Strategic analysis of mcdonalds in india

McDonald's vision is to be the world's best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanliness, and value, so that we make every customer in every restaurant smile."

Values.

Our values summarized in " Q. S. C & V". Provide good quality, services to customer. Have cleanliness environment when customer enjoys their meal . The value of food product makes every customer is smiling.

Executive Summary.

This documentation is mainly about the business strategies of McDonald's in India & how it applies their strategies to interact with external environment.

This discussed the following Porter's models to imply the company's strategies in detail;

Porter's Generic Strategy analysis.(Use to identify the strategies to select)

Porter's Value Chain analysis. (Use to identify the value chain activities to support the strategy.)

As a fast food company, the rivals that it has faced in the Indian economy during the implementation & the strategies they applied, and the strategy changes according to different situations reports from this document.

Porter's generic strategy analysis of McDonald's is mainly on its unique characteristic applied in India, company's commitment & dedication driven to reach the success in the Indian market. It shows McDonald's Business

strategies that took place during the banking crisis which lead to global economy recession & how it affected the Indian economy.

Through Porter's Value Chain Analysis this document tries to highlight McDonald's primary activities & support activities of their production process, applied in India. Through this analysis, it shows the factors influencing the company performance, coordination between firms in the industry & their quality support services as well. Also, report tends to discuss the situation of other competitors in the industry, their performance and position in the Indian market.

Finally, this report implies that low cost focus strategy can keep a company to survive in the recession. Also, it can achieve low cost focus strategy through their logistic systems, reducing food wastes and increasing effectiveness of employees.

Introduction.

Mc Donald's, was originated in USA (California) in 1954, and has become one of the successful fast food chains in the world. Also one of the most recognized and established brands in the world. To such a development it helps some successful business strategies which lined to its external environment (Macro environment) and the industry environment (Micro environment).

This document discussed the success of McDonald's especially in India and the strategies that they followed to reach the current position. Also, this provides a discussion of an analysis of why the company selects those

strategies in response to the changing external environment to reach the goals.

The company was able to establish around 30, 000 franchising stores in 119 countries, targeting around 47 million people each day and it generates about $ 15 billion revenues annually.

In India, McDonald's is a 50-50 joint partnership business between McDonald's corporations [USA] and two Indian businessmen. It took them six years with an investment of 4 billion to build up their supply chain properly in the Indian market. Their first restaurant in India was opened in 1996 at New Delhi.

By introducing differentiated menu products according to the Indian taste, improving logistics systems with better supplier relationships it began to spread all over the country rapidly.

Now the company expanded in 34 cities in India by covering 132 outlets.

N. Jadhav& A. Shaikh 2010, Supply chain management, Perishable products (Restaurant chain)[Presentations], viewed [19/12/2010], http://www. slideshare. net/sunilmbsingh/mcdonalds-final (Diagram 1)

Porters Generic Strategy Analysis:

Porter's generic strategies framework provides a major contribution to the development of the strategic management & the company can achieve to their competitive advantages by differentiating their products and services from its competitors through low costs. Mc Donald's targeted their products and services by a broad target through covering most of the market places.

Also, it attains competitive advantage through market segmentation using Porter's differentiation focus strategy.

8. 1 Differentiation strategy of McDonald's:

In differentiation strategy, fast food chains need to be more selective in which products to offer & more creative in their promotion strategy.

McDonald's offers specialized (Regionalized) version of its menu. This leads to differentiate the products from other competitor products as well.

Mc Grilled sandwiches in US & Canada.

Mc Chicken Premiere & Zesty chicken in UK, France, Italy & Belgium.

To overcome their healthy issues Mc Donald's added salads & other lighter options to its menu & encourage people to visit more often.

Product adaptation in India- Vegetarian selections, No beef or pork items, McMasala

Wide variety of menu items according to the Indian menu items;

Vegetable & non vegetable products.

Health conscious items.

Local flavors.

Food preferences – India

B. Craig & K. R. Dickson, 11th December 2007, Supply chain management,

Mc India ppt[Presentations], viewed [19/12/2010], http://www. slideshare.

net/KRDickson/McIndia-Final-ppt (Diagram 2)

Mc Donald's premium line:

They have introduced a group of products in early 2000s. It includes

McDonald's larger chicken sandwich, salad line & coffee products. Grilled

chicken & sandwiches are targeted different demographic markets. Mc Cafes

located in Australia within the McDonalds restaurant.

Types of restaurants:

Counter service & drive through (With indoor & outdoor seating in Delhi.)

McDrive locations near highways offer no counter services or seating.

McCafé restaurants within the same McDonald's restaurants. (They increased

sales by 60% from this strategy.)

Expansion for the following locations as well;

More distribution centers within 500 km radius.

Satellite cities near Mumbai & Delhi.

Cities with tourist appeal and eating out culture.

Petrol stations, railway & bus stations in & around Delhi.

Shopping malls and movie complexes (Delhi & Mumbai)

Differentiating promotion programs:

McDonald's focused on superior price performance during the time of economic crisis.

Point of sales (POS) promotion programs.

Combo meals. (Customers get more discounts through this.)

Lottery for winning its products.

Sampling activities to taste their products to a discount price.

Internet promotions.

TV and other media promotions.

To differentiate with their competitors McDonald's tried to focus on its unique campaign.

I'm lovin' it campaign to attract family.

Feature artists to attract teenagers.

Introduces wireless technology platform, by allowing their customers to access internet by creating an innovative environment.

8. 2 Cost leadership strategy:

Under Porter's competitive strategies, McDonald's uses an overall low-cost leadership strategy to reduce cost & increase sales.

Higher profits resulting from sales through lower prices than competitors as the unit cost is lower.

Mc Donald's is having a biggest market share out of completive fast food restaurants. Therefore, they increase sales by reducing price than competitors.

Food Items

McDonalds

Subway

KFC

Pizza Hut

Domino's

Burgers & Pizzas

Rs 20- Rs 70

Rs 65- Rs 135

Rs 25- Rs 175

Rs 55- Rs 175

(Regular)

Rs 35-Rs 140

(Regular)

Combo Meals

Rs 49- Rs 119

Rs 45- Rs 175

Rs 55- Rs 150

Rs 120- Rs 250

Rs 120- Rs 230

Beverages

Rs 25- Rs 50

Small- 300ml

Rs 35- Rs 45

Small 300ml

Rs 30- Rs 55

Small 300ml

Pet beverage

MRP 600ml

Rs 30

600 ml

Deserts

Rs 12-Rs 25

Rs 20- Rs50

Rs 15- Rs 65

Rs 40- Rs 60

Rs 25 100 ml

Cup of Baskin Robbins

(Diagram 3)

Market share (worldwide):

Company

Stores

Countries

Market share

McDonalds

31108

120

33. 06%

Burger King

11455

58

13. 68%

Wendy's

8811

22

11. 69%

Hardees's

3295

15

2. 78%

Jack in the Box

2000

1

3. 67%

(Diagram 4)

McDonald's India: Network & competitors

Company

Outlets (No.)

Cities Covered

McDonalds

132

34

Pizza Hut

137

34

Domino's

220

42

Subway

131

32

KFC

34

09

(Diagram 5)

Bruce Craig, Keith R. Dickson, International Business Management, Network & competitors [Online], available at: http://www. slideshare. net/KRDickson/McIndia-Final-ppt [20/12/2010]

Through adding 700-900 restaurants annually, McDonald's enter new markets through lower prices.

It shows a great barrier to entry for competitors to enter the industry.

Through its strong centralized authority & tight control, standardized procedures McDonald's takes most an efficiency approach.

Key elements of McDonald's business strategy;

Adding 700-900 restaurants annually.

Giving low price products, Extra offers through new menu items.

Highly selective in granting franchises.

Selects most convenient places to customers.

Focused on limited product lines through maintaining the quality.

Extensive advertising.

Proper HR management through equitable wage & good training.

McDonald's cost leadership strategy & growth strategy is based on;

Adding new restaurants.

Maximizing sales & sales in existing restaurants.

Improving profitability (globally)

Success behind their business lies in the maximum of " Think global, act local."

They ensure that their structure fits with the international environment, but also have internal flexibility geographically.

McDonald's has twice the market share of its closest competitor, Burger King.

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