



# Papa John's: A Strategic Marketing Case Analysis in the Pizza Industry

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## Abstract

*Papa John's is a multinational publicly traded company that previously operated out of Louisville, KY with new operations now taking place in Atlanta, GA. Papa John's focuses and operates in the pizza delivery and servicing industry. The purpose of this analysis is to identify strengths, weaknesses, opportunities, and threats throughout Papa John's business model while also offering strategic alternatives. These alternatives are used as guidance to allow Papa John's to garner increased profits for shareholders and a larger market presence in a heavily saturated pizza delivery industry. Papa John's has been one of the major players in the food delivery industry but has historically been dominated by other pizza delivery brands such as Domino's, Pizza Hut, and Little Caesar's Pizza. Many of the opportunities and threats identified in this analysis stem from Papa John's position in the pizza delivery market.*

**Keywords:** Papa John's, Pizza, Michael Porter's Five Forces, Marketing Strategies and Alternatives

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## Introduction

Papa John's is a multinational publicly traded company that previously operated out of Louisville, KY with new operations now taking place in Atlanta, GA. Papa John's focuses and operates in the pizza delivery and servicing industry. The purpose of this analysis is to identify strengths, weaknesses, opportunities, and threats throughout Papa John's business model while also offering strategic alternatives. These alternatives are used as guidance to allow Papa John's to garner increased profits for shareholders and a larger market presence in a heavily saturated pizza delivery industry. Papa John's has been one of the major players in the food delivery industry but has historically been dominated by other pizza delivery brands such as Domino's, Pizza Hut, and Little Caesar's Pizza. Many of the opportunities and threats identified in this analysis stem from Papa John's position in the pizza delivery market. The opportunities for Papa John's found in this analysis are forward thinking and crucial to the company's future success. The opportunities for Papa John's include the expansion of a healthy alternative menu, long term international growth opportunities, creation of additional brand awareness, future investment into the lunch menu category. The threats for Papa John's are stiff competition with companies that with more capital and proven track record, niche restaurants offering pizzas through food delivery apps, FDA regulations, and low switching costs for customers. Papa John's nonetheless is still a dominant force with years of successful sales. Having garnered these successful sales, this analysis notes a few strengths and weaknesses within the company. Some of Papa John's strengths include their quality centric approach to their food, brand loyalty, high customer satisfaction rating, successful training programs for franchisees, and their successful expansion into the lunch category. Papa John's weaknesses include the dependence on few suppliers to provide key ingredients, limited menu items, and reliance on sporting event television ads.

## Situational Analysis

### Environment

Papa John's saw a steep decline in sales and a steady uptick in its sales since the ousting of former CEO and chairman, John Schattner. Papa John's in 2017 experienced heavy scrutiny and negative publicity from the racist and politically charged comments made at the time from their leader and namesake of the company, John Schattner. At that time in 2017, Papa John's had sales of \$1.78 billion but following the comments that were made the company saw 6.7% sales decline the following year in 2018 to \$1.66 billion. The company has been in recovery mode ever since.

Global sentiment towards pizza has changed over the years as well. To Papa John's dismay, there has been a growing preference for healthier food options. Many niche pizzerias now offer gluten free or healthy pizza options to fit the consumers' growing needs. This has been a major disruptor to the pizza delivery industry. Even with this

disruption, Papa John's has been positively affected by the need for easy deliverable items due to the pandemic and individual needs to feed their family quickly and cheaply, but consumers can and will continue to pursue healthier options. Due to the current pandemic conditions, there has been an increased appetite for foods that are deliverable, with minimal human interaction, and cost effectiveness. Papa John's happens to fit those categories seeing as though their product can be easily deliverable, with minimal human interaction, and price sensitive.

**Political and Legal Issues:** Embattled former CEO, John Schattner, had a turbulent and controversial exit from his seat at the helm of Papa John's. Schattner formally stepped down from his role as CEO in December 2017 due to his comments made about the NFL's handling of athlete's peaceful protests. His comments struck a nerve with the public as well as top leadership within the company. Though Schattner stepped down from CEO, he still retained his role as chairman of the company's board. He would soon lose this role in July 2018 amid a controversial recording of him using a racial slur during a call between company executives and a marketing agency. John Schattner filed multiple lawsuits against the organization due to his swift removal. Schattner also sent multiple letters to franchisees during the summer of 2019 stating that current CEO, Steve Ritchie was toxic, unfit, and "rot at the top". Due to these comments, the company took multiple steps to distance themselves from their former CEO and chairman. They did this by removing his image from marketing materials and launching an ad campaign featuring a diverse group of franchisees and employees.

**Summary of environmental opportunities and threats:** The external business climate for Papa John's has shown that there happens to be many threats yet many opportunities for the company. The opportunities include but are not limited to a rise in the need for limited human interaction due to the ongoing effects of the covid-19. Papa John's exploits this opportunity by having a tried and proven delivery service straight to consumers. Though Papa John's has been advantageous in their business model during the pandemic, they have many threats that have, will, and may negatively affect their revenues and bottom line. The current environment for healthy alternative options is one that Papa John's has failed to address in their business model. Daily, consumers are switching to diets that are gluten-free, vegan, and keto due to their individual health reasons. Currently, Papa John's menu does address the need for a gluten-free crust but many times that item simply isn't available in that location or not offered at all. Papa John's failure to adequately address this opportunity leaves them with both a threat and opportunity.

**Implications for Development of Strategy:** The current environment for Papa John's opens them up for a unique opportunity and threat. With Papa John's having the motto of "Better Ingredients Better Pizza", they can market their new health-conscious menu items that indeed do have better ingredients thus leading to better pizza for their customers and customer needs better addressed. As noted earlier, Papa John's has been one of the few winners during the covid-19 pandemic. Over the past calendar year, Papa John's has experienced increased revenues, with April 2020 being their most profitable month ever. As well as having a stock price that is up 65% over the past year. With the increased revenue and stock price, Papa John's stands at a unique time in which they have access to excess capital that can and should be used to further broaden their menu. In broadening their menu, they should make their gluten-free items more readily available and venture into other health-conscious items that may be vegan or keto.

## **Industry**

**Classification and definition of industry:** As previously mentioned, Papa John's was founded by John Schnatter in 1984. Papa John's is known for their pizzas first and foremost but also their take on dipping sauces being paired with pizzas. Though they are predominantly known for their pizzas, Papa John's does feature other items such as wings, deserts, and their new venture into the casual lunch space with papadias. Papa John's core competency lies within their pizza and their pizza alone. All other items are supplemental. With that being said, the pizza industry is one with big name players at the top all vying for one another's market share. Due to the ongoing effects of the covid-19 pandemic, pizza businesses have all experienced substantial growth with new niche competitors entering the crowded sector daily.

**Analysis of existing competitors:** The pizza industry in the US and globally has many companies that are threats to Papa John's. These companies are well respected, tenured, and affluent with a long track record of success. Papa John's target market consists of fast-food eaters, pizza consumers, and families. The major players targeting this market consists of Pizza Hut, Domino's, and Little Caesars Pizza. The leader in this market happens to be Domino's. Domino's currently has over three times the number of stores that Papa John's has domestically and internationally. Domino's is one of the oldest pizzas chains the United States being in business for over 60 years. Pizza Hut, another major competitor, has been in business for even longer than Domino's. In comparison, Papa John's has only been in business for about 36 years. Those 36 years have been spent constantly chasing those competitors and trying to differentiate themselves. In many analyses, Papa John's is considered the third or fourth best pizza chain nationally when it pertains to revenues and bottom-line profit. The top three being Domino's, Pizza Hut, and Little Caesars in that order. When compared to Papa John's, the top grossing pizza chain, Domino's has 2019 revenues 2.6 times that of

Papa John's. In 2019, Domino's garnered over \$7.04 billion dollars' worth of sales whereas Papa John's had \$2.64 billion dollars' worth.

**Analysis of New Entrants:** The pizza industry faces constant threats of new entrants into the industry. These new entrants are championed by food delivery services such as Door Dash, Uber eats, and Grub Hub. It can be noted that many consumers when choosing pizza may want a niche pizzeria that sells pizza kin to specific cities such as New York City, Brooklyn, Chicago, or countries such as Italy. These niche pizzerias have often been around and are typically family-owned restaurants but offer superior tasting and superior quality pizzas than that of Papa John's and its competitors. These family-owned restaurants don't take up the majority market share of pizza restaurants nationally, but they are surely a disruptor. Family-owned niche restaurants have been advantageously impacted by the rise of food delivery services such as Door Dash, Uber eats, and Grub Hub. These food delivery services provide the disruptive family-owned restaurants with a technology that allows for their restaurants to deliver straight to the consumer and have more presence through the apps run by sed delivery services. Papa John's and its competitors rely on their own app infrastructure and marketing to connect them to their consumer. Today's consumer has the food delivery apps on their phone and scans it periodically to search for restaurants to deliver them their meals. The convenience of Door Dash, Uber eats, and Grub Hub has allowed these companies to connect to a broader market of consumers daily.

**Analysis of Substitute Products:** In the fast-food, pizza, and food delivery industry substitute products are a commonality. There are countless number of chains and single store restaurants that have a more diverse and convenient menu, but none are the proverbial best. In today's market, consumers can choose between a myriad of dining options purely from the convenience of their phone. These options are broad and ever expanding. The options may include but are not limited to cost, convenience, quality, and other elements unique to each restaurant. Substitute products for Papa Johns would include burritos, burgers, sandwiches, or wings.

**Analysis of suppliers:** In terms of suppliers to Papa John's and pizza restaurant, the power lies within the suppliers. In the pizza industry, there are few suppliers that can adequately produce the right type of cheese, tomato sauce, and crust at scale. Papa John's relies heavily on their cheese supplier, Leprino Foods, to produce and supply their special blend of cheese. In fact, Leprino Foods supplies not only Papa John's with their cheese but also their top three competitors: Domino's, Pizza Hut, and Little Caesars. With a monopoly on the market, Leprino Foods is viewed as the premiere supplier of the most fundamental of pizza ingredients, cheese. Leprino Foods leverages this monopoly and is also one of the only dairy giants to never have a recall on the product in which they supply. Though Papa John's relies heavily on their relationship with Leprino to produce their cheese, Papa John's does produce and supply their own proprietary crust.

**Analysis of buyers:** Buyers in this market are typically young adults, corporate buyers, or families. Specifically, their buyers lie within the age range of 18-44. The buyers in this group can vaguely be described as having average income and medium education level. Education level and income are key metrics in fast-food restaurants as typically individuals with lower income and lower levels of education eat less healthy dining options. Though this is a key metric, many buyers don't tend to see Papa John's as a better-quality pizza between the known pizza options. Young adults tend to buy smaller amounts of pizza with the sole purpose of buying because it is cheap and can easily fill their stomach and needs. These buyers have very little bargaining power over prices but are price sensitive with low switching costs between brands. Young adults could seek out a Papa John's pizza, note that the price is too high, and quickly google "Domino's Pizza" or "Pizza Hut" and order a price of similar quality and possible lesser price. The same sentiment can be made for families. Families are typically looking to order pizzas to feed their families or in hosting a group of people. With Papa John's pizza being of near similar quality, families could quickly switch to a competitor if they find prices to be too high.

**Summary of Industry Opportunities and Threats:** Papa John's sits at a unique opportunity within the pizza industry to be a forward-thinking brand, with high quality ingredients, and an expansive healthy menu. The opportunities that lie ahead with Papa John's are for their taking but it comes with many threats. The threats being the low switching costs, stiff competition, substitute products, and federal regulations. As previously mentioned, Papa John's has an opportunity to act on their slogan of "Better Ingredients. Better Pizza" by offering health-conscious items that fit consumers growing food trends and needs. I see this as being their best opportunity that easily fits within their current marketing strategy. Other opportunities that exist for Papa John's includes an expansion into more international markets as well their continued growth into the casual lunch market with their new papadias. With these opportunities, Papa John's can possible climb the ladder of the pizza giants, earn more revenue, and a stronger bottom line for their investors. However, with these opportunities for growth, Papa John's competitors lurk in the background with access to more capital and resources to capitalize on a formula that Papa John's proves. The increased sentiment for healthy options will negatively affect Papa John's if they do not pivot. Currently, there are already restaurants that offer healthy pizza options that have recently gained access to an expansive consumer pool

through food delivery apps such as DoorDash, UberEats, and GrubHub. This should be a great threat to Papa John's. Growing sentiments for healthy alternatives plus those same alternatives being out on the market with new entry to customers, poses a great threat to Papa John's. Though this is a threat, Papa John's and its competitors have now fully tapped into this growing market which leaves them with an opportunity for growth with their deeper pockets and resources.

**Implication of Strategy Development:** Unlike many restaurants and other food service sectors, Papa John's has been fortunate to experience positive revenue and sales growth in 2020. Papa John's also happens to be a company that markets themselves as a pizza chain with "Better Ingredients. Better Pizza". Papa John's with this current slogan and marketing scheme at place sits on a platform to launch into a new sector of healthy alternatives for their pizzas and menu. Currently, smaller restaurant chains have started to disrupt the pizza market with their offering of healthy alternative pizzas and steal some of the top competitor's market share. The industry could stand to a diligent approach to offering healthy alternatives or a separate menu to cater to these needs. If not, they could see revenues slowly decline as consumers move out of the accessibility of that pizzas provide during covid-19 and its stay-at-home orders and back into their health needs that pizza giants are failing to address.

### **Organization**

**Objectives and Constraints:** In their mission statement, the company describes "Papa John's will create superior brand loyalty i.e 'raving fans', through (a) authentic, superior-quality products, (b) legendary customer service and (c) exceptional community service.". Papa John's goals and slogan seemed to be aligned here. They have a heavy influence on their pizza having better quality ingredients than their competitors. This seems to be their main differentiating factor. The emphasis on ingredients and quality are noted throughout all of Papa John's operations. Leadership within Papa John's and their focus on their seemingly differentiating factor, 'superior-quality products', is one that they expect to set them apart from the stiff competition, increase revenues, and garner them positive reviews from customers. Though they focus heavily on their quality ingredients, Papa John's still has a very customer-centric approach as their second objective in their mission statement is to increase brand loyalty through legendary customer service. With these focuses, nonetheless, Papa John's still faces constraints caused by lowering switching costs for customers between brands, customers health consciousness, and competition with and stronghold on the market share.

**Financial condition:** Due to the ongoing effects of the covid-19 pandemic, Papa John's has experience positive revenue growth year over year. The accessibility and low cost of Papa John's pizza played an advantageous role in their financial growth with restaurants in many regions not being allowed to open, have dine in guests, or limited to only outside dining at any time. Newly released earnings report for 2020 Q4, shows the pizza chain earning \$469.8 million compared to \$417.5M in 2019. This leaves Papa Johns with \$52M and 13% in top line revenue growth. When comparing the net income in the same quarters, Papa John's saw a \$2.1 million net income loss in Q4 of 2019 compared to a \$13.2 million net income gain in Q4 of 2020. Papa John's news of positive revenue growth and an increase in net income for Q4 are all good news considering the expenses they incurred in the same quarter. Papa John's had major news of headquarter relocation from Louisville, KY to Atlanta, Ga that saw them incurring \$6 million for their strategic reorganization. The company also paid out \$2.7 million in end-of-year bonuses for its domestic restaurant workers. Had Papa John's not incurred these costs, they would have had an even favorable financial condition.

**Management Philosophy:** Papa John's management philosophy focuses heavily on the development of its franchisees and the staff in which the corporation and its franchisees employees. Papa John's since its hiring of its new CEO, Rob Lynch, has made this a primary objection of the company. As previously noted, Papa John's has paid out \$2.7 million in bonuses to its domestic workers. This is one example of Papa John's management philosophy. Papa John's has also invested heavily into an operator assistance program meant to assist and educate the franchisees housed under them. The program began in the wake of embattled former CEO, John Schattner's, ousting from the company. The operator assistance program was installed with funding to support franchisees' new marketing campaigns, re-imaging initiatives, and address operating challenges.

**Organizational Structure/Culture:** After the ousting of former CEO and chairman, John Schattner, Papa John's restructured their organization to be a tall structured organization with key people in leadership positions to make decisions. Papa John's currently has 12 executives with chief roles that sit at the top of their organizational structure. These individuals oversee making the final decisions with the approval of their 10 board members. This tall structured organization has a plethora of franchisees that look to the executives for implementation of strategy and marketing. Papa John's corporate and franchisees has many workers that look to the top of the organization as well for the implementation of these strategies. The primary issue with a tall structured organization like that of Papa John's is that the message and implementation many times can be lost between the different levels within the chain of

command. In recent years, Papa John's has become an organization that prides itself on collaboration and development of its franchisees. Once again, this has come in the wake of the ousting of CEO and chairman, John Schattner. Papa John's has done an effective job of collaboration with its franchisees. Franchisees have recently rated Papa John's as a great company to work for with the proper tools at their disposal. Collaboration with franchisees has led to positive sales growth in fiscal year 2020.

### Summary of Firm's Strengths and Weaknesses

**Strengths:** (1) Papa John's has a recognizable brand image that has begun to spread international and new markets domestically. (2) Successful differentiation into lunch sandwich market with papadias. (3) Marketing practices that have led to higher sales, customer experience, and brand image. (4) Successful entry and standing in the international pizza market. (5) Company culture is viewed as one that is positive, impactful, strong, and collaborative. (6) Business development of franchisees has led to year over year sales growth.

**Weaknesses:** (1) Company has had negative reviews of the deteriorating quality of their pizzas (2) Relies heavily on suppliers to provide them cheese. (3) Too many different players within the pizza industry. (4) There are larger pizza chains that have greater market control with better marketing and access to stronger capital pool. (5) Low switching costs for customers to choose from between different pizza chains. (6) Company lacks variety on their menu. (7) Company fails to adequately address consumers' needs for healthier options to the standard pizza. (8) Consumers are becoming hyper aware of the foods they are eating and its ingredients.

**Implications of Development Strategy:** Papa John's has the ability to focus on the marketing and expansion of a new menu line with health-conscious items. None of its competitors have adequately addressed these needs and with Papa John's increased revenues along with their positive cash flow they have the excess capital to begin investments into a new menu line. The excess capital and structuring of Papa John's organization leaves them with the ability to adapt and invest in the reality of consumers growing health consciousness. Papa John's has been advantageously impacted by covid-19 unlike other restaurants. This advantageously can and should be used towards preparing for their future.

### Marketing Strategy

**Objectives and constraints:** Before the onset of the Covid-19 pandemic, Papa John's had been looking to move into a growing lunch category that had been dominated by other fast-food restaurants. Papa John's approach was to provide a product that could serve as a quick item to eat for consumers. The idea that Papa John's came up with was the "Papadias". A cheesy flatbread that mimicked a small pizza folded in half. Outside of the papadias, Papa John's had concluded that they needed to move out of their sole marketing during athletic and sporting events. Once again due to the covid-19 pandemic, all sporting events were cancelled leaving Papa John's with no choice but to market outside of sporting events. Nonetheless, Papa John's is still focused on further tapping into the lunch market with newer items that have not been developed yet. Their transition into the lunch market, is one the company projects will further increase their sales and help them venture into a new market. At the helm of this marketing strategy is their chief supply chain officer, Max Wetzel. He oversees the marketing materials the company uses to show the new expansive menu they hope to bring to market. The constraints in Papa John's further move into the lunch category is that it is heavily dominated by fast-food restaurants and chains that have made their living off of the capitalization of this category. With the rapid changing food landscape, the success of Papa John's will be met with stiff reactions from those restaurants, chains, and entrants looking to capitalize off Papa John's concept.

**Analysis of sales, profits, and market share:** Papa John's total revenue exceeded \$1.8 billion in 2020. For the company, that was a 12% improvement from 2019. With the increased revenues, Papa John's experienced a 15% profit increase from 2019. Papa John's has been a benefactor of the covid-19 like many of its peers in the pizza category. Outside of the pandemic, Papa John's has experienced a streak of revenue growth the past 6 years. Papa John's posted revenues of \$1.762 billion in 2019 compared to \$1.693 billion in 2018. A 4% increase. In continuation, Papa John's has a revenue growth percentage of 3.73%, .7%, and 1.2% for the years ended 2018, 2017, 2016 in that order. Papa John's is one of the major players in the pizza delivery market. Papa John's garners about 20% of the pizza delivery market. With a saturated pizza delivery market, Papa John's has been fortunate to produce sales and revenues while contended against 3 other major players with larger market shares and new entrants constantly.

**Analysis of target market:** Papa John's target market is adults of all ages. Adults anywhere from the age of 18-64. These consumers are typically looking to eat something filling with costs in mind. Papa John's tends to focus specifically on those adults between the age of 18-44. Adults in that range could be college students, young working adults, or those with a family to feed. This segment tends to be those who are looking to feed themselves or others

with price constantly in mind. This target market being so expansive leaves Papa John's with multiple needs that must be addressed.

### Analysis of Marketing Mix Variables

**Price:** Papa John's utilizes many strategies to market its product. The pricing strategy one can note with Papa John's is its pricing to stay competitive with its competitors. Its main competitors kept in mind during pricing being Domino's and Pizza Hut. Both competitors offer pizza a slightly lower price point than Papa John's but they do not offer better quality ingredients as Papa John's states. It can also be noted that Papa John's offers different prices based on the market in which it is serving.

**Product:** Papa John's core product lies within wide range of different pizzas on their menu. The offer pizzas ranging from small personal pizzas to x-large pizzas meant to feed multiple people. Each pizza size comes with 4 different crust types to choose from. After a size and crust has been chosen, customers may choose between 7 different toppings to add onto their pizza. The different options and styles for pizza gives the customer the opportunity to customize the pizza to their liking. Along with the variation of pizzas, Papa John's also offers their take on a sandwich style calzone called papadias, wings, and various desserts.

**Promotion:** Papa John's offers a loyalty program that was created to entice customers to further purchase more pizzas and be rewarded for their purchases through discounts and free items. A reward for their loyalty. Televised promotions have been Papa John's main method of marketing to their consumer. Papa John's has used various athletes amongst the likes of Peyton Manning and Shaquille O'Neal to market their products through television ads. Papa John's has partnered with various sporting leagues such as the NFL and the NCAA to be the sole provider of pizzas during their sporting events. This partnership has allowed Papa John's to display marketing materials during, before, and after their events.

**Place:** Papa John's and its pizza can be found in most places within the United States and internationally In China, Guam, Kazakhstan, Japan, and Chile to name a few. Papa Johns has grown their product so much so that they are now offered in five out of the seven global continents. Papa John's accomplishes this by having a vast distribution channel that is far reaching effectively placing their goods in locations that most consumers may find and purchase.

### Summary of Marketing Strategy's Strengths and Weaknesses

**Strengths:** Papa John's has successfully pivoted from marketing solely during sporting events. The use of prominent figures especially athletes have a lasting impression on consumers.

Papa John's uses unique names for new items such as papadias that easily memorable and reflective of the product to the company. Papa John's has used its slogan "Better ingredients. Better Pizza" to justify customers paying slightly more for their products.

**Weaknesses:** Papa John's relies heavily on athletes and their endorsement to market and push their products. Papa John's has not implemented marketing strategies that helps them grow in other international markets as most athletes used are not internationally known. Other avenues should be explored. Papa John's has not begun to market or develop strategies to increase sales amongst a growing segment of health-conscious eaters. Papa John's is in a market with major players with a larger market share than they currently have. To reach new customers, Papa John's must do things to further differentiate themselves.

### Implications for Strategy Development

Papa John's has remained competitive within the saturated pizza delivery space by marketing themselves as having "Better ingredients. Better Pizza". Though this is their sentiment, their competitors still have a stronghold on the market due to their promotions. Currently, Papa John's places a heavy focus on the marketing of their products through athletes, celebrities, and domestically known figures. Papa John's venture into customer loyalty program and their divestment from marketing during athletic events have allowed the company hopefully be able to reach a new target market. Increase the amount of people that are eating its pizza. Focus on their brand imaging. Many people still associate Papa Johns with their alignment to John Schattner and his personal views.

### Problems Found in Situational Analysis

**Statement of primary problem(s):** Papa John's limited menu that does not meet the need of a new emerging market.

**Evidence of problem(s):** The Health Policy Center at the Institute of Health Research and Policy at the University of Illinois analyzed the health effects of a diet containing pizza eaten from the top leading chains in the United States. Their findings are what most would assume to be true. Their findings found that the through pizza the increased

intake of saturated fats and salts increases levels of cholesterol, increases risks of obesity, diabetes, and high blood pressure - all of which could be fatal.

**Effects of problem:** Long-term health issues, illnesses, death.

**Statement of secondary problems(s):** Papa John's inability to market without celebrity endorsement

**Evidence of secondary problem:** Papa John's has used the likes of Peyton Manning and Shaquille O'Neal, of recent, to market their pizzas. This heavy reliance on celebrity endorsement leaves Papa John's in a vulnerable position.

### Strategic Alternatives for Solving Problems

**Strategic alternative (1):** Market items that are healthier and expand into organic options

**Benefits of this alternative:** Will allow Papa John's to reach a new market of customers that are health conscious that may have written off the company previous, thus increasing sales and brand image. **Costs of this alternative:** There will likely be increased costs to develop these healthier options. Costs that Papa John's can afford right now due to increased revenues due to the pandemic.

**Strategic alternative (2):** Invest in a marketing campaign based solely on the ingredients within the menu. **Benefits of this alternative:** Papa John's customers can see how exactly their ingredients are sourced allowing customers previously put off by pizza or new customers to be at peace with the ingredients consumed. **Costs of this alternative:** Costs should be around the same if not less than the athlete endorsement and celebrity commercials.

**Strategic alternative (3):** Papa John's should develop a marketing plan meant to optimize their investment into other companies. **Benefits:** Allows the company to increase their sales, revenue, and brand image amongst broader markets. **Cost:** Papa John's could run into cultural barriers, international regulations, and political issues if marketing campaign is not culturally correct or sensitive.

### Conclusion

Papa John's should broaden their menu to include healthier and organic items. It's a well-known sentiment that pizza is unhealthy. With access to more knowledge and information on what is in certain foods and what will cause your body harm, the unhealthy ingredients that are used in pizza will be catalyst for revenue decline. Papa John's has been fortunate to see a revenue increase this year due to the pandemic and the accessibility of their menu items, but that revenue increase and sales growth may not last for long. Once the pandemic subsides, and consumers are back to their daily routine, they will be back to focusing on their health and wellness. Papa John's and its competitors have not begun to adequately tap into this growing market leaving the potential sales up for grabs. Papa John's can take the same strategy that it has with the success of the papadias and market their new health-conscious pizza as a new menu. The health-conscious pizza would be its own subcategory and product thus having its own marketing plan like papadias. The marketing of this new item would not be done by athletes or anyone of the like but focused more on the ingredients of the pizza. Where the dough was sourced from, the cow that provided the milk for the cheese, and the vine that the tomato grew on that is used for their tomato sauce. This can all be successfully marketed through their current marketing mediums: social media and television ads. Doing so will allow further brand loyalty and a positive brand image that further substantiates the slogan "Better Ingredients. Better Pizza"

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