

Strategic marketing in mcdonald restaurant marketing essay

[Business](#), [Marketing](#)



McDonald's was originated in 1954 in California, USA. It has become one of the most familiar and esteemed brands in the world.

STRATEGIC MARKETING

Marketing includes all the actions or business of promoting and selling products or services, including market research and advertising. Strategic Marketing is a more structured approach. Marketing strategies must feature customer orientation, input, and accessibility in the fight to the top of the market.

STRATEGIC MARKETING IN MCDONALD RESTAURANT

McDonald's always keep the strategic nature of its marketing efforts to stay on top and offer what customers want.

Product Strategies

The firm modernize the fast food industry and positioned itself as the market leader with low-priced, quality food and provided an entertaining ambience for the children. The secret of McDonald's success is the readiness to innovate. For example, its breakfast menu, salads, Chicken McNuggets, and the McLean Deluxe sandwich were all examples of how the company tried to appeal to a wider range of consumers. In addition to the local flavors that have been created in the US, McDonald's international restaurants have been conforming to local and regional tastes too. For example, 'Maharaja McBurger' is a vegetarian burger marketed in India while McDonald's offers 'Halal' food in Muslim countries such as Saudi Arabia, UAE.

Placement Strategies

McDonald's focuses on store placement and are always looking for the best locations. The company has also made convenience a focus, not only through how fast it serves customers, but also in the location of its outlets. Because McDonald's has pretty well flooded the U. S. market, it's only real opportunities for growth lie abroad, where the competition is not so cutthroat.

Pricing Strategies

McDonald's strategy is to offer quality food quickly to customers at a good value. The pricing structure for McDonald's over years has supported this message. The company strives to distinguish itself from other fast food restaurants by offering a variety of menu items that appeal to a variety of people from those who just want great hamburgers, to those who just want a quick healthy meal. McDonald's differentiates itself by offering a dollar menu, combination meals, and a free toy with Happy Meals.

Promotion Strategies

McDonald's marketing executives put together the phrase, " Have you had your break today?" They continued to develop this idea with " You deserve a break today," and now are in the " I'm Lovin' It!" mantra. McDonald's sees the use of these catch phrases and the use of the Golden Arches as a very successful way of differentiating the restaurants from other fast food competitors. McDonald's has modernized their advertisements, pamphlets, and website to include nutritional information and addressing diet restrictions.

LO1. 2 How would you explain the processes of developing strategic marketing for McDonald Restaurant

McDonald's is one of the universal best known brands. Marketing involves identifying customer needs and requirements and meeting these needs in a better way than competitors. In this way a company creates loyal customers. The starting point is to find out who are the potential customers known as key audiences.

The marketing mix and market research

Having identified its key audiences, a company has to ensure a marketing mix is created that appeal specifically to those people. The marketing mix is a term used to describe the four main marketing tools - the 4Ps.-Product-Price-Promotion-Place (through which products are sold to customers)Accurate research is essential in creating the right marketing mix. Buying decisions can often be affected by factors wider than just the product itself. Psychological factors are significant, e. g. the image a particular product conveys or how the consumer feels when purchasing it. Through marketing, McDonald's establishes an important position in the minds of customers. This is known as branding.

Meeting the needs of key audiences

Market research identifies different types of customers. For example:

Children's: Comes to McDonalds because it offers toys and other fun happening things. Parents with children: visits it to McDonald's to give a treat to their children. Business Men's: They can manage to have a bite in quick and affordable manner. Teenager's: Enjoys the Saver Menu which if

affordable and offers internet facility at outlet. In order to create a marketing strategy that will enable the needs of the key market to be met, the strengths and weaknesses of the organisation must first be identified and analysed.

Marketing Objectives

Objectives communicate what marketers want to achieve, guide marketing actions and are used to measure how well a plan is working. They can be related to market share, sales, reaching the target audience and creating awareness in the market place. Results can be analysed regularly to see whether objectives are being met. This type of feedback allows the company to change plans and allows flexibility.

The 4Ps

At this point the marketing mix is put together.

i. Product

McDonald's places considerable emphasis on developing a menu which customers want. Market research establishes exactly what this is. However, customers' requirements change over time. What is fashionable and attractive today may be discarded tomorrow. Marketing continuously monitors customers' preferences.

ii. Price

The customer's perception of value is an important determinant of the price charged. A product also has psychological connotations for the customer. The danger of using low price as a marketing Apprenticeships tool Talking

Point the customer may feel that a low is that price is indicative of compromised quality.

iii. Promotions

One of the methods employed is advertising which is conducted on TV, radio, in cinema, online, using poster sites and in the press for example in newspapers and magazines. What distinguishes advertising from other marketing communications is that media owners are paid before the advertiser can take space in the medium. Other promotional methods include sales promotions, point of sale display, merchandising, direct mail, telemarketing etc.

iv. Place

Place is not just about the physical location or distribution points for products. It encompasses the management of a range of processes involved in bringing products to the end consumer.

LO1. 3 Assess what could be strategic marketing plan for McDonald Restaurant and its corporate strategy

A McDonald's restaurant is operated by a franchisee, an affiliate, or the corporation itself. McDonald's primarily sells hamburgers, cheeseburgers, chicken products, french fries, breakfast items, soft drinks, shakes, and desserts. The company has also modified its menu to include alternatives considered healthier such as salads and fruit. Strategically company's main focus is to satisfy its customers by providing them the best of their service.

While from organisational point of view expansion is the main focus out of the McDonalds as expanding its outlets throughout different countries of the world. As a McDonalds owner, when considering different options for the McDonalds Marketing Plan, one needs to figure out how to give the buyer the incentive to come to your location above all the others. There are a lot of strategies which McDonalds can follow to achieve success in its business and are as follows-Stay-on-the-offensive strategy- this strategy focuses on becoming a market leader. The company following this strategy, tries to introduce changes in its business and products in order to keep itself ahead of its competitors. McDonald is already a market leader in the fast food industry and therefore it can make use of this strategy by bringing changes in technology, infrastructure and its products in order to stay ahead of its competitors. Fortify-and-defend strategy- This strategy focuses on giving a stiff competition and making it hard for the competitors to achieve success and new companies to enter the market. McDonald being a strong player in the fast food industry can make use of this strategy to continue enjoying their success and maintain it. McDonald should continue opening new restaurants worldwide and this will help to defend the new companies to enter or gain hold of the market. They should also spend money on the R&D in order to develop new and better technologies. Global strategy- McDonald is already a strong player in the fast food industry worldwide. It already has a global presence. My recommendation is that McDonald should continue its expansion strategy and should open business in new emerging markets rather than concentration on saturated domestic markets. Since they provide cheap and quick food. People can easily afford it and thus they can target

low economic areas. Diversification- McDonald is already following this strategy and my recommendation will be that it should carry on following it.

CORPORATE STRATEGY

The success McDonald's achieved includes that they have established more than 30,000 franchising stores in 119 countries, serving more than 47 million people each day, and generating about \$15 billion revenues annually. McDonald's also continuously enhance its brand image through different social activities and the sponsorship of special events and sports i. e. as a major sponsor of the world cup since 1994 and the Champions League football in England from 1996 to 2000. McDonald's business structure influences its strategy. The McDonald's business structure is based upon a geographic structure.

LO2: Understand the tools used to develop a strategic marketing strategy

LO2.1 Identify various tools that could be used in strategic marketing planning for McDonald Restaurant and comment on its benefit to McDonald Restaurant

Marketing Mix of McDonalds
The marketing mix of a company consists of the various elements as follows which form the hub of a company's marketing system and hence helps to achieve marketing objectives. The Service marketing mix in the case of McDonald's is as below
Product: - McDonald's places significant emphasis on developing a menu which customers want. Market research establishes exactly what this is. However, customers' requirements change over time. In order to meet these changes, McDonald's

has introduced new products and phased out old ones, and will continue to do so. Care is taken not to adversely affect the sales of one choice by introducing a new choice, which will cannibalise sales from the existing one.

Price: - Customers draw their own mental picture of what a product is worth. A product is more than a physical item; it also has psychological connotations for the customer. The danger of using low price as a marketing tool is that the customer may feel that quality is being compromised.

Promotion :- The promotions aspect of the marketing mix covers all types of marketing communications One of the methods employed is advertising, Advertising is conducted on TV, radio, in cinema, online, using poster sites and in the press for example in newspapers and magazines. Other promotional methods include sales promotions, point of sale display, merchandising, direct mail, loyalty schemes, door drops, etc. The skill in marketing communications is to develop a campaign which uses several of these methods in a way that provides the most effective results. Place: -

Place, as an element of the marketing mix, is not just about the physical location or distribution points for products. It encompasses the management of a range of processes involved in bringing products to the end consumer.

Drive in and drive through options make McDonald's products further convenient to the consumers. People:-The employees in Mc Donalds have a standard uniform and Mc Donalds specially focuses on friendly and punctual service to its customers from their employees. Process:-The food manufacturing process at Mc Donalds is completely transparent. Customers are allowed to view and judge the hygienic standards at Mc Donalds by allowing them to enter the area where the process takes place. The

customers are also invited to check the ingredients used in food. Physical evidence: - McDonalds focuses on clean and hygienic interiors of its outlets and at the same time the interiors are attractive.

LO2. 2 With EVIDENCE discuss the strategic positioning of McDonald Restaurant and explain what marketing tactics would you apply in Positioning McDonald Restaurant in UK Market

McDonald's Strategic Positioning

McDonald's is one of the most flourishing companies on the planet, but it started out as a small business. Strategic Positioning is defined as doing different activities than your competitors or doing the same activities in your own way. This is the way your company becomes a better performer in the industry. McDonald's has made itself to be the family friendly low cost restaurant in the fast food business. In recent years due to lost sales they have started to make their menu a more healthy option. They are focused on cutting delivery time and cutting the cost of food. They have the most modern and technologically advanced equipment in their restaurants to make your job easier. The computer operated machinery allows the workers to keep cost low by only needing a few employees to do the work of several. They even have included playgrounds in many of the restaurants and their marketing schemes feature family friendly ads and slogans. The term happy meal is said and begged for by children worldwide and has become a household name

McDonald Restaurant in UK Market

McDonald's opened its first UK restaurant in Woolwich, south London. One of the most important reasons for McDonald's success in UK has been brand consistency. McDonald's has introduced novel items in their menu including angus beef burger and premium chicken sandwiches and does campaigns to make more healthy foods including salads. They have also focused more on increasing their sales at their current restaurants instead of opening new ones. McDonald's has redesigned many of their restaurants, kept their stores open till late and increased menu options. The company plans to open nearly 1, 000 units in 2010, and continues to produce its new restaurants at a 1%-2% rate each year. Accurate research is essential in creating the right marketing mix which will help to win customer loyalty and increase sales. As the economy and social attitudes change, so do buying patterns. By Doing SWOT analysis on McDonalds, following results were obtained:

1. Strength

E. g. the brand, and detailed market research to create the right marketing mix.

2. Weakness

McDonald's has been around for a long time. (therefore important to keep innovating).

3. Opportunities

E. g. increasing numbers of customers looking for food that is served in a quick and friendly way.

4. Threats

New competitors, changing customer lifestyles.

LO2. 3 Investigate the relationship marketing of McDonald Restaurant as part of its strategic marketing strategy

McDonalds use relationship marketing in a couple of ways, but don't expand it largely. McDonald's use their happy meal toys as relationship marketing as these cheap little toys entertain little ones and encourage them to bring their parents to the business. Another way is when you buy six hot drinks you get the seventh free. In order to create a trustful relationship with customers, organizations have to recognize customers' uncertainty. Normally, the uncertainty about products or services are expected to reduce when customers receive more information from various channels such as print media, popular articles, broadcast programming and personal acquaintances. Besides, the previous research has not addressed about using information-seeking strategies to reduce customers' uncertainty and executing communication strategies to build trustful relationship with the customers in the context of quick service restaurant. The marketing relationship between McDonald's and customers can be understood through the lens of communication strategies, the Uncertainty Reduction Theory, and information-seeking strategies. McDonald's executes communication strategies to provide information and build trustful relationship with its customers. McDonald's customers use information seeking strategies to reduce their uncertainty regarding McDonald's products or services. Trustful

Business Relationship Trust has become increasingly interesting in the discipline of business relationships during the last two decades. Recently, rapidly changing competitive businesses have aroused a large number of firms to become interested in building trust with their customers because the high levels of trust between parties can reduce ambiguity and transaction costs of businesses relationships.

LO3 Be able to use strategic marketing techniques

LO3. 1Use Product Life Cycle to ascertain growth opportunities in the restaurant industry

PRODUCT LIFE CYCLE-

GOAL

The goals of Product life cycle management are to reduce time to market, improve product quality, reduce prototyping costs, identify potential sales opportunities and revenue contributions, and reduce environmental impacts at end-of-life. To create successful new products the company must understand its customers, markets and competitors.

STAGES OF PLC:-

Stage of Growth: - This is the time when sales increases but this celebratory period ends soon as the increasing numbers of sales work as a magnet, attracting more competition into the market. This stage is the best time to introduce new effective products in the. Maturity Stage: This is the time when product has reached its peak; which means that the product has achieved considerable advantage over its competitors; however that doesn't mean " mission accomplished" for marketing persons. With many companies

in the market, competition for customers becomes fierce, despite the increase in growth rate of sales at the initial part of this stage. Decline: Not all products has to go through decline, we are well aware of many products that have not disappeared from the market since the day they were launch, thanks to the constant innovativeness and extensive advertisements. In any case, decline stage comes when for some reasons the sales start decreasing; the reasons, as the market may perceive the product as " old". To counter the changes, McDonald's has continuously introduced new products and has phased out the old ones which were at the decline stage of the PLC. The introduction is timed such that the new product does not cannibalize the product already in the maturity or growth stage. The secret lies in getting the different products in the different stages of the product life cycle. Due to a lot of competition it has become really difficult for the McDonalds to attract more customers and grow in its business. In these markets, the saturation stage has come for the McDonald to create new opportunities of growth and business, it needs to plan a strategy to introduce new and different products with competitive prices in order to attract the customers and again grow in these markets. The other option for McDonald is to expand its business in other countries.

LO3. 2 Explain how you would use BCG strategy options to evaluate McDonald Restaurant

No strategic management or marketing text appears to be complete without the inclusion of the Boston Consulting Group (BCG) growth-share matrix.

When used effectively, this model provides guidance for resource allocation.

And despite its inherent weaknesses, is probably one of the most widely

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used management instrument as far as portfolio management is concern. In the past years McDonalds has grown a lot locally and globally and so is the competition. Due to the presence of other competitors and substitute products in the market, the growth opportunities have fallen or have come to a saturation level in some markets. Being an old and a strong player McDonalds enjoys a high market share. But to survive and compete in these markets McDonald have to accelerate its market growth to become a star again. For this McDonald has a need of diversification in its product and a need of a new strategy to design new products which are different from its competitors fulfilling the preferences and the health needs of the customers and making these products available to them at competitive prices for the success and profit of its business. McDonald is also focusing on opening more restaurants globally in search of new markets.

LO3. 3Investigate and identify the specific strategic marketing objectives of McDonald Restaurant

A marketing plan must be created to meet a clear objective. These can be related to market share, goals, and sales reaching the target customers and creating the awareness to the marketplace. Long term objectives are broken down into the shorter term measurable targets, which McDonalds uses as milestone along the way. Results can be analysed regularly to see whether objectives are being met. The type of feedback allows the McDonald's to change plans. Objectives communicate what marketers want to achieve, guide marketing actions and are used to measure how well a plan is working. They can be related to market share, sales, reaching the target audience and creating awareness in the market place. This type of feedback allows the

company to change plans and allows flexibility. Once marketing objectives have been established, the next stage is to define how they will be achieved.

Profitability

McDonald's is a large corporation, and, therefore, must remain profitable to stay in business. To remain profitable, McDonald's offers quality products at a price that meets its consumers' demands. Ironically, McDonald's has remained profitable, even during global recessions, by offering a cheap alternative to sit-down meals.

Quality Service

McDonald's aims to offer quick, efficient products at a reasonable price. For example, McDonald's has expanded food and beverages containing fruit and vegetables across the menu, and has increased awareness of fruit, vegetable and dairy options available for children on the menu. Their fast, convenient meals won't result in an unsatisfactory product.

Customer Satisfaction

Customer loyalty is an important objective of McDonald's . Customer satisfaction involves marketing, as McDonald's identifies the needs and requirements of its consumers in a better way than its competitors. Many consumers choose McDonald's because of its friendly, inviting atmosphere. Restaurants offer comfortable seating, televisions and playgrounds for children. Convenience is also important, as customers want their food produced in a fast, efficient manner.

Reputable Image

McDonald's opened its first restaurant in 1954. They have established more than 30, 000 franchising stores in 119 countries, serving more than 47 million people each day, and generating about \$15 billion revenues annually. McDonald's seeks to continually improve its image as a pathway to a career, rather than a provider of " minimum-wage, dead-end, burger flipping jobs."

Community Outreach

McDonald's strives to increase its financial and volunteer support to Ronald McDonald House Charities through communication outreach. It is involved in many schools, community organizations and non-profit organizations that benefit citizen in communities all over the world.

LO4 Be able to respond to changes in the marketing environment

LO4. 1 Investigate with EVIDENCE the effect of changes in the external environment on

McDonald Restaurant

Political factorsThe international operations of McDonald's are extreme under authority of a policy of the separate state put into practice by each government, however The Company operates the separate policy and instructions of operations. The certain markets concentrate on various areas of anxiety, such as various area of health, protection of the worker, and environment. All these elements are noticed in the state control of licensing of restaurants in the corresponding states. For example, there is a hung legal

dispute in privilege McDonald's in India where certain infringement of rights and infringement of the religious laws concerning the maintenance of meal.

Economic factors

The organizations in the fast food industry aren't excused from any disputes and problems. Definitely, they really have the separate problems involving business factors. Branches and privileges of networks of the enterprises of fast service as McDonald's has a tendency to experience difficulty in cases where the economy of the corresponding states is stunned by inflation and changes in exchange rates. Clients hence face a survey stalemate through their separate budgets, whether they should spend more on these foreign networks of the enterprises of fast food. Hence, to these chains, possibly, it is necessary to take out problems of effects of economic environment.

Especially, their problem depends on the answer of consumers to these main principles and how it could influence their general sales. In an estimation of operations of the company, food chains as McDonald's tend to import the biggest part of the raw materials to certain territory if there is a delivery lack. Exchange rate fluctuations will also play an essential role in company's operations.

Socio-Cultural factors

McDonald's indulges a special variety of consumers with certain types of persons. Also it has been noticed that the company has given the markets, such as the United Kingdom, a choice regarding their lunch requirements. Specified that McDonald's beginnings considerably valued set of meal which offers a unfailing degree of quality for the corresponding market where it

works. Many-sided character of business is reflected now in sharp value of the information about the existing market. This procedure is essentially recognized in area as market research.

Technological factors

McDonald's makes a demand for their own products. The key tool of the company for marketing is by means of TV advertisings. There are some requirements that McDonald's is tending to interest the younger population more. Existence of game stains also toys in the meal offered by the company shows this validity. Other demonstration of such marketing strategy is obvious in advertising they use. Advertising operations employ popular celebrities to promote their products. Similar became endorsees for McDonald's all over the world "loving' it" campaign. Operations of McDonald's have considerably been infused with new technology. Technology integration into operations of McDonald's tends to increase cost of their products.

Legal factors

Legal factors have forced McDonald's to apply more close examination on their corporate social responsibility. As a whole it has addressed to requirement of the company to generate its corporate status to more positive and the more socially responsible company. The reputation of McDonald's is obviously a huge question. The company gave to their clients the corresponding data in which they need the relation of food essence of their products. This is to attend to the arguments of obesity charged against the products of the company.

Environmental factor

They may involve charges of harm to environment. Some civil groups in Hong Kong have made actions to make McDonald's privileges in Hong Kong aware of the rather profuse use of containers of expanded polystyrene and resulting abusing by environment.

LO4. 2 Conduct investigation on McDonald Restaurant and analyse the current strengths and weaknesses in its marketing strategy

Innovative marketing strategies by McDonald's help the company remain at a growth path as Entrepreneurship is all about turning crazy ideas into profits. Because of the invention of franchising and the development of some of the most original marketing and branding campaigns, McDonald's is one of the world's most well-known, valuable brands holding a leading share in the internationally branded, quick service restaurant. The firm revolutionize the fast food industry and positioned itself as the market leader with low-priced, quality food and provided an entertaining atmosphere for the children.

Strengths of McDonald's

McDonald's is a strong competitor for all rest restaurants because of its size, worldwide extent and famousness. McDonald's is the market leader in both the domestic and international markets. The size of McDonald's, as it was mentioned before, is huge and it has an advantage of economies of scale, which is essential for every business. Diversifying business worldwide in various countries let to reduce or at least to substantiate the risk of business and find best advantages of different countries economies. McDonald's also

takes an benefit of a long-term economic growth as an international company. It is also known that McDonald's 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. The brand of McDonald's is easy predictable among competitors and is very strong. Through aggressive market planning, MacDonald's has been able to recapture its youth market once again.

Weaknesses of McDonald's

Even though McDonald's has a huge extent in the world, has a strong strategy, well known brand and feels comfortable in a market but it also faces some difficulties and as all business, it has also some internal weaknesses. Looming market saturation, which can lead to difficulties in advertising new products. Fast growing and competitive market. That makes company to face income problems. Income problems and huge competition do not let the range of production rise into value ones but makes to diversify a range of cheap and quickly made ones. McDonald's is also a low innovative company. In more simple view the McDonald's might have weaknesses because of enormous competition in fast food industry. Nevertheless, fast food industry is not a respected industry in most of nowadays point of view because of rising number of various diseases caused by fast, unhealthy food. Moreover, McDonald's food might seem more unhealthy and fatty food, rather than delicious. And there the price seemed as low doesn't help in case of quality of food.

LO4. 3 Study the trends in the Restaurant market and propose strategic marketing responses to key emerging themes in the market.

Trends In The Restaurant Market

-Data

The biggest restaurant marketing trend is integrating data capture and in-depth analysis from social media, public relations, email marketing and advertising teams.

Many restaurants are still keeping data in separate silos, maintaining marketing, public relations, influencer relations and business data in different departments. Some also has begun to see silos break down and the emergence of more fully integrated communications programs that inform each other to reach a highly defined target market with customized messaging and provide a robust understanding of marketing effectiveness.

-Identifying And Activating Influencers

Generally, the number one way consumers find and decide to dine is based on a positive word of mouth recommendation from a close contact in their social sphere. But when it comes to finding and activating those customers who have the most authority to drive recommendations, there has been a significant lack of data to understand who those individuals are and which tools to give them to encourage pass alongs.

Specialized tools, techniques, and word of mouth marketing agencies can be engaged to identify those individuals who are passionate about a particular kind of restaurant and are considered knowledgeable by their social sphere.

Signature Items

In the past few years we witnessed an increase in chatter on websites, blogs and in traditional media discussing specific dishes versus specific restaurants. This will place more emphasis on restaurant marketers to make sure signature items are getting sampled by key influencers in order to steal share from competitors.

Gamification Of Loyalty Programs

Restaurants have also made an attempt to differentiate their loyalty programs from their competitors with social gaming-type rewards for performing certain actions, such as referring friends, visiting multiple times and more.

Location based services with their badges, titles and rewards will merge with restaurant loyalty programs to play a major role in incentivizing repeat visits, facilitating sharing and making rewards easier to redeem for diners

One to One Accessibility

Restaurants, unlike many industries, excel at customer relations and social media has given operators another channel through which to make a meaningful connection with diners. Consumers not only want to hear from but also interact with the chef directly not with the intermediary in the marketing department. Expect to see personalized messages directly from the chef to best customers telling them when the menu changes, nightly specials, and suggestions based on past orders.

While this might sound like another daunting task on top of an already busy schedule, chefs will manage this enhanced engagement by relying on the marketing team to first identify the restaurant's best customers both on and offline

Coupon Personalization

Last few years many restaurants experimented with social coupon sites such as Living Social, Groupon and others. Unfortunately, many reported neutral and often negative results. We also believe that most restaurants will realize their own customer lists are gold mines for helping to promote them, focusing again on the top influencers and providing them with additional opportunities for value added experiences and tools and rewards to facilitate the pass along recommendation.