

Case study: mcdonalds



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McDonald's Corporation is the world's largest chain of fast food restaurants, serving about 47 million customers daily through more than 33,000 restaurants in 119 countries worldwide. McDonald's sells various fast food items and soft drinks including, burgers, chicken, salads, fries, and ice cream. Many McDonald's restaurants have included a playground for children and advertising geared toward children, with a particular emphasis on comfort: introducing lounge areas and fire places, and eliminating hard plastic chairs and tables. Each McDonald's restaurant is operated by a franchisee or the corporation itself. The corporations' revenues come from the rent, royalties and fees paid by the franchisees, as well as sales in company-operated restaurants. McDonald's revenues grew 27% over the three years ending in 2007 to \$22.8 billion, and 9% growth in operating income to \$3.9 billion. 1

COMPANY BACKGROUND

The business began in 1940, with a restaurant opened by brothers Dick and Mac McDonald in San Bernardino, California. Their introduction of the "Speed Service System" in 1948 established the principles of the modern fast-food restaurant. The original mascot of McDonald's was a man with a chef's hat on top of a hamburger shaped head whose name was "Speedy." Speedy was eventually replaced with Ronald McDonald in 1963. The present corporation dates its founding to the opening of a franchised restaurant by Ray Kroc, in Des Plaines, Illinois on April 15, 1955. Kroc later purchased the McDonald brothers' equity in the company and led its worldwide expansion and the company became listed on the public stock markets in 1965. 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. Its prominence has also made it a frequent topic of public debates about obesity, corporate ethics and consumer responsibility. 2

Vision

To be the best and leading fast food provider around the globe

Mission

McDonald's brand mission is to be our customers' favorite place and way to eat, and improve our operations to provide the most delicious fast food that meet our customers' expectations.

Values

Our values summarized in " Q. S. C. & V.". Provide good quality, services to customer. Have a cleanliness environment when customer enjoys their meal. The value of food product makes every customer is smiling.

PESTAL ANALYSIS OF McDONALD'S

Pà 1. Global market

2. Different political infrastructures

3. Consumer taxation

Eà 1. Market leader

2. Very high target market

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3. Low cost and more income

Sà 1. Fragmented supplier/work force

2. Working within many social group

3. Increase employments

Tà 1. Advanced technology development

2. Quality standard

Eà 1. Quality packing

2. Local manufacture foreign supplies

Là 1. Legislation for product

2. Sustained logo

PESTAL FACTORS

A. Political Factors

The international operations of McDonald's are highly influenced by the individual state policies enforced by each government. (2001, 705) For instance, there are certain groups in Europe and the United States that clamor for state actions pertaining to the health implications of eating fast food. (2005) They have indicated that harmful elements like cholesterol and adverse effects like obesity are attributable to consuming fast food products.

On the other hand, the company is controlled by the individual policies and regulations of operations. Specific markets focus on different areas of concern such as that of health, worker protection, and environment. All these elements are seen in the government control of the licensing of the restaurants in the respective states. For instance, there is an impending legal dispute in the McDonald's franchise in India where certain infringement of rights and violation of religious laws pertaining to the contents of the food. The existence of meat in their menus in India is apparently offensive to the Hindu religion in the said market. There are also other studies that points to the infringement of McDonald's Stores with reference to the existing employment laws in the target market. Like any business venture, these McDonald's stores have to contend with the issues of employment procedures as well as their tax obligations so as to succeed in the foreign market.

B. Economic Factors

Organisations 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. (2004) 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.

As stated in the paragraph above, McDonald stores have to take a great deal of consideration with reference to their microenvironment. The company's international supply as well as the existing exchange rates is merely a part of the overall components needed to guarantee success for the foreign operations of McDonald's. Moreover, it is imperative that the company be cognizant of the existing tax requirements needed by the individual governments on which they operate. This basically ensures the smooth operations of the McDonald's franchises. In the same regard, the company will also have to consider the economic standing of the state on which they operate on. The rate at which the economy of that particular state grows determines the purchasing power of the consumers in that country. Hence, if a franchise operates in a particularly economically weak state, hence their products shall cost higher than the other existing products in the market, then these franchises must take on certain adjustments to maintain the economies of scale.

C. Socio-Cultural Factors

Articles on the international strategies of McDonald's seem to function on several fields to guarantee lucrative returns for the organisation. To illustrate, the organisation improves on establishing a positive mind-set from their core consumers. McDonald's indulge a particular variety of consumers

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with definite types of personalities. (1994) 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. (2005) 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. Additionally, those who are aged just below the bracket of thirty-five are said to be the most frequent consumers of McDonald's franchises. (2005)

The multifaceted character of business nowadays is reflected in the harsh significance of the information on the subject of the existing market. This procedure is essentially identified in the field as market research. (1997) Information with regards to the appeal and potential fields of the market would double as obstructions to the success of the company if this area of the operations is neglected. In the case of McDonald's they establish a good system in determining the needs of the market. The company uses concepts of consumer behaviour product personality and purchasing decisions to its advantage. (1998) It is said to have a major influence on the understanding of the prospective performance of the organisation in a particular market. (2000)

D. Technological Factors

McDonald's generates a demand for their own products. (2006) The company's key tool for marketing is by means of 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. (1995) 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. Other advertising operations employ popular celebrities to promote their products. The like has become endorsers for McDonald's worldwide "loving' 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. The integration of technology in the operations of McDonalds tend to add value to their products. Basically, this is manifested in the improvements on its value chain. The improvement of the inventory system as well as its supply chain allows the company to operate in an international context.

E. Legal Factors

There has been the recurrent bellowing in opposition to the fast food industry. This has similarly made McDonald's apply a more careful consideration on their corporate social responsibilities. On the whole, this addressed the need of the company to form its corporate reputation to a more positive one and a more socially responsible company. (2005) The reputation of McDonald's is apparently a huge matter. Seen on the website of the company, it seems that they have acquired strides to take in hand the key social censures that they have been berating them in the past decades. The company has provided their customers the relevant data that they need with reference to the nutritional substances of their products. This is to attend to the arguments of obesity charged against the products of the

company. In the same way, the consumers provided freedom in choosing whether or not they want to purchase their meals.

This is tied up with the socio-cultural attributes of the market on which they operate. For instance, operations in predominantly Muslim countries require their meat to conform to the Halal requirements of the law. In the same regard, those that operate in countries in the European Union should conform to the existing laws banning the use of genetically modified meat products in their food. Other legal concepts like tax obligations, employment standards, and quality requirements are only a few of important elements on which the company has to take into consideration. Otherwise, smooth operations shall be hard to achieve.

F. Environment

The social responsibilities of McDonald's on the state are influential to the operations of the company. These entail accusations of environmental damage. Among the reasons why they are charged with such claims is the employ of non-biodegradable substances for their drinks glasses and Styrofoam coffers for the meals. (1997) Several civic groups in Hong Kong have made actions to make the McDonald's franchises in Hong Kong aware of the rather copious use of Styrofoam containers and the resultant abuse of the environment. (1997) further indicated that in 1995, McDonald's Hong Kong went over the Styrofoam used by both Australia and the United States combined.

Conclusion

From its humble beginnings in Illinois, McDonald's has become one of the prevailing brand names in the world that has become synonymous to the fast-food concept in the food industry. McDonalds has a strong marketing strategy, being supervised by the mother company, no matter at which part of the world the outlet is. The marketing strategies of McDonald's guarantee lucrative proceeds for the company. It is said that McDonalds focuses to a specific kind of consumers with particular kinds of personalities. Other articles have pointed out that McDonald's has given the market with an alternative dining experience. Debres noted that McDonald's has launched a sensibly priced set of meals that gives an unfailing level of quality for the public. As well, those who are under thirty-five years of age are deemed as the most frequent consumer's of McDonald's stores.