# Wireless internet at mcdonalds

[Technology](#), [Internet](#)

This phase of the marketing plan reviews the market segmentation process, Identifies two key market segments, and outlines the wireless service and Its delivery In Mecca stores. Market Segmentation Market segmentation, where an entire market is divided into segments of consumers who share similar traits, will allow McDonald's to produce a marketing mix designed specifically for the type of consumers it wants to reach.

The benefits of marketing segmentation include: A clear identification of the customer base Help in creating the proper marketing mix tailored to the wants and needs of the arrest based on consumer behavior and background Help In enhancing McDonald's efficiency of production, promotion, and sales by targeting specific consumer groups (Perpetual-McCarthy. 2002) The marketing segmentation process will help McDonald's identify segmented markets, analyze each segment, evaluate market opportunities, and forecast marketing share possibilities.

Such identification process helps focus the company on the most appropriate consumer segment (Perpetual-McCarthy, 2002). McDonald's market segmentation should identify target opportunities and divide the consumer within the market. The SCOTT analysis aids in identifying such opportunities; it matches McDonald's core competencies with the requirements needed to fulfill potential prospects, hence pointing to two Important considerations relevant to market segmentation. First, with over 30, 000 restaurants worldwide, McDonald's Is well-positioned to offer wireless service In International markets.

Second, Its Mecca, Boston Market, chipolata, and Donates have the potential for targeting different in traditional McDonald's locations, these factors give the company a compelling case for introducing high margin wireless services. The company must also apply the set of specific criteria for market segmentation that will impact its target selection, including: Potential for increased profit and ROI Similarity of needs of potential buyers within a segment Difference of needs of buyers among/across segments Feasibility of marketing action to reach a segment Simplicity and cost of assigning potential buyers to segments (Dallas. Du, 2002) Once these criteria are applied, McDonald's will implement a dual method of segmenting by using two distinct variable types: (1) Consumer characteristics and (2) Buying situations. The section below addresses each type. Consumer Characteristics Consumer characteristics help define major behavioral attributes that help to demarcate a consumer segment. They include: Demographic variables such as age, sex, race, income, occupation, education, household status, and geographic location Cryptographic variables such as life-style, activities, and interests; Opinions, product use patterns, and Product benefits (Thornton, 1989).

Demographics will help identify proper promotional channels, while geographical studies will help locate outlets most likely to use Wife services. Cryptographic profiles ill help explain how consumer Jobs, interests, and cultural distinctions fit the new offering. The product relationship will assist in targeting consumer wants and expectations (Perpetual-McCarthy, 2002). Buying Situation Buying situations include the types of stores where McDonald's will offer the service.

A study of buying situations also includes the expected service uptake, based on a Customer behavior and customer involvement with the service are also relevant. By consolidating the results of these observations, McDonald's will determine if its market segmentation is in line with its market targeting criteria, and move forward on he market segments that best fit the company's objectives. Table 1. 1 below indicates a 5-tier criteria for determining target market viability. Table 1. 1 Criteria Determinant Result 1 .

Size The size of the market must be large enough to Justify pursuing its business Urban/downtown markets in top 50 national markets for Phase I of rollers 2. Growth The size of the market may be small, but if there is significant growth then it may be worth pursuing Trend toward increasing business use of hotshots (Shaw, 2004) indicates ready market for service 3. Competition The less competition there is for the service offering, the more attractive the market Competition limited primarily to high priced Struck/T-Mobile, creating attractive market opportunity 4.

Cost The market must be accessible to McDonald's marketing actions Low barrier to entry due to low implementation costs 5. Compatibility The market segment must be compatible with McDonald's objectives and resources High-end services, such as WI-FL, match positioning of Mecca stores Consumer Analysis The focus of the consumer analysis is to frame the current situation vies-Г-vies the nature of the buying decision and the conduct of its participants (Wisped. Com, 2004).

The characteristics of the target markets for Mecca stores in general and wireless Internet services in particular fall into two main categories: students and professionals. Students, who wish to use their wireless devices while enjoying the lounging environment many coffee shops offer, possess the following characteristics: Demographics: Potential student segment customers are single men and women between the ages of 18 and 25 who attend an educational institution Cryptographic profile: Potential student segment customers are social and look to " belong" to a particular group.

They prefer social areas to chat, study, and e-mail Internet, both for personal and educational purposes. Behaviors: The purchasing behavior of students fall into two categories: those on restricted spending plans or financial aid restrictions and those with a limited amount of disposable income. Both groups typically will prefer to eat meals and have coffee and snacks outside institutional areas, but will be relatively price sensitive. Geographical considerations: McDonald's will need to seek locations within walking distance of educational institutions in order to attract students.

Professionals frequently need to access the Internet while on-the-go; the nonviolence of public Wi-FL service locations combined with fast food and beverage offerings is an attractive alternative to many professionals who share have these common traits: Demographics: Potential professional segment customers include individuals between the ages of 23 and 50 in mid- to upper-level corporate positions or mobile professions including sales or real estate Cryptographic profile: Potential professional segment

customers are individuals who value material goods, especially trendy or " hot" new products, in particular technology.

Heavily influenced by corporate pressures, this segment values behaviors hat lead to greater income and status, and increasingly carry and use laptops or PADS Behaviors: Purchasing behaviors of this group are individuals who want to purchase quality coffee and snacks or prefer fast food menus to sit down restraints during the work day. Distance of large business districts or commuter hubs in order to attract this segment.

Influencing Purchase Factors In order for target consumers to view WI-FL services as an attractive option, the service must be priced in a range that makes it accessible to both student and professional markets with flexible pricing that can accommodate different income levels and arrive needs. The WI-FL area must be away from the high traffic of the order counter in order to remove unwanted distractions, and such areas must be comfortable, provide an atmosphere that can support social interaction and allow for individual concentration.

The locations must also be easily accessible to both groups. Wireless Internet Service Product Offering highlighted above, McDonald's must carefully define the product, place, and price requirements. Clearly defining the elements of the marketing mix will avoid the difficult re-engineering of the wireless hotshot service post-implementation. To this effect, six key requirements have been identified for the hotshot service: 1 . Facility selection and equipment placement 2. Supported services and applications 3. User requirements 4.

Security 5. Funding requirements and deployment schedule 6. Service pricing Each requirement is described below. Facility Selection and Equipment Placement As noted earlier, the Mecca store concept provides an excellent facility for the wireless hotshot service. McDonald's is building this coffee shop chain to attract businesspeople, students and anyone on the go (McDonald's, 2001). As Struck has rover in its partnership with T-Mobile, this targeting attracts the type of consumer interested in wireless Internet service options.

This subset of stores in a highly targeted market limits the total expenditure required to fund the test deployment. Part of the selection off " place" involves not only the restaurant, but the specific location within the facility. Wireless Internet service depends on an RFC signal with a limited range, especially through floors and walls, or in urban areas where other wireless services may operate. Current and future store locations in urban areas may to have the open floor plan common with McDonald's restaurants.

Failing to locate the wireless access points in the best possible locations for signal coverage would result in poor service levels and low customer satisfaction. Prior to deployment, McDonald's must conduct complete site survey, beginning with a review of the facility layout including the floor plan, the type of construction, and possible locations for mounting access points. In addition to a visual inspection, the company should perform a site survey of RFC signals to test the best locations for access points and to identify any potential source of interference.

This in-depth inspection will ensure that each store provides a quality signal through its facility for its Internet access customers. Another key to the success of the hotshot service is defining the services and applications supported by the network. This decision affects not only the product itself, but ultimately the price that McDonald's can charge. The fewer the applications supported, the less users will pay for the service. Competitor services offered by T- Mobile, CBS, Bingo and others place no restrictions on the types of applications or services available on the hotshot network.

McDonald's must offer a network that enables users to use data, voice and video services without restriction the way they would with standard wired connections at their homes or businesses. Opening the network to all types of services opens the network to other issues. One area where competitive services fail is in sharing bandwidth between users. While the McDonald's service will also support any IP-enabled application or service like its competitors, one area of differentiation will be in quality of service.

Unlike most networks which are " best effort" networks that do not attempt to differentiate teens different applications or classes of service, a full quality of service package will enable McDonald's to " manage fairness" on the network. This ensures that every user has the opportunity to access the services with minimal impact on other users (Has, 2004). This quality of service implementation will use five classes of service: 1 . Voice (low latency) 2. Network management (for McDonald's network administrators) 3.

General traffic (Web, Vans, etc. ) 4. Best-effort (no delivery guarantee; Internet e-mail, unspecified traffic). 5. Low priority (less than best effort

services, including Anapest, Aziza, other peer-to- peer APS) A Quality of Service implementation does not carry any costs, as it actually saves bandwidth by reorganizing and proportioning traffic and also provides a unique service level advantage over other competitors. User Requirements Each network should be designed to support 10 to 20 simultaneous users depending on the size of the restaurant.

A standard 3 Mbps DSL connection and a low cost wireless access point with a hotshot should provide sufficient bandwidth to support the normal usage patterns of up to 20 users (Has, 2004). Not all users will have appropriate wireless-enabled devices, meaning that McDonald's can offer standalone PC's in each store. Since purchasing and maintaining a public access PC costs carries be added later in a second phase of the project. Security Security, especially when transmitting sensitive information such as credit card numbers, is paramount.

Standard wireless hotshots offer encryption during the user sign-up phase and when users sign in to their accounts to enable the wireless service (Has, 2003). Part of the end-user agreement for the service, made available when the user signs up, will identify the potential sensitivity of the information being stored and sent over the wireless network. Customers will be advised automatically through this document that they are responsible for any personal firewalls or other security applications.

Funding Requirements and Deployment Schedule A complete hotshot system with user access validation and 2-3 wireless access points per store location will cost approximately $400 (Has, 2003). Individual stores may require

additional access points due to the coverage requirements noted above, adding an additional $100 for each access point (Has, 2003). These costs are minimal, and should not represent a hardship for McDonald's in the context of opening new Mecca locations. The site survey of a new location requires approximately 1-2 hours.

Actual installation of equipment will vary from store-to-store, but should require less than one day in all cases (Has, 2003). Assuming the use of a trained professional, McDonald's can expect to spend between $1, 000 and $1 , 500 total for the site survey, equipment and Internet service installation (Has, 2003). The company should plan to deploy 2-3 stores per day during subsequent phases with more significant numbers of stores than in the first phase trial. Service Pricing and Name Cost ranks high among complaints about the hotshot service offered by competitor T-

Mobile at Struck stores. While the service does generate foot traffic and added sales, the costs prevent significant uptake by customers (Longing, 2004). McDonald's, as it does in other market segments, should compete on price. A service subscription is time-based and good at any Mecca location regardless of where the user originally purchased the subscription. Table 1. 2 below compares the T-Mobile service pricing and the proposed McDonald's pricing (T-Mobile, 2004): Table 1. Service T-Mobile as of August 2004 Mecca Proposed Price Unlimited Monthly Access (Month-to-Month) $39. 99 $19. 95 1 Day $9. 99 $4. 95 Hour $6. 00 NONE Naming the service is critically important as well. Fancy brand names could potentially confuse consumers, and product names that include " Mac" would diminish the service in the

minds of business customers looking for a professional, high-value wireless Internet access option. The company will advertise this new service as Mecca High Speed Internet Access.

This clear name incorporates both the Mecca brand name and the service itself, making the wireless service easily and instantly recognizable, and at a glance, associating Mecca with a desirable service for customers in the store or passing by it. With the Mecca positioned as a lower cost alternative to Struck, the service pricing should be the primary advantage of the wireless service. With low per-site costs and a comprehensive quality of service implementation, the proposed service should provide a satisfactory ROI while providing significant differentiation from the primary competitor in the market.

Conclusion Phase II of the marketing plan has completed the market segmentation process, identified key market segments, and outlined the wireless service and its delivery in Mecca stores. The analysis will allow McDonald's to produce a marketing mix that arrests the right service to the right consumers, sells the service for an attractive price, and distributes it to the most suited locations. These variables are critical to the crafting of a successful marketing plan, where the mix of the " four Up's" must ultimately reflect the wants and desires of the consumers in the target market.