



THE MARKET

Australians now eat between four and five meals a week which are prepared outside the home, and this figure is growing.

The convenience food market as a whole is worth about \$7.5 billion a year and is growing at a rate of 10% annually. Of all the foods available in this market, the pizza segment is expanding more quickly than any other and pizza now ranks a very close second to burgers.

Australians eat over 45 million pizzas every year. Of these around 50% are supplied by Pizza Hut.

The home delivery segment of the pizza market is growing especially fast. Pizza Hut, the largest pizza chain in the world, entered the delivery market in Australia in 1985 and now holds around 50% of it.

ACHIEVEMENTS

Pizza Hut's most obvious achievement is to be market leader worldwide, in the process generating retail sales worth some \$8 billion - over a third of giant parent PepsiCo's total sales revenue. It is worth mentioning that PepsiCo itself, which of course embraces Pizza Hut, was recently named by Fortune Magazine as one of the ten most admired corporations from a list of 300 multinationals. The award was made after a poll of over 8000 executives.

But success for Pizza Hut in Australia - as in other countries - goes far beyond profit. The company has made a significant contribution to the Australian economy and to the Australian community.

Pizza Hut Australia is, for example, one of the nation's top 300 exporters, exporting food and equipment worth over \$10 million every year. The company buys annually 1500 tonnes of tomatoes, 6000 tonnes of cheese, 1500 tonnes of beef and 10,000 tonnes of flour - in total a shopping list worth over \$100 million a year to the Australian economy. These products are often bought from local busi-



nesses in the same town or suburb as the Pizza Hut restaurant which uses them. This ensures that produce is always fresh, and that much of the money spent in the local Pizza Hut goes back into local businesses.

The group now runs 464 outlets in Australia and New Zealand, serving about 12 million Australians a year in its restaurants and delivering 20 million pizzas a year into Australian homes. In the process, Pizza Hut Australia employs some 15000 Australians, mostly young people, and has consistently maintained its position as one of the top ten employers of young Australians in the country. It provides staff with dedicated training programs to develop their skills in a range of food processing, retailing and marketing activities. Pizza Hut is proud of the reputation it has won as a responsible and innovative employer and regards this as one of its greatest achievements.

Pizza Hut also prides itself on the speed with which it introduces new services and products.

Pizza Hut home delivery, for example, was introduced as long ago as 1985 in Brisbane, and even then used a 'one-number' dialling system. This meant that customers needed only to dial one telephone number to be connected automatically to their nearest delivery outlet. That system was rapidly introduced nationally. Today, off premise consumption accounts for over 50% of total sales.

Other innovations to

meet various customer demands have been brought in with the same speed. The first Pizza Hut Express, for instance opened in Queensland in 1989 and there are now 17 of them in Australia and New Zealand. Express aims to complete the customer's transaction within an incredible 60 seconds, but with no falling off in the high quality of the food. It's a concept tailor-made for especially active 'on-the-go' customers.

Pizza Hut was also the first convenience food chain in Australia to go smoke free.

HISTORY

The Pizza Hut story started in 1958 when brothers Frank and Don Carney were students at Wichita State University in Kansas, USA. Dan, at 25, was working on a Master's in business administration and Frank was a 19-year-old undergraduate considering a career in electrical engineering. They worked evenings and weekends in the family grocery store.

The landlady of the grocery store became concerned about the rowdiness of the clientele of the tavern next to the store, premises which she also owned. She wanted a 'nice neighbourhood business' to take over the property, and had read about the growing popularity of pizzas among Americans. Although the taste had not hit Wichita yet, she approached Dan Carney with the idea of opening a pizza outlet to replace the tavern. He discussed it with his brother, and, Dan Carney recalled later: "we decided it just might work."

On 13 June 1958 the first Pizza Hut restaurant opened in Wichita. By September it was grossing US\$700-US\$800 a week, and by December that figure had topped US\$1000. Pizza Hut restaurants numbers two and three soon followed.

By the next year the first franchise agreements had been signed, entitling the franchisee to use the Pizza Hut name, the 'secret' recipes, and to call on management assistance from the Carneys. After that, it seemed that nothing could stop the new



enterprise. Over the next 14 years, the number of franchise and company restaurants topped 1000. Meanwhile, Pizza Hut developed its own style, particularly with the adoption of its trademark red roof in 1969.

By 1977 Pizza Hut restaurants numbered 3000. In that same year, Pizza Hut Worldwide, including Pizza Hut Australia (which had been set up in 1970), was acquired by PepsiCo Inc with the overwhelming approval of Pizza Hut stockholders. In 1989 PepsiCo Australia and Pizza Hut's franchise organisation in Victoria, Tasmania and South Australia merged with the rival Dial-a-Dino's chain of delivery units, adding almost 100 such units to Pizza Hut's system.

This made Pizza Hut the largest fast food chain in Australia. In fact, Pizza Hut is now the largest pizza chain in the world with over 10,000 outlets in 25 countries - including one in Gorky St, Moscow.

THE PRODUCT

Pizza Hut undertakes constant in-depth market research into changing tastes and needs of the public. Once interesting and appealing foods have been identified, various concepts are trialled by the company's inhouse technical services department, often working closely with Pizza Hut suppliers. In many cases, suppliers can develop products specific to Pizza Hut's needs.

Newly developed products are tested extensively with consumers and modified to suit their taste. As a result, Pizza Hut has built up an enormous repertoire of products which have proved successful right around the world.

In selecting new ingredients and food items, quality always ranks as the top priority. All pizzas must meet an internal 'gold standard' of quality, and no ingredients can be changed or added without in-depth consumer research to demonstrate that the changes add value and quality to the end product.

Pizza Hut takes great pride that it was the first to introduce to consumers a new kind of pizza base which is quite different from the traditional thin and crispy style. This is the deep fried pan pizza base, and it brought to consumers a new crispy, crunchy taste, which could be topped with their favourite meats and vegetables.

Over the years consumer tastes have changed but the top four most popular pizzas are still Super Supreme, Ham and Pineapple, Vegetarian, and Meat Lovers, all of them popular on both thin and crispy and pan pizza bases.

RECENT DEVELOPMENTS

In 1996, Pizza Hut Australia selected Canberra as a live test market to launch the new Stuffed Crust pizza. This new base offers consumers the opportunity to try cheese baked right into the crust with zesty sauce on the base.

After just twelve weeks in the marketplace an awareness of the product had reached a staggering 84%. As a result, Pizza Hut's Stuffed Crust was launched throughout Australia and New Zealand in 1997. The product has been so popular that extensions to the line are now being offered.



PROMOTION

Pizza Hut's most recent and most successful promotion involved telling the people of Australia and New Zealand to 'Get Stuffed' - a provocative way of launching the new Stuffed Crust pizza. The launch was conducted in three phases: a soft launch to tease the market; a mainstream media launch; and a sustained television campaign. For two weeks during the soft launch,

helicopters towed 'Get Stuffed' banners across the skies, and after that the press and radio carried repeated 'Get Stuffed' messages.

The mainstream launch started two weeks later and used provocatively worded outdoor billboards. The helicopter then revealed the whole message, and after that the product itself was delivered to all key media, news editors, marketing writers and radio stations to generate as much awareness as possible.

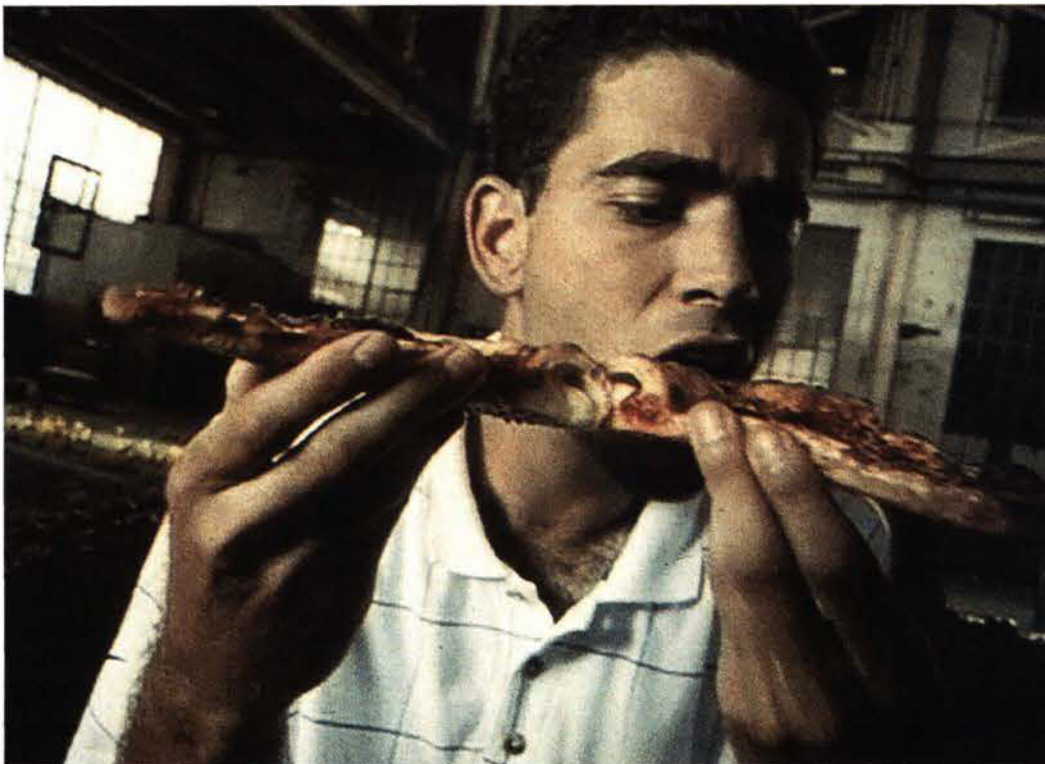
The third phase involved 'Get Stuffed' radio promotions and the launch of the Stuffed Crust television campaign which featured international celebrities such as Pete Sampras, John McEnroe, Damon Hill, Murray Walker, Cindy Crawford and Linda Evangelista among many others.

To date, over half the population of Australia has tasted Pizza Hut's Stuffed Crust pizza.

BRAND VALUES

Pizza Hut summarises its key objective as 'to give every customer a reason to return', and this phrase embodies the brand's major values. These involve a relentless attention to six aspects of Pizza Hut's business: quality, service, cleanliness, hospitality, accuracy of order and maintenance of facility.

Success in all six areas adds up to customer satisfaction, and that means that Pizza Hut will have achieved its goal - to be the first choice on every 'pizza occasion' by always providing 100% customer satisfaction.



Things you didn't know about Pizza Hut

- Pizza Hut buys over \$100 million of Australian product every year.
- Australians buy more than 45 million pizzas every year in restaurants, as takeaways, or home delivered - and Pizza Hut supplies around half of them.
- Pizza Hut uses 6 million kilos of Australian flour each year - enough to make over 12 million birthday cakes - and another 6 million kilos of Australian cheese.
- For pizza packaging, Pizza Hut uses over 4.5 million linear metres of Australian recycled board each year.
- In the first six months after the Stuffed Crust launch, over half of the Australian population had tasted it.