

# McDonald marketing mix analysis essay sample

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Did Somebody Say McDonald's? The business began in 1940, with a restaurant opened by siblings Dick and Mac McDonald in San Bernardino, California. Their introduction of the "Speedee 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 "Speedee", which was eventually replaced with Ronald McDonald in 1968.

The present corporation dates its founding to the opening of a franchised restaurant by Ray Kroc, in Des Plaines, Illinois on April 15, 1955, the ninth McDonald's restaurant overall. Kroc later purchased the McDonald brothers' equity in the company and led its worldwide expansion. Now 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.

The following graph shows the global penetration by McDonald's over the years: INDIA CALLING In the mid 1990s, a spate of global fast food chains entered India hoping to capture a part of Indian fast food segment. They knew that gaining acceptance locally and blending into the Indian culture proved difficult. It was at this time only that McDonald's began to look at the Indian market sometime in 1990, when its executives started making exploratory trips. By 1994, some international suppliers of McDonald's had visited India to identify local partners. Meetings with agriculturists were conducted with a view to set up a supply chain. Finally, all this fructified when a 50: 50 joint venture was entered between McDonald's and Hardcastle Restaurants Pvt. Ltd in April 1995.

In October 1996, McDonald's opened its first Indian outlet in Vasant Vihar, an affluent residential colony in India's capital, New Delhi.

Today, McDonald's has 137 restaurants mainly spread across the North and the west. McDonald's also opened its doors to South India with its first restaurant in Bangalore in Oct. 2004. McDonald's has big expansions plans, and is now looking at penetrating the east and south.

McDonald's India has developed a special menu with vegetarian selections to suit Indian tastes and preferences. McDonald's does not offer any beef or pork items in India. Only the freshest chicken, fish and vegetable products find their way into the Indian restaurants.

In addition, McDonald's has re-formulated some of its products using spices favoured by Indians. Among these are McVeggie burger, McAloo Tikki burger, Veg. Pizza McPuff and Chicken McGrill burger. It has also created eggless sandwich sauces for the vegetarian customers. Even the soft serves and McShakes are egg-less, offering a larger variety to the vegetarian consumers.

McDonald's 4 P's The Marketing Mix All major marketing management decisions can be classified in one of the following four categories: 1.

Product An important point to remember while preparing a menu is that your customer has a choice. As the customers have wide options for spending their money, McDonalds emphasises considerably on developing a menu which the customer wants.

However what is liked today by customers may be disliked tomorrow, as the customers' choice change over time. Marketing continuously monitors customers' preferences. McDonalds continuously monitors its products for lifecycle management and phases out the old ones with the introduction of new ones. Products go through a life cycle, which is illustrated below:

McDonalds has in its menu products with Indian names, like MaharajaMac, McAloo Tikki, made using Indian spices.

Although McDonald's is primarily known for its burgers, but burgers are not the only products served. McDonald's has a variety of products like Pizza, Wraps, fries both in veg and non veg categories.

Apart from the standalone pizza, wraps and other products they also have these served as combos and meals like, the veg combo meal which has McVeggie burger with French fries and a beverage.

Happy meals are other combo meals which are targeted towards children, these include a burger with beverage and there is a toy which children can play with and take home. McDonald's also has birthday celebrations offers for children.

McDonalds discontinued its beef and pork products once they found out that it was not a good idea to sell them in the Indian market. As for thousands of years, India's Hindu culture has revered the cow and they do not eat cow meat. In addition a large number of Muslims in India does not eat pork, who do not eat pork. To respect and adapt to Indian culture, McDonald's developed an Indian version of burgers made from mutton and chicken.

McDonalds started pure vegetarian products in India for the first time realizing that a large fraction of the Hindu population in India was vegetarian; it also focused on eggless products e. g. burgers with eggless Mayonnaise. For the vegetarian population of India, McDonalds segregated its vegetarian and non-vegetarian products preparation and serving.

McDonalds provided highest quality products to its customers, it started working on that even before it had come to India, and developed a cold chain distribution system to ensure fresh delivery of the ingredients.

McDonalds also enjoys a very strong brand name. The Golden Arches are the famous symbol of McDonald's. It is a pair of stylized arches, one at each side of what used to be a walk-up hamburger stand. When viewed from an angle, the design was reminiscent of the letter M, and was incorporated into the company's logo. While McDonald's dropped the physical arches from its restaurants in the 1960s, the Golden Arches have remained in the logo, and as a commonly understood term for the company<sup>2</sup>. PriceThe general perception of the customers is that the value of a product is an important determinant of the price charged. McDonalds had a very competitive pricing. It was important to sustain customers, which was why they developed a low cost supply chain. And they made sure that they did not compromise on the quality while they provided products at low price.

It offered combo offers which had the burger, cold drink and fries. It also offered family meals. It also offers products across a wide price range, starting from McAlooTikki which is prices as low as Rs. 20 and McSwirl in Ice creams which starts from Rs. 7.

Initially prices low, targeted upper class, then reduced prices of some products to increase customer base and hence sales<sup>3</sup>. Promotion A major contributor towards McDonalds success is Ronald, the official McDonald's mascot and his friends. Ronald McDonald is an advertising mascot created in 1963, to promote the McDonald's fast-food restaurant chain. Depicted as a smiling, friendly clown in a village of food-related characters, he appeared in many vignettes creating a safe, pleasant fantasy for children. The highly successful advertising campaign still continues to draw in thousands of children and parents to purchase McDonald's famous Happy Meal.

The first-ever global brand campaign of McDonald's - 'I'm lovin' it' - has been running for over two years now and is as delectable as the food it is promoting. With its catchy jingle and its simplicity, the advertisement has caught the fancy of many. It has become more than just a tagline, sparking off a new brand appeal among fast food lovers.

They also advertise their happy meal on kids' channels like Cartoon Network and also provide toys along with their kids' meals in order to attract the kids to come to their restaurant. It also showcases itself as a restaurant which is affordable to every person in its advertisements where it shows celebrities of yester years commenting 'Aapke zamane mein purane zamane ke daam'. They also conduct various events such as painting contests for kids and co-sponsoring inter-school quiz competitions.

4. Place McDonalds has 160 restaurants in India, and is planning to invest around 400cr over the next three years to open around 40-60 restaurants annually. Out of Rs 400 crore earmarked for national expansion, Rs 100 crore

would be spent for the eastern region. In the quick service category McDonalds enjoys a market share of around 18% in the Northern India.

Even before the first burger was served in India, McDonalds was here, setting up the elaborate cold chain which supplies all the restaurants in the country. It took six years from 1991, until the system was in place. “ We spent Rs. 50 crore- even before the first restaurants were set up in 1996,” Amit Jatia confesses.

McDonald’s has always been committed to sourcing its requirements from local suppliers and farmers. They firmly believed in benefitting mutually from a partnership between McDonald’s and the local businesses. Adherence to Indian Government regulations on food, health and hygiene were a top priority.

McDonald’s India purchases more than 96% of its products and supplies from Indian suppliers. Local architects, contractors, labor and maximum local content is used in construction of restaurants. The relationship between McDonald’s and its Indian suppliers is mutually beneficial.

McDonalds focused on its image of being a family restaurant and with focus on kids, and emphasis on cleanliness. It is perceived as a friendly smiling and fast serving place. Quality checks are in place at 20 points in the supply chain.

**SWOT ANALYSIS**In order to understand McDonald’s structure and culture and why they continue to be the world’s largest restaurant chain we conducted a

SWOT analysis that allowed us to consider every dimension involved in the business level and corporate level strategies.

Strengths: •Company has very strong brand illustrated by “ Business Week” Magazine ranking it as one of the ten most recognized brands in the world.

•Competitive pricing with meals starting at Rs 20, which makes meals affordable for majority of the market of the eating out industry.

•Company faces no direct competition •Company has a strong real estate portfolio. The company’s outlets are located in areas that are highly known for visibility, traffic volume and ease of access like malls and cineplexes, highways, railway and metro stations along with residential

areas •McDonalds brand is strongly associated with quality and service.

McDonalds has won several awards for its quality and services, for instance, Most Respected Company’ for four consecutive years, 2003-2007 in the Food Services sector, by “ Business world”.

•With 137 restaurants in India in total with 28 new restaurants to be opened in 2008-09, McDonalds has one of strongest network and presence in India •Limited options in menu, high sales and meticulous operations leads to economies of scale •A close relationship with local suppliers provides McDonald’s with the highest quality and freshest ingredients to make its products.

•Company has a menu development team which through consumer surveys analyzes changing food habits and adapts the menu.



- Positioning as a family restaurant, McDonalds targets people of all age groups.
- Serving within minutes of placing an order makes it attractive for people looking for quick meals.
- Display of cooking space, hygiene and ambience of the sitting space work towards customer satisfaction.

Weaknesses: • Lack of variety in the menu causes loss of potential customers. In the food menu, the number of options is limited to six veg and six non veg.

- The option for home delivery is not available in all areas. A delivery charge of Rs 15 also makes home delivery uncompetitive compared to Dominos or Pizza hut.
- No options available in egg. There is a sizeable market in India which is vegetarian but consumes eggs.
- Lack of healthy food options.

Opportunities: • Aggressive growth strategy with 15 new McDonalds planned in Kolkata alone in next three to five years. McDonalds plans to add 40-60 new outlets each year.

- Unexploited tier 2 and tier 3 cities in India. McDonalds plans expansions to places such as Durgapur, Siliguri, Asansol and Darjeeling.

- Informal eating out for India is lowest in South East Asia, and the economy is growing around 9 percent, which suggests huge potential for growth in Indian market.

Threats

- Increasing health consciousness of the consumers
- The Fast food industry is becoming an increasingly competitive sector. Company keeps up with competitors through expensive promotional campaigns which lead to limited margins to gain market share. Top Competitors for McDonald's include: KFC, Pizza Hut, Dominos, and Nirulas.

- As one of the world's largest and best recognized franchise systems, McDonald's must endeavour to successfully deal with matters of internal communication between the interests of its franchisees and that of the franchisor.

- Competition from local food as it expands to smaller cities.

Bibliographies:

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