

Marketing mix of mcdonalds

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Marketing Mix Marketing mix must focus on the product, pricing, promotion, and placement of item in order to make it successful. Marketing strategies must feature customer orientation, input, and accessibility in the fight to the top of the market. McDonald's is no different. An example of this is illustrated with a comparison of McDonalds and Wendy's. At first glance, they may appear to have roughly the same marketing mix and target markets. Both are fast food and provide similar products. However, looking closer, one can recognize that McDonald's primary target market is children ages 3-11 and their parents.

McDonald's understood that the parent was making the purchasing decision, most likely based on price. What McDonald's marketing executives did was ingenious. They put a \$. 50 toy in with the hamburger, french fries, and drink and gave it a special name, the " Happy Meal". Then McDonald's marketed the Happy Meal to the kids. If you have you ever asked your child where to buy a Happy Meal, they will tell you that there is only one place you can buy one, and that is at Fun McFacts

When Was Your McDonald's Favorite Introduced?

- 1955 - Hamburgers, cheeseburgers, fries, shakes, soft drinks, coffee and milk
- 1963 -Filet-O-Fish
- 1968 -Big Mac and Hot Apple Pie
- 1973 - Quarter Pounder and Egg McMuffin
- 1974 -McDonaldland Cookies
- 1977 - Breakfast Menu
- 1978 -Sundaes
- 1979 -Happy Meals
- 1983 -Chicken McNuggets
- 1986 -Biscuit Sandwiches
- 1987 -Salads
- 1998 -McFlurry Desserts
- 1999 -Breakfast Bagels
- 2000 -Chicken McGrill and Crispy Chicken
- 2001 -Big N' Tasty
- 2003 -Premium Salads, Newman's Own® salad dressings and McGriddles
- 2004 -2004 Chicken Selects® Premium Breast Strips

McDonald's has Ronald McDonald, playgrounds or PlayPlaces, " Happy

Meals," and fun advertisements with brightly colored " Fry Guys" or the " Cheese Burgerler".

Contrastingly, Wendy's targets a more adult market and the restaurants represent a more mature atmosphere with carpet floors and Dave Thomas advertisements. Wendy's does have children's meals that offer a toy, but overall the atmosphere attracts a different demographic group. McDonald's restaurants have a variety of strategies that apply to product, placement, promotion, and price that makes them one of the most successful, well-recognized organizations in the world. Product Strategies McDonald's marketing strategies should be looked at historically in order to see the larger picture of the firm's success.

There have been so many strategies since the inception of the firm that it is difficult to account for them all, the two most memorable are the development of the " Golden Arches" and " Ronald McDonald". These two icons have given customers a mental image of what to look for when they want quality food for a low price fast. The firm revolutionized the fast food industry and positioned itself as the market leader with low-priced, quality food and provided an entertaining atmosphere for the children.

These things were what that the market wanted at the time and the firm answered in spades. The perceived secret of McDonald's success is the willingness to innovate, even while striving to achieve consistency in the operation of its many outlets. For example, its breakfast menu, salads, Chicken McNuggets, and the McLean Deluxe sandwich were all examples of how the company tried to appeal to a wider range of consumers. The long

history of innovation and experimentation resulted in new profit centers like Chicken McNuggets and the breakfast menu.

Innovation and experimentation also produced some disappointments like the McLean Deluxe, but inevitably experimentation in limited outlets provides McDonald's a way to retain its key strengths-quality and consistency-while continuing to evolve. The use of franchising, again, provides various perspectives that, in turn, lead to innovation for products and solutions. Franchisees agree to operate their restaurants in the "McDonald's way" but there remains room for innovation. Many ideas for new menu items come from franchisees responding to customer demand.

Developing new products is crucial to any business even those that successfully relied on a limited menu for many years. As consumer tastes change, menu innovation injects enthusiasm allowing the firm to explore markets previously overlooked or ignored. The "Egg McMuffin", for example, was introduced in 1971. This item enabled McDonald's to accommodate consumers of the breakfast market. Filet-o-Fish, Drive-thrus, and Playlands were all products or concepts developed by franchisees.

McDonald's tries a few new concepts simultaneous in different parts of the country to find the most promising new menu item. Those with the most potential could be rolled out further, while the ineffective ideas could be left to die quickly. This strategy may be expensive, but the potential to unleash new areas of growth in a maturing market seems to be right in line with what McDonald's has always done. In addition to the local flavors that have been

created in the US, McDonald's international restaurants have been conforming to local, regional, and ethnic tastes, too.

In a recent McDonald's case study this was explained further: " For example, 'Maharaja McBurger' is a vegetarian burger marketed in India. The special requirements for 'Kosher' foods are followed in Israel. Similarly, McDonald's offers 'Halal' food in Muslim countries such as Saudi Arabia, UAE, Kuwait, Indonesia, Malaysia, Pakistan, and Bangladesh. During promotions, McDonald's also introduces several other products. For example, its 'Prosperity Burger' is popular in China, Taiwan, Hong Kong, and Singapore at the time of the Chinese New Year celebrations.

In order to respond to the growing phenomenon of health consciousness, McDonald's has moved in favor of lean ground beef, 100% vegetable oil, 1% low-fat milk, low sodium, and low fat. This product strategy shows that McDonald's is interested in becoming part of the culture and is looking for ways to appeal to the market internationally. McDonald's menu is based on five main ingredients: beef, chicken, bread, potatoes and milk. Their main products are hamburgers, chicken sandwiches, fries, and beverages. In addition, they serve a variety of breakfast items and desserts.

Every McDonald's is uniform; you know exactly what you will get no matter what store you go in to. Although McDonald's has thousands of restaurants around the world, it standardizes menus and operating procedures in these restaurants to insure consistency throughout. To maintain consistency in the current menu while the firm tests new products to expand the product line, McDonald's relies on test marketing new menu items in pilot locations. New

products are rigorously market tested so that the franchisee will have a reasonable idea of its potential before it is added to the menu. The introduction of new products, which have already been researched and tested, considerably reduces the risk for the franchisee. The franchisees additionally benefit from the extensive national market research programs that assess consumer attitudes and perceptions. What products do they want to buy and at what price? How are they performing compared to their competitors? This approach allows the firm to identify which items are likely to prove popular with consumers while ensuring that the company can deliver new products with consistent quality nationwide.

McDonald's already has a history of doing this so it will not require major changes to its operations strategy-at least initially. If the product line-up gets too large, then the task of maintaining quality becomes exponentially harder. The trick is to consider how to eliminate some of the existing menu items when you introduce new ones, while making sure the staff is fully trained in how to execute these products successfully. McDonald's serves the world some of its favorite foods - Fries, Big Mac, Quarter Pounder, Chicken McNuggets, and the Egg McMuffin. To this end, McDonald's had done well with a limited product range.

Declining per unit sales and competitors gaining ground, may indicate that McDonald's menu needs a face-lift. One way to do that is by inserting a couple of new, highly promoted menu items. This would refresh the product menu and provide new, satisfying experience for dinner consumers.

McDonald's has the opportunity to apply its core competencies of rigorous

adherence to quality standards and continual promotion of experimentation in new venues. Imagine McDonald's opening a new casual dining restaurant under a different name, like Mac's, and sliding away from the fast food industry.

The firm could franchise that concept nationwide and target the market of consumers who have grown past fast food. McDonald's, or Mac's, meticulous approach to operations would ensure that consumers everywhere would experience the same dining experience at each restaurant. This consistency presents a wonderful advantage for consumers who don't want to be surprised with a bad meal. Consumers would expect the same as they do currently with McDonald's-the Big Mac in Minneapolis is the same as the one in Beijing . Placement Strategies McDonald's focuses on store placement and are always looking for the best locations.

This strategy created some weakness in the last 10 years because it seemed that too many stores were put in some areas, cannibalizing sales from the other McDonald's. The company has also made convenience a focus, not only through how fast it serves customers, but also in the location of its outlets. Freestanding restaurants are positioned so that you are never more than a few minutes away by foot in the city or by car in the suburbs. In addition, McDonald's is tucking restaurants into schools, stores, and more . Because McDonald's has pretty well saturated the U. S. arket, it's only real opportunities for growth lie abroad, where the competition is not so cutthroat or by introducing new restaurant concepts under brands other than McDonald's. The organization's overall objective is to increase market share.

In this instance, the focus is purely on localization with different strategies for different countries. Pricing could not possibly be standardized across the globe without alienating many countries with poorer economies, thus defeating the initial objective. McDonald's set an appropriate price for their product by looking at its competitors in each country.

McDonald's is attempting to localize marketing communications due to the realization that it couldn't possibly appeal to all countries at the same time. The firm sees the necessity to "brand globally, act locally". For example, in China it was recognized that advertising on television would be a waste of money because commercials between programs are generally ignored. Instead, McDonald's uses newspapers and magazines to promote its image. Similarly, in East Asia, McDonald's targets children in order to gain optimum results. Of course, the ultimate message (brand) is the same; the medium is what is strategically modified.

Pricing Strategies McDonald's strategy is to offer quality food quickly to customers at a good value. The pricing structure for McDonald's over years has supported this message. The company strives to differentiate itself from other fast food restaurants by offering a variety of menu items that appeal to a variety of people from those who just want great hamburgers, to those who just want a quick healthy meal. McDonald's differentiates itself by offering a dollar menu, combination meals, and a free toy with Happy Meals. McDonald's, over the years, has also ran many promotions to increase traffic or product sales.

For instance, the most recent roll out has been the 2004 Chicken Selects premium Breast Strips. Right now, you can go to your local McDonald's and "try them free." With this new product is offered a variation of the "usual" sauces for the Chicken Nugget - a Chipotle Barbeque sauce is most commonly advertised. Another promotion was the "Campaign 55" where diners could buy a featured sandwich, like the Big Mac in April, for 55 cents when purchased with fries and a drink. This campaign wasn't as successful as the fast food giant found would have hoped.

Many other promotions with food, toys, collectibles, videos, and other prizes have been used by McDonald's restaurants over the past 50-plus years. These promotions, some better than others, have helped to keep McDonald's growing and gaining in the fast food world. Value has been an area in which McDonald's has strengthened over time, not only with customers, but within their distribution, channel management, and logistics strategies as well. Distribution, Channel Management, and Logistics. A company the size of McDonald's requires the value chain to be increasingly important.

Not only does McDonald's want to add value for the customers, but also the firm looks for ways to improve the operations that makes McDonald's a more efficient business. Promotion Strategies McDonald's knows that some customers go to its stores to take a quick break from their day's activities and not because McDonald's made the food ten seconds faster than their competitors could. Therefore, McDonald's marketing executives then put together the phrase, "Have you had your break today?" They continued to develop this idea with "You deserve a break today," and now are in the "I'm

Lovin' It! mantra. " I'm Lovin' It! " doesn't seem to have as much punch as the earlier catch phrase, which still seems to be the favorite. McDonald's sees the use of these catch phrases and the use of the Golden Arches as a very successful way of differentiating the restaurants from other fast food competitors. McDonald's has taken price competition out of the picture because the customer feels they have gotten quality, convenience, service, and value - and McDonald's still makes you feel like you are getting a break in your hectic day.

Creating catch phrases are only one kind of promotion, and McDonald's uses many kinds of promotions to keep the restaurants at the top of the industry. With the rise of health consciousness it has become more difficult McDonald's to compete because their reputation brands them as cheap food served fast . The firm's response to obesity claims against the organization and other unfavorable public sentiment is to add healthier items to their menu and promote and offer health-conscious alternatives to the " would you like fries with that" legacy.

In addition, McDonald's has modernized their advertisements, pamphlets, and website to include nutritional information and addressing diet restrictions. Breaking the unhealthy association is difficult on its own, but with media and movies such as " Supersize Me" adding to the fray, McDonald's has had to look for alternative strategies to keep consumers happy. Another promotional strategy McDonald's uses is the huge investment in sponsorship. This is also a central part of the image building process.

Sponsorship of the 1998 football World Cup, the Premier League and the European Championships increases awareness of McDonald's brand . However, McDonald's still follows Ray Kroc's community beliefs today, supporting the Tidy Britain Group and the Groundwork Trust, as well as local community activities. McDonald's has become a known community partner with Ronald McDonald Houses across the nation for the use of families whose children are hospitalized and getting treatment far from home.

This organization has created an image of partnership and community investment with these and other kinds of philanthropic activities . Rob Leavitt, ITSMA e-zine editor, reported in the June 2004 edition that Larry Light, McDonald's Chief Marketing Officer, railed against those claiming brands must have only one identity that appeals to increasingly fragmented audiences. Leavitt also reported, " Identifying one brand positioning, communicating it in a repetitive manner, is old-fashioned, out-of-date, out-of-touch brandcommunication," he said. A brand is multidimensional. No one communication, no one message can tell a whole brand story. " According to Light, marketers that continue to follow a simplistic mass marketing approach are committing " brandsuicide". Determining which way to market McDonald's and its products is a very important decision that can either cause products to fail or take flight. These same decisions must be made in regards to the marketing of the company as a whole. Strategy is the name of this game.