

# The environmental trends that have confronted mcdonalds marketing essay



McDonalds faced a crossroads in the early 1990s. Domestically, sales and revenues were flattening as competitors encroached on its domain. In addition to its traditional rivals-Burger King, Wendy's, and Taco Bell-the firm encountered new challenges from economical, legal, technological, environmental issues

While these competitive wars were being fought, McDonald's was gathering flak from environmentalists who decried all the litter and solid waste its restaurants generated each day. So how McDonald overcame these difficulties.

#### Question 1

Few of the environmental Trends that have confronted McDonalds.

Nutrition :- Nutritionists, argue that the type of high fat, low fibre diet promoted by McDonald's is linked to serious diseases such as cancer, heart disease, obesity and diabetes.

Social Environment: – Using collectable toys, television adverts, promotional schemes in schools and figures such as Ronald McDonald the company bombards their main target group: children. Many parents object strongly to the influence this has over their own children.

Vegetarians and Vegans: – Vegetarians and animal welfare campaigners aren't too keen on McDonald's – for obvious reasons. As the world's largest user of beef they are responsible for the slaughter of hundreds of thousands of cows per year. In Europe alone they use half a million chickens every week, all from windowless factory farms. All such animals suffer great cruelty

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during their unnatural, painful and short lives, many being kept inside with no access to fresh air and sunshine, and no freedom of movement – how can such cruelty be measured?

Environmentalists: – McDonald's was gathering flak from environmentalists who decried all the litter and solid waste its restaurants generated each day.

McDonald's established Collaboration with Environmental Defence fund (EDF) to help it with its solid waste program

Some of the environmentally inspired solutions that came out of the collaboration with EDF were the:

Introduction of brown paper bags with a considerable percentage of recycled content.

Solicitation of suppliers to produce corrugated boxes with more recycled content, which had the twin effect of reducing solid waste and building a market for recycled products.

Abandonment of polystyrene clamshell containers to hold sandwiches in favour of new paper-based wraps that combined tissue, polyethylene, and paper to keep food warm and prevent leakage.

#### Benefits of Environmental Defence Fund

In some ways, partnering with the Environmental Defence Fund was a masterstroke. It brought both respectability and valued expertise to its environmental efforts and was symbiotic for both establishments.

McDonald's should continue its partnership with EDF. With ecology a growing concern among consumers, it makes sense to be a good corporate citizen and get all the public relations accolades that go along with such an alliance.

It also pays off in the bottom line by reducing shipping costs for supplies as well as garbage removal fees.

It can score a tremendous amount of goodwill with the public, which may even provide a halo effect to mitigate any other PR troubles.

### **How far should McDonald's go on environmental issues?**

The bottom line is that environmental efforts can't detract the company from its primary mission of providing consistent quality to consumers and hence they should continue the good work.

#### Question 2

McDonald's have taken up various strategies to reposition its brands.

#### **Product Repositioning: –**

McDonald's have fixed nutritional content of the food to make introduce healthier meals by reducing salt and sugar, using chicken breasts, free range eggs, fruit packages, and vegetarian burgers. This involves targeting different i. e. a new products to the same market.

#### **Image Repositioning: –**

Restaurant redecoration and more sophisticated design, trendy furniture and white and neon lights. McDonald's has made heavy investment in

advertisement and “ I’m loving it “ has become a global jingle. This involves reinventing the product and targeting the same market.

### **Intangible Repositioning:-**

Teenagers are attracted by the saver menu which is affordable, and the internet access available in restaurants.

A business customer Visits McDonald’s during the day as service is quick, the food tastes great and can be eaten in the car without affecting a busy work schedule.

Children want to visit McDonald’s as it is a fun place to eat.

A parent with two children Visits McDonald’s to give the children a treat.

This is the strategy of targeting different market segments with the same product.

### **Tangible Repositioning:-**

Introduction of Mc Cafe’s was a sign of product expansion and targeting a different target market. This included serving various types of coffee, smoothies, frappes, cakes and cookies i. e. products more for the elite coffee drinker.

This is the strategy of changing the product and the target market.

### **Assessment of McDonald’s above strategy:-**

McDonald’s has revived as a modern, relevant and progressive burger company not only in the US but also in Europe.

McDonald's has expanded sales in existing stores.

McDonald's been able to come out of economic crisis in 2008 with more customers and withstood the recession.

70% of the population in UK report going to McDonald's.

### **Question 3:- Impact on Competitors**

#### **Strategy of McDonald's**

#### **Current Impact of Competitors**

#### **Future impact**

McDonald's engaged in a global advertising campaign and have spent \$45 million on advertising in the UK alone

A spokesperson from the Arby's roast beef chain said, ' We don't have the money to spend and can't compete with McDonald's '

Arby's and similar companies will find it extremely difficult to compete with McDonald's and in long term this may have adverse impact on their profits.

Launched premium products like deluxe beef and chicken burgers

Burger king one of the first to enter the premium end of the burger market starts feeling the competition.

Encroached on the market of Burger King. Burger King will have to find ways to regain lost business.

Introduction of fruit bags and healthy food

Burger king also launched a product called “ Apple fries” to compete.

Burger King if trapped in competing with McDonald’s may lose their focus on their core activity and may spend higher than anticipated on marketing and product development

McDonald’s introduced Rainforest alliance coffee beans and now sells 10 million more coffee cups at a cheaper rate than Starbucks

JP Morgan commented if 10% of McDonald’s increased traffic came from customers who would previously have gone to Starbucks then the latter could suffer a significant profit fall

It poses a unique challenge to Starbucks where they will have to counter the competition without reducing the prices as they portray themselves as a premium brand serving premium coffee.

Increased concentration of Chicken meat products.

KFC faces stiff competition on its one of the major products chicken meat.

An endeavour to break the supremacy of KFC

### **Assessment of McDonald’s Strategy:-**

McDonald’s lowers the market share of its competitors by challenging them unswervingly.

Due to its product development strategies and Market repositioning strategies it takes the competitors out of their comfort zone and forces them

to innovate and challenge McDonald's which many of them find difficult as they don't have the resources of McDonald's.

Due to increased Competition Consumer is the winner at least in short term

## **Question 4**

Challenges for McDonald's in emerging and developing markets.

The company has increased its focus on emerging markets which have cultural, traditional and religious distinctiveness.

The company has strategized by having foods tailor made for these markets like Lamb based burgers instead of pork based as Muslims don't eat pork. No beef products for Hindu countries. Teriyaki burgers are prominent in Japan. Beer is served in Czech Republic etc.

However McDonald's still faces several teething troubles in these countries few of which are stated below.

Weak infrastructure, transport and logistics in Emerging markets.

Political instability and corruption and unpredictability in economic policies.

Legal constraints and higher administration and bureaucratic costs

Adapting its marketing approaches from country to country to avoid misunderstandings

Lower income of the societies compared to developed markets



' Americanization of Society' by McDonald's seen as a threat by various national groups.