

External environment factors pestel analysis business essay

[Business](#)



Introduction The world's largest chain of the hamburger fast food restaurants are McDonald's Corporation. They are serving almost 47 million customers daily in different country. But in current, McDonald's has been surpassed by a company name Yum and it was operator by KFC and also other chains and Subway as well too. On top of this case , recently McDonald's has expend their menu same as alternative meal options , example like they have more choice for consumer to choosing such as salads and snack wraps to capitalize for the consumer whose are interest on health and wellness. For each McDonald's restaurant, they are operating by a franchise, an affiliate or the corporation itself. The revenues of the corporations' is come from the rental, royalties and the fees of the franchises who pay by franchisee, as well as the sale the franchisee have sell in. Over the three ending years of 2007, McDonald's revenues grew over 27% to \$22. 8 billion and have almost 9% are growth in operating income to \$3. 9 billion. The primarily sells by McDonald's are chesses burgers, hamburgers , chicken products, French fries, soft drinks, milkshakes , breakfast items, and desserts. To obesity the western nations trends and also face to the criticism of the healthiness products, McDonald's has modified their menu and add in some of the healthier alternatives such as salads, wraps and fruit as well. McDonalds Mission to be the best quick service restaurant experienceto be the best providing outstanding quality , service , cleanliness and value so that can let every customer simile in every restaurantto let customers chose as their favourite place and way to eatto become a brand promise to customer when every customer at every visit must provide simple easy enjoyment to customerThe customers, employees, suppliers, contractors, host countries,

government, owners or shareholders, investors and communities are the stakeholder of the McDonald's. The company profit, performance and direction are interested with the owners or shareholders. In taxation, VAT, legislation and unemployment are interested with government. The company performance, targets and growth. Non-Managerial staff is interested in rates of pay and job security are interested with the senior management staff. Working conditions, minimum wage, and legal requirements are interested with the Trade Unions. Value, quality, customer care and ethical products are expecting with customer credit score new contracts and liquidity are interest with creditors. Jobs, involvement, environmental issues and shares are interested by local community. We do place the customer experience at the core of all. Committed to our people. The McDonald's System. Operate our business ethically. Will give back to our communities. Grow our business profitably. Strive continually to improve. Responsibility comes down to the food. McDonald's Objectives. Sell to customer the food and drinks with pricing can be affordable by customer. Sell delicious food and drinks with high standards quality, fresh and seasonality. Having a cooking style with traditional southern styles plus modern creative. To let customer who come for having dining here will leave with happy and excited and also to think to come back visit again. To provide customer with good services and good attitude with demonstrating warmth, graciousness, efficiency, knowledge, professionalism and integrity in its work. To make the restaurant more comprehensive and exceptional, we must pay more attention on every details of the restaurant operation. Provide to all the worker of McDonald's with friendly, cooperative and rewarding environment which encourages

long- term, satisfying, growth employment. Always keep doing with the concept of fresh , exciting , cutting edge on to the hospitality and entertainment industryTo let the franchises who operate the restaurants , make them have a more quality lifeAll of the shareholders and related stakeholders will be provided with consistent and steady source of revenue and incomeTo be a responsible corporate citizen and also be an good example of the corporate members in the countries

McDonalds Social Responsibility

To have a good working environmentTo meet whilst upholding staff policiesTo be practices with promote a fairTo be a responsibilities corporate citizenTo be care full of all the act we doGiven a safely , clean and enjoyable place for customer to enjoy the environment and also to the worker whose work in into McDonald'sSet up the restaurant with woods and gardens to make it more go greenTo make the McDonald's restaurants become the selected restaurants of people for doing function, activities and community places. Be a good relationships with the suppliers to maintains the pricing, servicing and quality to make sure given customer the best services and value. All of the McDonald's products must be in good quality and deserve with valueAll the product must be healthy , nutritious and provide with the pricing can be affordable for customerAll the earning must be fair return to all the investment , shareholders , employees and level of community whose was involvement and also connected with businessNo matter the company was operations by owned or franchises all the products and services must be delivered to customer to let customer happy and satisfied at all the timeProvide a clean , convenient , fun and friendly environment to make

McDonald's become a best choice to customer to let them choose to become a best place to eat , play and work with worth for the value

External environment factors | PESTEL analysis

pestel-analysisWhat is PESTEL analysis...The PESTEL analysis is a way for the environmental scanning. The managers must be aware and plan for all the factors which are has been combine and group together. In a business, PESTEL analyses external was influences affecting PESTEL was stands for: PoliticalEconomicSocialTechnologicalEnvironmentalLegal factorsWhen a decision wants to make by a successful managers, they must look all round view of the environment. PESTEL analysis draw out with each different on the key external by Network rail to pay more attention on it. This will let the managers can be easy to identify link or inter-dependencies between of them. As below is the definition of the factors as state on top: Political Factors are to ensure for the government which may influence the economy of the country and also certain industry. For an example such as McDonald's, a duty tax from a government may impose the changes of the organizations due to the entire revenue generating structures. McDonald's business environment also may effect by political factors such as tax policies, fiscal policy and also trade tariffs that the government collect on the end of the year. Economic Factors are directly impacts to a company on the economy performance and also will be resonating in the long term effects. For an example of McDonald's, if the inflation rate of the goods in the economic, it will affect to their products and services to customer. A consumer purchasing power will be decrease if the change demand or supply models inflation high. Economic factors of changes include of the inflation rate, interest rates,

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foreign exchange rates, economic growth patterns. Social Factors are observed to the social environment of the market and also with gauge determinants such as cultural trends of the country, demographics and population of the country analytics. For an example of McDonald's, they will not selling pork burgers at Malaysia and also will not selling Beef Burgess at India due to the country of the cultural trends are different. Technological factors will be effect on the operations on the industry and also market if the technology continuous innovations. It also will favourably or unfavourably to the market. The knowledge of technological is refers to the research, automation and development and also the amount of the market process. McDonald's using their services with technology and systematic, it will make the process become fast and correctly. Legal factors will effect on both sides such as external and internal environment. Certain country has certain laws and also certain policies are effect of the business environment to let the companies maintain for themselves. In the different angles of the account , legal analysis was involve and then draw out the strategies in clear to show more legislations. For as example, McDonald's need to follow the safely law, consumer law and labour law inside the country to maintained their business. Environmental factors are those were effect by the surrounding environment. Environmental factors in the PESTLE are for certain industries to make sure they are not Pollution to the climate, weather, geographical location, global changes in climate, environmental offsets. McDonald's was doing well at this part, due to they are using the recycle materials into using on their business such as using paper cup , paper bag that can be recycle use.

McDonald's Internal and External Analysis

McDonald's is the most leading food service in the world and come with retailer more than 33, 000 restaurants in 118 countries and serving more than 67 million people per day.

Below is the analysis of McDonald's for serving so many years into the fast food market:

Strengths:

One of the first fast food whose surviving with the most old and with experienced almost 57 years on the market Having a strong brand name and reputation in this market and world with their most recognizable golden archway logo and also their character Ronald McDonald Show itself strongly in the fast food market Brand Equity: Quality, Service, Cleanliness and value (QSC&V). Having around 33510 restaurants across more than to 120 countries Expend their business across of the world with aggressively and strongly Almost 85% of their restaurants are by franchises They are way ahead with their competitors by having 33510 restaurants in the world Pricing are lowers than their major competitors such as KFC , Domino's Pizza and Subways Have s large market share on the fast food market Have a excellent location to run for their business Inconstant pricing around to the world depending on the value of the country currency Location base marketing and servings by following according to the countries or regions Strong financial condition Having systematic for their business to let it more fast and smooths a place to having dining with fun Have a successful traditional menu such as Big Mac, Chicken McNuggets and French Fries Provide the nutrition information of their products by using printing in the flyer or on their website Provide the meals with low calorie and organic Set up their business <https://assignbuster.com/external-environment-factors-pestel-analysis-business-essay/>

into top beverage companies and super markets as well Maintains a good relationship with its customers Is a quality assurance business Having a hamburger universities to training for their staff Standardises their basic menu and QSC&V in their every restaurant All the products , equipment and design of the shop lot are standardises with strictly control Strategy to their Competitive are to be the first in market and build up their brand as fast as by advertising heavily More on to expand and competing Become the first in the fast food market having their own McDonald's Children's charity (Ronald McDonald House). Doing more activities and campaigns for social Recommended by media as one of the best place to work for it They food their using all is 100% approve by USDA and with certificate They are entering fast in to the developing countries to make the expend fast

Weakness:

Unchanged menu so that it become boring menu Menu has less choice of items if compare with other competitors from the beverages market Important of healthy are growing fast among of people Using the old technology and technique in the billing system Less of organic food inside of their menu Legal proceed with over addictive additives and also hot coffee Advertisements just target on to children part Having debt around \$12, 500 million A lot of negative news on media such as obesity problem increase cause to their products Overall costs of the business are higher than other competitors Did not have any good financial condition in this past 6 year Having some fluctuations on to their total revenue and profits Did not doing well on their product research and development Market share of McDonald's is going down and fast food industry in current market are near <https://assignbuster.com/external-environment-factors-pestel-analysis-business-essay/>

to stage of cut throat competition The QSC&V are not following by the franchises High franchise fees make the buyer facing a lot of risk Fail on meet to customer demands and needs Paying high salary for their employees and also giving a lot of training to their employees will be taken in to account Making more players interest on the fast food and coffee market

RECOMMENDATIONS FOR IMPLEMENTATION OF STRATEGIC OPTIONS

Strategic options: Reduce on the employee training spending Target more on the organic food Thinking of human health problem Reduce on the employee training spending (lowering employee turnover). To reduce on the employee training spending, would like to suggest as below: Job given more to the high motivate people , which means that they will be more loyal to the company and also will not think to leave job so fast Training the new employees using " Big Brother" style. Which means that a new employees are been train by the employees who are working longer in the company. This way can be reduces the spending on training and also who train the new worker also can do the same things every day to improve themselves To make the employees more to motivate and also care of the employees expectation from the company. It can be using the way of using money premiums for given to whose was in good working in the end of month or year. Example can prepare some competition to let employees join such as "Employee of the week (month)" . Employer should take a look of their employee what are their expectation from the company and help them to solve it. Target more on the organic food (produce new products for new segments); McDonald's is not the company who suggest for the most organic food, so they can try for below :

Create a new line for organic food in their menu and take a look and doing for research what is more popular and healthy organic food suit to their customer. If the research come out with the organic food are most popular than usual menu food , it more worth to changing all the usual food to organic way , even the cost are more higher. In the first thinking of people , they will think of natural first and then next is the pricingBe partnership with nutritionist, scientists and doctors to get more suggestion from them to take care of customer healthy. Everyone know as the organic food can make people feel better and healthier, also is effects by nature is a good way thinking." Everything is for customer ", this was what saying by McDonald's, so that must take more advantage on the organic food popularity and let customer live with healthier and more natural. Declaring organic food pluses by using big advertisement by the companies and it also will make in more popular in this way. A lot of people loves to McDonald's food , so it may be authority and also can show a good example of organic food are necessity in people life and also can compare how organic food and McDonald's usual food effect to customer health and change to nature cause of them. Thinking of human health problem (improvement of products)McDonald's is a biggest fast food supplying company and all of us know that how was the food effect to our health. What built for our body and strength our brains; this is the main of the factors. So that, McDonald's should take action as below suggestion: Doing for high quality and improve the products which are full with vitamins and minerals. So that means the company must improve for their own products and all the food must be have certificate and also fit to the healthy food standards. Be a good relationship with the suppliers who

supply the products for McDonald's food and make sure that the products supply by them are natural, high standard and healthy to be suit to all the age of customers. Always keep contact with nutritionist, scientists and doctors to do improvement of their products make sure it can be suit to all of the age of customers; even they have some problem with their stomach. This way to make measures and what out what is the best for all possible customers.

Conclusion

McDonald's as a global leading foodservice retailer, the company has been working to achieve 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. And stakeholders of the McDonald's are the customer, employees, government, creditors, trade union and host countries. McDonald's takes its responsibility to the environment seriously. In 1990, the company established the Global Environmental Commitment, and since then, they have been focused on incremental improvements designed to continuously improve their environmental performance, both in their supply chain and in their restaurants. And then there has been discussed the external environment which influence to the company such as social, economic and global. The company has been impacted by economic environment more seriously which is related to the company profit and loss in terms of the period. Since 2008, global recession has been impacted to all the companies. To do good and successful business, the company should have the strategy and marketing plan which has been discussed in question 3. As mentioned <https://assignbuster.com/external-environment-factors-pestel-analysis-business-essay/>

above, McDonald's is the global leading company and 119 countries have been worked with McDonald to franchise the company in the countries. To leading global company meet some barriers to trade in the country and there has some impact and implications on trading blocs, exchange currency rate, national vs. foreign relations of trading economies.