of pizza, and the magic is creating magical pizza experiences. And again, you combine that with the, oh, yes, we did action standard. And is this something that's going to really create a magical pizza experience? How is it going to change our consumers again, ordering process, the value that they're getting from 20 minutes delivery, the guidance around recycling? Just how do we continue to make that better for them?

Ken White

You mentioned the ordering process. How do people order today?

Joe Jordan

Yeah, we say there's over 34 million ways to order Domino's Pizza, so there's a lot of different ways to come at it. But it's digital. There are still double digits of customers who are calling our stores, but the large majority are our business, 80% plus, significantly higher in some markets around the world, approaching 98%, 99% digital. And it's more app and mobile-based than desktop. As we continue to as every one of us is carrying an ordering kiosk in our pockets these days. And that's great because what it helps us do, in addition to giving a great experience for them in that one occasion, is that's our data, that's our information. We know when you ordered. We know what you ordered. We know that you ordered a lava cake last time. You didn't order it this time. On Tuesdays, you tend to order this. But if you're ordering on Sundays when football's on, you order something differently. How can we suggest different things to you? How can we reach out to you with a text or an email at the right time to drive that purchase consideration? So digital has been a huge boon for us. It's something we were ahead of before the Pandemic, certainly. A lot of money and a lot of time has been spent by our competitors since the Pandemic, as we've seen the adoption for more traditional QSRs, whether it's legacy like McDonald's or newer competitors like Chipotle.

Ken White

and QSR stands for?

Joe Jordan

Quick Serve Restaurants, so sorry.

Ken White

When it comes to how people get their pizza, you have two basic types of customers.

Joe Jordan

That's right. Yeah. So carry out and delivery. So delivery is our legacy. It's who we were. It's what we started. We were the first ones to go there. That's a huge part of our business, and it will always be a huge part of our business. There's customers who love that convenience, just being able to stay at home, know that they're going to get a fresh, hot pizza within the promised delivery times. But then there's another group of customers who are a little more price sensitive. Maybe they don't want to pay a delivery fee. Maybe they don't want to tip a delivery driver. And they also like the control of being able to go into the store, grab the pizza, make sure the pizza is right, and then a little bit also be the hero when you come home. We hear that as well. Certainly, from parents walking in the door

with pizza, you're greeted by your kids as a hero. So carry out and delivery really two different, certainly in many cases, customers, absolutely two different occasions that we're trying to understand the needs for and fulfill against.

Ken White

Those two customer types. Is that just in the U.S.?

Joe Jordan

That is globally. That is absolutely globally, yeah. And we're traditionally delivery first around the world, but we do have markets that are significantly bigger in carry out around the world. So the great thing about it is it's two different businesses. But the box, the store, we can leverage that store, that restaurant for both businesses. So having more carry-out locations, customers won't drive too far for carry-out. They're not going to drive past a couple other restaurants to get to yours. So the more restaurants we have, and we've seen this as we build more restaurants, we drive our carry-out business, the more restaurants we have on the delivery side, we have a shorter drive to your house. So you get a fresher, hotter pizza, you're more likely to come back. And it costs us less to drive because we're not driving as far. So the two businesses really can be synergistic from a real estate and restaurant development standpoint.

Ken White

Growth at Domino's has been consistent over the years. It's really pretty incredible.

Joe Jordan

Yeah, we've been very fortunate. We've grown the volumes in particular as we think about the orders that we put through the stores. More recently, with inflation, I think we're all seeing prices go up, and so we're seeing growth on that part as well. But when we look back to pre-pandemic and post-pandemic, we've grown both our delivery and carry-out businesses pretty significantly. The great news is we're still in the 20s in our share of pizza. When you look at overall QSR, overall restaurants, we're in the low single digits. So we're just getting started.

Ken White

Getting back to the Domino's principles. One is get innovation ready. Can you tell us about that?

Joe Jordan

Yeah. And that's about aligning your internal teams and making sure that as you think about defining your why does everybody understand that? Not just the marketing team. Your technology team needs to understand that. Your supply chain team needs to

understand that so that you can all be rolling in the same direction. Otherwise, maybe they're thinking about some new infrastructure project in supply chain and SAP, and we're trying to launch this new ordering platform. And what's more important, and how do we prioritize, and what are we really going after?

Ken White

In your talk this morning with our MBA students, you showed a number of television commercials that Domino's has aired over the years. And while I was watching, it occurred to me, yes, Domino's is, of course, in the business of pizza, but it's also a storytelling organization. Is storytelling important to Domino's?

Joe Jordan

It is, and we want an emotional connection to the brand, not just a functional connection. Yes, we're going to give you hot pizza at a great value, and we're going to get it to you quickly, but we want consumers to understand the why behind it because that's going to get them to think about us as a brand differently. And the only way you can do that is to first understand that why, but then make sure when you're telling those stories, what's really Domino's about them and is it not just plug X brand in here as a lot of advertising, unfortunately, is what's uniquely Domino's about it.

Ken White

That's hard.

Joe Jordan

It's very hard, but it's fun. It's also a lot of fun. And when you get it right, when you see that ad out there, and you're wearing the logo in an airport, and we were running an Inflation Buster special recently, so it seems like everything is 20% more expensive. We're going to give you 20% off, and you're getting stopped as you're going through. You guys thank you so much for doing that. And whether it's the potholes or whatever it may be, customers continually stopping you and saying, that's fantastic. That's great. Hey, I didn't know all your stores were owned by local franchisees. And when they play that back, it's a different connection with the brand. It's not just functional.

Ken White

What's ahead for Domino's?

Joe Jordan

Oh, it's different flavors, but more of the same. So we need to continue to dominate in delivery and get our service right. And as we're in an inflationary and labor-crunched place, we need to make sure we're staffing our stores appropriately and giving the service

that's expected. I continue to believe that, particularly within the carry-out space, we have so much growth opportunity in the U.S. to still grow there. On the international side, missed it by one. We opened 999 stores last year. I would have been swinging a hammer myself if I knew we could have gotten to the 1,000. But there's still so much opportunity for us to grow in markets around the world. Markets opening triple-digit stores per year. Markets like India and China, where, again, we're just scratching the surface.

Ken White

People like their pizza, don't they?

Joe Jordan

People like pizza. Dough, sauce, and cheese works pretty well universally. We might see different topics around the world, but yeah.

Ken White

That's our conversation with Joe Jordan. That's it for this episode of Leadership & Business. Our podcast is brought to you by the William & Mary School of Business, home of the MBA program, offered in four formats the full-time, the part-time, the online, and the executive MBA. The new year is right around the corner. Take control of it and your future. Check out the William & Mary MBA program at wm.edu. Thanks to our guest, Joe Jordan, and thanks to you for joining us. I'm Ken White, wishing you a safe, happy, and productive week ahead.

Female Voice

We'd like to hear from you regarding the podcast. We invite you to share your ideas, questions, and thoughts with us by emailing us at podcast@wm.edu. Thanks for listening to Leadership and Business.