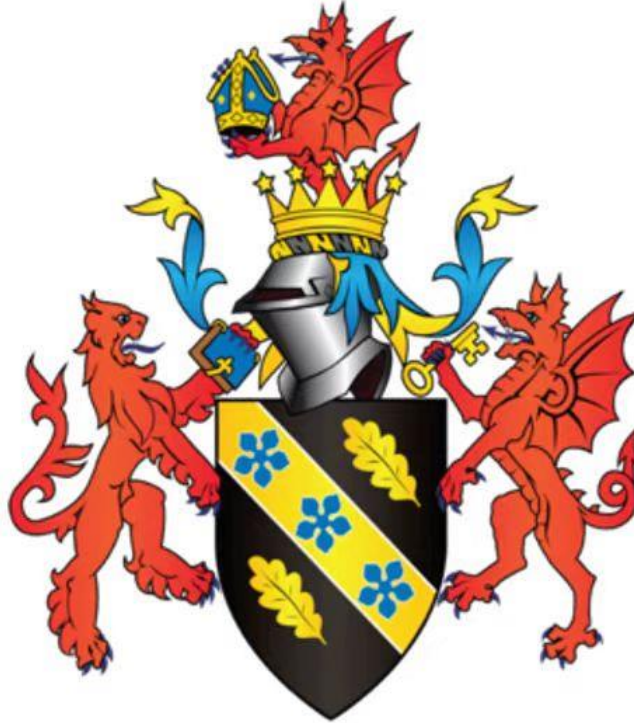


Strategic Management:

DEVELOPING A NEW LANDSCAPE FOR CUSTOMER CARE



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Table of Contents

Executive Summary	4
Developing a New Landscape for Customer Care	5
Manpower Analysis	5
McDonald's Segments of the General Environment	6
1. Market Penetration.....	6
2. Market Development	7
3. Product Development.....	7
4. Diversification.....	7
PESTEL Analysis	7
i) Political.....	8
ii) Economic.....	8
iii) Social.....	9
iv) Technology	10
v) Environment	10
vi) Legal	11
SWOT Analysis.....	12
Porter's Five Forces Analysis	13
1. Competition (strong force).....	13
2. Bargaining Power of Customers (strong force)	13
3. Bargaining Power of Suppliers (weak force).....	14
4. Threat of Substitutes (strong force)	14
5. Threats of New Entrants (moderate costs).....	15
Recommendations	16
Hyper-personalized Care	16
1. Knowing your customers-truly understanding them.....	17
2. Reacting to the consumer even before they react to you as the producer	17
3. Bringing together technology with contacts across all channels.....	17
4. Applying real-time agent tools.....	18
Future of Customer Experience	18
Advantages to McDonald's	18
Importance of the Omnichannel Strategy	20
Technology and Innovation.....	20

Factors that Influence the Implementation of Hyper-personalized Care as a Strategy by McDonald’s . 21

Conclusion 23

Recommendations..... 23

References..... 24

Appendix..... 28

Executive Summary

After a crisis, different companies have been able to start creating a new way in which they can interact with their clients by improving their customer care services. McDonald's is one of the companies that struggled with the covid-19 pandemic and finding new ways of interacting with their clients has been an important aspect and a way of going forward. Before taking on a strategy, a proper understanding of the company needs to be done, of both the internal and external environments. Therefore, an Ansoff, PESTEL, SWOT and Porter's Five Forces analyses get conducted to find out the factors affecting the company in its operations. Afterwards, the Hyper-personalized care strategy can be implemented with a thorough understanding of the strategy conducted. Some of the main elements of the strategy are: knowing your customers-truly understanding them, reacting to the consumer even before they react to you as the producer, bringing together technology with contacts across all channels and applying real-time agent tools.

Some of the factors that make the adoption of the strategy possible by McDonald's include the large financial outlay to buy all the required materials needed for the technology. The company has a large consumer base that will provide the required data for process, acquisition and adoption of technology and technology companies that aid in understanding the data collected. Finally, the company also partners with other technology companies like IBM that assists in making their technological transitions easier into the market.

Developing a New Landscape for Customer Care

Through customer care, companies have been able to communicate with their clients in ways that assist them to develop their services and improve their relationships with their clients. Since the start of the pandemic, people were forced to change the way they operated, like wearing masks, not being in areas with large crowds and keeping social distance with one another. These actions led to directly affect the clients of many businesses, especially those that required close proximity with the clients like restaurant businesses. One such business that was affected was McDonald's food chain restaurant that is the largest fast food restaurant chain in the world, and due to the situation, the company had to adopt a new style in which it could operate more efficiently due to the crisis caused by the pandemic. Therefore, the company has to fortify its operations to retain its position and improve its customer care services by being innovative due to the change in the conditions within the environment. This situation will force an in depth analysis of the company to provide a better understanding of how the internal and external factors can affect the company and attaining its goals.

Manpower Analysis

McDonald's focuses on the plan to win strategy with the main objective of providing exceptional customer service to their clients hence forcing the effective planning for their employees. The plan to win strategy focuses on five tenets to provide exceptional customer experience to their clients: People, Products, Place, Price and Promotion (Howard, 2015).

The company does not only work towards fast customer and giving their clients cheap food prices, they also work towards being more customer-centric hence getting exceptional results. Hence, the employees concentrate on the overall customer experience and better quality.

The objective of the strategy makes the company to focus on getting better and not just bigger in its operations. Additionally, through this strategy, the company based its operations on

their metrics for success which included operational excellence, innovation in its operations, marketing and leadership (Stegmaier, 2009). This objective forced the company to focus more on how to satisfy their clients by making more investments by incorporating more personalized customer care and satisfying their clients within their different outlets like providing cleaner venues and better amenities like Wi-Fi access. Although the plan to win strategy has proved to be effective, it is dependent on certain factors that shape how it gets implemented within its environment.

McDonald's Segments of the General Environment

Ansoff Matrix

	Existing products	New Products
Existing markets	Market penetration	Product development
New markets	Market development	Diversification

1. Market Penetration

The company uses different strategies to promote the existing products like providing different combinations for its meals that include the main meal, fries and a drink. It also offers home deliveries to serve its customers better and group discounts. The service offered by McDonald's is fast and a clever pricing for its products. It conducts aggressive marketing in all major mediums with the intention to motivate current customers to attempt buying other products and to maintain coming back (Jian et al., 2021. Pp. 33-46).

2. Market Development

McDonald's launches its current products into new markets hence being their main strategy into new geographic markets. The company is able to promote its existing products in new markets through franchising. Additionally, the company produces personalized products depending on the market that helps to attract the local markets. The products are sold at reduced prices when entering the new market to increase the market base. These strategies assist it to increase its revenue (Mujtaba and Patel, 2017. Pp. 55-66).

3. Product Development

This refers to launching a new product in an existing market. The company understands the needs of the market and then brings in a product that satisfies their needs. For instance, in India, the company launched products that do not contain any beef since majority does not eat beef and launched dishes like McPizza and McSpaghetti instead (Schramade, 2019. Pp. 9-14).

4. Diversification

This is the most risky aspect of the matrix. The company has worked on horizontal diversification instead of vertical diversification. For instance, the company started McCafe that was intended to counter already established brands in the same market like Starbucks (Shcherbakova, 2020).

PESTEL Analysis

The environment around an organization refers to the forces, both internal and external that affects a company and its operations. Through the PESTEL Analysis model, a company is able to

observe the external factors that affect the operations of the business and how its strategies get impacted (Marinović-Matović and Arsić, 2020. Pp. 63-71).

i) Political

This aspect refers to the actions taken by the government and the policies that it puts in place and how it affects the economic landscape of a business. The intervention of the government determines the rate and the direction of development that a company will experience. Some of the factors affecting McDonald's include:

- Increasing international trade agreements (opportunity)
- Stricter governmental guidelines for diet and health (threat and opportunity)
- Evolving environmental and public health policies (threat and opportunity)

The global supply chains have been improved due to better international trade deals amongst countries. Therefore, the company is able to expand its operations easily to other locations (Reed, 2019). The stricter health and diet guidelines imposed by many governments makes it harder for the company to expand and operate due to the health risks that the food it produces has on its clients. On the other hand, the company is able to bypass this problem by providing healthier food in its menu for their clients. McDonald's could risk being closed down if it does not comply by the regulations set out for it by the government. On the other hand, it can comply with the environmental policies and provide healthier food options to their clients as stipulated by the government.

ii) Economic

This segment pertains to the economic conditions and trends within the environment affecting a business. Some of the factors affecting the McDonald's include:

- Economic cycle (threat and opportunity)
- Public health emergency (threat and opportunity)
- Conflicts (threat)

The economic cycle that a business experiences affects the company in major ways: a stable economy will lead to proper development of the business whereas a public health emergency or a slow economic growth may start a recession that will affect its performance. The regulations stipulated by the government made the ‘traditional’ ways of operations for the business make it impossible to operate profitably. The company can avoid this by adapting to newer technology to operate and abiding to the government policies to improve sales (Kee et al., 2021). Conflicts make it impossible for the business to operate due to the unpredictable economy or close permanently therefore losing income like the move for McDonald’s to leave Russia (Barry, 2022).

iii) Social

This aspect focuses on the social aspects that affect the business. Social trends influence the behavior of a customer. As the consumer develops, their social life changes thereby affecting the number of customers and the revenue the company will receive. Some of the factors include:

- Increasing income (opportunity)
- Busy urban lifestyle (opportunity)
- Change in lifestyle (threat and opportunity)
- Cultural diversity (threat and opportunity)

When the unemployment rates reduce, the people have more money to spend at McDonald’s. Since the restaurant is mainly located within urban areas, the company has the opportunity to sell to more clients due to their busy schedules and need to eat fast food. On the other hand, since there are

limited menus and an increase on people choosing healthier foods, the company may experience reduced sales. Therefore, the company has the opportunity to incorporate healthier food in its menus (Kee et al., 2021). The preference for food gets determined by the culture of the customers hence an opportunity and threat. Therefore, the company offers food that is in line with the different tastes of the different locations that they operate. For instance, the company does not offer beef burgers in India but instead offers chicken burgers due to sensitivity in culture and has become very famous.

iv) Technology

To be able to optimize efficiency in service delivery, companies have adopted newer and more recent technologies to increase productivity and maximize revenue.

- Integration of technology (opportunity)
- Online services (opportunity)
- Increasing automation (opportunity)

By leveraging n technology, the company has the power to improve its brand. The technology incorporated has the power to improve the brand in all aspects like advertising, customer service and sales. The challenges brought by the pandemic were eradicated by the use of technology through the ‘three D’s’ program: digital, drive-thru, delivery (Campos, 2021). Bringing in mobile apps, cashless payment options made the company to serve their clients faster without waiting in line. The automation process increases the consistency levels of the company. Therefore, the company partnered with IBM to make A.I. drive-thru that enabled customer care together with voice recognition faster ordering (Lucas, 2021).

v) Environment

This segment looks for the links between McDonald's and the environment surrounding it and how they affect one another. Some of the factors include:

- Increasing awareness of environmental impacts (opportunities)
- Increasing advocacy for sustainable development (opportunity)
- Climate change (threat and opportunity)

McDonald's has been looking for food sources that are sustainable and provides benefits to its stakeholders. Since they are dependent on the environment, the company has been looking for solutions that are environmentally sustainable. The company operates internationally therefore giving it the opportunity to address issues that impact the environment and bring in sustainable development in the world. Therefore, the company focuses on five aspects: beef and forest conservation, climate action, sustainable agriculture, packaging waste and water stewardship. The company focuses on these aspects by limiting the damage that they can cause to a minimum while still maintaining operations and profitability (McDonalds, 2017).

vi) Legal

This aspect examines the effect that laws and regulations have on the operations of the company. Newer regulations mean that the company will have to abide by the newer requirements.

- Health regulations (threat and opportunity)
- Minimum wage rate (threat)
- Litigations (threat)

If the company does not comply with the health regulations that have been set, it risks being closed therefore seizing its operations. On the other hand, McDonald's could use it as an opportunity to including healthier food hence increasing its market. If the company increases its

minimum wage rates, it will cost more and could be compensated by giving equal benefits to the employees. On the other hand, if the company increases its minimum wage, then it will improve their corporate social responsibility initiative. Whenever the company gets accused of wrongdoings, it leads to litigations destroying McDonald's image. Lawsuits may result in the company losing millions if they do not address the issues like in the case of McDonald's Hot coffee lawsuit (Lopez, 2016).

SWOT Analysis

This tool assesses the strengths, weaknesses, opportunities and threats that McDonald's can focus on to improve on.

Strengths • Strong brand name and image • Stable revenue • Proper marketing strategies • Innovation and development • Large customer base and market base • Delicious food	Weaknesses • Unhealthy diet • Low minimum wage rates • Emergence of healthy lifestyle habits • Franchise model • Failure to commitment
Opportunities • Sustainable growth • Introducing and promoting healthy meals • Innovation of technology	Threats • Economic recessions • Cultural preferences from clients • Low minimum wage rates • Emergence of healthy lifestyles • Competition

Promoting corporate social responsibility	Health emergencies and conflicts
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Porter's Five Forces Analysis

This model for analysis provides an organization with information to support its strategic management programmes, that mainly pertain in addressing relevant issues in their external environment within its industry (Burke, van Stel and Thurik, 2010. Pp. 28-29)

1. Competition (strong force)

There is strong competition since there is a saturated market. The factors include:

- Large number of food service companies (strong force)
- High aggressiveness of companies (strong force)
- Low switching costs amongst companies (strong force)

There are different companies, large, medium and small, that offer similar products within the same industry that intensifies competition. Additionally, most medium and large companies aggressively advertise their products to the people making their brands more prominent. Finally, the low switching costs amongst companies makes it easy for customers to seek alternatives from different brands (E. Dobbs, 2014. Pp32-45).

2. Bargaining Power of Customers (strong force)

This aspect focuses on customers and how much power they have in controlling the industry.

- Low switching costs (strong costs)

- Large number of food and beverage providers (strong force)
- High availability of substitutes (strong force)

The clients can easily shift from McDonald's to any other similar business hence the consumers can easily influence the company in decisions. Presence of large number of food and beverage providers makes it easy for the clients to choose from any company they please hence increasing the pressure to the company. The clients can choose from any substitute that they have which are more like kiosks and other fast food companies.

3. Bargaining Power of Suppliers (weak force)

The suppliers affect the production level of the company due the availability of the materials.

- Large number of suppliers (weak force)
- Low forward vertical integration of suppliers (weak force)
- High overall supply for food service businesses (weak force)

The huge number of suppliers weakens the effect of individual suppliers on McDonald's. The weakness is caused due to an absence of a strong regional and global alliance amongst food and beverage suppliers. Due to the low forward vertical integration, the suppliers have a weak bargaining power since they do not control most of the transportation of their produce to the company. The influence of a supplier on a company is weakened by since there are many suppliers of products to McDonald's that they could choose from (Martinez-Contreras et al., 2022).

4. Threat of Substitutes (strong force)

This factor focuses on the effects of the potential substitutes on the growth of McDonald's.

- High substitute availability (strong force)

- Low switching costs of consumers (strong force)
- Low cost performance ratio of many substitutes (strong force)

The consumer has many substitutes to choose from like bakeries, other eatery outlets and they can even cook their own food. Additionally, switching from the food made by the company to substitute food has minimal disadvantages like additional time consumption during preparation or even slightly higher costs. Finally, many substitutes are competitive in regards to quality and customer satisfaction with affordable prices and there is also consumer satisfaction in the health benefits depicted by eating healthy foods from home-cooked meals (Anastasiu, Gavriş and Maier, 2020. Pp 1-20).

5. Threats of New Entrants (moderate costs)

New entrants have the capacity of affecting the financial performance and market share of the business.

- Low switching costs (strong force)
- High variability of capital costs (moderate force)
- High cost of brand development for food service companies (weak force)

The low switching costs enable the consumers to move easily to the new entrants in the market. Additionally, high variability of capital costs in starting a new restaurant has a partial limit to a new business entering the market. Finally, it is very expensive to build a strong brand like that of McDonald's since many small to medium brands do not have enough resources to counter large established companies (Roy, 2009).

Recommendations

From the Porter's Five Forces analysis, it shows that McDonald's will have to place more emphasis on issues that pertain to the competition, consumers and substitutes that place a great force on the company and the external environment of the company. Other forces such as bargaining power of suppliers and new entrants are significant but at a lower extent. Therefore, the company should build on strengths in the SWOT Analysis.

After a proper analysis of the company, McDonald's is able to understand its environments and know how to utilize their available resources in structuring better customer services to its clients. These insights into the environments will allow the company to spend less time in assessing what they have and more time on how they can use what is available in the shortest amount of time in providing their clients with proper services after the pandemic in a way that is conducive for them.

Hyper-personalized Care

Since the covid-19 pandemic struck, many companies have looked at different ways in which they can improve their service delivery while still being in line with the health guidelines that have been put across by different countries to control its spread. In line with this, technology has played a huge role in allowing for necessary development that allows the required changes. Customers being at the heart of operations any organization, McDonald's has been one of the companies trying to find new ways in which it could continue serving its clients better, hence the need for hyper-personalized care for its clients. McDonald's has over the years been improving its operations using technology to become more precise and accurate hence improving its earnings. Therefore, hyper-personalized care is described as the process of using artificial intelligence (AI)

and real-time data to show clients highly curated products and content related to the company and their preferences. This mode of customer service treats the clients with distinct tastes thus allowing companies to give each customer unique customer experience which is distinct from other customers hence the term, ‘care of one’ (Jain et al., 2018. Pp. 320).

This type of care provides personalized needs for the clients. Therefore, McDonald’s would have to improve their performance on strategies, technologies and the processes that they already have in serving their clients. The four main elements that this method has include:

1. Knowing your customers-truly understanding them

To be able to engage more efficiently with the clients, the company will have to bring together all the information regarding the customer. This information includes previous interactions, attributes of the clients and their behaviours.

2. Reacting to the consumer even before they react to you as the producer

The contact agents of the company use data and analytics to predict and find opportunities in which they can use to preempt the needs and solutions to anything that the client may require. Additionally, they should know when to reach out to the customers when a one-on-one interaction is required hence a proactive approach.

3. Bringing together technology with contacts across all channels

The customer care agents need to create a seamless interaction between different communication channels, the product development, operations together with marketing that will allow the customer to have an easy journey from one channel to another.

4. Applying real-time agent tools

Companies can bring together increased functionality like in-moment coaching and remove cumbersome platforms that have the opportunity to reduce barriers that will hinder the provision of customer care services and solve problems. The agents will be freer to show more empathy and make decisions in real time when they interact with the clients. It will therefore mean that companies have bring in more talented individuals to be able to conduct these services.

Ultimately, the creation of an experience center needs a company to invest in new technology, different mindsets and processes (Agarwal, 2020. Pp. 2-5).

Future of Customer Experience

The next level of customer service is for the clients to have their needs to be completely customized to their needs. When a client makes contact with the company, the person handling the client should be able to have all the details regarding the client like their previous interactions, payment history and schedule for marketing activities. Therefore, this type of customer care is characterized by attention to detail, fulfillment of emotion, speed and convenience to the clients (Agarwal et al., 2020. Pp. 6). The advantage of this system is that it has the potential of high returns to the business and improves customer loyalty.

Advantages to McDonald's

- Increased brand loyalty and trust by customer

When a seamless experience gets created for the clients, they will be able to have a lifelong commitment to the business. This strategy will make the business to provide the client with their required needs with their needs (Jaffery, 2021. Pp. 17).

- Reduced need to call

When a company is able to proactively reach the needs of the customer, they will reduce the calls that they receive from their clients significantly. This situation arises since the business is able to make proper predictions about the client's needs. The use of digital platforms will reduce the need of the clients to call the company frequently especially after the pandemic which reduces the interactions amongst people.

- Lowered costs

With the traditional customer service, all the clients get treated the same hence the business will create a similar solution for all clients with the same kind of issue. On the contrary, hyper-personalized care by a business allows a company to have more information about their clients hence they know how to handle different clients in regards to the issues that they may have that may reduce costs. For example, a company can offer an apology for an issue instead of providing gift cards to all clients which will cost more (Kapoor, Shirilkar and Gupta, 2018. Pp. 148).

- Increased revenue

McDonald's will be able to take a need-based approach to the issue pertaining to their clients as opposed to the one-size fits-all approach. When the company understands their clients well, they know what to deliver to them at each time thereby allowing them to save more hence more revenue (Kapoor, Shirilkar and Gupta, 2018. Pp. 148).

For this method to succeed, McDonald's needs to equip its services in a manner that allows it to focus on all their clients in the different channels that they use to contact the company. Some

companies may fail while using this method since they do not focus on the method; have a slow progress and the huge costs that the method is associated with (Amar et al., 2020). On the other hand, there is a possibility for a company to be for a large majority of its clients as opposed to all clients which requires the company to have a customer-centric mindset.

Importance of the Omnichannel Strategy

To make some of the most value for their clients, the company should have a customer-centric mindset and then concentrate on one or two main channels that interact with each other that the customer frequently uses. This method will provide a larger extent to which clients can use the self-service options available by a company hence boost their level of containment with the services that they receive from the business (Amar et al., 2020. Pp. 11). For the people that do not manage to use the self-service options, they can access assistance from the company agents. The time taken while reaching out to an agent will be greatly reduced since the efficient omnichannel will inform the agent of the intentions of the clients and the steps they followed before the interactions allowing them to provide faster solutions to the problems facing them (Yeğin and Ikram, 2022).

Technology and Innovation

To improve the functionality of a company, many companies have employed the use of technology that assists in making work more efficient and more accurate. The decision-making process is also more precise and accurate and takes less time due to the involvement of technology in business operations. Therefore, the method of hyper-personalization care is highly dependent on technology like AI, analytics and automation processes for its success (Kalkum et al., 2020).

For instance, the future contact center is able to personalize the experiences of their customers through collecting data throughout the interaction of the clients with the company. The company will also require the presence of technology with human beings while providing the personalized care that the customers will require. Therefore, the technology is not to fully replace the human workforce, but rather assist in facilitating intense human and machine interactions (Sen, Hong and Xiaomei, 2022).

To be able to reach the desired level that a company can provide the full hyper-personalized care it requires to provide to the clients, the process will take time. This situation arises due to the ever evolving technological landscape and their complexities and the large amounts of data, bringing them together and making them work towards the required goals (Kalkum et al., 2020. Pp. 16). The main challenge for creating the perfect method for assisting the company to achieve its goal is selecting the right technology that can be utilized. Many technological tools have overlapping functionalities and the tools must be integrated to achieve the desired results. Therefore, the customer care process for picking the right tools should focus on taking a few tools from the initial tools and implement them according to contribution of the tool and its contribution to the goals of the business.

Factors that Influence the Implementation of Hyper-personalized Care as a Strategy by McDonald's

To achieve this fete, McDonald's has a host of many factors that can assist it in reaching its goal of hyper-personalization. One of the main factors that can influence the initialization of this plan is that the company has a huge capital outlay. The company collects huge revenue from its business activities worldwide. For instance, in 2021, the company collected 23.22 billion US Dollars worldwide, which was an increase in revenue from 2020 in which it earned 19.21 billion

US Dollars (Lock, 2022). This large amount of money allows the company to invest more in research and development for its products. The company conducts extensive research for all its markets and products that allows it to choose the right direction for its business. This ability to spend is evidenced by the company spending 12.86 billion US Dollars in 2021 on its expenses, which was inclusive of research and development (Statista, 2022). Therefore, the company has a huge capability of spending the required amounts on the technology.

The technological landscape has changed over the years and to be able to provide better services to its clients; many companies have been forced to incorporate more technology that is inclusive of data analytics and AI in its operations so as to maintain its position in the market. McDonald's has over the years invested heavily in technology companies like Dynamic Yield and Apprentice that will assist in improving their services to the clients (Patton, 2019). If the company would implement the hyper-personalization of its products, then it would be easier since they have some of the technology to understand the trends of their clients hence being able to serve them better. The technologies also allow them to analyse and merge the received data easily, which is a large aspect of the strategy since it is very data intensive and requires the latest data analysis for it to function and succeed.

The company also partners with major technological companies like IBM to make services offered to clients much easier. For instance, the company has already launched an Automated Order Taking (AOT) technology for its drive-thru (PSFK, 2022). The partnership is planned to improve the predictive tools for the company and make the experience by the customers better.

The company already has a huge worldwide presence. McDonald's operates in 118 countries with 40031 locations. In a single day, the company serves 69 million people (McCain, 2022). The company already has a large amount of people that interact with it on a daily basis,

allowing it the access to the large data and ability to personalize the services it can offer to its clients. The company has the ability to leverage the data it collects to enhance and optimize the customer experience.

Conclusion

McDonald's is the largest fast food company in the world and has a host of factors that affect its operations. To be able to serve its clients better, it is crucial that a company provides the best customer care services to its clients to make sure that they are satisfied and obtain the best experience when interacting with the business. As such, there are different internal and external environmental factors that may affect the functionality of the business and an analysis of that is crucial. In a bid to improve the customer care levels, the company could incorporate hyper-personalization strategies to be more accurate in what the clients would like. Such methods are usually heavily reliant on artificial intelligence and data analytics which allows for the objective to be achieved. As such, the company will be able to provide personalized care and attention to its clients hence being more accurate. This strategy is obtainable by a company like McDonald's due to the presence of the huge capital outflow that allows it to invest more into the heavily intensive financial venture, its partnerships with technology companies alike and its vast operations worldwide enable it to collect enough data required for its prosperity.

Recommendations

To implement the hyper-personalized strategy, McDonald's needs to follow steps of incorporating the strategy keenly to avoid making any mistakes in the process. The first step would be to have a deeper understanding of the customers regarding who they are and what they want. This would include making buyer personas and conduct surveys for further understanding. After collecting enough data, the company should enlist the use of technology that assist in sifting through the data to better understand it. The hyper-personalized strategy can then be implemented

while considering the customer's journey with the business. The personalization measures should then be implemented like the clients being referred to by their names during communication with the company. Observe the results and tests different approaches A/B testing, collect the feedback and respond immediately. Finally, automate the entire process by using tools that are robust and use real-time data.

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Appendix

McDonald's Background

McDonald's is a multinational American fast food chain corporation that operates in more than 100 countries. It was founded in 1940 as a restaurant in California, owned and operated by Richard and Maurice McDonald. The current headquarters are in Chicago, Illinois in the United States of America. It has grown to become the largest fast food chain in the world in terms of revenue, earning 23.22 billion US Dollars in 2021. It has over 40000 locations, with it mostly using the franchise model. Currently, 93% of all its locations are owned under franchise model with 7% owned by the company. The company makes most of its sales in the United States, with it accounting for about 8.7 billion US Dollars in 2021 in revenue. The largest contribution to the revenue earned by McDonald's originated from Australia, Canada, France and Britain, accounting for 12.09 billion US Dollars collectively in 2021. Additionally, the United States has the largest

number of restaurants at 13375 restaurants. It is followed by China with 3500 restaurants and then 2900 restaurants in Japan.