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McDonald's is an American fast food company founded by two brothers Richard and Maurice McDonald in 1940, with their first hamburger stand in San Bernardino, California. The restaurant owes its success to "Speedy Service System" developed by the founders in 1948 allowing to cook and serve entire batch of food in under 60 seconds, putting into expanded use the principles of the modern fast-food restaurant that their predecessor White Castle had put into practice more than two decades earlier. What is fascinating about its history is that all the original systems inside the restaurants like tools and even restaurants layouts were designed by its founders. In addition, famous golden arches company's logo was also designed by one of the brothers – Richard McDonald, with addition of a Ronald McDonald as company's mascot in 1965 to target their audience of children.

In 1954 a businessman named Ray Crock came across the San Bernardino restaurant for the first time while trying to supply it with milk shake machines. After meeting the brothers and being fascinated of how effective the business was going Ray saw a great promise in their restaurant concept and proceeded to enter a partnership with the brothers. In 1955 Ray introduced company to franchising and eventually bought entirety of company in 1961 from its founders after few years of co-managing business on partnership level. Crock was the one with the "big plans" regarding franchise future and company's worldwide reach, he was an aggressive partner that eventually drove the McDonald brothers out of the industry. Kroc and the McDonald brothers fought for control of the business, as documented in Kroc's autobiography, and later in a movie titled *"The Founder"*. The San Bernardino restaurant was eventually torn down (1971, according to Juan Pollo) and the site was sold to the Juan Pollo chain in 1976. This area now serves as headquarters for the Juan Pollo chain, and a McDonald's and Route 66 museum. With the expansion of McDonald's into many international markets, the company has become a symbol of globalization and the spread of the American way of life.

The chain continued to expand domestically and internationally, extending to Canada in 1967, reaching a total of 10,000 restaurants by 1988, and operating more than 35,000 outlets in more than 100 countries in the early 21st century. Growth was so swift in the 1990s that it was said a new McDonald's opened somewhere in the world every five hours. It effectively became the most popular family restaurant, emphasizing affordable food, fun, and flavors that appealed to children and adults alike. In 2018 it was reported that restaurants are found in 120 countries and territories around the world and serve 68 million customers each day. McDonald's operates 37,855 restaurants worldwide, employing more than 210,000 people. There are currently a total of 2,770 company-owned locations and 35,085 franchised locations, which includes 21,685 locations franchised to conventional franchisees, 7,225 locations licensed to developmental licensees, and 6,175 locations licensed to foreign affiliates. In the late 20th century, McDonald's moved beyond the hamburger business by acquiring Chipotle Mexican Grill (1998), Donato's Pizza (1999), and Boston Market (2000) in the United States, and in the United Kingdom McDonald's purchased Aroma Cafe (1999) and an interest in Pret A Manger (2001), a sandwich restaurant chain. However, by late 2008 McDonald's no longer owned or had a stake in any of those companies, instead concentrating on its own brand.

McDonald's was and is one of the most heavily criticized food chain regarding quality of their products and alleged contribution to world's ever rising obesity problem, by many seen as "threat to public health". In 1990, activists from a small group known as London Greenpeace (no connection to the international group Greenpeace) distributed leaflets entitled "*What's wrong with McDonald's?*", criticizing its environmental, health, and labor record. The corporation wrote to the group demanding they desist and apologize, and, when two of the activists refused to back down, sued them for libel in one of the longest cases in British civil law; however there are also positive company's responses to criticism like the one in 2015 where McDonald's pledged to stop using eggs from battery cage facilities by 2025.

In contrast to that McDonald's is also a very charitable organization that over the years donated millions of dollars to various causes like sports events and local football or helping upcoming musicians. Company also has its own charity - Ronald McDonald House Charities (RMHC) that is nonprofit organization whose stated mission is to create, find, and support programs that directly improve the health and well-being of children

Product Strategy of McDonald's (Denisa Maria Smarandiu/1816244)



McDonald's main focus is to ensure customer satisfaction through its products in the fast food industry and the company tries its best to be the major factor when it comes to the purchasing decision of the customers.

What McDonald's is selling to customers

McDonald's have a wide range of products available in their menu for different customers. Some of these include –

- **Beverages:** Includes all kinds of beverage and drinks.
- **Breakfast:** Food items specifically suitable during breakfast.
- **Burger:** Various types of burgers with different flavors.
- **Chicken & Sandwiches:** Contains items like fried chicken and all types of sandwiches.
- **Combo meal:** Mix of different meals put together as different packages.
- **Desserts & Shakes:** Includes only sugar-based items like desserts and shakes of different ingredients.
- **Salads:** Different salad items.
- **Snacks:** Small snacks and light food items.

The reason behind the success

McDonald's fast food products come with wide variety of ingredients and each fast food taste different from each other. McDonald's always prioritizes on what the customer wants to have and they have improved their ranges of products through continuous feedbacks and experimentations (Gilbert, 2015).

From 1955, the company has introduced large number of dishes to present variety and experiment on the preferences of the customers to see what they like and what they do not like, in order to continuously improve the business. McDonald's has kept this practice over the years; hence they have been able to expand their business in the market (De Chernatony et al., 2011).



Products from McDonald's

Some of the popular products from McDonald's are the following –

- **Sausage, Egg & Cheese McGriddles:** Made with no artificial preservatives, this fast food item is made with soft and warm griddles cake mixed with maple which holds the egg, savory sausage. This item is from their Breakfast menu.
- **Sausage Burrito:** Contains fluffy scrambled eggs with cheese melted and sausage, along with chilies and onions and all of these ingredients are wrapped in a soft tortilla that is a lighter snack with amazing taste. This product supports the McDonald's feature of Mobile Order and Pay for customers.
- **Buttermilk Crispy Chicken Sandwich:** A combination of meal that comes with the sandwich, coca cola medium sized, and French fries.
- **Southwest Buttermilk Crispy Chicken Salad:** This is prepared with a layer of savory black beans, roasted corn and tomato along with poblano peppers. The main ingredient of this dish is white meat chicken without any colors. After preparing this meal, a sprinkle of cheddar and jack cheese. Top portion of this meal is served with romaine, baby spinach, red leaf lettuce, and ribbon cut carrots along with Newman's Own Southwest Dressing.
- **Strawberry Shake:** Comes with soft creamy vanilla soft serve that is mixed with strawberry syrup that is served with whipped topping. This item comes with different



Nutrition calculator

A feature that can be found in the official website of McDonald's that offer a digital calculator service to identify the calories, carb and nutrition information related to any meal offered in the menu. Customers visiting the website can use it by selecting from a list of categories of food items from McDonald's and then finding the appropriate information. This can be useful for people conscious about their balanced eating who would like to carefully pick their meal depending on their preferences.

Check out: <https://www.mcdonalds.com/us/en-us/about-our-food/nutrition-calculator.html>



Strategy of McDonald's (Danisa Maria Smarandiu/1816244)

McDonald's value its customers; therefore, the company is focused towards putting its prices to different fast food items based on the demands for certain items while also maintaining balance in the pricing so that it doesn't get too much higher or lower.

Bundle pricing and psychological pricing

McDonald's maintain two types of pricing strategies for their customers.

The Bundle Pricing strategy involves including several meals together as a package with a small discount which creates value for the customers as they do not have to pay a bit more when they purchase one of the items separately from the menu. Happy Meal is an example where McDonald's tries to maintain the cost by putting few meals as a bundle to increase its value and make it attractive for customers to consider buying (Zanoni, 2015).

The psychological strategy is implemented to prices in ways to make it look affordable. This is to ensure that customers can be influenced by observing small reduction in the price to perceive its affordability in specific.



Avoiding low pricing

Company tries to match the pricing with the value of the product and based on the competitor's pricing in the market. McDonald's usually try to maintain reasonable pricing for their products and not asking significantly cheaper prices compared to the cost (Wilson, 2015).

The reason behind this logic is the customers sometimes perceive that way too much lower price on a food item that seem to be having higher value might turn out to be false as they think that companies would not put such pricing on their product; therefore, the fast food item might be bad. So rather than attracting customers with lower price, it usually creates some misconception. So company usually tries to put lower price on bundles or discount offers for limited time to make it believable to customers.



Major factors when deciding on the price for the customer

- ❖ Putting different price tags for separate fast food items in the menu. For instance; a breakfast meal usually cost less than a lunch item.
- ❖ Adding variety of meals in each category in the menu in order to offer several options for customers based on their buying decision. Hamburger section comes with variety of burgers instead of a single burger, and each variety of burger has its own pricing based on the quality and ingredients. The same goes for other categories like Chicken and Sandwich, breakfast items etc.
- ❖ Offer promotions to increase the number of customers within a limited time period to increase the sales.
- ❖ Offering free samples when coming up with a new fast food item to customers who visit the local store whether buying or not buying anything. This generates a lot of attention.
- ❖ Offering larger discounts for ordering fast food from McDonald's using the App. This type of approach for promotions have the tendency to be exclusive to people who order foods from the brand using the app so that customers can start using the app for ordering.
- ❖ Special menus for customers. Most known are a dollar menu, combination meals, and free toys with Happy Meals to differentiate the brand from other companies in the fast food industry.
- ❖ Customized ingredients on certain fast food items to change the pricing based on customer preferences aside from original items.

To learn more about the exclusive deals offered by McDonald's; visit the following –

<https://www.mcdonalds.com/us/en-us/deals.html>



Placement Strategy of McDonald's (Petre Videta Nodeta/1817473)

Where to find McDonald's fast food items

McDonald's, being a large multinational fast food restaurant company, has been able to expand its business in major areas as well as smaller places which makes it easier for customers to find McDonald's in almost any city or town where McDonald's have their business established within. Aside from the local stores of McDonald's there are tons of shops that can be found in shopping centres, school or college areas. McDonald's also sell its products through Kiosk where customers can quickly buy meals without needing to look for restaurants nearby (Coulter, 2013).

Digital buying experience is also available from the McDonald's as well. McDonald's has its own app that allows customers to access the menu from McDonald's using the app from an android or an iPhone so that orders can be placed from anywhere and the meals would be delivered to the customers. McDonald's also offer online orders through their official website which also provides detailed sections of various products McDonald's offers for its customers. The customers can use multiple options to pay for their orders online without needing to visit the shops.

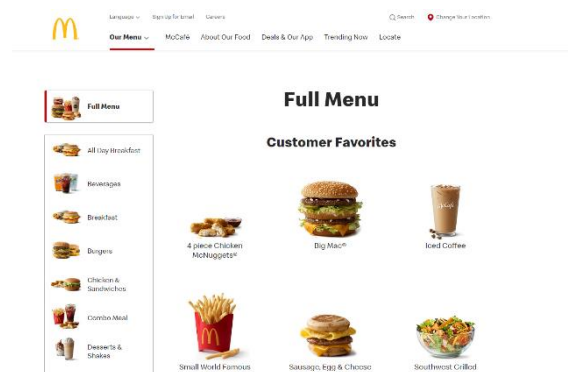
The expansion strategy of McDonald's

Most of the revenue that McDonald's has is from their restaurants and local stores. McDonald's is a company from US which means they have been able to successfully establish their business in the US market, but they mainly rely on their international business as it allows the company to expand their business outside their location and gain new customers. They expand with the approach of branding globally while operating their business with a local mind set, since customers in different locations have their own demands. Depending on the country, the company has its expansion and promotion approaches. They keep their brand same, while changing the approach to design their stores based on the locations, especially if it is a different nation (Kowitz, 2014).

Through online shopping and mobile app, the company has made it a lot easier for customers to get the service from any location they are at in exchange of a small delivery fee for the orders from customers.

The official website of McDonald's for customers –

<https://www.mcdonalds.com/us/en-us/full-menu.html>



Distribution tactics

While majority of the stores are the sources of profit for the McDonald's, it has started to give major focus on its online and mobile services. Especially the use of mobile nets the users some good discounts for limited time. And sometimes, some of the bundles and promotional offers are only available to customers through the mobile app which makes the customers interested to order from online rather than visiting the restaurant. With this tactic, McDonald's has been able to deliver their service in almost every area possible.

While Kiosk does not have a bigger range of offers compared to the stores or online purchases, the kiosks work as a simple method for McDonald's to distribute its limited service to areas where there are large number of people such as office areas, schools, terminals, stations, shopping centres etc. Since these tend to be smaller compared to a shop, it can be situated in any area without any additional cost while providing quick refreshment service to customers nearby.

Promotion Strategy of McDonald's (Samuel Veres/1818847)



McDonald's have always tried to communicate with their customers through promotions. Their creative approaches to promotion are the only reason they are commonly known to customers compared to other brands in the market.

Use of catch phrases

McDonald's is known for their popular catch phrases that are focused on attracting customers of various types.

Phrases like "I'm lovin' it" are commonly used by the company in their advertisements and promotional offers and this phrase in particular is easy to read and it represents the quality of the products sold by McDonald's to their customers without making the sentence longer (Grant, 2008).

They are known for promoting cheaper foods to health conscious customers. One particular phrase in the menu which is "would you like fries with that" is a simple way of the company presenting lighter foods with the customer's orders.

A lot of catch phrases are the reason McDonald's is best known for to communicate their service with simple words and sentences to the customers



Sponsors and advertising approaches

McDonald's has known to sponsor different events that are conducted internationally or even locally. They have previously sponsored sports events like football, racing etc. to promote their brand and with their clear and visible logo, it has always been easier for the individuals to distinguish this brand from others.

McDonald's has always been a successful brand when it comes to advertising on electronic media. Television advertisements are the most common promotional tactics used by McDonald's and being a sponsor to many programs, their promotions usually are harder to notice on television in specific. In recent days, however, they are also focusing to generate brand awareness through internet as well.

Happy Meal from McDonald's comes with toys for children, which is another promotional tactic that the company has and these toys are usually attractive and exclusive to customers of McDonald's which usually makes their offers to customers to look rather attractive which a lot of other brands fail to maintain for their consumers in the market.

Promotions through sales offers

Aside from regular promotional tactics such as sponsorship or media advertisements, McDonald's is known to give out frequent promotional offers or discounts to their fast food items to attract customers.

They have been able to significantly gain huge number of customers through their offers provided to the mobile users who order foods from the app in specific. McDonald's app users are given a lot of discounts which not only promotes the products of the company, but at the same time encourages customers to use the company's app when ordering.

Their sales offer also continue during seasonal events where they tend to decorate their shops based on various themes and during such events the restaurants are filled with customers due to heavy discounts on packages which largely attracts families, couples from the own.



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