

# McDonalds and kfc market analysis comparison



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The long journey of the burger brand started in 1940, when two brothers, Dick and Mac McDonald opened the first McDonalds restaurant in San Bernardino, California. Initially, they owned a hotdog stand, but after establishing the restaurant they served around 25 items, which were mostly barbequed. It became a popular and profitable teen hangout. In 1948, the brothers closed and reopened the restaurant to sell only hamburgers, milkshakes and French fries. Nowadays, McDonald's are the world's leading food service retailer, as they serves some of the world's favorite foods such as Big Mac, Quarter Pounder, Chicken McNuggets, Egg McMuffin, cheese burgers, chicken burgers, french fries, soft drinks, shakes, and desserts. In response to obesity trends in Western nations and in the face of criticism over the healthiness of its products, the company has modified its menu to include alternatives considered healthier such as salads, wraps and fruit. There are more than 30, 000 restaurants in 118 countries, serving 46 million customers each day. Also, McDonald's is one of the world's most well-known and valuable brands. It holds a leading share in the globally branded quick service restaurant segment of the informal eating-out market in virtually every country in which it does business.

## **Economic Environment**

Organizations in the fast food industry are not excused from any disputes and troubles. Specifically, they do have their individual concerns involving economic factors. Branches and franchises of fast food chains like McDonald's has the tendency to experience hardship in instances where the economy of the respective states is hit by inflation and changes in the exchange rates. The customers consequently are faced with a stalemate of

going over their individual budgets whether or not they should use up more on these foreign fast food chains. Hence, these chains may have to put up with the issues of the effects of the economic environment. Particularly, their problem depends on the response of the consumers on these fundamentals and how it could influence their general sales. In regarding the operations of the company, food chains like McDonald's tend to import much of their raw materials into a specific territory if there is a dearth of supply. Exchange rate fluctuations will also play a significant role in the operations of the company.

## **Technological Environment**

McDonald's generates a demand for their own products. The company's key tool for marketing is by using the television advertisements. There are similarly some claims that McDonald's are inclined to interest the younger populations more. The existence of play spots as well as toys in meals offered by the company shows this actuality. Other demonstration of such a marketing strategy is apparent in the commercials of they use. They employ animated depictions of their characters like Grimace and Hamburglar. They also employ popular celebrities to promote their products. The like Justin Timberlake has become endorsers for McDonald's worldwide "lovin' it" campaign. Moreover, the operations of McDonald's have significantly been infused with new technology. Elements like the inventory system and the management of the value chain of the company allows for easy payments for their suppliers and other vendors which the individual stores in respective markets deal with.

## **Competitive Environment**

The main competitors generally identified with McDonalds are the KFC.

McDonald's product value is its greatest strengths. McDonald's launches several different innovative products regularly to attract the customers such as the happy meals for kids, giving away small toys with the kids meal, organizing birthday parties and other events in the stores for the customers. The customers know what to expect when they walk into a McDonalds store. It gives great emphasis to human resources by satisfying both the customer and the employees. Next is the innovation aspect wherein new products line up to catch up with the new trends and tastes of the people. Its diversity into other new business ventures can also be considered as its strengths.

## **Social Environment**

Articles on the international strategies of McDonald's seem to function on several fields to guarantee lucrative returns for the organization. To illustrate, the organization improves on establishing a positive mind-set from their core consumers. McDonald's indulge a particular variety of consumers with definite types of personalities. It has also been noted that the company have given the markets such as the United Kingdom, an option with regards to their dining needs. Pointed out that McDonald's has launched a sensibly valued set of food that tenders a reliable level of quality for the respective market where it operates. In the case of McDonald's they establish a good system in determining the needs of the market. The company uses concepts of consumer behavior product personality and purchasing decisions to its advantage. It is said to have a major influence on the understanding of the prospective performance of the organization in a particular market.

## **Introduction**

In 1939, Colonel Harland Sanders, the founder of KFC first gave the world of his most famous creation, Kentucky Fried Chicken (KFC), featuring the secret blend of 11 herbs and spices. Since then, millions of people the world over have come to love his one of a kind chicken, home style side dishes and hot and fresh biscuits.

Over many years, KFC has been spread and well known in almost every country around the world. The first outlet KFC Malaysia situated in the heart of the city, Kuala Lumpur since 1973 and has been served for more than 30 years old. From Malaysia to different states, 336 KFC outlets have been steadily set up today. KFC in Malaysia offer a wide range of meal for all ages and its selection has expanded over the years to include favorites such as popcorn chicken, Kentucky Nuggets, Cheezy Wedges etc. besides that, KFC also offer the individual meal, family meal, add on meal and chicky meal for the concerned of different age group. KFC served as the fast-food restaurant to preserve a tradition of giving customers tasty, juicy and crunchy chicken with a selection of home-styled side dishes and desserts to satisfy the customer's need. The Garden Salad is affordable, dedicated to young adults and seniors who were health conscious and nutritionally aware. With the great meal, healthy options, and friendly service environment in KFC, customer will definitely have a wonderful time enjoying their meal.

## **Economic Environment**

Economic rate is very important in doing business. It will affect the currency exchange rate in Malaysia which impacts on businesses costs and operations. When come to outsourcing currency is a determination of

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company's success. If there is positive growth in economic, that means businesses are doing great in the market. KFC may enjoy a short period of high profit due to increasing economic growth but they also have to prepare in case economic rate of Malaysia falls. It is normal that a company borrow money from the bank. So if there is any change in the interest rate, it will somehow affect debt repayment and also the incentive to borrow. Little changes in the interest rate will affect the operating profit of KFC and their debt ratio.

## **Technological Environment**

For a fast food restaurant, technology does not give a very high impact on the company and it is not a significant macro environment variables.

However KFC should be looking to competitors innovation and improve itself in term of integrating technology in managing its operation. For example in inventory system, supply chain management system to manage its supply, easy payment and ordering systems for its customers and wireless internet technology. Implementation of technology can make the management more effective and cost saving in the long term. This will also make customer happy if cost savings results in price reduction or promotional campaign discount which will benefits them from time to time.

## **Competitive Environment**

The main competitor of KFC Malaysia currently is McDonald. McDonalds's in particular is a direct competitor, as they have already successfully introduced their Salads which directly targets ' healthy food' conscious Malaysian. But, there are a number of other competitors that is also focusing on ' chicken' types products. All this competition makes it quite difficult for

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KFC to maintain or even broaden their customer base. However, with the introduction of a new and healthy product range, KFC can differentiate itself from most competitors and will gain a competitive advantage. One of the most significant advantages that KFC has over McDonald is the early entry and establishment of KFC in Malaysia. The first restaurant of KFC in Malaysia was opened in year 1973 while the first restaurant of McDonald in Malaysia was opened in the year 1982. This early entry into the market is very important because first comer usually gain more from the experience curve.

## **Social Environment**

KFC has made it their responsibility to consumers that they will provide quality chicken in a fast, efficient way. They also say that their meat comes about ethically and through humane treatment. This has not always proved true in the past, since the PETA has become involved with their warehouses that 'grow' the chickens. KFC has made statements to the patrons of KFC, that the chickens will not be treated badly in the progression from birth to the processing plant. KFC also has the Colonel's Kids program, a charity organization that helps kids become educated and grow up in a better world than that which they have known. It addresses the child care crisis and steps up to the plate to help out where possible. KFC has done all it can to ensure that people are happy with the facilities and means by which their food comes about.