



MARKETING MANAGEMENT LCMB7001

ASSIGNMENT – 25%
REPORT ON MCDONALD'S



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INTRODUCCION

McDonald's Corporation, America fast food chain that is the largest in the world. The base of operations are in Oak Brook Illinois.

McDonald's became the leader in its industry and the hamburger became the most popular item and with the developed pioneering marketing techniques, focused on customer service and standing out from its direct competition.

The first McDonald's restaurant was started in 1948 by brothers Maurice and Richard McDonald in San Bernardino, California.

In the year 1954, the poor service in other restaurants, in terms of waiting time for delivery, a fatigued customer, with the consequence that these services were not a better option for the consumer. Delivery times had to be optimized, there was a need to serve food as soon as possible.

They found a simple, efficient format that permitted the brothers to produce huge quantities of food at low prices and faster than in other restaurants.

The self-service counter eliminated the need of employees; customers received their food quickly because hamburgers were cooked ahead of time, wrapped, and warmed under heat lamps.

In 1955, Ray Kroc, a businessman, joined the company as a franchise agent and proceeded to purchase the chain from the McDonald brothers.

On April 15, 1955, he opened the first McDonald's franchise in Des Plaines, Illinois, and in the same year launched the McDonald's Corporation, eventually buying out the McDonald brothers in 1961. The public face of McDonald's was created in 1963 with the introduction of a clown named Ronald McDonald, while the double-arch "m" symbol became McDonald's most enduring logo in 1962.

The chain is continuing to expand worldwide. Currently McDonald's has restaurants in more than 120 countries, operating more than 36,000 outlets.

PESTLE

PESTLE includes six sources of change: political, economic, social, technological, environmental and legal.

Its analysis is a tool for understanding strategic risk and identifies the change to the external macro environment that can have an impact on an organization's performance. The firm needs to understand external factors and how the business models will have to evolve with environmental changes. This tool is especially useful when starting a new business or entering a foreign market. (Academy, 2020)

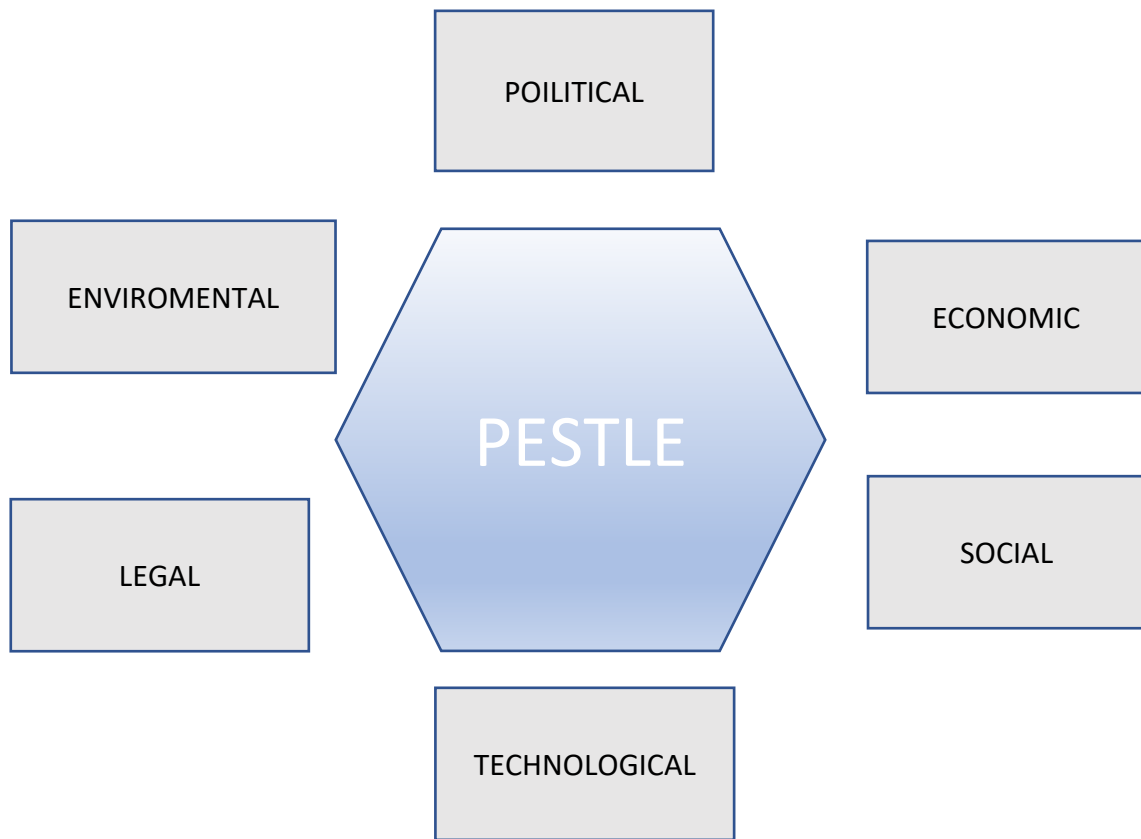


Fig 1 – Pestle map

- POLITICAL FACTORS

The government intervenes in the economy and political environment of the country. It can be a barrier to the company's strategy. The marketing campaign need to assess the condition political in every country that because it will help to the healthy business. (Doyle, 2016)

McDonald's has a restaurant across 120 countries. Every country has rules about hygiene and health this type of regulation are strict and the restaurant needs to follow them.

Currently, in UK the government implement strict rule on how junk food is advertised and sold in UK. The firm cannot make advertising and TV commercial before 9pm. The government made this rule considering that the cases of the Coronavirus in UK are worse because of the obesity problems. This measure will a negative impact in the company. (NITANK RASTOGI, 2016)

- ECONOMIC FACTORS

This factor can affect the firm in the short and long term, from the purchasing and the demand model in the economy also the price of the product and service of the company. (Doyle, 2016)

McDonald's menu prices are very competitive with the rest of the fast food industry and prices vary across the UK due to various contributing factors.

For the currently situation with the coronavirus, the government in United Kingdom cut in VAT from 20% to 5% means that most of the food are cheaper which is good news for the customer and future customer. (Farooq, 2019)

- SOCIO – CULTURAL FACTORS

The firm before the make a marketing strategy should assess the society and culture of the market. The product and services might be according to consumer culture and ethics. The approval of the company in the market depends on the product and service if its any demand for them in the market. The firm needs to research the customer standard of living too. (Doyle, 2016)

McDonald's have the a strategic for every country because of the culture, they have as well different products with different flavor in different countries depends of the culture. Currently in UK the people are obsessive for the healthy live for this reason MacDonal'd's have now different drinks with less sugar on it and food in low calories. (Farooq, 2019)

- TECHNOLOGICAL FACTORS

The technological impact on the company is enormous. Marketing strategies change with technology. Technology makes the business strength because the innovation and advancements do lower barriers market entry.

To keep the situation in the market the company have to invest in the latest technologies and innovation in the market otherwise, the firm will lose ground to their competitor. (Fozer, 2017)

McDonald's is continuously changing and complementing their restaurant with advanced technologies. They install self-service ordering kiosk in so many locations, it is implying that the restaurant replaces human service for technology. (Farooq, 2019)

- LEGAL FACTORS

Laws are to be followed and respected by firm. Legal factor is important because it can be a barriers to entry in the market.

Another important legal factor is regarding marketing rule to follow for safety and quality product and services as consumer law.

McDonald's need to know the framework legal in every country and work under it. The legal factor includes the food standard and hygiene regulation.

- ENVIROMENTAL FACTORS

The environmental factor is important for the companies. The business should study the environment and they decide because the environment is not in control of the business but can affect its surrounding.

The location, geographical and climate are important the firm's marketing plans, it can affect waste disposal laws, energy consumption regulation all of this need a long' term planning of the business.

McDonald is aware of the importance of the environment and like each company and is responsible for contributing to maintaining it. McDonald's is changing its current packaging for recyclable packaging because they want to reduce the amount of waste. Actually, they are working on protecting water resources.

PORTER'S FIVE FORECS ANALYSIS MODEL MCDONALD'S

Porter five forces analysis a framework that attempts to analyze the level of competition within an industry and business strategy development. (work, 2013)

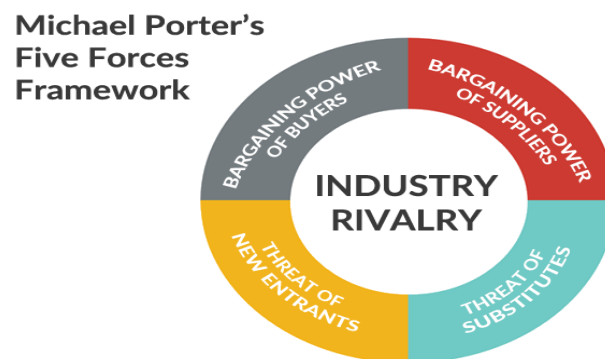


Fig 2 – Porter's force analysis

Competition rivalry- strong

One of the most competitive business currently is fast food restaurant. Every company is aggressively spending on advertising all of them have the same deal and menus. Continuity opening new franchise to increase their access to potential customer. The increase in the number of competitors has made competitive rivalry McDonald's strong force. (Porter's, 2020)

Threat of new entrants- moderate

New entrants mean for competitor the companies offer similar products. On the international level, the threat of new entrants is a weak force as there are a number of entry barriers. To be a competitor of McDonald's require a massive capital investment and time. (Pratrap, 2017)

Bargaining power of suppliers – weak

The products that McDonald's need for it menus are potatoes and burger there is many suppliers that McDonald's can use for it restaurant. (Pratrap, 2017)

Bargaining power of buyers – strong

The customer of McDonald's has so many options available in the market, they can easily change the restaurant, the loyalty customer in the fast food is decreasing.

This puts the buyers in a strong position, McDonald's need to work to retain clients by price and good services. (Adamkasi, 2017)

SWOT ANALYSIS TO McDonald's

SWOT means strengths, weaknesses, opportunities and threats that we can find in a firm.

SWOT analysis is a technique designed to help identify which marketing strategies for the company are good to follow. (Guilligan, 2010)

The SWOT analysis includes internal and external environments of the firm.

Internal environment studies the strengths and weaknesses in the company and the external environment includes information on the market, economic conditions, social trends, government regulation and technology. (Hollensen, 2010)

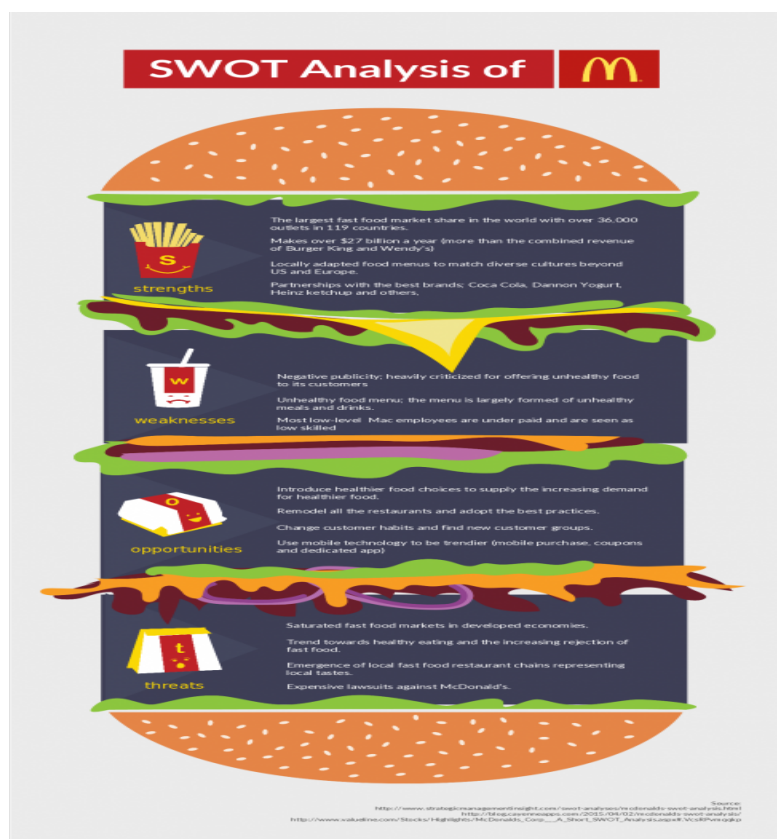


Fig 3: Analysis SWOT of McDonald's

Strengths

McDonald's is the most valued brand on the whole world, it has an immense presence in about 120 countries and more than 36,000 restaurants.

Market power is another strength due to the size of McDonald's. It can make agreements with suppliers and have lower prices and exclusive sales from them, for example Coca-Cola.

Technology initiative make the experience for client the best one, McDonalds always have extra step to be technology oriented for example with the pandemic they make improvement in app for client make order online.

Weaknesses

Negative Publicity for offering largest and unhealthy food menu and drinks.
Other weaknesses is the low-level employees are under paid and it is a low skilled.

Opportunities

Digital marketing is actually the most important strategic, it can guide the brand to be reachable and increase market and revenue.
Innovation in food menu because the current generation is conscious of the health and prefer low calories diet food. Mcdonals need to innovation in it menu and make them more healthy that would increase the customer base and retain the current customer.
Many people think that fast food is junk food. Mcdonald's needs to work on offering healthier food and try to change the vision of the customers.
Other opportunity for this company is to have focus in the Asia Market in this countries increases demand fast food.

Threats

The fast food industry is growing fast, McDonald's have many competitors and the brand need to improve marketing and menu to keep the leader position.
Regulatory pressure for the government increase and the operation cost increases too.
Economic fluctuation where McDonald's work affects to the business profit.
Culture threat of other countries, McDonald's is working in a different location and the food taste needs to fit into people as per the different culture and geographical location.
The current global pandemic covid-19 has made McDonald's close outlets. As this is a global issue, it does impact financial condition in McDonald's.

MARKETING MIX 4P's



Fig 5 – Marketing mix 4P's Model

Marketing Mix is the set of controllable variables that the firm can use to influence the buyer. (Kotler, 2010)

Marketing Mix concentrated area with major decision and planning area in the company. The name for this activity is Product, Price, Place and Promotion. All this area in the company interrelated because a decision in an area effect in another area.

McDonald include Marketing Mix in its strategic, also applies some variation to suit the condition the local or region market.

Product:

It is a good or service to provide the firm. McDonald's is known for its burger but the firm gradually extends the product and innovate new product to attract more customer and improve business stability. (Dang, 2014) At the present moment McDonald's customer can purchase so many products in its menus as chicken, fish, dessert and breakfast.

Place/ Distribution:

Products need to be in the location where the customer can make a purchase. McDonald's has many places to distributes, its products like restaurants, kiosk, McDonald's mobile app and postmaster website. Actually, mobile app customer can purchase and find information about the company like a special deal, find restaurant location, place orders through.

Promotion:

That tool is used to persuading and influencing a customer to choose our product. McDonald's use different element to communicate with its target customer the most significant is the Advertising on TV, radio, online media, after-sales promotion, public relations and direct marketing. (Kotler, 2010)

On of the example is Ronald McDonald House Charities and the McDonald's Global Best of Green environmental program support communities while boosting the value of the corporate brand.

Price:

It is the amount charger for the product and is the second most important element in the marketing mix, because the firm needs to work to maximize profit and managing sales volume. (Kotler, 2010) McDonald's use a combination of two strategies: bundle pricing strategy that mean to make a packages with two product and make a discount for it and Psychological pricing strategy.

CONCLUSION

This report assesses the different marketing models that McDonald's uses and how it has grown applying them. McDonald's is a fast food chain with more than 65 years of history, McDonald's is one of the pioneer companies in international Marketing and has known how to adapt to each circumstance and to each country where it has points of sale.

McDonald's study macro and micro marketing models.

Pestle is a macro marketing model that studies the environment and the factors that impact where companies are located, such as political, economic, environmental factors and how McDonald's adapts to the legal and cultural framework.

The Porter's Five Forces Model at McDonald's is also evaluated and which are the aspects where McDonald's finds it more difficult to grow depends on its competition and which are the sections where it has more competition to better stand out, such as McDonald's has many fast-food competitors This produces a strong rivalry competition and as entering an international fast food model is costly the strength you have in the new entry of competitors is moderate.

The swot analysis model shows us the marketing strategies that we must follow in which an internal and external analysis is made environment, studying what are the strengths, weaknesses, opportunities and how we should treat them, in this model we try to compete with other brands, for example innovating in menus, it is important in all strategies to listen to end consumers and find their needs.

The weakness of the company and what they need to work is about, healthy food and make the employee more engage and happy in the company. It can reduce the rotation of the employee and they will be the best ambassador of the company.

Finally, we evaluate the Marketing mix that we use to study how we can influence current and future buyers with marketing strategies such as discount promotions, limited offers and the price of our products. McDonald's uses campaigns and promotions every month and now with the app the company knows each need of its customers in detail, and the sale of the product to each consumer can be more attractive.

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