

Introduction to maintain customer satisfaction, and therefore retain

[Business](#), [Management](#)



Introduction As part of our module for Culinary Business Management we are asked to do a project on franchising and McDonalds. The project, which requires 3000 words, must consist of the following four headings: Customer needs Menu design Advantages and disadvantages of Franchising Marketing and Management of McDonalds For customer needs I talked about the different types of people that are attracted to McDonalds and why they go to McDonalds. Menu design consists of the different types of menus to suit different religions, cultures, or dietary reasons, in different McDonalds around the world and why they vary. Franchising – advantages and disadvantages, is about McDonalds as a franchise and the good and bad points of franchising. Marketing and management of McDonalds contains the market and management structure of the restaurant and how it runs on a day to day basis.

Customer Needs Customer needs of McDonalds are hugely based on the nature of the food, drink and accommodation supplied. Customers have high expectations in consistency of the product and service, but they also want their experience to have a personal touch. A wide range of products is needed to allow a choice of food and drink to be consumed. Service is also a factor as it allows the customer to be given the kind of service that they want. A lot of McDonalds customers are students and working people so they should pay attention to these groups. They should also concentrate on enhancement of enjoyment and maintain the quality of food they provide.

Most of McDonalds customers are looking for the best quality, best price, and variety in all their restaurants. If McDonalds wants to maintain customer

satisfaction, and therefore retain all their customers, it should give ample attention to all three of these standards. McDonalds cater for the customer's needs of: Children: Children are a main target for McDonalds as they generally look for the Happy meal (healthier choice) with free toys. A happy meal with variety is now available, which has a fruit option as a side when you buy a happy meal or add on fruit as an extra for only 50c. Families: for weekend outings or meals, the drive thru, takeaways, and Happy meals. McDonalds also hold family fun days which take place in store throughout the year and include face painting, balloons, games and activities.

Students/teens: primary school, secondary school, Leaving Cert, and college. A McDonalds restaurant can be used as a place to hang out and study. With free wi-fi in over 11, 500 participating restaurants, customers can access the internet using their phones, laptops and tablets for free. They would probably have an interest in Student deals, the eurosaver menu, Mcflurry and McCafe. Coffee lovers: for a quiet atmosphere, a place to relax, read, or even business meetings – McCafe coffee. Adults: sometimes seek convenience meals instead of cooking at home, grab and go, drive thru, takeaways, coffee. Menu

Design McDonalds create a menu to suit the needs of all customers including vegetarians, people with religious beliefs, and the health conscious.

McDonalds sell hamburgers, various types of chicken sandwiches and chicken products, French fries, soft drinks, coffees, breakfast items, wraps and desserts.

Culture majorly affects the consumers buying behaviour in India where McDonalds don't offer any beef or pork items on their menu. Hindus prefer vegetables, whereas Muslims do not consume pork. In Vietnam, Thailand and Hong Kong, people prefer rice. In Israel, Big macs are served without cheese in several outlets, thereby permitting the separation of meat and dairy products required of Kosher restaurants. McDonalds went through numerous inspections by Muslim clerics to make sure of its ritual cleanliness. They were awarded with a halal (" clean", " acceptable) certificate to show the absence of pork products. In Tropical regions, they serve guava juice. In Germany, they sell beer, and also the McCroissant.

McLaks (grilled salmon sandwich) are sold in Norway. This shows how McDonalds has adapted the products on offer to international environments. The healthy eating trend has always been a threat to McDonalds because many of the food choices on their menus have been criticised for their negative health effects. Customers not only want a fast and convenient meal, but also the option of a healthy one. McDonalds offer salads on their menu and include calorie counting on each item/meal. India has a huge population of vegetarians – to satisfy these customers' demands, the company came up with a completely new menu of vegetarian items like the McVeggie burger, McAloo Tikki, crispy Chinese, McVeggie, pizza McPuff and Paneer salsa wrap. The menu for China offers szechwan style spicy chicken wings, seafood soup, rice, oriental sauces, taro and red bean desserts. In the last few years, McDonald's has

added more than ten new fruit, vegetables, and low-fat dairy products to its happy meal menu in different markets.

These include cherry tomatoes, grapes, melons and clementine's served as side choices with the Happy meal. The trend of families choosing the healthier options like milk, water and juice when dining at McDonalds restaurants has grown immensely in response to the company's commitment to remove soft drinks from its happy meal menu board selection. The company is committed to helping the customer in making informed nutritional choices. From printed brochures and nutrition labelling right on select food packaging, to mobile apps, QR codes and online nutrition calculators as well as calories on menu boards, their multifaceted approaches give McDonalds customers the information they need in many markets around the world. Franchising and McDonalds McDonalds is one of the most recognised brands in the world. The golden arches symbol has become one of the most well-known marketing symbols ever. Over 80 percent of McDonalds restaurants are owned or operated by franchisees.

They first started as a hamburger stand owned by Richard and Maurice McDonald in 1940 in California. Ray Kroc bought the company and since then it has grown to more than 30, 000 restaurants with more than \$22 billion in yearly revenues. McDonalds Restaurants Limited is the world's largest Restaurant chain, with units on every continent and in almost every country. The company is the most dominant within its market place. One influence in the growth of the company's restaurants has been the change in the lay-out of the basic restaurant unit. Years ago, the company tended to have

McDonalds units in big city's using existing premises on prime sites, involving large capital investment and high running costs. In the late 1980's the company developed a new type of construction where new units could be put together on site within a matter of hours and up and running within weeks. McDonalds are now located in suburban areas, petrol stations, and retail parks.

The nature of the brand and the need for consistency across all outlets, whether they are managed or franchised, represents a strong message from the company and its message to potential franchisees. The company tries to ensure they follow the quality, service, cleanliness and value regulations offered by the company to its customers. " There are slight variations depending on whether the unit is a new or existing restaurant, and in the case of an existing unit depending on the size of the current sales. In the main, franchisees take on existing restaurants, though they are, potentially, higher earnings to be made from a new business built up by the franchisee"(Lashley C and Morrison A.

2000). Most McDonalds restaurants offer counter and drive-thru services with indoor and sometimes outdoor seating. Drive-thru often has separate stations for placing orders, paying for and picking up your order although sometimes they are often combined. In some countries, drive-thru locations near motorways don't offer counter service or seating and may be just a drive-thru. Some areas in high populated neighbourhoods don't offer a drive-thru service. To keep up with

today's trend of good quality coffee and the increase of interest in coffee shops in general, McDonalds introduced McCafe.

It is a cafe style accompaniment to McDonalds restaurants. Most McDonalds operators have entered the company by buying an already existing restaurant, but to open a McDonalds franchise requires an investment of \$1million – \$2.2 million. The franchise fee is \$45,000.

Specially themed restaurants also exist such as the “Solid Gold McDonalds” a 1950's rock and roll themed restaurant. In Vietnam, British Columbia, there is also a McDonalds with a 24 carat (100%) gold chandelier and similar light features. “By any conventional measure, McDonalds represents an example of a highly successful firm. While critics predicted a spectacular fall from grace during the 1990's, in 1995 McDonalds managed to post the biggest percentage rise in profits since 1988.

Through the first half of the 1990's the company's profits rose at a compound annual rate of 12 percent per annum (Tomkins, 1997). “The McDonalds story is not one of overnight success, but rather one of a gradual evolution characterised by a process of problem solving”. (Taylor S, 2000)

Advantages of Franchising of McDonalds The risk of a business not working out is reduced. No business experience is needed as the franchisor will give you support in training and help setting up a business. Financing your business can be easier as you may find banks are more likely to give a loan to buy a franchise with a good name. You can

benefit from communicating and sharing ideas with and receiving support from other franchisees in the network (nibusinessinfo. co.

uk. 2017) Franchises have already established relationships with suppliers. You can use a recognised brand name and trade mark Disadvantages of Franchising of McDonalds Costs may be higher than you expect e. g.

pay continuing management fees and may have to agree to buy products from the franchisor. The franchise could go out of business. Other franchisees could give the brand a bad reputation so the hiring procedure needs to be tough.

All the profits made would normally be shared with the franchisor The inflexible nature of a franchise may restrict ability to bring change to the business. (nibusinessinfo. co. uk.

2017) As time goes on, you may find the franchisor monitoring becomes intrusive Marketing of McDonalds McDonalds first restaurant opened in California in1948. Today it has more than \$40 billion sales from 30, 000 outlets worldwide, making it the world's finest food service company. This is due to effective marketing strategies and hard work.

In the1970's McDonalds came up with the happy meal. Studies indicated that children were a great influence in the company's decision-making process. The happy meal is a combination meal suitable for children including a free toy. McDonalds marketing strategy are the 7

P's: Product: product consists of how McDonalds must design and manufacture a product that will improve the experience of every customer. One of the aims of McDonalds is to make sure that all items on their menu taste the same no matter what place in the world. Countries such as India have menus eliminating beef, mutton and pork burgers from their menu. It also has a vegetarian menu.

Cheese and sauces are pure vegetarian. They care for customers sentiments towards religion and culture. Place: This includes distribution outlets. It is essential the product should be easy to access to customers at the right time, right place and right quantity.

In the USA 50% of outlets are located three minutes from each other. They have drive-in and drive-thru options, are easily accessible, located in prime areas and cover many residential areas. Price: pricing is one of the most important things when it comes to marketing. Rivalry must be taken into consideration. McDonalds has a special value pricing and bundling deal like the combo meal, happy meal, family meal and euro saver menu to help total sales of the service and product. Promotion: Advertising plays an important role for a product promotion such as tv advertisements, billboards, posters, radio, online, newspapers and magazines. People: McDonalds takes great interest in both consumers and employees. They have a fast-friendly service.

They believe that happy workers can perform more efficiently and effectively, and are more likely to create a positive atmosphere, which leads to happy, satisfied customers. McDonalds has standard uniform for

employers for equality service treatment. Physical evidence: The physical evidence appearance affects not only the impression outsiders have of a business but the way the business functions.

For example, staff members, location, appearance, buildings maintenance and interior. Process: Food producing transparent to consumers, new method of packaging and distribution, customers are invited to check the ingredients used in the food. The procedure they use for making the food is identical everywhere. McDonalds are also proud sponsors of different charities the main one being Ronald McDonald House at Our Lady's Childrens hospital, Crumlin, Dublin, which is a support for families who have children that are seriously ill and hospitalised or undergoing medical treatment. It is funded by generous donations from McDonalds customers, through fundraising events, support from the public and family and friends of those who have stayed there. McDonalds are also associated with The Olympic Games and the World Cup, two of the biggest sports events in the world calendar.

Management of McDonalds There are a multitude of ways that McDonalds approach the managing process. Efficiency: in that it offers the best way of going from a state of being hungry to being full. It maximises the use of labour through technology and simpler job description. Calculated: McDonalds offers services that can be easily quantified and calculated.

Customers can decide what they are going to get and know how much time it will take. Predict: Customers have the ability to predict products, services

and prices. Customers know what's on offer and the price that is being charged.

Control: Customers can feel a sense of personal control through the impact of the above. " From an employment perspective the design of jobs and management hierarchy aim to ensure maximum control of employee performance". (Lashley C, 2000 page 248). " In addition to the training and tight specifications mentioned, the quality of service delivery is monitored through an elaborate system of management. Area supervisors and operations consultants conduct regular service audits of each restaurant. A ' full field' audit involves managers auditing each restaurant in all aspects of service and production. Three themes – Quality, Service, Cleanliness and value drive through all quality audit systems. Customer comments are also sought through a restaurant feedback system based on a simple questionnaire, which is a more elaborate version of a customer comment card that provides customers with an incentive to complete the questionnaire.

As well as these audits, the company also conducts monthly audits of training activities in each restaurant. Every restaurant has to achieve the correct level of fully trained staff and bring them through the Observation Checklists that check individual performance both during and after training. The management structure inside and out, further supports the system of monitoring and controlling overall performance". (Lashley C, 2000 page 249). " Each restaurant will have a restaurant manager, one to two first assistants and two or more second assistants. They are all salaried full-time

employees of the company in the managed state. Franchised restaurants work with field consultants who are responsible for about eight franchised restaurants but it is expected that the company's systems and standards will be applied in all restaurants, whether these restaurants are managed or franchised and the contract ties the franchisee into a requirement to manage the business in line with the company's systems and controls".

(Lashley C, 2000 page 250) Conclusion Overall, I found this project very tough as I generally find referencing a problem but I also enjoyed putting it together. I found out a lot about McDonalds as a franchise and it has given me a new outlook on them as a fast food restaurant regarding business operation, different menus, and how they are constantly changing to keep up with the trends. Before doing this project I never would have realised the extent of the McDonalds menu and how they are different in a lot of countries to suit the needs of customers with religious beliefs, cultures or the healthy eating trend.

McDonalds is a great example of a thriving franchise and a real business to look up to whether starting up a business, doing a project or just enjoy dining there.

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