

## Restaurant Research's Benchmark Analysis Report

### Pizza Hut

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#### Executive Summary

Pizza Hut represents the largest pizza segment player with a combination of delivery only units along with traditional dine-in stores (with the latter allowing more flexibility in terms of menu offerings although also representing high overhead and aged plant in need of expensive upgrades). Notably, this brand has done a good job of diversifying its menu beyond a steady plethora of pizza offers with new platform introductions including its Tuscani Pasta line and WingStreet (chicken wings) co-brand extension. This strategy has helped offset flagging industry demand for pizza which as a menu item is perhaps deemed both less healthy and less of a value relative to stiffer QSR competition. Also, we note that Pizza Hut's menu diversity efforts reflect a need to address the growing commoditization of pizza – a trend which is well exhibited by Little Caesar's very popular \$5/pie pricing strategy. In our opinion, Pizza Hut is well positioned to defend its brand strength in the pizza segment given the benefits of healthy unit economics and prospects for continued relative sales strength when national ad support for its WingStreet co-brand is rolled-out during 2009 - thus making Pizza Hut the only national chicken wing player. All-the-same, we also expect that increased QSR discounting competition may tighten the race for this concept which is not traditionally well known as a value player (although it has made advances with Pizza Mia discount offerings).

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#### RR Clients

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#### More About Us

Restaurant Research LLC leverages an extensive network of industry players as part of its annual Concept Benchmark Analysis due diligence process for 22 large US restaurant chains. Also, RR tracks store level data for all major chains with system-wide sales in excess of \$1B across all major restaurant segments in order to produce 11 key Industry Data Topic reports. For more information please contact us at [info@ChainRestaurantData.com](mailto:info@ChainRestaurantData.com) or 203-405-1901.