

HSC Business Studies Assessment Task 1

Operations- Extended Response.

An analysis and evaluation of Operations Strategies at Domino's Pizza Incorporated and Qantas Airways Ltd.



Ella Thornton

Year 12 Business Studies

Mr Sassine

Week 9 of Term 4

Table of Contents:

1.0 Introduction	Error! Bookmark not defined.
1.1 Business Profile: Qantas	Error! Bookmark not defined.
1.2 Business Profile: Domino's	Error! Bookmark not defined.
2.0 Operations Strategies	3
2.1 Performance Objectives	4
2.11 Qantas and Domino's prioritise Speed	4
2.12 Dependability at Qantas	4
2.13 Customisation at Domino's	5
2.2 Technology at Domino's	5
2.21 Qantas Case Study	5
2.3 New Product Design and Development at Domino's	6
2.31 Qantas Case Study	6
3.0 Conclusion	6
References	7, 8

1.0 Introduction

The following business report assesses effective strategies for QANTAS Airways Ltd. (Qantas) and Domino's Pizza Incorporated (Domino's) to improve their operations processes. The implementation of these strategies assists each business in sustaining their competitive advantage when facilitating efficient

production and service operations. Performance objectives (speed, dependability and customisation), technology, and new product design and development are three key operations strategies under analysis.

1.1 Business Profile: Qantas

Queensland and Northern Territory Aerial Services Limited (Qantas) was founded in 1920 and is a leading airline, specifically in the Asia-Pacific region. (ReferenceForBusiness.com, 2017). Qantas is an Australian-based company with over 30,000 employees, 93% of whom are based in Australia. (Qantas, 2017a). The company specialises in domestic and international air transportation with services ‘across a network spanning 182 destinations in 44 countries’(Qantas, 2017b). The Qantas Group operates two large airlines - Qantas and Jetstar - in addition to a range of regional subsidiaries. These subsidiary businesses range from Q Catering to their loyalty program ‘Qantas Frequent Flyer’(Reuters, 2017).

1.2 Business Profile: Domino’s

Domino’s Pizza Incorporated (Domino’s) is a leading restaurant pizza chain, recognized for dominating the market in pizza delivery. As of January 2017, Domino’s operates in over 13,800 locations in over 85 markets worldwide (Reuters, 2017). Domino’s is currently the leading pizza chain in Australia and the second largest in the U.S, following its major competitor “Pizza Hut” (BizDomino’s, 2014). The largest Domino’s master franchisee is Domino’s Pizza Enterprises Ltd, which owns and manages franchising rights and the Domino’s network across Australia, New Zealand and Europe (Domino’s Pizza Enterprises Ltd, 2015). In recent years the company has focused on expanding their menu and maintaining their reputation as leading innovators in the fast food industry.

2.0 Operations Strategies

Fundamentally, the role of the operations function is to transform inputs into useable outputs in the form of goods and services (Riley, 2016). In order to achieve operational goals, businesses can employ a range of strategies for more efficient and effective production. The main operations strategies available to businesses are performance objectives, new product or service design and development, supply chain management, outsourcing, technology, inventory management and quality management. To sustain their competitive advantage, businesses use these strategic objectives to establish and pursue unique goals and focus areas.

2.1 Performance Objectives

Performance objectives as an operations strategy, are defined as goals that relate to particular aspects of the transformation process. There are six main performance objectives that can be allocated to particular key performance indicators (KPI’s). These include; quality, speed, dependability, flexibility, customisation and cost. While all performance objectives are evident at Qantas and Domino’s, both businesses prioritise speed. Qantas also values dependability and Domino’s uses customisation as a key differentiator from their competitors.

2.11 Qantas and Domino's prioritise Speed

The performance objective, speed, refers to the time it takes for the production and operations process to respond to changes in market demand. Goals for speed include; reduced wait and lead times and faster processing times. Reducing or eliminating procedural and physical bottlenecks enables Domino's and Qantas greater efficiency in serving customers and increasing satisfaction. Domino's speed goals include decreasing the time of production and service of pizzas. 'We're introducing superfast ovens. It's conventional cooking made faster, so you get all the flavour without the wait' (Mejj, 2015). In the case of Qantas, they decreased the time taken to check in baggage by creating self serve kiosks and the 'Next Generation Check-In' initiative, in which the Q tag was introduced (Qantas, 2012). In both industries consumers demand fast delivery of the good/service. By valuing speed, both businesses are able to meet that demand and therefore create and sustain their competitive advantage.

2.12 Dependability at Qantas

Also known as 'reliability', dependability refers to the overall quality and consistency of a business's product. For Qantas as a transportation service, customers seek predictability and safety when purchasing the good/service. In 2015, Qantas was named the world's safest airline (Airlineratings.com). Engineers and pilots check each plane before departure as they wait for passengers to board. These checks raise potential issues with the plane prior to takeoff, providing customers with the assurance of safety for each flight, contributing to Qantas' competitive advantage as a reliable airline. In the 2015-2016 FY, Qantas' consistency regarding on time arrivals and departures were ranked second below Virgin Australia, however October, 2017 results indicate 'The Qantas network recorded 81.4% for on time arrivals while Virgin Australia recorded 79.5%' (Australian Government, 2017). Dependability, safety and consistency have ensured that Qantas' competitive advantage is sustained as customers develop trust in their services.

2.13 Customisation at Domino's

Customisation refers to the creation of individualised products to meet the specific needs of customers. In the Domino's network there are two main forms of customisation; mass customisation and 'Pizza Mogul'. Though Domino's has a set menu there are many avenues for customisation in the ordering process. Customers can alter toppings, base, sides and the method of collection (pickup or delivery). The Pizza Mogul program created by Domino's, allows customers to create custom pizzas, promote them via social media and make money when people order their creations - between 25c and \$4.25 per pizza (Domino's, 2014). By providing customers with a financial incentive for their creations Domino's increased interest in the program and overall business and therefore created a competitive advantage.

2.2 Technology at Domino's

Technology acts as an operations strategy when it creates a competitive advantage for the business (Chapman, S. et al. 2014). Both leading edge and established technology can simplify business operations; increasing production efficiency and improving communication. Established technology refers to existing and industry standard technology. Leading edge technology is the most advanced or innovative technology at any point in time. Domino's Robotic Unit (DRU) is the world's first and only autonomous delivery vehicle in the field of commercial delivery (Domino's Pizza Enterprises Ltd, 2016). This machine is a significant breakthrough for Domino's and the 'future commercialisation of this technology' (Tutty, 2016). It is not only the novelty of this technology that gives Domino's a competitive advantage in the eyes of the technological consumer, but there is also the potential for efficiency and reliability gains which businesses need to sustain any competitive advantage. The Domino's ethos focuses on customer convenience through technology. They recently announced 40 new digital projects that will be released in the next financial year (Stephenson, 2016). Their GPS delivery tracker (2015) and 'no-click' ordering (2016) technological innovations are two examples of Domino's revolutionary technology; though these are more established now. Domino's numerous digital platforms ensure that they keep up with changing technology; in doing so they sustain their competitive advantage as leaders in innovation.

2.21 Qantas Case Study

The thoughtful application of leading edge and established technology is also evident at Qantas. They have utilised technology to reinvent their checking in process, improve baggage management and increase augmented features for customers aboard their new Dreamliner plane (refer to 2.3). In 2012, Qantas used IBM, an outsourced partner, to improve the check-in process for Frequent Flyer members at Qantas, by creating the Q tag (refer to 2.11). The Q card system enabled loyal Qantas customers to check in by simply scanning their card as they enter the airport; no boarding passes or paper tags required (Qantas, 2017c). This technology was the first of its kind in the industry, and therefore provided Qantas with a sustainable competitive advantage against major competitor Virgin Airlines. The convenience of the product ensured customers remain loyal to Qantas and also gives non Qantas members further incentive to join their Frequent Flyer loyalty program.

2.3 New Product Design and Development at Domino's

The design, development, launch and sale of new products can contribute significantly to business growth and attaining a competitive advantage. There are two different approaches to product design and development:

- Consumer preferences- focusing on the needs and wants of the consumer when creating the product. Primarily determined through market research.
- Changes and innovations in technology- Designing and developing new products based on advances in technology.

In the operations function, it is imperative that businesses consider the impact of new products to the transformation process, ensuring they have appropriate facilities and skills to manufacture the new product. Domino's use advanced technology to create their products, however approach the design and development of new goods with a customer focus. After extensive market research, Domino's recently announced additions to their menu in the 2017-2018 FY, including; sundaes, baguettes, breakfast pizzas and thick shakes (released in July 2017). "We want to say we can provide our customers with breakfast,

lunch and dinner!” (Domino’s Public Relations, 2017). By introducing new products to their menu Domino’s can avoid post-renewal decline, entering new markets and sustaining their competitive advantage in the pizza industry.

2.31 Qantas Case Study

Similar to Domino’s, Qantas adopts a consumer approach to product development, while also utilising innovations in technology to create these products. They have recently taken advantage of Computer Aided Design (CAD), to design their new flagship 787-9 Dreamliner. Qantas group CEO Alan Joyce (2016) recently stated “We’re planning to make the most of the 787’s amazing range, so we’ve designed the cabin to give passengers a better experience on long haul flights.” Their new Dreamliner has ‘passenger comfort at the core of its design’ (Qantas, 2017d), with larger baggage lockers, bigger windows, additional onboard entertainment and more spacious and comfortable seating. By investing into this new aircraft, and using effective Computer Aided Manufacturing to implement these comparatively better features, the Dreamliner provides Qantas with a sustainable competitive advantage. The Qantas Virtual Reality app is an example of entertainment available to Qantas passengers, providing an interactive way of exploring destinations before physically travelling. Providing consumers with this unique ‘Qantas only’ experience further adds to their competitive advantage as a premium airline.

3.0 Conclusion

In summation, performance objectives, technology and new product design and development are three operations strategies that can contribute to business sustainability and growth. Qantas uses technology to create efficient and safe check-in processes and employs a customer preference approach to product development. Domino’s uses leading edge technology for quick production and delivery, and recently delved further into the world of product customisation. Their menu expansion seeks to attract new customers and maintain their position within changing markets. The utilisation of these strategies has been fundamental to efficient and effective operations at Qantas and Domino’s, enabling them to sustain existing competitive advantages as well as obtaining new ones.

References

ABC News, (2017). *Qantas tops airline safety rankings in analyst report*. [online]

Available at: <http://www.abc.net.au/news/2015-01-07/qantas-tops-airline-safety-rankings/6005074> [Accessed 24 Nov. 2017].

Australian Business Traveller, (2017). *Qantas vs Virgin Australia: which is the more on-time airline?* [online] Available at: <https://www.ausbt.com.au/qantas-vs-virgin-australia-which-is-the-more-on-time-airline> [Accessed 25 Nov. 2017].

Bitre.gov.au, (2017). *Airline On Time Performance Statistics —Monthly*. [online]

Available at: https://bitre.gov.au/statistics/aviation/otp_month.aspx [Accessed 24 Nov. 2017].

Biz.dominos.com, (2017). *What We're About - biz.dominos.com*. [online] Available at: <https://biz.dominos.com/web/public/about> [Accessed 19 Nov. 2017].

Chapman, S., Gallina, R. and Devenish, N. (2014). *Business Studies In Action*. 5th ed. [ebook] pp.72-97. [Accessed 22, 23, 24, 27, 29 Nov. 2017]

Dominos.com.au, (2017). *Technology & Innovation - Domino's Pizza*. [online] Available at: <https://www.dominos.com.au/inside-dominos/technology> [Accessed 19 Nov. 2017].

Editorial, R. (2017). *Company Profile* / *Reuters.com*. [online] U.S. Available at: <https://www.reuters.com/finance/stocks/company-profile/DPZ.N> [Accessed 22 Nov. 2017].

Editorial, R. (2017). *Company Profile for* *Company Name*. [online] IN. Available at: <https://in.reuters.com/finance/stocks/company-profile/QAN.AX> [Accessed 19 Nov. 2017].

NewsComAu, (2017). *Domino's future has almost nothing to do with pizza*. [online] Available at: <http://www.news.com.au/lifestyle/food/eat/what-the-future-holds-for-dominos/news-story/b7c585a43ee586b762adaf6ffb44f091> [Accessed 28 Nov. 2017].

Phx.corporate-ir.net, (2017). *Domino's Pizza - Investors - Company Profile*. [online] Available at: <http://phx.corporate-ir.net/phoenix.zhtml?c=135383&p=irol-homeprofile> [Accessed 21 Nov. 2017].

Pizzamogul.com.au, (n.d.). *Pizza Mogul – Create. Share. Earn*. [online] Available at: <https://www.pizzamogul.com.au/#!/home> [Accessed 23 Nov. 2017].

Qantas (2017). *Faster, Smarter Check-in Delivers*. [video] Available at: <https://www.youtube.com/watch?v=ajS8Kuv0SYo> [Accessed 26 Nov. 2017].

Qantas.com, (2017). *Boeing 787 Dreamliner | Qantas*. [online] Available at: <https://www.qantas.com/travel/airlines/aircraft-boeing-787/global/en> [Accessed 28 Nov. 2017].

Qantas.com, (2017). *Permanent bag tags | Qantas*. [online] Available at: <https://www.qantas.com/au/en/travel-info/baggage/permanent-bag-tags.html> [Accessed 26 Nov. 2017].

Qantas.com, (2017). *Virtual reality*. [online] Available at: <http://www.qantas.com/au/en/promotions/virtual-reality.html> [Accessed 26 Nov. 2017].

Qantas.com.au, (2017). *Cite a Website - Cite This For Me*. [online] Available at: <https://www.qantas.com.au/infodetail/about/FactFiles.pdf> [Accessed 17 Nov. 2017].

Referenceforbusiness.com, (2017). *Domino's Pizza, Inc. - Company Profile, Information, Business Description, History, Background Information on Domino's Pizza, Inc.*. [online] Available at: <http://www.referenceforbusiness.com/history2/60/Domino-s-Pizza-Inc.html> [Accessed 22 Nov. 2017].

Referenceforbusiness.com, (2017). *Qantas Airways Ltd. - Company Profile, Information, Business Description, History, Background Information on Qantas Airways Ltd.*. [online] Available at: <http://www.referenceforbusiness.com/history2/40/Qantas-Airways-Ltd.html> [Accessed 20 Nov. 2017].

