



## Partnership for Innovation in Education

Mary Welsh Schlueter  
Chief Executive  
P.O. Box 8722  
Cincinnati, OH 45208  
[mary@piemedia.org](mailto:mary@piemedia.org)  
513.378.8370

### DEWEY'S PIZZA

*This case is written by Dr. David Rosenthal with the Partnership for Innovation in Education. This format is based upon the Case Method. ©2016*

Dewey's Pizza Chief Operating Officer has been considering introducing a branded package featuring its existing line of salad dressings. His Executive Team is unsure if developing this new initiative will create enough revenue to merit the extra cost of development. Can you advise the best strategy to pursue?

#### Situation

It was a cold day in February 2016, at the Cincinnati, Ohio, headquarters of the Dewey's Pizza Company. Ken Boyer, Chief Operating Officer (COO) was evaluating his options for new packaging for the company's salad dressings.

“Dewey's is almost as famous for our salads as we are for our pizza. Salad sales make up a significant portion of our business, both in the restaurants and carryout. We have five different salads on the menu, plus seasonal offerings. Our regular menu salads include Caesar, Peppercorn Ranch, Greek with Dewey's Greek Dressing (Roasted Red Pepper Vinaigrette), House (Balsamic Vinaigrette), and Candied Walnut and Grape (Dewey's Citrus Basil Vinaigrette).

Our customers love our salads, and many have asked if they could buy our salad dressings to take home with them, or even if they could buy it in their local supermarkets. After hearing those requests many times we began to sell our salad dressings at our restaurants. We do not, as yet, have plans to sell through grocery stores although that is something that

we could decide to do in the future.

Currently, we sell the dressings in plain, plastic pint (16 fluid ounce) containers – the same type you would see in a deli (below). They have snap-on, clear plastic lids, nothing fancy, not even a label. We also use the same containers to provide dressing for take home orders and larger portions for catering events.



While our customers have nothing but good things to say about our dressings, we have been hearing a few negatives about the containers. They take up room in the refrigerator, they are not easy to pour from, they are a little flimsy if kept for more than a day or two, and spooning the dressing out can make a mess.

Further, the packaging does not set our salad dressings apart as

### **Dewey's House Dressing**

something special and high in quality. It doesn't help to convey or build the Dewey's image or brand. It certainly isn't something that we could sell through supermarkets.”

Boyer had put out requests for information to suppliers of food packaging and had received preliminary materials from several. He needed to make a decision on new packaging soon if he were to be ready for the summer when salad sales peaked.

## **Dewey's Pizza History**

Andrew Dewitt, the founder and CEO of Dewey's Pizza, graduated from Dennison University in 1994 and moved to the West Coast to follow his passion for music.

Dewitt was first introduced to the pizza business while living in Seattle, where he worked at a local pizza kitchen. Though initially he simply strived to “toss the best pizza,” Dewitt recognized the potential for a successful business. During the Seattle Mariners' 1995 playoff run, sales skyrocketed. Dewitt studied the business model of this Seattle pizza spot, and when he returned to Cincinnati in 1998, he established the first branch of Dewey's Pizza in Oakley. He focused on the hospitality of a full service restaurant, gourmet pizza and fresh salads.

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Dewey's first location became the model for newer locations, offering a warm modern industrial interior, great tunes, fresh, great-tasting food and authentic hospitality.

Eric Kohl, proprietor of the Grandview, Ohio Dewey's observed:

“The idea is to get people off their couches, have them grab friends and family to sit and enjoy a pizza pie and a salad in a cool atmosphere with an excellent selection of craft brews and boutique wines. We feature an open kitchen where you can watch our pizza makers perform the magical art of dough tossing.

Our pizza is hand tossed and stone baked in gas fired brick ovens. Dewey's pizza is New York Style, cut in triangles of course, thin in the middle with a soft and chewy crust. We make our dough daily, we chop our veggies daily and we shred our cheese daily. We have no freezers in our restaurant so everything is fresh and made to order. Our unique specialty pizza combinations will tantalize taste buds you never knew you had.

Dewey has several specialty pizzas that have become customer favorites. We feature both a white and a red sauce on our specialty pizza pies. Dewey's red sauce is traditional in the sense that it is less sweet but rather just a little spicy. Dewey's white sauce is simply olive, minced garlic, fontina and mozzarella cheeses (very light but tasty if you like garlic). Our white sauce & Greek style Socrates Revenge & Edgar Allan Poe Pizzas are unique pies that are creating a lot of buzz. Dewey's Southwest BBQ Chicken and Meatball Pizza are also unique and something you will not find elsewhere.

Our salads are all the rave as well. We serve them as an appetizer or as a meal. We make all of our dressings in house and we have five gourmet salads to choose from and a seasonal salad that is made with the season's freshest ingredients.

To complement Dewey's fine pies and gourmet salads we offer a unique selection of beer and wine. If it is not excellent we do not serve it! Our eight beer taps rotate throughout the year. Our craft wines are poured by the glass or bottle. We feature unique varietals of wine that round off the warm dining experience at Dewey's Pizza.”

A timely restaurant review may have prevented the local favorite from closing in its first year. Three months after Dewitt opened his first location, Polly Campbell

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of the Cincinnati Enquirer wrote a piece about Dewey's. After the review, the Oakley location was three times as busy. Since then, the Dewey's franchise had expanded to twenty-four locations and over 700 workers.

## Culture

The Dewey's website described the company's culture:

“Bringing together warm, caring & intelligent people who love to serve.

The original idea for Dewey's was to build a hip, neighborhood pizza place with an inviting vibe that would have great music, great beer, and great pizza. We fully understand that in order to create that environment, you have to fill it with the right people.

The key to creating our culture starts with self-awareness. One of the core beliefs that we've learned over the last 10 years in the restaurant/hospitality industry is that almost everyone that's employed with us is here on borrowed time. We understand that the majority of people looking for a job at Dewey's have a need for a "low-key" gig that offers decent pay with flexible work hours. Recognizing the reality of our employee base has allowed us to create a work environment in which all parties can truly benefit.”

The culture generated an atmosphere of focused, caring, friendly service... and fun! At the lunch hour on a mid-week day a Dewey's restaurant was noisily jammed with twosomes and families, requiring a short wait to be seated. The serving staff, dressed in Dewey's t-shirts, hustled to deliver salads and pizzas to their tables. They smiled and took time to help each other with refills and clearing items. At the large window that separated the easily visible kitchen from the serving area four children squealed with delight as the pizza maker shot sprays of flour at them, making great dust patterns on the glass. Only a little less entertaining was the hand tossing process, pizza dough spinning into the air.

## Current Situation

Salads made up a significant proportion of each store's sales. The vast majority of sales were either “side” salads that accompanied another dish, pizza for example, or “regular” salads that would most often be eaten as a meal. The portions were generous, the side salad, for instance, covering a large dinner plate.

The salad dressings were made fresh each day, in-house at each of the restaurants in preparation for that day's demand. Nothing was pre-packaged. When a customer came in to order a pint of House Balsamic Vinaigrette or Peppercorn

Ranch to take home with them there were times when it was made right then, while they waited.

The positive attributes of the existing packaging included ease of use, low cost, availability from a variety of suppliers, and flexibility of use for different dressings, etc. On the negative side, the cups were not very durable for long-term storage. Some customers explained that they took the package home and transferred the dressing to a different container. Further, it was the same ordinary container that could be found at any supermarket, delicatessen, or corner store. As such it added nothing to the high quality image that Dewey's relied upon.

Management estimated that each week an average Dewey's store would sell about 10 pints of salad dressing by itself, but that an additional 20-30 pints would be sold as part of the party salads for large groups. Because each of the salads was so distinctive and comprised of a complex mix of ingredients, salad dressing flavors almost always accompanied the specific salad type for which they were created.

Boyer had received information on a number of packaging options across a wide spectrum of designs, materials, and costs. He had narrowed the selection, based on size and cost considerations:



**16 oz. Clear PET Plastic Dressing & Sauce Bottle**

Includes White PP Plastic Deep Skirt Screw Top Cap w/ Foam Liner

**Price Per Each:** 1 – 424 \$0.74, 425 – 2549 \$0.60, 2550 + \$0.47



**16 oz. Clear PET Plastic Sauce Bottle**

Includes a White PP Foam Lined Cap

**Price Per Each:** 1 – 11 \$0.91, 12 – 1439 \$0.70, 1440 + \$0.57



**16 oz. Clear Glass Decanter**

Includes Gold Metal Lug Cap/Plastisol Liner

**Price Per Case (Case Qty: 12)**

**1 – 9 \$13.79 (\$1.15 ea.) 10 – 191 \$11.22 (\$0.94 ea.) 192 + \$8.32 (\$0.69 ea.)**



**16 oz. Clear Glass Wide-Mouth Jars (Black Metal Cap)**

Includes a Black Metal Cap w/ Pulp & Polyethylene Liner

**Price Per Case (Case Qty: 12)**

**1 – 9 \$20.28** (\$1.69 ea.) **10 – 254 \$15.36** (\$1.28 ea.) **255 + \$8.74** (\$0.73 ea.)

Ken Boyer expressed his thoughts on the packaging options:

“We definitely want the size to be 16 ounces. I prefer to do something in glass as opposed to the plastic option. Glass is just a little nicer presentation. I thought about the breakage issue, but honestly, for us, we handle a lot of glass in our stores all the time, so it is really not a big deal. From a carry out standpoint I am really not concerned about breakage. Glass packages are sold in grocery stores and people take them home all the time. Further, it is reusable. People are more likely to hold onto a glass container and reuse it, while they’ll throw plastic into the recycle bin. So, if the label stays on it and they reuse it that would put our brand name in front of them even more often. That would be cool!

My first thought would be the wide-mouth jar. For our dressings being able to have a little wider top on them is good. And I like the ability to put a little bigger label on it to wrap around. I also like the black lid. I think it goes with our logo. Our logo is mostly kraft (brown) and black ink.

Those are my first thoughts, but for me it is a lot of real-life touch and feel. To see it full of dressing, to see what it looks like might change my mind. If our customers liked the plastic salad dressing bottles better, we could certainly go that direction. For that matter, using the “atomic” symbol and the blue, yellow and red Dewey’s logo on our merchandise might be the right look.

The way we serve salad dressing now is that we have 32-ounce squirt bottles that we use in the stores. We just use them to dress a salad or fill up a plastic serving container, either 3.5 ounce or 16 ounce depending on the specific order.

We really don’t have to change the packaging at all. What we are doing now works fine. Another reason to stay with what we have is that we use the current deli-type plastic pint containers for more than just salad

dressing. Sometimes we use them for ingredients. If someone were to want to buy a dough-ball, or some cheese or some sauce, we would use those containers. The majority of our dressing use of containers is that we sell a party size salad that would serve up to 15 people, and we put a container in with that. I'm not sure how a glass container would work with that. As an alternative, we could simply put a well-designed label on the tops and/or sides of the deli containers to "spruce them up".

Our cost per unit for the plastic containers runs about 8 cents for the cup and about 3 cents for the lid. Pre-printed, self-adhesive labels in the right size would cost about 5 cents each. The same price would apply to labels for the glass containers, although we might need both a front and back label for them.

My thought about ordering quantities would be in the 1,000-2,000-piece range. We would buy them all at once, store them in our commissaries (Cincinnati and St. Louis) and then ship them to the stores in our vehicle that delivers dough. We make the dough fresh, never frozen, in the commissaries and ship it to the stores daily.

I really haven't given much thought to the promotion of the in-store sale of jars of salad dressing. We have never done that. It is certainly possible that we could have some in-store communication. That could be on the menu or even on a laminated sheet that we put by the carryout area.

Wade Nolan, manager of the West Chester, Ohio, store described the Dewey's salad dressings and the process of making them.

Our most popular is the House Balsamic Vinaigrette, followed closely by the Peppercorn Ranch. On a percentage of sales basis, those two are probably double what the Greek and Candied Walnut Grape and Caesar bring in.

Most of our salad dressings use some sort of fresh red onion, fresh white onion, freshly minced garlic, freshly squeezed lemon or lime... You have your shelf-stable ingredients like olive oil, vinegar. In the citrus basil vinaigrette there is fresh pineapple, fresh basil. There is a significant amount of fresh ingredients in each of our dressings, so making them in-house from scratch makes sense. Because of the freshness factor we only make what we are going to use that day. There is a 'magic' to making it in the store.

If someone were to come in and buy a pint of dressing the price is \$ 4.50 regardless of the type of dressing. The cost to make the dressing varies with the ingredients, of course, but tends to run about 20-25 percent of the selling price, not including the packaging.

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## Conclusion

Ken Boyer considered his options for packaging Dewey's salad dressings. The easiest option was to do nothing. Salad sales, both in the restaurants and take-out, were doing well. The current packaging was acceptable, if plain. It did the job. On the other hand, Boyer wondered if new, higher quality packaging might actually increase salad dressing sales and help to bolster the Dewey's brand.

Boyer considered the cost of the new packaging, and began to think about how much additional dressing the restaurants would have to sell in order to make up the difference in costs. Even if they did not sell all that much more dressing in the stores, would the better packaging add to customers' perceptions of the brand, and would that lead to greater sales overall?

For that matter, other restaurants had launched salad dressings into the grocery channel, sometimes with great success. Marzetti's salad dressings had originated in an Italian family restaurant in Columbus, Ohio, and were now a national brand. More recently, the Pine Club, a famous restaurant in Dayton, Ohio, had successfully launched its salad dressing in Kroger's and other food stores. Certainly, new packaging would be needed if Dewey's were to make such a move.

Lastly, he knew that recent changes in food labeling laws were coming to the restaurant business and the grocery channel as well. What would be the impact of the new regulations on their packaging decisions and the bottom line?

If he were to decide to change from the company's current practices, he would have to do so soon in order to be ready for the change of menu to include the summer seasonal salad in a few weeks.

## THE PROBLEM

*As a member of Ken Boyer's team, can you help Dewey's Pizza decide their best strategic option for moving forward?*

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## Exhibit 1 - List of Dewey's Pizza Restaurants

### CINCINNATI

- 04/98 Oakley Square
- 05/01 Harper's Point
- 10/01 Newport on the Levee / KY
- 09/02 Clifton
- 06/07 Kenwood
- 03/08 Crestview Hills / KY
- 05/08 West Chester
- 06/15 Harrison Greene
- 08/15 Anderson

### ST. LOUIS

- 10/04 Kirkwood
- 03/06 U-City
- 03/08 Ellisville
- 02/10 Webster Groves
- 03/12 Edwardsville / IL
- 11/14 St. Charles

### CLEVELAND

- 11/05 Cedar Lee
- 08/08 Lakewood

### DAYTON

- 02/04 University of Dayton
- 10/14 Austin Landing

### COLUMBUS

- 02/09 Grandview
- 08/13 Worthington
- 05/14 Dublin

## Exhibit 2 – Dewey’s Pizza Salad Menu

**ON THE SIDE OR  
MAKE A MEAL OF IT.  
OR BETTER YET,  
MAKE A PARTY OF IT.**

### . Caesar

Side \$5.25 Regular \$7.45

Romaine Lettuce tossed in Caesar Dressing garnished with shaved Parmesan Cheese and French Bread Croutons

### . Peppercorn Ranch

Side \$5.45 Regular \$8.45

Romaine Lettuce with Diced Tomatoes, Shaved Parmesan, Red Onions and Bacon tossed in Peppercorn Ranch Dressing

### . Greek

Side \$5.45 Regular \$8.45

Field Greens with Kalamata Olives, Sun-Dried Tomatoes, Roasted Whole Garlic Cloves, Red Onions, Cucumbers and Feta Cheese, drizzled with Dewey’s Greek Dressing (Roasted Red Pepper Vinaigrette)

### . House

Side \$5.45 Regular \$8.45

Field Greens with toasted Pine Nuts, Sun-Dried Cranberries and Goat Cheese tossed with Dewey’s own House Dressing (Balsamic Vinaigrette)

### . Candied Walnut & Grape

Side \$5.45 Regular \$8.45

Field Greens with Candied Walnuts, Red Grapes and Gorgonzola Cheese, tossed with Dewey’s Citrus Basil Vinaigrette

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## . Party Salads (Feeds 10-15)

Caesar \$35.00 Others \$40.00



## SUGGESTED LEARNING OPPORTUNITIES

- Cost-benefit analysis
- Breakeven analysis
- Pricing sensitivity
- Design elements
- Art – label design
- CAD/CAM
- 3D Printing
- Customer Research (design, brand fit, price sensitivity)