

## **Chapter 1**

### **DiGiorno Pizza: Introducing a Frozen Pizza to Compete with Carry-Out**

In conducting research for the launching of a new product it is imperative that the target population be identified. In this case, who are the people most likely to be interested in purchasing and consuming frozen pizzas in lieu of carry-out pizzas? How are these people to be identified for sampling (Chapter 7 refers to this group as the “frame”)? Should a test market city or area be used? Why or why not? What mode of survey such as telephone, mail, or personal interview should be used? When should these people be surveyed? Does time of day, day of the week, or season of the year make any difference? What types of measurements should be taken? Some possible measurements might include dollar amounts spent per week of pizza per family, number of pizzas purchased per month, percentage of family pizza consumption that is frozen pizza, and total amount spent per month on take-out food.

1. One population that was identified was “pizza lovers”. These people may have been previously identified by market researchers based on number of pizzas purchased per month, use of coupons, or from previous surveys. Another population mentioned in the case was women ages 25 to 54. The advertisements shown on national TV were likely aimed at the general population because Kraft was attempting to achieve broader goals such as brand name recognition and a dissemination of the “fresh-baked taste” message.

In each of the research efforts, the market research company selected only a sample of the population. SMI-Alcott sent out 1,000 surveys to pizza lovers, the Loran Marketing Group conducted focus groups (which usually have no more than 15 people per group) with women 25 to 54, and Product Dynamics used focus groups to conduct blind taste tests.

The market research companies (SMI-Alcott, the Loran Marketing Group, and Product Dynamics), took various measurements on sample members and from these measurements likely computed statistics. Some of these measurements may have included the ranking of various frozen pizza brands based on taste or status, numerical ratings of various types of pizza in terms of taste (perhaps, for example, on a scale from 1 to 7), amount of time sample members are willing to spend cooking a pizza, amount of money spent per month on pizzas, and percentage of sample who recognize the DiGiorno name. Using these measurements, sample statistics such as average amount of money spent per month on pizzas per family or proportion of the sample that recognized the DiGiorno name can be computed. From these sample statistics, population parameters can be estimated such as the percentage of all adults in the country who recognize the DiGiorno name; and the average amount a family spends on take-out pizza per month?

This is a good place to introduce the estimation concepts of Chapter 8 intuitively. One can discuss point estimates (sample statistics) and the notion of sampling error.

Kraft likely used known descriptive market statistics in their product decision making such as total annual amount of dollars spent in the U.S. on frozen pizza; population demographics of the U.S. including age, number and size of households, average household income; and number of competitors in the frozen pizza market.

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| 2. a. Number of pizzas consumed per week per household | ratio level   |
| b. Age of pizza purchaser                              | ratio level   |
| c. Zip code of the respondent                          | nominal level |
| d. Dollars spent per month on pizza per person         | ratio level   |
| e. Time between purchases of pizza                     | ratio level   |
| f. Rating of taste of four pizza brands                | ordinal level |
| g. Ranking of four brands                              | ordinal level |
| h. Geographic location                                 | nominal level |
| i. Quality rating as excellent, good, average, etc.    | ordinal level |
| j. Identification number of pizza brand                | nominal level |
| k. Sex of survey respondent                            | nominal level |