

Marketing program of mcdonald's corporation

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**ASSIGN
BUSTER**

Arguably, it can be acclaimed that the McDonald's Corporation acts as a proxy, representing the heights and successes of 20th century commerce. In contemporary times its quite clear to assess and sight that McDonald's has ascended and reached a status over the past century that warrants recognition as probably the most successful brand of our time with its ubiquity and prevalence around the world. Currently rated number 1 fast-foodrestaurant with good measure.

This paper seeks to categorize and evaluate the fundamental facets that has made McDonald's so successful with particular focus on Its Marketing strategies (up's), feasibly Its De facto mechanism that has allowed It to capture the majority of the Fast-Food Industry market share. McDonald's acts as an appropriate template for the execution of Nell Border's famed up's of marketing conception, given its success around the world with the image of the Golden Arches etched in the minds of people all over the world.

Brief Background McDonald's has grown to become the largestfast foodchain (emphasis on hamburgers) in the world with a plethora of branches all over the world reaching bout 119 countries and averaging a service of around 68 million customers dally (YahooFinance, 2012). Dick and McDonald opened their eponymous burger stand In 1948 In San Bernardino, California. Under the guidance of Ray Crock, a one time milkshake-mixer salesman wowed by the restaurant's success, McDonald's franchises grew swiftly: by the end of the sass's, there were more than 1, 000 across the U. S.

The first international franchise opened in 1967 in British Columbia, and was followed by another in Costa Rica later that year (R. James, 2009). From

there, the chain spread detailed: over a six month period in 1971, Golden Arches popped up on three new continents, as stores launched in Japan, Holland and a suburb in Sydney. Reaching its sixth continent in 1992, with the opening of a restaurant in Sibilance, Morocco (R. James, 2009) Product Historically, McDonald's served only hamburgers, cheeseburgers, milk shakes and menu to include items like wraps, pastries, deserts etc.

Its signature product, the Big Mac, was introduced in 1967. Other notable menu items include the Quarter Pounded, Double Cheeseburger, McDougal etc. A major objective of McDonald's was the creation of a standardized collection of menu items amongst its franchises all over the world, aiming towards creating a semblance of universality in its products. A Big Mac in Sydney, Barcelona or London should in principal taste the same. Initially, given its novelty factor around the world such a strategy proved suitable, however, with time and loss of this novelty factor the adoption of this standardization strategy becomes unsustainable.

Recognizing this McDonald's naturally phased into a period of adaptation as opposed to standardization which is empirically evidenced through TTS menu items such the introduction of " Hall Meat" in Arab countries or even the attested to differences in the level spiciness at different McDonald's meals around the globe. Adaptation is required for numerous reasons included is the consumer tastes and preferences and the laws/customs that are adopted in different parts of the world.

Historically, one can cite examples of times where McDonald's was required to adjust and " adapt " its product because of religious laws and customs in a

region. One such example was in Israel, under pressure Big Macs were served without cheese in several outlets allowing for the separation of meat and dairy products seen in kosher restaurants. McDonald's restaurants in India serve Vegetables Nuggets and mutton-based Maharaja Mac (Big Mac) (Claudio Vaginal, 2001).

Such innovations are necessary in a country where Hindus do not eat beef, Muslims do not eat pork, and Gains (amongst others) do not eat meat of any type. (Claudio Vaginal, 2001). We also notice that McDonald's engaged in the adaptation of its menus to the cultural tastes and consumer preferences of the local people in the region. Examples include the inclusion of guava juice in tropical markets, espresso and cold pasta in Italy, tertiary burgers are sold in Japan, vegetarian burgers in Netherlands etc.

Despite this adaptation process adopted by McDonald's with regional variations, the structure of the menu at McDonald's has maintained its uniformity around the world in that regardless of region one still notices the layout as: main course burger/sandwich, fries and drink. The role of McDonald's French Fries becomes particularly important in that it's the one meal that has no religious/political or cultural barriers hence it makes sense why McDonald's have created this fetish over its fries romanticizes the product evidenced by its Golden Arches. Another point of note that needs addressing is the issue of Quality Assurance at McDonald's.

A distinctive quality that redeems McDonald's is its Quality Assurance Teams that are responsible for monitoring and ensuring the quality of McDonald's food products at all the stages of production with extensive checking

procedures which helps maintain the integrity of McDonald's products, a distinguishing feature of McDonald's as a fast-food restaurant given the practice's global scope. Price As aforementioned earlier in the preceding paragraph, despite the advantageous cost benefits and savings that are available in adopting standardization, as seen in prospects of any entity.

Again, McDonald's has adopted this localization strategy as opposed to globalization. For each country there is a rigorous pricing process that is used to determine the price for that particular market. The process is described by Vaginal et al. (1999) listing: selecting the price objective, determining demand, estimating costs, analyzing competitors costs, prices and offers, selecting a pricing teeth and lastly selecting a final price. This mechanism enables McDonald's to effectively achieve its goal of localized pricing.

As in any Business McDonald's pricing objective is to increase its market share and maximize profits. Through thorough research detailing the demand for their product in each country is then used as a measurement for setting price. In the USA for example a Big Mac with fries costs the equivalent of a Chicago office worker's earnings during 14 minutes (Claudio Vaginal, 2001). In other areas of the world however the perceptions of a McDonald's meal type o the local people also play a role in its pricing where they are sometimes perceived as a lavish item relative to earnings and as such would cost more relative to earnings.

Citing Nigeria as an example a corresponding meal would represent 11 hours 23 minutes of work for the average person living in Lagos (Claudio Vaginal,

2001). Pricing by McDonald's is contingent on perceptions of the local people. This pricing strategy is set in stone by reading the Company's mission statement stating its official stance on pricing writing that the fundamental element of pricing was: " Being in touch with the pricing of our competitors allows us to price our products correctly, balancing quality and value. McDonald's excels quite well in competitive pricing with the price of its products at parity or cheaper than the competitors in most of the countries they are in. A comparative survey was undertaken in Hong Kong in June of 1994 and it revealed that McDonald's price is equal to or cheaper than most competitors echoing the sentiments aforementioned. It further states that In Hong Kong an average value meal is less than half the price of a simple noodles meal, exhibiting McDonald's ability to remain competitive with other food agents in different food sectors.

Assessing the life cycle of particular products in different regions is also imperative in pricing appropriately of which McDonald's pays attention to. For example the Big Mac has reached different stages in its PLC in the respective markets. With prices quoted in pound sterling one can see that the Big Mac is priced at 1. 13 pounds and in Japan, it's priced at 1. 27 pounds. (Figures as at 2001). The discrepancy arises because the Big Mac is in the decline stage in United States markets and in order to remain competitive and maintain demand it had to lower prices as was the case in 1997.

In Japan the Big Mac has reached its growth to maturity stage hence pricing the Big Mac higher is not detrimental, aiding profitability. The success of

McDonald's pricing system is renowned and their products are often used as the representative good when assessing inflation rates in countries or when trying to identify whether purchasing price parity holds in relative countries. Place A pivotal aspect in the success of McDonald's is greatly attributed to its successful implementation of this aspect of the marketing mix.

As stated earlier McDonald's has customer base is only possible because of the proliferated manner in which McDonald's opens up outlets around the world. In 1998 they introduced 1668 restaurants, in 1997 they introduced 2110 restaurants and 2, 642 in 1996. Close to half the population of the United States is within walking distance of a McDonald's outlet and this intense availability of McDonald's outlets make it a matter of convenience and not even actual demand of McDonald's products that draws in potential customers.

Through this process of global expansion opening up saturates at all corners of the globe McDonald's creates a network of idea exchanges with best practices and human resources across borders further enhancing its competitive advantage and maintaining the status quo as a world leader Promotion In a communication context, the maxim "brand globally', advertise locally' (Candler and Shank', 1991) is the McDonald's promotional strategy holding still in contemporary times. McDonald's has a wide range of advertising campaigns in various countries often using different personalities in different cultures to get their message across.

In East Asia, McDonald's could not have had the success they experienced without their appeal to younger generations. (Claudio Vaginal, 2001). The

corporation makes a point of cultivating this market and invests heavily in television advertising aimed specifically at children (Claudio Vaginal, 2001). Again, McDonald's adopts this localization strategy gearing its advertisements to the cultures and practices of the local people. In China for example, by the autumn of 1994 they still had not advertised on television (Claudio Vaginal, 2001).

According to the General Manager, it would have proved a pointless exercise by advertising McDonald's products on television because Chinese commercials only happen during the interval between programs. After watching programs they realized people used to switch to another channel, which means adverts have little chance of being seen. (Claudio Vaginal, 2001). As a result newspapers and popular magazines were deemed more appropriate mediums to present McDonald's public image. McDonald's also engages in public relations with its customers.

Another example of this localization strategy by McDonald's can be seen in Beijing where contrary to US practice of substituting genealogy for human workers, Beijing McDonald's relies heavily on personal interactions with customers (Claudio Vaginal, 2001). In everyday operations one or two public relations staff are available in each outlet to answer customer's questions and this is because the issue of courtesy is of more concern in the Far East compared to somewhere like in England where people would probably prefer to just eat and leave.

McDonald's also uses other promotion techniques such as sports sponsorships and community relations. Comments Given the success of

McDonald's with its relentless global branding it becomes an rand. There are two major issues that I think can be further examined to help further the McDonald's cause. With regard to " place" in the marketing mix, there exists a quite substantial market in Africa that McDonald's has failed to capitalize on.

With McDonald's only available in Egypt, South Africa and Morocco amongst African states it's clear to see Africa remains an under utilized market. With growing income and developing economies in Africa a possible expansion of their distribution links and outlets into these African territories could potentially yield even further profits for the company. Another issue of contention I have noticed with McDonald's is in its reluctance to universality and rigor its delivery and carry out services.

Companies such as domino's are making sizeable sales because of their delivery and carry out services and it becomes increasingly puzzling as to why McDonald's has not universality its delivery and carry out system in that it has a precedent already in place with it's middle east outlets like in Qatar which has been met with enough success to suggest that McDonald's is committing an erroneous policy in not establishing and consolidating its delivery and carry out services.