

The future development of the McDonald's marketing field



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Contents

Abstract	2
Chapter one : Introduction	3
1.1: Background of the research	3
1.2: Purpose of the research	3
1.3: McDonald's corporate introduction	4
Chapter two : McDonald's marketing analysis	6
2.1: External environment analysis	6
2.1.1: PESTEL analysis	6
2.1.2: Porter's five forces analysis	9
2.2: Internal environment analysis	11
Chapter three : McDonald's future marketing development	14
3.1: McDonald's vision and mission	14
3.2: McDonald's marketing SWOT analysis	14
Chapter four : McDonald's corporate development marketing proposal	17
Chapter five : Conclusion	18
Reference	19

Abstract

As a large transnational fast food chain in the world, McDonald's has become increasingly stable in mainland China with the development of China's economy. The phrase "McDonald's is more than a restaurant" precisely encapsulates the business philosophy of McDonald's group. In the overall institutional system of McDonald's worldwide, the operation of McDonald's restaurants is a very important link, because McDonald's business philosophy, joy and delicious food are passed to customers through the restaurant staff. However, the restaurant is not the whole of the McDonald's brand, it is only a part of it, because there is a comprehensive and strong support system behind it, which has reached the effective guarantee of quality. The support of this powerful system includes: advanced technology and food processing and manufacturing suppliers, well-established human resource management and training systems, management around the world, distribution systems, marketing, accurate and fast financial statistics and analysis. This paper makes an depth study of the marketing environment and strategy of McDonald's by using the analytical model, and explores the future marketing strategy of McDonald's Group.

Keywords: marketing strategy、marketing environment

Chapter one : Introduction

1.1: Background of the research

With the growing fast food industry in China, it also occupies an important position in the national economy. As an enterprise, continuous business innovation to adapt to customer needs can develop for a long time. Since McDonald's entered the Chinese market later than KFC, McDonald's hopes to expand its market share and improve the acceptance of consumers through business innovation, so as to win the favor of customers.

At present, since 2020, the catering industry has been affected by the epidemic. From January to February 2020, more than 50% of catering enterprises have closed down by 20% to 80%. The chain operation mode, business model and management decision of catering enterprises play an important role in the difficulties faced by enterprises.

1.2: Purpose of the research

Marketing strategy is a functional strategy of enterprise development and the key to enterprise development management system. In very fierce market competition, enterprises need to immediately respond to market changes, only by creating a market-oriented operation system can enterprises develop stably. Enterprises develop marketing strategies, the purpose is to give full play to the advantages of enterprises, enhance competitiveness, better adapt to the

change of marketing environment, with less marketing investment to obtain the maximum economic effect. Through a series of theoretical analysis of the enterprise, found the actual problems of the enterprise. These problems restrict the development of enterprises to some extent, but McDonald's must break the bottleneck if it wants to win the advantage in the competitive market. This paper helps McDonald's enterprises to further optimize the original marketing strategy and find out the deficiencies in the marketing strategy to supplement. It plays a good role in promoting the long term development of McDonald's catering.

1.3: McDonald's corporate introduction

McDonald's is a large multinational restaurant chain in the world. It was founded in 1955 in Chicago, USA, and has about 30000 branches in the world. It mainly sells hamburgers, fries, fried chicken, soda, ice, salad, fruit and other fast food. McDonald's, the company's best-known brand, has more than 32000 fast food restaurants in 121 countries and regions. The company also controls a number of other restaurant brands, examples include Aroma Cafe and Donatos Pizza.

In 2001, the total revenue of McDonald's company reached 14.87 billion US dollars and the net profit was 1.64 billion US dollars. McDonald's is the champion in the field of global fast food chains. In 2013, McDonald's had more than 2000 restaurants in China, and in 2021, McDonald's had more than 4000

stores in China. McDonald's donates a portion of its annual revenue to charity, when the founder Raymond Kroc left the world, he set up Uncle McDonald's Charity Fund with all his property.

Quality, service, cleanliness and value are the business concepts. McDonald's success depends on the sharing of strengths and close collaboration among suppliers, employees and franchisees to build a strong partnership base.

Chapter two : McDonald's marketing analysis

2.1: External environment analysis

According to McDonald's own characteristics and operating conditions, the following will use the macro analysis model to McDonald's marketing strategy for a comprehensive analysis.

2.1.1: PESTEL analysis

Political and legal factors, With the impact of the epidemic on the catering industry, the consumption of the catering industry under the epidemic has weakened and the operating pressure has increased. The government provides policy support to the catering industry on the basis of normalized epidemic prevention and control. Government policy support includes tax reduction and reduction of electricity cost in business, as well as some financial support. In the national plan, the service industry will be further promoted with intelligent transformation, which has become an irreversible trend in the development of the catering industry. Under the influence of the epidemic situation, McDonald's is the first batch of enterprises to launch the response plan of "no contact ordering and distribution", and the first to use the assured distribution. From the enterprise level, enterprises after the epidemic have gradually begun to have a new understanding of the traditional catering industry. From the industry level, all participants are exploring more marketing strategies.

Economic factors, according to the total revenue of McDonald's in the fourth quarter of 2021, with a year-on-year growth of 13%, its revenue and profit failed to meet market expectations. The performance growth is not very large, mainly due to the impact of rising costs and supply chain problems, but McDonald's position in the global fast food industry is still unshakable. With the impact of the epidemic, the global economy has declined significantly, the number of unemployed people is also increasing, and the wage income has a certain impact, which also leads to people choosing cheaper goods in the same fast food choices. The epidemic situation has led many countries to restrict the business hours of restaurants and the number of diners in restaurants to varying degrees. The epidemic is creating uncertainty around the world, exacerbating labor shortages and supply chain delays.

Social and cultural factors, Chinese people have completely different cooking traditions. Thirteen years ago, it might have been a joke for Chinese to accept hamburgers. However, McDonald's has become one of the favorite restaurants of many Chinese people. Based on the influence of national culture and values on consumer behavior and decision-making, McDonald's adopted the localization marketing strategy to enhance the market competitiveness and brand value of its products. The change of consumers' habits will put forward

higher requirements for the catering industry. The pace of people's life is gradually accelerating, which also increases the demand for fast food.

Technical factors, with the rapid development of modern science and technology and the continuous improvement of productivity, the cycle of scientific inventions and new technologies applied to new product development has been greatly shortened. The product upgrading is accelerated, and McDonald's is promoted to develop new products continuously. As early as a few years ago, McDonald's began to use the power of technology to promote its business. McDonald's previously acquired American technology startup Apprente, an AI voice startup technology company headquartered in California, the main focus is on the conversation system, including automated multi language voice ordering system. Apprente's voice ordering technology is aimed primarily at car reservation service. Customers can not only order food quickly and intelligently in advance, but also receive food quickly and accurately. It can not only save more labor costs, but also greatly improve the efficiency and further strengthen the brand marketing competitiveness.

Environmental factors, from 2018 to 2022, McDonald's China plans to open more than 1800 green restaurants and promote the production of environmentally friendly packaging. Paper food packaging will be 100 %

international forest certified base paper, while actively reducing packaging materials. McDonald's has actively reduced the use of packaging materials, switching to single layer packaging for its burgers, reducing the amount of paper used by 80%. For carton packaging, McDonald's also optimized the cutting process and size, which reduced the amount of paper used by 20 %. Starting in 2018, McDonald's will stop offering plastic straws and encourage consumers to reduce their use, and all restaurants have changed the plastic cups in their product packaging to reduce the use of plastic.

2.1.2: Porter's five forces analysis

Factors of competitors in the industry, the competition in China's fast food market is very fierce, and it has begun to move towards the stage of brand competition. Western fast food has a good standardized management system, the overall scale is large, restaurants all over the country, such as KFC and Burger King. All kinds of brands in the hamburger fast food industry have their own brand positioning and marketing strategies. Some product differentiation, different audience groups, product promotion. The market share of each brand can ensure the sustainable development of the brand. The two most important core competencies of fast food brands are standardization and mature franchise system. These two core competencies enable brands to scale up.

Bargaining power of suppliers, for catering enterprises, the supply and price of

raw materials determine the competition between catering enterprises to a certain extent, and suppliers will affect the competition between catering enterprises through the price of goods. During the pandemic, suppliers have been hit hard, food safety concerns have increased, suppliers need to ensure the variety and quality of their products, and suppliers' bargaining power has increased. Therefore, during the epidemic period, the cost of raw materials purchased by enterprises related to the catering industry will increase, and the corresponding profit will decrease. A good supply chain helps McDonald's improve its competitive advantage and brand value.

Bargaining power factors of buyers, the price of the main fast food brands in the market is more consistent. Price has always been one of the important factors influencing consumers to choose a brand. If consumers think the price of fast food is too high, they will voluntarily refuse to buy it. Fast food practitioners can also understand consumers' acceptance of prices through sales. Under the influence of the epidemic, the competition in the fast food market is fierce at present, and various fast food brands on the market have launched cost-effective preferential packages to attract consumers. Due to many choices and fierce market competition, consumers have lower choice switching costs, and intangible buyers' bargaining power has improved.

Potential new entry competitors, the barriers for new competitors to enter the

catering industry are low. As long as they have production capacity and resources, they can become potential new competitors in the market. New competitors rely on price advantages and rich market layouts, and most potential new competitors rely on these two advantages to enter the market. The market positioning is generally second tier and third tier cities, the extensive urban layout is conducive to market sales, and the price is lower than McDonald's, which can quickly occupy the market through the low price strategy. The advantage of McDonald's is to consider the payment ability and location of customers, and decide whether to enter this area on the basis of considering its own market positioning.

The substitutability factor of substitutes, convenience and price popularization are the most basic factors for fast food industry to attract consumers to buy. Convenience stores are the most influential alternative competitors. Currently, convenience stores in first tier cities are already competing for the fast food market. They offer a variety of meal options, such as heated lunches, convenience stores have lower prices and can buy meals faster. In the future, the layout of convenient stores will continue to expand, so the entry of convenient stores into the market has a certain threat and influence on the fast food industry.

2.2: Internal environment analysis

The market resources of an enterprise can be divided into tangible assets and intangible assets. The tangible assets of McDonald's mainly come from the specially permitted operating resources and McDonald's supply chain resources. Intangible resources mainly refer to non monetary and identifiable resources owned by enterprises. From the perspective of long-term development, the most important thing for the enterprise is intangible market resources to reflect the enterprise brand.

McDonald's tangible assets include the annual profits of restaurants and enterprises, as well as the profits brought by production resources. In McDonald's supply chain management, suppliers need to ensure the safety and health of the products they supply, as well as ensure that there is no delivery risk. In addition to meeting the quality control of McDonald's and the country, McDonald's attaches great importance to the testing and quality evaluation system of raw materials and products to ensure the health and safety of food.

McDonald's intangible assets include brand value, human resource management, and corporate culture. The core concept of McDonald's is to let customers experience happiness, the core concept includes high quality and low price, quality assurance and food safety. These core concepts can create

value through brand. As for the human resources of McDonald's, any employee should start from the grass-roots level, and every employee has the same development opportunities. The biggest advantage of McDonald's human resources is to cultivate talents through the system, and improve the talent management ability through the company's own management and training system. On the other hand, the main business of McDonald's in the market is related to the demand structure of McDonald's human resources. In the current competitive environment of high human resource recruitment costs, McDonald's resource integration advantages ensure continuous and effective operation in the marketing market.

McDonald's has strong market development ability and financial resource guarantee ability, they can effectively use tangible and intangible resources, improve the market organization security capacity. The combination of intangible assets and human resources is an important basis to ensure the sustainable development of enterprises. The normal operation of the market and the maintenance and upgrading of the enterprise brand image require a large amount of capital, which increases the cost of the market to a certain extent. Benign operation mode, good reputation of the brand image is conducive to saving funds, reduce market costs. McDonald's emphasis on and maintenance of the corporate brand image gives McDonald's a good advantage in expanding its scale.

Chapter three : McDonald's future marketing development

3.1: McDonald's vision and mission

McDonald's China has set new goals for future development. Starting in 2018, double digit annual sales growth will be maintained for the next five years. It is expected that by the end of 2022, the number of McDonald's restaurants in the Chinese market will increase from 2500 to 4500, and the rate of construction of new restaurants will increase from 250 to 500 per year, continuing to expand the market. About 45% of the new restaurants will be located in third and fourth tier cities, and more than 75% of them will provide takeaway services, bringing convenience to more Chinese consumers. In the future, McDonald's will carry out market subsidence, so that it can carry out business in the Chinese market more accurately. In terms of marketing strategy, it can more accurately match the development trend of the Chinese market and the core demands of consumers.

McDonald's proposed the concept of "Future 2.0" restaurants in 2019, and under the influence of the uncertainty of the epidemic, McDonald's will accelerate and consolidate digital initiatives such as self-service ordering, digital software and mobile payments, and improve the coverage of "Future 2.0" restaurants around the world.

3.2: McDonald's marketing SWOT analysis

Advantages of McDonald's, McDonald's has a good brand image, customers for food safety, product quality and service to maintain a high satisfaction attitude. McDonald's has also established long term cooperative relationships with suppliers to achieve the small goal of overall systemization, which has established a good foundation for the profit maximization of the entire McDonald's global market. The biggest advantage of McDonald's is the faster product development speed, combined with the localization strategy, according to the differences in different regions to develop new products in line with consumer groups. McDonald's has a perfect procurement system. Instead of purchasing raw materials in actual operation, they entrust the global distribution system to purchase, and McDonald's is only responsible for managing global suppliers and distribution centers. McDonald's has also established a product rating mechanism for suppliers to strengthen the supervision of product quality more effectively.

Disadvantages, western fast food is unhealthy for Chinese consumers. At present, consumers are paying more attention to food health. The price elasticity of products in the fast food industry is relatively small, and the prices set by various brands are relatively consistent. It is easy to imitate the price promotions launched, and the situation of price war is easily formed. Each brand provides the same service, so the differences in service marketing are

reduced. With the increasing number of McDonald's restaurants, more and more franchisees have joined McDonald's, and the organizational structure is becoming increasingly complex, which makes McDonald's standardization and standardized management face new challenges.

Opportunity, with the improvement of per capita consumption power, McDonald's has gradually expanded its market share in third and fourth tier cities, which has created convenient conditions for its logistics and product chain. The degree of economic integration has deepened, various countries have opened up to each other, forming a system of mutual connection and dependence. Different food cultures also have the trend of integration, which has created huge development potential for McDonald's transnational economy.

Threat, McDonald's biggest threat is the fierce competition in the fast food industry. As we all know, KFC is the biggest competitor of McDonald's now. Both have their own brand advantages, high quality managers and efficient logistics. Every brand advantage in the fast food industry is expanding, and enterprises are constantly adjusting their strategies to expand their market share, which makes the competition between enterprises intensified. At the same time, attention should be paid to the market competition of potential substitutes.

Chapter four : McDonald's corporate development marketing proposal

In terms of product quality management, in order to expand its market share in China, McDonald's always puts quality management in an important position and carries out strict examination and testing from the suppliers of raw materials. In terms of strict implementation of quality standards, McDonald's should carry out strict quality control and screening for food quality.

Preferential prices are still the most important factor for consumers to choose. In terms of price adjustment, full consideration should be given to the market environment and consumers' reactions. Careful and appropriate decisions should be made on the timing and extent of adjustment, and blind decisions will bring severe challenges to the development of enterprises.

McDonald's should continue to establish a good brand image among consumers through the use of advertising media and personal promotion. Appropriate advertising investment is conducive to increasing corporate profits, different regions have their own unique characteristics, and advertising publicity should also be combined with local actual conditions. Reasonable personal promotion can not only improve the satisfaction of consumers, but also encourage customers to consume more products within a reasonable range.

In terms of dining environment, McDonald's aesthetic restaurants can attract customers to a certain extent. The visual effect of the restaurant has been recognized by consumers, but in terms of the auditory effect, consumers have a low degree of recognition. It is suggested to carry out standardized management on music playing in restaurants, which can make consumers relax more effectively.

Chapter five : Conclusion

As a large multinational restaurant chain in the world, McDonald's has a rapid expansion in the world with the development of the world economy. Compared with other fast food brands, McDonald's has a more mature standardized management model and innovative marketing strategy. This is a good reference for other fast food brands that are still developing, and they should reasonably use the advantages of their own brands to plan future development, rather than following the footsteps and imitation of other brands all the time. Through the analysis of McDonald's marketing strategy, the main reason why McDonald's can achieve global success is the quality marketing strategy and the active integration with local culture. Under the environment of deep integration of the world economy and fierce market competition, McDonald's successful marketing strategy is worth learning and using for reference by many enterprises.

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