

McDonalds in the global environment marketing essay



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McDonald's is one of the oldest and powerful fast food chain in the world. Originally, McDonald's is something special for U. S. culture. Americans trust McDonald's brand, many were raised on this meal and it is food No. 1 in the country. It's not just standard fast-food restaurant chain, it's a cultural mirror. All changes in this company reflect the evolution of American eating habits. For instance, family gathering is no more tradition in the U. S.; and at the moment the dining room change into a car seat in the family SUV. What will be the next step? The life is becoming faster and complicated.

Of course, it's not McDonald's responsibility what and how Americans and other nations eat, but the burger company should consider them, because after all it feeds more than 27 million people every day, 1 million more every year. McDonald's is also the symbol of globalization because this company imposes to some extent American habits to the rest of the world.

The burger giant has implemented several changes for last 10 years.

New policy of McDonald's corporate headquarters was to go 24/7 in order to increase profits by extending restaurant working hours. Some U. S. franchisees doubted at first, but practice showed that revenue has boosted due to the night owls and early birds catering. Globally, business owners have a certain freedom about how to run a business and they of course have marketing support of global company.

For example, during 20 years since 1955 McDonald's was a two-meal café, opening shortly before lunch and closing just after dinner. In 1975 company transformed breakfast into a fast-food meal, introducing Egg McMuffin nationally. Today McDonald's intention is to capture the rest of the day.

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About 90% of the 13, 700 U. S. restaurants extended their working hours beyond the traditional 6 a. m. to 11 p. m. day, and about 40% of them run around a clock. The modern life dictates its rules – breakfast is no more limited by its traditional time; McDonald’s restaurants provide seven hours breakfast offer in many places and some are considering to make it all-day option.

It is really major change in McDonald’s strategy during last 10 years, because historically the growth means more outlets for this company. And that approach was successful for many years up to the saturation point. It was company global strategy. Studies showed that in spite of revenue increasing, new restaurants just stole clients from existing locations.

Today’s McDonald’s global motto is “ better, not just bigger”. The company tries to get more from existing outlets instead of building new ones. Changes are concerning many aspects, from marketing and product development to design and technology.

McDonald’s intends to adjust its performance according fastidious tastes of twenty-first century customers. Modern McCafé doesn’t smell burgers and fries; it uses sophisticated air filtration systems. And appearance of these cafés is different: dark wood and glass, flat-screens, leather lounge chairs, etc.

The burger company feeds enormous number of people in the world but sometimes it is out of modern health problems. The double cheeseburger and fries are the most popular products of the chain, but they are high in fat and sodium. Other fast-food companies like Wendy’s or KFC are going to quit <https://assignbuster.com/mcdonalds-in-the-global-environment-marketing-essay/>

using trans fats in their meal, but McDonald's contends that substitutes spoil the traditional taste of fries. Most McDonald's meals remain to be high in fat, sugar, salt or all three despite of introducing new options like fruit smoothies and salads.

Another challenge which rose to the surface in 2006 is the Greenpeace accusation McDonald's of contributing to the destruction of the Amazon rainforest. Greens alleged that soy-based animal feed used by McDonald's in order to fatten chickens is taken from soybeans of the Amazon Basin of Brazil. Protestors dressed as giant chickens invaded to fast-food restaurants and in some places activists put the posters of Ronald McDonald carrying a chain saw. The burger company initiated investigation about Greenpeace claims immediately. And the result of further fact-finding expedition was that McDonald's confirmed his commitment to help prevent decimation of the Amazon rainforest.

McDonald's has very strong competitors like Starbucks, Wendy's, Burger King, Dunkin' Donuts, etc., and competition will increase in the nearest future. Since breakfast business is the most profitable one for McDonald's, Starbucks and Wendy's are going to introduce hot breakfast sandwiches. Nevertheless, McDonald's is the undoubted leader, having about half of the U. S. hamburger market. Analysts predict that McDonald's will win this battle. Breakfast habits are not easy to break. His success based also on that fact that Americans like to eat at home and standard U. S. order includes 2. 5 lunches and about 2 dinners, so company tested different innovations from a darker and stronger coffee to Southern-style fried chicken and Newman's Own iced coffee. Company thoroughly analyses any new product. For <https://assignbuster.com/mcdonalds-in-the-global-environment-marketing-essay/>

instance, Snack Wrap (strip of fried chicken with cheese, lettuce and sauce tucked into a folded tortilla), which was introduced in August 2006, was considered in every detail. It's easy to hold Snack Wrap in one hand while gripping a wheel in the other. McDonald's has special food studio in Oak Brook with staff which includes chefs, market researchers and culinary innovators.

Another potential innovation concerns McDonald's equipment. Company is going to work on a portable electric unit that helps to provide breakfast twenty-four hours a day. Standard kitchen permits only one built-in grill. Such innovations helps McDonald's to correspond to global changes in tastes.

Recently McDonald's provided the interesting initiative, which involved establishing a page on an independent web site ([www.whatdoyouwanttoknow](http://www.whatdoyouwanttoknow.com)) for questions from consumers. Web site is controlled by non-McDonald's website administrator just to guarantee that questions correspond with decency standards and agree with the point. But McDonald's provides quite formulaic answers, which do not satisfy consumers in full measure. McDonald's is active in Twitter and Facebook and the necessity of taking part in web technologies will rise in the future.

One of the most discussing topics is a somewhat strange and creepy emblem of the company, Ronald McDonald. McDonald's officials declare that mission of this character is to spread happiness and educate children, while this figure is represented as slightly sinister personage. And actor who played

Ronald left his job because of the ethical implications of marketing targeted to children.

B) Evaluate the potential global changes that may take place within the next 5-10 years, and indicate how the company will need to change in order to stay competitive in the new business environment.

Big size of McDonald's (32, 478 restaurants worldwide) is the great advantage and marketing opportunity in the face of global changes. About 57% of these restaurants are outside North America, while Burger King has 40% overseas and Wendy's is limited within U. S. McDonald's should continue use wide-ranging advertising campaigns, remembering success of Chicken McNuggets advertisements connected with the Olympic Winter Games. McDonald's still will be the sponsor of national and international sporting events, and declare that food intake should coordinate with physical expenditures. Anyway, the pressure of health organization throughout the world will grow because exercise alone doesn't save from heart disease menace.

The current economic slowdown is the good news for the fast-food industry, McDonald's could account on new cash-poor consumers forced to refuse from more refined eating. For instance, on March 2010 McDonald's reported the February global sales increase at 11. 2% level. This tendency will continue, and the main catalysts of growth will be McCafé line of beverages and introducing of new smoothies.

The global competitive struggle will increase in the nearest time, because fast-food chains begin to conquer customers with doubled efforts. Price war
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and new product introducing are the consequences of these efforts.

Commodity prices are expected to rise, so the company should think about cutting costs. Competitors will grow internationally, but McDonald's has his first mover's advantage. Though U. S. market will remain the key market for the company, McDonald's should continue its expansion in Russia, Eastern Europe and Asia. These regions were the main drivers of global development in 2008. The proliferation of alternatives will possibly lead to losing share on some markets. McDonald's suffered from negative publicity in a number of European countries so it also will have some influences. The company introduced healthier options on menus and provided several green initiatives, for example using unbleached cotton in napkins. McDonald's should establish environmentally friendly services if it wants to be successful company now days.

Company should take into consideration differences in culture and McDonald's brand perception. While Americans prefer to eat on the go (about 70% of U. S. sales get from drive-throughs), Europeans tend to sit in the restaurant for some time. Since in Europe eating in fast-food outlet is mostly about place and comfort, top managers should remodel existing restaurants and include in design modern and efficient elements. As for product development, company should continue experiments in their food studios in order to meet squeamish tastes worldwide. Russian-themed week in Russia and Mexican-themed week in Germany had great success.

McDonald's should strengthen its positions in dominant economies of Asia – Japan, China, and India. The burger giant is tailoring its restaurants design to local conditions, trying new menus.

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Considering that fact that China is the world's fastest-growth car market, company should concentrate on drive-through restaurant concept. India is a very unusual with local preferences for non-meat dishes. Interestingly that some local product invention becomes very popular in other part of the world. For example, McArabia (a flatbread, chicken fillet, onion mayonnaise sandwich) that was introduced in the Middle East, has great success in Malaysia and South Africa. Sometimes minority tastes can influence overall preferences.

McDonald's is armed with ethnic marketing concept, which means that the company takes cues from local tastes in order to market them then to all customers.

The company will forced to analyze global changes in population. For instance, McDonald's must take into consideration the demographic shift in the U. S., which means that Hispanics, Asians, and African-Americans population are growing faster.

Actually, we shouldn't forget that the consistency in product line is the feature that makes McDonald's successful company. People in every part of the world are expected the same type of double cheeseburger, vanilla shake and a large order of fries, when they visit outlet. But though this expectation, the company made and will make significant changes in its offer. Diversity at McDonald's connected with U. S. Vice President and Global Chief Diversity Officer Patricia Harris. She is the outstanding African-American person who provided sophisticated and sometimes unnoticeable changes, which greatly influence the global operation of the company. One of the serious

innovations was the establishment of employee network groups (for example, for women, for African-American, for Hispanic workers and for Gay and Lesbian workers). Today when McDonald's operates globally as never before, such networks will get additional value. Probably, McDonald's will proceed with supporting these communities within next years, because it reflects cultural diversity of the company. It is something that too hard to replicate in a short period of time. McDonald's established an award in Pat Harris's name. Her position as Global Chief Diversity Officer gives the advantage to study how diversity could be implemented in countries with another racial, cultural and religious background. The role of such researches will increase in the nearest time because running fast-food business in U. S. and globally is something different.

The burger giant commonly associated with the younger workers, but it's an impression that is going change nevertheless. For example, McDonald's UK employs more than 500 people over the age of 60, which are more skillful in service operation.

The attitudes concerning the low wages of serving crews, McDonald's anti-union position and targeting children with advertising will grow. The company protested against conception " Mcjob", which is the slang for low-paying and low-status job characterized high turnover and little training. The company needs to invest into changing global perception of work for the McDonald's.

The McDonald's system provides employment and growth advantages to a great number of minority groups throughout the globe. About 40% of its

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operators are minorities and women. This approach will give international bonuses in some countries, for example in India.

More people begin to understand that McDonald's regulars face such menaces as obesity, heart disease, hypertension, high cholesterol and diabetes. This is one of the real global challenges in the nearest time. The burger giant admitted this fact already, for instance during its French ad campaign, when it was recommended to visit outlet only once a week. Many franchisers will be forced to reconsider their attitude that it's not their job to influence on people eating styles.

Nevertheless, the accusations in childhood obesity epidemic will continue and company should suit new stream. In the U. S. Michelle Obama provides anti-obesity initiative. Over the past years U. S. administration has got several concessions from soft drink and fast food companies, for example a Pepsi pledge to reduce sodium, sugar and saturated fat in its famous products. The World Health Organization, for instance, declares that approximately 45% of North African and Middle Eastern women are overweight due to " nutrition transition". Approaching threat for the company is that fact that federal health regulations become stricter, especially in the developed countries. McDonald's must find the innovative ways to not only increase revenue but to provide its obligations to the societies in which company operates. For instance, offer healthier meals for children. One of the successful strategies to be continued is donating large funds to various countries and environment.

The current global threat is the strengthening of terrorist attacks.

McDonald's becomes one of the attractive targets for demonstrating anti-American stance. There were lot explosions in restaurants throughout the world. The company should take into consideration that fact when assess risks in particular country.

Now days customers become increasingly clever and informed, products more customized and options more rich, so companies are finding out that just satisfying consumer needs does not lead to loyalty and success. It won't differentiate company from the rest of marketplace. Customer service should exceed expectations and inspires customers to proceed to have relationship with the organization.