

# Review and determine the mcdonalds strategic marketing essay



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## LO1) Review and Determine the McDonald's Strategic Aims and Objectives

McDonald's is one of the leading global fast food service retailers, with about more than 32, 000 restaurants serving more than 60 million people in more than 117 countries each day. McDonald's is well known for some of its much desired food like; Chicken McNuggets, Big Mac and Egg McMuffins all around the globe. McDonald's 75% of its chains are owned and operated by the franchisees all over the world and only 25% of its chains are owned by the company. In 1967 McDonald opened its first international outlet in Canada. Most of the McDonald's outlets are free standing units, other than that it also has many units located at airports and in other retail areas. Since the opening of McDonald's first international outlet in Canada it is known for providing the outstanding quality, quick service, cleanliness and value to its customers (McDonald's, 2011).

## Current Strategic Aims and Objectives of McDonald's

McDonald's has clearly defined its strategic aims and objectives; the vision of McDonald's is to be the leading, quick and the best fast food service provider all over the world. Other objectives of McDonald's are; to maintain and develop the best quality food products in the quick service restaurant market, McDonald's also wants to lead the quick service restaurant market by attracting new customers, opening more profitable restaurants, increasing its sales through promotion that enable them to continue their program of expansion. The McDonald's goal is to maximize its profits, maintain its competitive advantage by constantly creating new products to add onto its menu, which will help to attract new customers and satisfy their

existing customers that gives customers a reason to visit McDonald's often (McDonalds, 2011).

McDonald's main objective is to be the world's best quick service restaurant ever experience and for this McDonald's provide outstanding service, quality, cleanliness and value to its customers all around the globe. McDonald's also aim to grasp every opportunity to innovate and lead the industry on behalf of the customers, they also have a passion and feel committed to go beyond their customers' expectations every time in every restaurant in order to enhance and protect the McDonald's brand all over the world (McDonald's 2011).

#### An Evaluation of the Component Parts of a Strategic Plan

Strategic planning is a very important business activity and it is used to achieve certain goals and objectives. An organization sometimes summarizes its goals and objectives into a mission statement and a vision statement. Vision is basically a long-term view, which outlines what an organization wants to be in the future and also describe how the organization wants the world in which it operates. Vision basically concentrates on the future and provides the decision making criteria to the organization. Whereas mission defines the basic purpose of the existence of an organization, the mission also defines about the desired level of performance needed in order to achieve the organizational aims and objectives (Kotler, 1986).

The Vision of McDonald's is to be the best and the leading fast food provider all over the world (McDonald's, 2011). There are five different ways of <https://assignbuster.com/review-and-determine-the-mcdonalds-strategic-marketing-essay/>

judging the suitability of an organizational vision; the first one is the foresight which tells whether the vision of an organization is strong enough and realistic and when the vision of McDonald's is evaluated it is clear that it is strong enough as well as realistic. The second way to judge the vision of an organization is the breadth, which tells does the vision of an organization fully cover likely changes in the market place and McDonald's has a capability to change with the environment and make sure that in every country of the world its customers must always get quality products, in quick time, in a clean and pleasant environment and at a reasonable price. Another way to judge the vision is the uniqueness that an organization can capitalize on and surprise its competitors and the uniqueness in the vision of McDonald's is that the taste and the size of its burgers are same in each outlet all around the globe where it provides its products and services. The fourth way to judge the vision is through consensus, which tells that an organization should have only one vision and the McDonald's has only one and clear vision and that is to be the best and the leading fast food provider all over the world. Lastly through action-ability a vision can be judge which tells whether the vision is ready for implementation or does the organization have core competences. The vision of McDonald's is ready for the implementation and the core competency of McDonald's is providing convenience to its customers when they want to eat fast food at the prices that are competitive and provide best value for the customer's money (Hamel and Prahalad, 1994).

The mission statement of McDonald's is to be our customers' favorite place and way to eat. Their main focus is on being the best fast food provider and

for this their worldwide operations has been aligned around a global strategy called a Plan to Win based on the five factors of an exceptional customer experience; People, Product, Price, Place and Promotion (McDonald's, 2011). Just like the vision statement the mission statement of McDonald's can be judge by seeing how far it meets the certain formulations. Firstly McDonald's should have a clear idea in what business they are in and should also do a thorough market research before introducing any new product. Secondly the mission statement should be made from a customer perspective and the mission of McDonald's is clearly defining that they have made their mission statement while keeping their targeted customers in mind. Thirdly an organization must make sure that its mission statement reflects the core values and beliefs of an organization and the McDonald's mission statement is clearly defining that it provides convenience when people need and want to eat good quality fast food at reasonable price in a pleasant environment. The fourth way to assess the mission statement of an organization is to define what sustainable competitive advantage an organization has over its competitors and one of the McDonald's competitive advantages is it focuses on the consistency of the quality, the use of raw materials and the production of food all around the world. Lastly an organization should summarize the strategic approach they would use in order to achieve the strategic aims and objectives of an organization. McDonald's has design certain strategic approaches to achieve its aims and objectives like the utilization of technology, the defined work routines and maintaining the competitive advantage (Lynch, 2006).

#### Factors Affecting the Strategic Plan

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There are certain factors that affect the McDonald's corporation so much that their role in shaping the strategies cannot be ignored and these factors are; political, economical and social factors. The political factors affect the organization in different ways like the international operations of McDonalds are highly influenced by the individual state policies enforced by each government. For instance different countries focus on different areas of concern like; the worker protection, health and the environment. All these elements are in the control of government and considers when giving a license of the restaurant in different countries (Bateman and Scott, 2004).

Different organizations in the fast food industry have their individual concerns involving economic factors. The different branches and the franchises of McDonald's have the tendency to experience difficulties where the economy of certain countries hit by the inflation and the changes in the exchange rate. Therefore, if a franchise operates in a particularly economically weak country, then these franchises must make certain adjustments in their strategies to maintain the economies of scale (Sustar and Sustar, 2005).

The social factors also affect the strategies of an organization. McDonald's cater variety of customers with different types of personalities in different countries. McDonald's uses different concepts of consumer behavior like product personality and purchasing decisions of consumers to make proper strategies, so that it can attract new customers and satisfy their existing customers in order to achieve its aims and objectives efficiently (Bateman and Snell, 2004).

LO2) Evaluate the Alternative Strategies to meet the desired Future Strategic Position

2. 1) A Range of Strategic Analysis tools to Audit Progress towards strategic Aims and Objectives

The marketing audit is very essential for an organization as it provides the backbone strategic analysis that supports corporate decision making process and it also tells the current position of an organization. The SWOT analysis is one of the auditing tools that are use to analyze the internal as well as the external factors of an organization that are favorable and unfavorable to achieve the objectives of an organization (Aaker, 1997).

The biggest strength of McDonald's is its large market share, strong brand image and reputation, strong financial performance and position in the food industry, friendly environment for customers and the practice of going green has made it possible for McDonald's to gain more fame all around the world. The weaknesses of McDonald's are it had to face certain legal action because of using trans-fat and beef oil that can negatively affect its brand image, other weaknesses of McDonald's are it offers the variety of junk food which is considered as a very unhealthy food among people and it is also losing its customers due to the increase competition (Peter and Donnelly, 2007).

There are certain opportunities as well for McDonald's like; through globalization open more profitable restaurants, it could also make itself more innovative by offering deals that appeal to new customers, and other

opportunity is that in the last few decades there is a huge growth in the fast  
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food industry has been observed. Like some opportunities there are certain threats as well that McDonald's faces like; the health professionals accuses McDonald's because of increasing health issues of diabetes, high cholesterol heart attacks and obesity. Another threat for McDonald's is the competitors' market share of the company both internationally and domestically (Peter and Donnelly, 2007).

## 2. 2) The Expectations of major Stockholders and their Influence upon the Organizational Strategy

The major stockholders like; the top management, customers and suppliers influence the organizational strategies in different ways. So for this the top management should establish a superior strategic decision process throughout the company so that the strategies can evolve and flourish consistently over time. All the strategic preferences that increase the value for both the customers and the share holders are highly desirable and should increase the growth of any organization. For instance, McDonald's rapid withdrawal of its fifty-five cent hamburger campaign, which separated franchises without creating much new customer loyalty or demand, was a costly but necessary decision to avoid further damage to share holder value (Hill and Jones, 2009)

The conflict arises when the manager face choices that involve real trade-offs between the customer and the share holder value. Let say if a proposal to increase customers or customer value will reduce the shareholder value, then it should be rejected. For example with increasing awareness about the food and the importance of the balanced diet, if McDonald's would start



encouraging people to opt for low calorie food with high fiber content then people might appreciate McDonald's for giving this awareness and people will might change their eating patterns and spend less on fast food. This would be beneficial for customers but not for the shareholders and this would gives rise to conflict that would harm the organizational strategy (Hill and Jones, 2009).

Suppliers play a vital role in achieving the organization's aims and objectives and also influence the strategy of an organization and it is believed that suppliers' success is an integral to an organization's success (Webster, 2002). So an organization should remember that suppliers cannot be expected to support their plan with an organization's plan unless organizations have shared its strategic plans with suppliers.

## 2. 3) Analyze, Interpret and Produce a Structured Evaluation of the Organizational Strategic Position

The challenges that McDonald's faces are; as the food industry is continuously growing the competitors are entering into the market with competitive prices not only internationally but domestically also and due to this McDonald's can lose its customers as well as its market share. The other difficulty that McDonald's is facing is the increasing awareness about the food and the importance of the balanced diet nowadays people are opting for low calorie food and changing their eating patterns by consuming less fast food and this is because there are competitors that provide the low calorie food at the prices almost the same as McDonald's and due to this McDonald's can lose its customers (Freidman, 1999).

McDonald's can achieve competitive advantage by using three generic strategies of cost leadership, differentiation and focus. The competitive advantage can be achieved by differentiating the products from those of competitors and McDonald's is differentiated by its brand name and brand images of Big Mac and Ronald McDonald. Another way to achieve competitive advantage from those of competitors is through low costs and McDonald's provides substantial entry barriers from economies of scale and cost advantages which clearly define that McDonald's follow the cost leadership strategy. Organization's can achieve competitive advantage through targeting their products by a broad target, thereby covering most of the market place, or they can focus on a narrow target in the market. McDonald's target market is broad almost covering the most of the market and not focusing a particular market (Porter, 1998)

PEST/EL is an analysis of the external macro environment in which a business operates. The operations of McDonald's in each country are highly influenced by the individual country policies enforced by each government and every country has its own political affects on the organization and its operations. The economic factors are also different in different countries that affect the organizations strategies like the different franchises of McDonald's in different countries have to face different problems due to the change in economic environment (McDonald's, 2011).

McDonald's run its operations in more than 100 countries which mean it serves variety of consumers with different cultures and personalities. So McDonald's cannot use only one strategy for all its food chains, the strategy might not be completely different but differs with respect to the social

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environment. The technology has greatly helped McDonald's in providing quick service to its customers. The incorporation of technology in the operations of McDonalds tends to add value to their products. The social responsibilities of McDonald's on the country are influential to the operations of the company and these involve allegations of environmental damage with such claims like the using non-biodegradable substances for their drinks glasses and the Styrofoam coffers for the meals. McDonald's also had to face certain legal actions because of using trans-fat and beef oil and this could easily harm the reputation of the McDonald's all over the world (McDonald's, 2011).

LO3) Decide the Strategy and Justify the Selection to meet the Required Future Strategic Position

3. 1) Develop a Range of Alternative Strategic Options to meet Strategic Aims and Objectives

The fast food industry is often criticized because of its role in creating numerous health problems like obesity, cholesterol and diabetes and was thought to be the driving force for the unhealthy eating disorders. These days' customers are becoming more aware of the nutritional values and the health benefits of the products they are consuming. So in order to achieve strategic aims and objectives McDonald's should come up with greater variations in its menu and offer healthier food like sandwiches and salad and innovative fresh juices for the health conscious people.

There are many competitors in the industry because of the rapid growth of the fast food industry all over the world and these competitors are offering <https://assignbuster.com/review-and-determine-the-mcdonalds-strategic-marketing-essay/>

almost the similar products and services at almost similar prices. So if McDonald's wants to achieve its strategic aims and objectives and wants to attract new customers as well as retain the existing customers then it need to focus more on the strategies that attract more children to their restaurants by offering toys that are most desired among children with a happy meal because this would help them in retaining their customers.

McDonald's should also see what similar products the other competitors are offering and try to offer something very innovative product that no other competitor is providing or as well as that attract the customers.

McDonald's should also start separate McCafe's for teenagers and college going students and the ambience of that café should reflect the different colors of youth. McDonald's should also introduce more variety in the existing range of milk shakes and smoothies and also introduce a variety in coffee and offer innovative high quality and refreshing products at a reasonable price that attracts the young people.

### 3. 2) Determine and Justify the Strategic Option that meets the Revised Strategic Position

Among the four strategic options that were given above the first option and that is McDonald's should offer healthier food like sandwiches and salad and innovative fresh juices is the best option for McDonald's to achieve the strategic aims and objectives in the food industry because of the increasing health problems like heart attack, obesity, cholesterol and diabetes. As the awareness about the nutritional values, health benefits and the benefits of low calorie food with high fiber content has increased among people and due <https://assignbuster.com/review-and-determine-the-mcdonalds-strategic-marketing-essay/>

to this people have started changing their eating patterns and spend less on junk food that the fast food chains are providing.

McDonald's need to introduce a healthier menu that emphasize the healthy side of McDonald's and should also introduce the low calorie variations of all its burgers and make its fries healthier by using the right kind of oil, then do the aggressive promotion of the new menu variety in order to cope with the health concerns related with its products. This would help McDonald's to achieve its strategic aims and objectives efficiently as well as it would proof that McDonald's has the capability to change with the environment and the consumers preferences and lastly this would also enhance the brand image of the McDonald's in the consumers mind.