

# Global trends of fast food industry



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Now the market has started to change and people has stopped eating at home they prefer to get easy and quick food that's the reason why the fast food chain restaurant is the fastest growing industry in the world at present. Talking about McDonald's " which started in the US in 1948 by two brothers, Dick and Mac McDonald, It then started to extend and at present it is stated in the top 100 business of the world" ([http://www. mcdonald's. co. in/history. htm](http://www.mcdonald's.co.in/history.htm)) and " has got somewhere around 34000 units around the world". ([Http//: en. wikipedia. org/wiki/mcdonald's](http://en.wikipedia.org/wiki/mcdonald's)) " It came into UK in 1973 in England and was a great success and it came to India in 1996 (Bangalore). At present there are some where around ten thousand outlets worldwide . It has got 500 restaurants in UK and around 300 in India. As predication made by McDonald's they going to own around 2000 units by 2010 in the UK". ([http://www. mcdonald's. co. uk/history. htm](http://www.mcdonald's.co.uk/history.htm)) The information acquired is from the student folder of McDonald's and the present workers have been interview electronically and finally McDonald's official website. " McDonald's came to India with a dine in restaurant in Bangalore that has special vegetarian burger named by Mac veggie. In additional to traditional Indian sandwiches, it incorporates Indian favourites such as Chicken tikka. In its list of innovative sandwiches along with burgers, the menu features appetizers like soups, fresh salads; shakes and choice of ice-cream sundaes." (Ref: [http://www. mcdonald's. co. in/history. htm](http://www.mcdonald's.co.in/history.htm))

### Industry Global Trends

The current global trends in international global environment are growth of fast food industry. The fast food industry is growing at very fast rate. People now prefer eating at fast food restaurant rather eating at home. Office going

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& students are major market served in fast food industry. Fast food industry also give people who do not want to go out, prefer eating at home gives home delivery services to the people with schemes of reaching the delivery place within 30 minutes. More & more companies are taking advantage of the opportunities waiting overseas by becoming a globally operating corporation and McDonald's is one of the top ten companies' corporations of the world. Six major segments make up the fast food segment of the fast food service industry sandwich chains like McDonalds & Subway are the number one segment, followed by dinner houses.. Out of all Burger chains McDonald's has the largest market share 46% followed by Burger King with 21.7 %

Some people say fast food is low nutrition food due to this some chain have started nutritious food like salads & pastas for the customers.

The Competitive Global Environment & key market drivers

Taking the factor of competitive environment, in global environment competition is major factor. Global competitive environment occurs when a firm takes a global view of competition and sets about maximising profits. (keegan&screen, 2005).

The effect of global competition has been highly beneficial to consumers . Global competition expands the range of products and increases the likelihood that consumers will get what they want. (Keegan&screen, 2005).

Key players for market drivers in market are burger king and subway where each market drivers has it own marketing cost.

## Back ground of brand & role of branding in McDonald's

McDonalds was started in 1948 by two brothers. First United Kingdom restaurant was opened in Woolwich, London. McDonalds came to India in 1996 in Bangalore. In 1973 1000 restaurants were opened in US, Japan, Canada & England. . . In 1998 in India they introduced traditional burger called maharaja Mac, which become the propular burger in Indian market

As far as role of branding is concerned the name is the biggest strength, McDonalds has been around for long time and people know the name quiet well. Taking in consideration India McDonald is having 50 % market share in fast food segment. All McDonald sites work to the CHAMPS standard. That is Cleanliness, Hospitality, Accuracy, Maintenance, Product and Speed. As a brand McDonalds has tie up with some international brand like nestle & Pepsi. It also ties up with some popular TV celebrity who is working brand ambassador for them.

## Competitive Advantage

Major competitor in fast food industry where McDonalds is facing competition is from subway. The most important competitive advantage McDonald's is having over subway is McDonald is having their own restaurants as well as delivery services in India, where as subway only do take away and eating's. The advantage of restaurant that McDonalds is having so as result McDonald is marketing to major segments of market which other fast food chains are not doing. The second advantage McDonald is having is of online booking burgers in India, which has recently introduced, people who have internet access can order what they want and will be delivered to their place with <https://assignbuster.com/global-trends-of-fast-food-industry/>

scheme of 30 minutes. As we all now that McDonald is one of the fastest growing fast food restaurants in the world which came to India with one restaurant in Bangalore in 1996 and at present it has got more than 123 outlets.

#### Global participation and market served globally

Talking about the participation of McDonald, it has got more than 12500 outlets in more than 90 countries globally. They consist of 20% or their own restaurant but the rest 80% are either are given away as franchises or are licensed ([www. answers. com/topic/mcdonald-inc](http://www.answers.com/topic/mcdonald-inc)). The pricing of McDonald is very nominal as it has a dream of opening 20, 000 outlets by year 2010 and having a McDonalds in every major city of the world. So taking that into consideration they have their price very nominal and their major target market is the middleclass people and students. They have got family packages for families and they are the only multinational in India which give the maximum discounts for parties. In India they have introduced many deals like meal for 2 just for Rs. 99 {£1. 29} only which includes 2 course meals. As the competitors are also trying to get these deals but there is a quantity which is very less. There are many carry out coupons which are given at the universities to the students. At present there is a new trend that has started in India of burger parties which the students find very convenient as it costs less and you don't have to cook anything. Looking at the market of India McDonald has introduced many different burgers only for India like aloo tikki (for vegetarians) etc. As having the flavours of India in a burger, it makes a different market for McDonald because there are still loads of

people in India still prefer Indian delicacies. McDonald also give a lot of charity

programs like McDonald (UK) supports the Starlight Children's Foundation, a registered charity that works to brighten the lives of seriously ill children by granting their wishes and entertaining them while they are in hospital.

Wishes can range from going to Disneyland, to meeting a favourite soap star or even winning the Grand Prix! Each year the demand grows for wishes, Starlight Fun Centres (mobile entertaining trolleys), Starlight Hospital Projects, hospital parties and outings. McDonald employees have been fundraising the length and breadth of the UK for Starlight and are always looking for new and innovative ways to raise further support. [www.mcdonalds.co.uk/pdf/student\\_information.pdf](http://www.mcdonalds.co.uk/pdf/student_information.pdf)

### **Role, impact and importance of cultural issues and ethics**

Cultural issues and ethics play a very important role in these parts of the world. Firstly taking India into consideration is that the biggest issue in India is that there is a ban on usage of beef in any form. So every multinational have to make sure that their product is 100% beef free and then only the government allows them to sell their product in the market. As taking into consideration that at once when India had a big demand for MacDonalD's they started to offer beef burger, their market share had had one of the biggest downfall of the year as people stopped going to their restaurants till the time they built back the trust of the people, by having stating on their restaurants and websites that " We are proud of the food we serve and we take very seriously the responsibility we have to our customers to deliver hot, safe, freshly prepared and tasty food – every time. We do not offer any <https://assignbuster.com/global-trends-of-fast-food-industry/>

beef or pork items in India. Only the freshest chicken and fish products find their way into our Indian restaurants”. [www. mcdonaldsindia.com/ourfood/nonveg/index. html](http://www.mcdonaldsindia.com/ourfood/nonveg/index.html)

By this McDonald had an upper hand in the market as they made sure that all their products are only of chicken, fish and vegetables only. One of the other issues in India is that out of every 5 Indians 3 are vegetarians, so McDonald also offers wide range of vegetarian burgers. As talking about importance of issues there is also big issue that is halal meats for the Muslim as there is against their religion to have any other cut of meat , so McDonalds in India and some places in united kingdom state in their menu that the meat used is halal or not. Now if we look at the importance of the cultural issues and ethics then we can say if McDonald doesn't follow the criteria they are following right now and introduce beef in India it would lead to ceiling and the market value would fall.

## **McDonald's advertising and promotion in the U. K. and India**

McDonald is the part of the one of the largest chain . That is one of the most important reasons behind their advertising and promotion because they have to maintain their standard. Advertising and promotions are the marketing tools. McDonalds is famous for introducing the new burgers in the market. While introducing the new burgers in the market they always keep in touch of the today's market trend. This will also important to reduce the risk failure. Their method of doing advertising and promotions in both countries are same. They do their advertising by many ways like television, radio and print.

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“ Global advertising may be defined as messages whose art, copy, headlines, photographs, tag lines, and other elements have been developed expressly for their world wide suitability.”(Keegan, Green, 2005)

“ Advertising is classified as a hierarchy of effects model suggesting a sequence of events: advertising is used to move people from a state of unawareness to purchase. Strong model shows that advertising gain attention.”(Chee H, Harris R, 1993)

On their advertising in India they spent around 10 – 12 crores on the advertising and around twice of the U. K. on the other hand their competitors like subway they are spending around 9 –

10 crore and burger king is spending around 12 – 14 crores in Indian market. McDonalds do their advertising and promotions by several ways: – they distribute McDonald pamphlets’ and discount coupons in front of the schools and colleges and even on the high streets. They built up their stalls on the busy roads like high street where they are doing their advertising of the new burgers or deals. In India know McDonald’s used to put up their stalls in the marriages where they can attract lots of customer in ones, and they can show there quality of their food. One of the most important things of the McDonald’s is its famous Ronald, it’s recognized as the universal symbol.

One of the famous burger of the McDonald’s named as double cheese burger by its name you got an indication that where is the target of the McDonalds because its jus for 99 pence.



## **McDonald strategies in terms of quality product and service**

As the author said earlier that McDonalds is the one of the most important brand for fast food lovers. For been a part of fast food lovers they have to maintain their quality of the product and service. That is one of the most important reasons that where ever you go around the world you will get the same taste and quality of the food and services. The quality of food of the McDonalds is the same around the world. Even in India the chips for the burgers is same as U. K. McDonald is world wide famous for its service. They never let their costumer down. Last year McDonald's have its scheme in India if you order your burger for home delivery you will get your burger in twenty minutes otherwise if they late you will get your burger free. By this way they are showing the importance of the customer services in the market.

## **Consideration of pricing and distribution channels in both the countries**

As author said that earlier in the report that McDonalds main aim to the middle class market all over the world. They have lots of competitors in the market that's why they have to be very careful about their pricing. For a good healthy business pricing is very important. " Price is a major consideration for organisations. It is the one of the major element of the marketing mix that is capable of generating income, helping there by to achieve profit targets."(Chee H, Harris R, 1993)

" Channels of distribution are the link between producers and consumers or industrial users. Therefore a distribution channel consists of individuals and

organisations that make products and services accessible to the ultimate consumer.”(Chee H, Harris R, 1993)

McDonald's also having a very good brand image, which is one of the most important pricing objectives. Whenever they introduce their new burgers, they have their market targets for example: - cheese burger for the teenagers etc. When they do pricing in India, they always keep in mind that India is the price sensitive market. They always do cheap pricing in India because they aim to middle class people. On the other hand in U. K. it has very reasonable rates as compare to their competitors in the international market. In India you will get four vegetables burger in just 20 Rsp (around 1pound) and in the U. K. you will get veggie burger in 2. 69 pound.

### **Global marketing efforts**

McDonalds holds the most markets share in the burgers industry. The McDonalds industry firms are famous for introducing new products at regular's shorts terms of time, the introduction of products that keeps with today's trends is also important to reduce the risk of failure. In this competitive world McDonald is a leader which creates new products for market as keeping in mind that customer will like it. McDonald always observes the market trends which regular changes according to customer needs. It always brings new products with different deals to survive in this competitive world, with high competition from the other top firms in the industry; this will help him to keep one step ahead. The role of marketing within the McDonald is to sure that the needs of customer are met and the business makes profit. McDonald has a broad range of customers as well as their burgers are popular throughout the world. Firstly we have to

understands that what exactly customer needs? After analysing their feedback try to put in the restaurants. Actually the marketing team plays an important role in organisation. It helps the organization to increase the sales profitability and developing new products with promotions. According to McDonald restaurants international, India is top fifth market for McDonald who growing very faster in today's world . McDonald hopes to increase their outlets in India to 170 by the ends of 2006 from the present figure of 121. McDonald introduced delivery service, something new that no other restaurant was doing. Home delivery was a success for McDonald and subway. The competition looking for new methods of increasing their customer basis. Many fast food chains decided to diversify the customer and bring new offer as well as product for those who don't like burgers (e. g. deli sandwiches, cheese breads, cheese bites, salads etc). They all try to come up with some new, bigger, better burgers at a low price. McDonald has always new marketing strategy for upliftment in this industry. One of their main strategies that they still follow today is diversification of the products. McDonalds is always adding something new to their menu, trying to reach new markets. Another strategy they used in the past and still using . McDonald is always trying to come up with some new idea to make a burger into something slightly different. It shows different enough that the customer will think it's a new products launched.

As you now McDonalds as a global marketing topic in India and u. k, so I will do swot analysis on McDonald Company. Firstly we taken the strength of company name recognition is obvious is big strength for them because they serving to consumer from a long time. Most of their competitors don't have

free home delivery only restaurants which help a lot to increase in the regular sale. They provide very nutritional and well- balanced meals to customer. McDonalds does have restaurants to run is also a weakness which is higher overhead costs, due to the restaurants that other competitor doesn't have it so result of higher overhead cost must be charge its is not low cost producer. This is another weakness for McDonalds they have lost their lot of customer due to competition with competitors. McDonald's opportunities are a lot, they can increase there revenue through introduced new burgers and increase brand loyalty. . McDonald have threats from competitors well, right now there is one closest competitor is subway. Subway having more competitive price than McDonald. It is generally lower than McDonald. Subway was very profitable when they promote their deal of delivery a sandwich within 5minutes and that to the costumer can see and tell the fillings of their meal.

## CONCLUSION

At last I will conclude that McDonald has a successful history in the past of introducing different type of new burgers product to increase sales and reach new customer. McDonald is always searching for new market and follows new trends in the markets. To introduce new products at regular interval of time makes the leader of fast food industry in today's world. The level of success that achieved to McDonald due to introduced “ double cheese burger” as well as promotion of product in the market. The more expensive advertising campaign than in past campaign but the potential for a successful product will cover the cost and bring in substantial profit. The advertising of the product is very important but the promotion of this product

along side for market. The promotion may be had to be bigger and better than the competition or the product may need to be altered to give it that little bit of edge over the competitions.

## **Recommendation**

I would personally recommend to McDonald Company to open more outlets in India especially express outlets which help a lot to increase the share in the markets. As you now express highways is growing faster in India which help a lot to company get more customers easily as well as customers to get better and good quality of food for (e. g. If I am going for long journey suddenly I feel hungry on the highway I get McDonald I think its great idea for launching new products and giving new deals in India. As some of rural area people would like to have some fast food.)

## **Appendices**

### **TIME PLAN AND MINUTES OF MEETING**

#### **October**

#### **November**

#### **December**

#### **January**

Research work

Proposal

Report writing

Presentation and submission

Meetings

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2nd 15: 30 to 1600hrs

17th 8: 00 to 9: 00 hrs

6th 11: 00 to 13: 00hrs

15th 12: 25 to 14: 30hrs

27th 16: 30 to 17: 45hrs

4th 12: 00 to 15: 00hrs

17th 12: 00 to 14: 00hrs

26th 11: 00 to 14: 00hrs

16th 12: 00 to 15: 00hrs

17th 17: 00 to 22: 00hrs

23rd 12: 00 to 18: 00hrs

24th 13: 00 to 20: 00hrs