

External and internal analysis mcdonalds

Business



The key success factors in APPENDIX 1 show that in order to be able to compete there is a need for research and development, achieve differentiation with your competition, create quality with your products, and be price competitive. Large capital is needed to be able to develop new products in order to differentiate among competitors. The creation of quality is very important because the switching costs majorly in this industry are very low. This explanation is supported in APPENDIX 2: Five forces of competition.

Although the environment is very competitive it is very difficult to enter because of the need of capital, the regulation faced by the government, and especially because of the customers loyalty towards other restaurants. The new trend that has been evolving during the years has also created areas of distress among competition. Nowadays customers want to change fast-food restaurants to a healthier one. That increases costs, because companies will have to change their operation and ingredients in order to satisfy their customers; nevertheless there is a good side, McDonalds will reach another market that wasn't reached before.

Internal Analysis Once of the major problems faced by McDonalds and can clearly be seen in APPENDIX 3: Internal Analysis McDonalds Value Chain, is the lack of recruiters and led to a dramatic falloff in the skills of its employees.

As we can see on APPENDIX 4: Competitive Advantage Building Blocks, McDonalds is very efficient. They have a systemization and duplication of all their food prep processes in every restaurant. This means that they

successfully and easily adapt their global restaurants to appeal to the cultural differences.

That effective system and easiness to adapt is a strong competitive advantage. Although McDonald has a strong brand recognition and a huge customer base their return on investment on 2008 decrease in comparison with 2007.

(See APPENDIX 5: Internal Analysis Selected McDonalds Financial Results).

Regarding the stakeholder satisfaction (APPENDIX 6: Stakeholder Satisfaction), the customers satisfaction is increasing because McDonalds made changes on their menus and customers are embracing them in a positive way.