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Introduction

McDonald's is one of the largest food chain, with its franchises located all over the world. McDonald's serve food to more than a 3.5 million customer's every day. McDonald's has established a high profile brand image with its food, modern infrastructure, quality management, high quality of service, cleanliness, and high level of customer satisfaction. All of these factors has enabled McDonald's to achieve a unique position in the market and has given them a competitive advantage over all of its competitors¹.

McDonald's began its operation in 1948 in United States, and from the beginning McDonald's experienced the taste of success, in the year 1955 McDonald's was introduced as a part of the McDonald's Corporation owned by Ray Kroc. McDonald's started to expand its operation in the year 1967, and very soon it emerged as the biggest and reputed fast food chain of the worldwide. According to the annual report published by McDonald's Corporation in 2008 McDonald's is operating in 117 countries with over 32000 branches located in different parts of the world. McDonald's opened its first branch in London, United Kingdom in the year 1974. McDonald's launched a total of 1200 stores inside the United Kingdom. However, McDonald's has faced some strong criticism due to the high turnover rate and the quality of food served.

Sector

The sector in which McDonald's is operating is the catering industry, their business consists entirely of restaurants that prepare and serve a limited menu, quickly made and sold at moderate prices. The McDonald's restaurants worldwide offer prepared foods with the highest levels of quality and hygiene, from basic natural ingredients such as meat, fish, chicken,

1 Vrontis, D. and Vronti, P. "Levi Strauss. An international marketing investigation", Journal of Fashion Marketing and Management; 2004 , Vol. 8, No. 4, pp.389–398.

potatoes, vegetables, dairy products, etc. Their menus meet many of the needs of vitamins, proteins, minerals, carbohydrates and fats that the body needs to develop daily activity.

McDonald's are available to its customers, in all its restaurants, a poster that includes the nutritional value of their products so that consumers can select menus that best meet their nutritional needs and energy intake according to the rule that a balanced diet should be varied foods that provide the nutrients and energy values each person needs in a period of fifteen days.

McDonald's offer virtually the same menu throughout the world, consisting of burgers (Big Mac, Quarter Pound, McRoyal Deluxe, McRib), hot sandwiches (McPollo and fried fish fillet), Chicken McNuggets, fries, salads, beverages, sauces, smoothies, cakes, ice cream, cookies, fruit salad. They also have a special menu for children (Happy Meal) consisting of a hamburger, fries, drink and dessert a strawberry Petit Nestle. Some of the activities necessary for the proper functioning of the company are developed by McDonald's².

History of McDonald's

The first store in the history of fast food service was inaugurated by the McDonald brothers in 1948 in San Bernardino, California (USA). They gave a new direction to business by offering fast food at high speed, with modern quality management system. A limited menu and a high turnover marked the success of the new restaurant. Ray Kroc, then provider shake mixing machine, surprised by the amount of "Multi-mixers" solicited, visited the McDonald brothers in 1954. They proposed to open more places like this. Therefore, in 1955 the first local Corporation was opened by Ray Kroc. Between the '50s and' 60s, the visionary Ray Kroc and his management team established the successful operating philosophy of McDonald's System which was based on: Quality, Service, Cleanliness and Value.

The 60s could simply be termed as the expansion period for the McDonald's. The first step came as the inclusion of table service inside the restaurants, and the adoption of what they

² Vignali, C., Vrontis, D. and Vranecevic, T. Marketing Planning. Analysis, Strategy and Tactics, London: Foxwell and Davies; 2003.

are since the basic principles of the company: Quality, Service, Cleanliness and Value. The success of McDonald acts as a catalyst in the emergence of a fast food industry, first nationally and then internationally. Greasy bars and restaurants that populated the country's roads were replaced by local families belonging to a group of strings. The atmosphere of fast-food in the 60s attracted the attention of major corporations. Pillsbury acquired Burger King in 1967, General Foods bought the chain Burger Chef in 1968 and Heublein did the same with Kentucky Fried Chicken in 1971³.

A unique landmark in the history of McDonald came in 1968 when Jim Delligatti, a franchisee of Pittsburg, created a burger called Big Mac, which later went on to become the flagship for McDonald. Curiously the Big Mac, and marking the importance of this product, the price of Big Mac country has established itself as one of the benchmarks to determine the degree of development of nations (the "Big Mac Index"). McDonald continued growth in the 70 supported by the demographic and economic changes, although its dominance began to be challenged by the companies such as Burger King, and KFC etc.

Although McDonald's has done a good job to stay ahead of the industry, all is not well in it. The burger business in particular no longer presents the exciting growth rate as it previously did. Along, with that the customer today demand something new and innovative they are now tired of seeing the same menus again and again. Along, with that another growing concern for McDonald's is quality of nutrition and the resurgence of sophisticated dinner among some segments of society, which have thrown quite discredit on the fast-food chains such as McDonald.

McDonald invests large sums of money on research of new products, changes in their kitchen equipment and the implementation of new production systems. On this issue, note the

³ Vignali, C., Vrontis, D. and Vranecevic, T. Marketing Planning. Analysis, Strategy and Tactics, London: Foxwell and Davies; 2003.

new computerized equipment kitchen is the key to innovation in the product, because it allows employees to cook the dishes on request instead of developing them by the dozen and keep them warm until they are sold. With the new system, employees could not build many different dishes for the risk that nobody asked the security within ten minutes. With the "Made for you" system can offer an unlimited number of dishes, as it is much easier to avoid mistakes with orders, and allows the flexibility to introduce more variety on the menu⁴.

Competitors

McDonald faces stiff competition from many chains of fast food restaurants. Some of the major competitors of McDonalds include; Taco Bell, Wendy's, Burger King, Kentucky Fried Chicken, and Pizza Hut. All of these fast food restaurants have adopted the cost leadership strategy, as they are offering food items similar to McDonald's at lower prices while trying to outdo the attractive menu and fast service of McDonald's⁵. These chains are distinguished by providing consumer products of consistent quality, always available in a network of local managed outlets mainly in the form of franchises, ensuring the same type of care in facilities that are characterized by high quality of service, cleanliness, and high level of customer satisfaction. In this regard, one of the cornerstones for the success of McDonald's was the development of a network of dealers and suppliers with sophisticated supply infrastructure, linking with the processing industry through rigid specifications, always trying to reduce the cost of raw material. The products of agricultural origin constitute one of the main inputs and therefore these chains have provoked a strong impact on the food industry and primary production.

MacDonald's Swot Analysis

4 Vignali, C. 'McDonald's: "think global, act local" – the marketing mix', *British Food Journal*; 2001, Vol. 103, No. 2, pp.97–111.

5 Livesey, S. M. McDonald's and the environmental defense fund: a case study of a green alliance. *Journal of Business Communication*; 1999, 36(1), 5-39.

<p>Strengths:</p> <ul style="list-style-type: none"> • Corporate image • Profitability • Infrastructure • Trained staff • High quality "management". • Excellent technology and designs. • Very good quality food without the consumer cares about their health. • Variety of menus to consumers. • Fast service fast food with "ready-to-eat" ("ready to eat") system. This system provides hot food in their exact doneness, in just 60 seconds. • Good distribution system. 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Its dominant position could be questioned. • Market research shows that consumers prefer food restaurant as you have the feeling that it is healthier. • Tardiness in attendance at peak times.
<p>Opportunities:</p> <ul style="list-style-type: none"> • Acquire new technologies. • Qualified human resources. • Opening new branches. • Introduce new products. 	<p>Threats:</p> <ul style="list-style-type: none"> • Entry of new competitors, the possibility exists that someone create a new company of the same type and with more economic power, can accommodate an example our company to improve and not make any mistakes that may be committed in the course of penetrating the consumer. • Substitute products. • Complaints

Impact of Globalization on McDonald's

Globalization, understood as a process of internationalization of production, finance and trade, has important implications for both political and socio-economic aspects of international

relations. The process sets the tone with which it will give the relations between countries, and also has an impact on the social dynamics within each country according to its degree of openness to the global economy. His analysis is essential for understanding the structure of international economic relations and international political order.

The important thing about McDonald's in social and cultural terms is that it is geared firmly in American culture. Inward US, McDonald's is central in popular culture, appearing in numerous films and also being easy reference in matters of fast food. Also in business matters, McDonald's is everywhere in America. The statistics for 2000 indicated that a franchise began operations in the country every eight minutes on average, and 57% of franchises were owned by McDonald's. McDonald's, like other fast food restaurants, use warm colours to whet the appetite, and through their packages as the "Happy Meal" encourage the whole family to visit the establishment. It is also through the McDonald's Happy Meal to raise awareness allows some elements of American popular culture, offering toys of characters from movies or cartoons that are fashionable⁶.

In other countries, McDonald's is also an icon of America. Due to the unification of prices, all McDonald's products cost the equivalent in all countries where it has presence. It can be found in all regions of the world, including beaches, snowy places. Ironically, as a result of US victory in the Cold, War Russia and several countries of the former Soviet Union now have local McDonald's inside.

McDonald's is largely driven by the engine of globalization, because older relations with other countries imply that disclosed the economic, political and social models of both parties. In these relationships, McDonald's is attractive to other countries and they begin to implement some of its principles nationwide. Part of the reason for which began to adopt these principles in other

6 Livesey, S. M. McDonald's and the environmental defense fund: a case study of a green alliance. *Journal of Business Communication*; 1999, 36(1), 5-39.

parts of the world is due to the perception of success in business. Due to its principles, the idea that takes place in the business model will lead to higher profits and lower risks. The fact that McDonald's has begun in the United States, the only current superpower, gives more reasons to society in other countries to try to emulate the factors that allowed the American success.

Due to globalization, a major criticism that McDonald's face is that it encourages the destruction of endogenous socio-cultural fabric of the regions and countries where it is implanted. With the presence of transnational corporations in various countries in Africa, Latin America and the Caribbean, and Asia operations model based on the four principles of McDonald's is also transferred. By creating an "operating" model, the dynamics of local businesses and their relationship with the local social fabric is destabilized. An example of this can be seen in the case of Wal-Mart. Wal-Mart reaches many countries, is implanted in the towns and as offers many products in the same place centrally located; people begin to shop there instead of spending by small businesses like bakeries and butcher shops or specialty shops that used visit. The initial low prices at which the products are sold cause many of the original businesses to close because they cannot compete against corporations, and this causes them to go untying the bonds between people by decreased local interaction. With the passing of a generation, or even less, there may be a loss of significant relationships between people of the town, leaving people increasingly isolated and alienated from their context⁷.

However, its apparent success encourages reproduction of this model in other parts of the world, but this does not come without cost. On the one hand, a homogenizing force that does not allow individuals and groups against this order act freely, because they are immersed in a society dominated by the desire for efficiency, predictability, quantification and control structure is experienced. In this era of globalization it has become imperative for McDonald's to seek

7 Fristedt, M., Hansson, A., Hüge-Brodin, M., Rehme, J., & Sandberg, E. (2012). Supply chain management in practice: a case study of McDonald's Sweden.

alternative development and new social dynamics. The search for these alternatives would be the first step to create conditions where the individual can act more freely, and where groups with different ideas and styles of life can interact within a framework of respect and tolerance⁸.

Current Position of McDonald's

Currently, McDonald's is ranked as number one in the food service retailer chain. To reserve this position, the company is pursuing dynamic strategy and has adopted contemporary approach to survive in the current competitive business environment. The company is one of the leading foodservice retailers across the world with over 33,000 restaurants locally serving more than 60 million people on daily basis. All the restaurants around the world are owned and run by local people. According to the annual report of 2013 published by McDonald, the company witnessed a strong increase in their sales by almost 5% that the past year. They have grown as 4.4% in U.S., 5.3% in Europe, and 4.0% in Asia Pacific region simultaneously.

McDonald's has made itself to be the low cost restaurant. The restaurant has a narrow scope for a customer base and a low cost strategy. In the last few years, it has inclined to broaden its scope to attract more people, including families, students, young people, etc. However, the restaurant has experienced decline in its business in recent years and it has begun to make menu a more healthy option. Still, they try to retain their target market narrowed down to families, but others deserve attention as well. The main focal point is on cutting delivery time and reducing the food cost. The customers are number one priority of McDonald's, and since its customer base is expanding rapidly they have to be prepared to manage this change and have to come up with new strategies in order to cope-up with changing needs of consumers⁹.

8 Prakash, A., & Singh, V. B. Glocalization in Food Business: Strategies of Adaptation to Local Needs and Demands. *Asian Journal of Technology & Management Research*; 2011, 1(1).

9 Babić, U., Correia, N. M., Geraldés, R., & Pinheiro, E. (2011). A case study on McDonald's operations in Russia, India and China. *Ekonomija: teorija i praksa*,4(3), 37-51.

Current Challenges and Issues Faced by McDonald's

McDonald's Corp seems to be running out of fast strategic solutions to cope with falling sales in its UK restaurants, caused by tougher competition for customers looking to squeeze every penny in the context of a weak economic recovery. The world's largest restaurant chain by revenue received its customers at Christmas and spread the limited supply of its favourite sandwich McRib to avoid a large decline in year-end in its UK restaurants. But it seems that the company has exhausted its reserves of tactics. McDonald's December sales report and fourth-quarter earnings showed on average forecast a profit of \$ 1.33 per share, unchanged from the last year.

A setback late last year jeopardized the domain established by the company in the fast food industry and increased pressure on Chief Executive Don Thompson. Analysts and investors say that McDonald's will continue to use their size to their advantage, and it should be easier to mid-2015, when the impact of a mild winter will vanish.

McDonald's shares ended with a slight increase to \$ 92.95 in 2014, but have fallen more than 9% over last year. The Dow Jones industrial average, which includes McDonald's, is up more than 7% over the same period. Unusually warm temperatures helped McDonald's to get big sales increases in December 2011 established restaurants in the United States, its second largest market after Europe sales. This created a major obstacle to the growth of restaurant sales in December 2013. And McDonald's is facing similar challenges in the first three months of this year¹⁰.

Conclusion

At McDonald's, Quality, Service, Cleanliness and Value are the pillars that have enabled it to offer a unique experience to its consumers worldwide. The company brought in this new market concept original fast service, where details are manicured to give consumers an excellent

¹⁰ Amor, A. McDonald's Competitive Strategy; 2013.

product. These high quality ingredients, premises with strict hygiene standards, superior customer service and family atmosphere in which children, youth and adults have their own space. McDonald's has revolutionized the fast food industry, ever since its emergence McDonald's has set very high standards in fast food service. McDonald's with its franchises located in different parts of provides opportunities for young people and is known for offering a new pattern in staff training system.

However, there is an urgent need to improve the line needs for customer service at McDonald's, the customer service process needs to be more effective and efficient. Since, customer dealing is the final act of the business operation of McDonalds, thus they need to come up with an influential technique in order to gain a high level of customer satisfaction. Along, with that another factor on which McDonald's have to focus is competitive and affordable pricing of the products. Thus, it would be essential to conduct cost benefit analysis, as product price is one factor that is seriously considered by customers.

Future Recommendations

In order to maintain its position as the leader of the fast food chain, McDonald's has to come up with unique and innovative products, and marketing strategies. Technological, economic, and political changes can serve as an external factor, and McDonald's can use all of these factors as an options to formulate new strategy to conform to these transformations and thus, the below stated strategic options for McDonald's are proposed:

- Reduction of sending on employee development and training spending, and reduction of employee turnover rate
- Benefit from the popularity of organic food industry and launch new food items for new segments
- Mitigation of human health issues through the introduction of diet foods, organic food products

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