

Hsc business studies

Business



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BUSTER**

McDonald's are focusing on the 5 pillars- people, product, price, place and promotion to enhance our customer experience and build shareholders value in the long term. Combined with advantage over competitors, variety in menus and system alignment McDonald's will drive long-term growth.

OPERATIONS Role of operations management Strategic role of operations management- McDonald's have developed low food prices that competitors cannot match. To do this, McDonald's strives to be efficient and keep everyday operation cost low as possible and hire young inexperienced people to reduce its costs.

In the service range, McDonald's have achieved to be known as a speed delivery of food. They are maintaining this by making the process of cooking food to be simple for the employees, for example meat patties already cooked allowing the employee to just reheat the patty. McDonald's are also keeping it easy for new employees to learn and with low failure rate of cooking. Goods and/or service In different industries- McDonald's are known as both good and service industry.

McDonald's allow customers to access free internet Wi-Fi as a welcome service. Staffs are trained to have right tone, manner, language and body language for excellent customer service. McDonald's are a good producing restaurant as they provide customers with quality products such as burgers, fries and drinks. They also attempt to use safe packaging for every goods they sell. Interdependence with other key business functions- Marketing sector researches and identifies the consumer desire and strategies.

McDonald's have developed a healthy menu for customers that are health conscious about their diet. Operations sector must supply a product that matches the features. Finance creates budget and funds to purchase inputs, equipment's and machinery. The operations cost to be minimized for maximum profit argil. Human resource manages the employees and rewards them to ensure quality work is done. For example Introducing, employee of the week motivates employees to work their best.

Influences McDonald's have started trialing self-order tablets for customers to use in the restaurants for a more efficiency and saving cost.

Globalization has allowed McDonald's to develop new products in different countries and cultures. For example, Japanese McDonald's have introduced prawn fillet burger due to consumer demand. They have also met expectations of customers for their products by providing cheap 'OFF' canning in its products to maintain a more environmentally friendly Company.

McDonald's sell its soft-drinks and fries at a loss, aiming to attract sales in other items. Penetration pricing are used to introduce new products which allows it to successfully enter the market. Corporate

Social Responsibility Minimizing the release of harmful products Minimizing waste production Maximizing recycling Ensuring proper handling and disposal of solid waste In 2010 signed up with Sustainability Advantage Program Sponsors Clean up Australia and The Earth Hour Operations Processes Inputs- Basic McDonald's inputs include-

Transformed resources hamburger buns English muffins Potatoes Beef Apples Chicken Eggs Fresh products (vegetables) Milk Special sauces Transforming resources Human resources (skill, knowledge, labor) Technology (fryers- fry French fries and heaters) Transformation Processes Volume- McDonald's is a high volume producing company, aiming to sell products at a low profit margin but by selling high volumes, the profit is large. Variety- McDonald's have a wide range of products that can suit people in different categories.

From burgers to drinks and for the health conscious people, McDonald's have developed a lath choice menu with salads and low calorie products.

Variation- McDonald's have low variation as the weather and time of year do not affect its sales. Visibility- McDonald's has high customer contact as it is a food service retailer. It is important for McDonald's to develop and train their employees so they can handle the individual needs of customers. Process Customer service- McDonald's strive to deliver the highest level of quality, service, and cleanliness to all customers.

The Company recognize complaints enquiries from customers as precious information to rely as it allows the company to improve and attics the customer needs. They work together with the restaurant employees and encourage them to seek dissatisfied customers. Warranties- If the product does not suit the customer standards they will happily replace the product for free. Operation Strategies Performance Objectives-McDonald's performance objectives are speed, cost and quality.

Speed- McDonald's is well-known for its speed of service, they strive to increase customer satisfaction and gain market share. Cost- McDonald's aims to sell products at the lowest price as it allows wider range of income earners to enjoy its products. Quality- McDonald's priority is to produce high quality products. From the meat to the cheese and the fresh products, they are committed to serve the customers the very best. If McDonald's introduces a new product, they use a penetration pricing strategy.

It is the practice of offering a low price for a new product to attract customers. This allows the new product to enter the market successfully.

Inventory Management SIT- McDonald's found something that allows them to improve both quality and cost of burgers. The fresher the burger is the high quality the burger is. SIT is to hold as animal stock as possible and only bring in stock from suppliers as required. This can also minimize cost as unused spoilage cost will be minimized.

Quality Management- Convenient Made for you program- foods are made after the order has been placed Consistency- McDonald's train staff the same way and standardizes its products and service Reliability- Only the chosen ingredients are used Environmentally friendly- foam boxes has been replaced with paper boxes forenvironmentreasons Interior Design has been modernized Service- Free Wi-If, 24 hour Operations and entertainment (TV) Role of marketing Strategic role of marketing- Choice- McDonald's have competed with manyfast foodrestaurants to attract customers to purchase their products.

They have differentiated their product by introducing the " Happy Meal".

Brand Awareness- McDonald's have successfully established brand awareness, as everyone knows what the McDonald's logo looks like and what the " Golden Arches symbolize. If you step into a McDonald's and order a Big Mac or a Quarter Pounded, you will know exactly what it will taste like.

Established brand awareness is a sign of power in the business world.

Production, Selling, Marketing approaches

Production approach- McDonald's have a production approach of providing customers with high quality fast food, at a great affordable value, with a great consistent service. Selling Approach- McDonald's are convincing a wide range of customers by meeting their needs and the benefits of consuming at McDonald's. Customers are not all the same. Market Research has identified different types of customers- A parent with children Visits McDonald's to give the children a treat Children Want to visit McDonald's as it is a fun place to eat Business customer Visits McDonald's during day as service is quick and the food tastes great.

Can also be eaten in the car without affecting a busy work schedule

Teenager Are attracted by its cheap and affordable menu, and its free internet access available in the restaurant Marketing approach- McDonald's develop a product and appropriately promote to increase awareness of its core group of customers. To do this, McDonald's simply use pricing strategy and first they look at their primary competitor. Influence on marketing Factor Influencing Customer Choice Psychological- defined as a Personal characteristic of an individual that influences their behavior.

McDonald's began advertising cheap menu for example \$2 chicken urges selling them at a loss but McDonald's knew that the customers were going to buy fries and drinks. As filling up coke and frying fries were products with high profit margin McDonald's successfully increased its profits. This successful as consumers could not resist sugar (drinks) as they are very addicting, the value meal taps the brain into wanting the product, the brain preferring high calorie products and the everlasting branding awareness.

McDonald's have also introduced healthy choice menu for example low fat chicken salads for people who are health conscious. They have introduced this to widen customer range. Economic- Are determined by the person's level of income, occupation and level of education. McDonald's keep the price of their products cheap so a wide range of customers can afford and enjoy its Laws and Ethics- Although McDonald's seem convenient and cheap they are negative aspects of the business.

Low wages to employees Frozen beef patty, instead of fresh ground beef Genetically modified potato, instead of locally grown potato Food can cause obesity, heart diseases, asthma and mad cow diseases Patty may contain meats from more than 1000 different cattle, which increases the possibility of containing contaminants ND diseases Although there are many negative aspects of the business McDonald's have a positive of sponsoring and support children with life threatening illnesses.

Marketing Process Situational Analysis Situational Analysis provides firm with an opportunity to examine its current position within the market. The analysis will examine the following- The products and how appropriate they

are for the future The quality of the employees and how trained they are to serve its customers The system of the business and how it provides customer satisfaction The financial resource available to for marketing SOOT ANALYSIS Strengths (internal) Example- the brand and detailed market research to create the right marketing mix.

Weaknesses (internal) McDonald's have been around for a long time, (therefore important to keep innovating) Opportunities (external) Increasing number of customers looking for food that is served in a quick and friendly way Threats (external) New Competitors. Change of market. Customer lifestyles changing. Market Research By analyzing information about their customers, and the ongoing market, McDonald's marketing department can ascertain information key to determining the marketing mix Which products are well received

What prices consumers are willing to pay What TV programmer, newspapers and advertising consumer read and view Which restaurants they visit Accurate research is important as it will help win customer loyalty and increasing it sales. As the economy and social attitudes change, the way the customers spend their money change so research is very important.

McDonald's need to identify whether the number of target customers are increasing or decreasing and whether their loyalty will change over time.

Target Market McDonald's investigate many different marketing strategies during different time periods.

They are consistently seeking what the customers enjoy, how their lives change and how they can increase customers to maintain its business. In

2014, McDonald's have introduced value meals and that has successfully worked. They also introduced the healthy choice menu which were targeted at those parents who are health conscious of their child. Marketing Strategies Market Segmentation, product/ service differentiation and positioning Culture- McDonald's are developing in many countries overseas. There are specific eating habits established in different cultures.

When McDonald's first entered the Chinese market, the American culture and philosophy of life was not accepted by the people. However, McDonald's researched and found that the Chinese loved chicken and were a way to get the business to be accepted. McDonald's changed the strategy and launched its chicken products. The change was made due to cultural differences and it also helped McDonald's to develop in other areas. Age- McDonald's make market segmentation according to age and life stage. McDonald's take children as its target market, paying great attention to their loyalty.

The children who eat at McDonald's usually get a balloon with a logo on it and so gifts. In China, McDonald's have Uncle McDonald's club where children aged 3 to 12 can attend. The club hold activities and is held for the purpose of keeping loyalty of its customers. Product- McDonald's developed low food prices that competitors cannot match. Service- McDonald's also known for its speed of service, they strive to increase customer satisfaction. Products- Packaging McDonald's focuses on developing and establishing new idea in menus for customers to choose from.

However customers change overtime. In order to meet the changes, McDonald's has introduced new products and taken away the old ones over

time. Care is taken in place by not taking away the loyal menus such as the Big Mac which will decrease the sale. McDonald's know that the sales of its menus will vary at different point of the lifestyle. The marketing actions will depend upon its stage a product is in. For example, if a new product is launched, TV ads will be produced. As some products are growing in popularity, arguably the Big Mac is in its maturity stage.

Designing smarter- looking for ways to reduce in use of packaging. For example- reduced the amount of paper used in trays which saves 127 tones of paper each year. Removing Plastic- The plastic containers used in salads has been replaced with paper card base. Going renewable- the use of polystyrene has been removed and replaced by paper containers Recycling- Many of the non- food related items such as drink carriers and napkins are made from 100% recycled materials. Price Customers draw their mental picture of what the product is worth.

A product is not only a physical item but also used for satisfaction. The danger of reducing the price is that the customer may think that the low price indicates its quality. It is important to price products carefully. A further consequence of reducing price is that the competitors may also lower the price which means the profit margin has been reduced without increasing sales. Penetration pricing are used to introduce new products which allows it to successfully enter the market. For example the chicken and cheese burger was introduced in the market and was priced at \$2. 0. As customers purchased the product and the chicken and cheese settled in the market, The most used promotion in Macdonald is advertising which is conducted on TV, radio, cinemas, online, posters and newspapers. There are also sales

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promotion here products can be reduced in price for example, the cheap menu which all products are under \$2. 00. TV ads make people aware of the food and the purpose of this is to try and move the target audience to make some action. This may be to buy the product, visiting the store, or recommend the product to a friend.