

A report on mcdonald's malaysia



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1. 0 Introduction

McDonald's is the leading global foodservice retailer with more than 34, 000 local restaurants serving nearly 69 million people in 119 countries each day. It all started with two brothers, Richard and Maurice McDonald pioneers in the fast food industry and were the first to use assembly-line format in a restaurant kitchen efficiently. In 1940, the brothers decided to open a small drive-in restaurant, because the only business that they had seen succeeding in the current economy was a little hot-dog stand. (Luxebery and Halberstam, n. d.)

Ray Kroc was the exclusive distributor of a milk shake maker called the Multimixer. Meanwhile, two brothers, Richard and Maurice McDonald owned and ran a hamburger restaurant in San Bernadino, California, in the 1950s. Ray Kroc heard how well the McDonald brothers were doing using his Multimixers to serve their customers. He met up with them and acquired the franchising right from them to run McDonald's restaurants. (McDonald's Official Page, 2012)

2. 0 Current Marketing Practice

The current marketing practice of McDonald's Malaysia is called the " Three-Legged Stool". It refers to three essential people: employees, suppliers and franchisees (sometimes referred as owner/operators) forming a close-kit foundation that supports the business (McDonald's Corporate Responsibility Report, 2009).

The functions of the tree-legged stool as McDonald's Malaysia core strength as a company. Each leg has its own function and important in make up its brand.

3. 0 Current Marketing Mix

Marketing mix is the combination of the marketing tools that the organisation uses to achieve its marketing objectives in the target market (Kotler, Ang, Leong and Tan, 1999). Traditionally the marketing mix consisted of 4P's; Product, price, place and promotion. According to Goldsmith (1999), in order to keep pace with changes in the market place and in marketing practice, the theories of marketing management and strategy need to evolve and change.

The concept of the marketing mix is the central to a marketing management (see figure 1). Fifield and Gilligan (1996) affirmed the following variables as an integral part of the marketing mix – people, process and physical evidence. The marketing mix is a conceptual framework which highlights the principal decisions that marketing managers make in configuring their offerings to suit customers needs. The tools can be used to develop both short term tactical programmes and long term strategies (Palmer, 2004).

These 7P's will be use in analysing the marketing mix of McDonald's Malaysia:

- 1) Products and Services
- 2) Price
- 3) Place
- 4) Promotion
- 5) People
- 6) Processes
- 7) Physical Evidence

3. 1 Products and Services

According to Kotler, Armstrong and Saunders (2008), products are some goods or services that a firm offers in the market. Attention, acquisition, or consumption and satisfies wants or needs are something that product can be offered to the customers (Kotler, Armstrong, Saunders, & Wong, 1999).

Malaysia is formally an Islamic nation as majority of its population comes from Muslim. McDonalds will have to bind with the Malaysia Law which is Syariat Law, it stated that all food served must be Halal. (M. Azu, 2010).

McDonald's Malaysia offering various type of products include Spicy Chicken McDeluxe, Big Mac, Double Cheeseburger, Filet-O-Fish and many more.

Currently, McDonald's come back with the famous ' Prosperity Meal' to offer to its customers. Prosperity Meal is the set of juicy beef prosperity burger dipped in aromatic black pepper sauce, smothered with fresh slivered onions and tucked in a warm seed bun, with deliciously seasoned twister fries and a drink called, prosperity McFizz which made from 100% orange juice mix with Sprite which customers sure cannot resist. In addition, McDonald's also introducing a limited edition desserts, ' Joyous Butterscotch' available in Sundae and McFlurry and as well as Golden Pineapple Pie.

3. 2 Price

Price is referring to cost of a product to a customer or how much a customer have to spend to acquire a product. Price is considered to be the most significant factor that affects consumer's choice (Kotler, Armstrong, Saunders, & Wong, 1999). According to Kotler and Armstrong (2010), pricing includes the list price, the discount function available and the financing options available. NetMBA (2010) in the other hand claims that if the price of

a product is set up too high, it may lose the amount of customers, thus profit decreases, however, if the price is set up too low, customers might think that the product is a low quality.

McDonald's Malaysia pricing strategy attracts its customers. The reason is because, the company is using a price bundling strategy whereby buying in a set of meal is cheaper than purchasing in ala-carte (McDonald's Corporation, 2012). In order to attract widest section of customers, McDonald's not only provide fast service system but also recommended certain value pricing and set of meal to ensure affordability. McDonald's set meal in Malaysia comes with a burger, fries and a drink at a price as low as RM5. 95 during the McValue Lunch and Dinner which available from 12pm until 3pm and 6pm until 9pm everyday (see appendix a).

The price offer by McDonald is much cheaper compared to its direct competitors such as Burger King, Wendy's and Carls Jr. Furthermore, McDonald's also uses competition-based pricing strategy to win over customers where they will compare their competitors' similar product price before setting the price of their own products. Take KFC in Malaysia for instance, the price of their breakfast promotion is expensive compared to McDonald's Malaysia where they currently have a offer of " Weekdays Breakfast Special" as low as RM4 (McDonald's Corporation, 2012) (see appendix b). McDonald's come out with better deals to its customers and earned the advantages in pricing strategy compared to its competitors thus attract the market.

3. 3 Place

Place refers to where customers acquire the product (Kotler, Armstrong, Saunders, & Wong 1999). In other words, where the targeted customers can get the product from. There are multiple channels a company can adopt to deliver its product to the customers (Kotler, Armstrong, Saunders, & Wong 2002). These channels can be either direct and indirect. According to Keller (1998), the choice of channel has strong effect on sales. A company needs to make a research on the potential market since place is a very important factor for a company to run its business. The place must be strategic and at the right place.

McDonald's Malaysia currently has over more than 230 restaurants located nationwide. McDonald's restaurants are available in almost all of states in Malaysia. A lot of the outlets built in retail's area, shopping malls especially since Malaysian people love to go to the shopping mall. McDonald's also open in several local gas station which is a strategic place. Some of McDonald's outlets open 24hours, few of the outlets have drive-thru and most of the outlets provided Wi-Fi services to attract the customers. In addition, according to Business Times (2012), the managing director of McDonald's Malaysia, Sarah Casanove believes that seeing from the growth of the business, McDonald's can grow up to 500 restaurants in Malaysia by 2020. Thus, the company is targeting on growing its restaurant base to 400 by 2016 and 500 by 2020.

3. 4 Promotion

Kotler (2002) defines promotion as activities to attract potential or existing customers. There are five major tools in promotion; advertising, direct

marketing, sales promotion, public relations and publicity and personal selling (Kotler, 1994). The tools is benefit to the marketers since it generate marketing communication and through the promotion, it can persuade customers to meet their needs and wants.

McDonald's Malaysia use a lot of advertising, slogan and catchy tunes to get people's attention about the new products that has been brought out. The advertisement primarily focus on giving flyers with the coupon inside (see appendix c). Recently McDonald's Malaysia rewarding their loyal customers with a FREE Egg McMuffin (see appendix d). They believe that every Malaysian deserves a great breakfast and by giving reward to customers can earn loyalty. Beside that, they also advertise using eye-catching billboards, television adverts, social networking such as Facebook, magazines, radio and many more. McDonald's spent a lot in promotion especially in advertisement to gain market position by following the global McDonald's advertising strategy of retaining customers.

3. 5 People

People refers to the customers, employees, management and anyone that involved in it. McDonald's believe in strong interaction with employees and its customers. A positive employees' attitude and behaviour affects retaining the customers. Thus, to make sure that the customers satisfied with the service given by McDonald's, the company will make sure that its employees are well trained. This includes, hiring the capable workers, giving a proper training and always motivating the employees.

3. 6 Processes

Processes refers to the methods and process of providing a service.

McDonald's is practicing a self-service whereby the customers need to queue to make an order. Every customer walk in, the workers will greet, "Hi!

Welcome to McDonald's!". The reason is to create a welcome environment to its customers. As the customers queue to make an order, the cashier will approach politely and start taking the orders and at the end of the experience, the cashier will say "thank you, enjoy your meal" to the customers.

3. 7 Physical Evidence

Physical evidence are the tangible element that a firm offering to enhance customer experience since the service are intangible in nature. The interior design of McDonalds is bright to create a happy mood and the ambience is cosy and friendly that suits all ages.

Three major areas that attract customers: The outside seating area for customer who prefer to seat open-air and especially for smokers. Plasma TVs for customers who love to watch football or any other sports channel with their friends or loved ones, and also the family zone where families can enjoy the meals in the non-smoking area with playground for children.

4. 0 Marketing Objective

Marketing objectives are important in creating a dependable marketing plan.

Marketing objectives are the firm's specific statements and aims within a certain time frame. In other words, a marketing objective refers to what a firm is trying to achieve through its marketing plans in a specific time.

The marketing objective of McDonald's Malaysia must be clear and measurable. The effective marketing objective can be drafted by applying the SMART principle. SMART stands for specific, measurable, achievable, realistic and time scaled. Thus, McDonald's Malaysia would like to increase the profit of 5% by 2013 as their objective. The table below is an objective of McDonald's Malaysia using the SMART objective principle.