

# McDonalds competition against burger king



**ASSIGN  
BUSTER**

McDonald's is one of the best global foodservice retailer which has more than 32, 000 local restaurants serving more than 60 million people in 117 countries each day. More than 75% of McDonald's restaurants worldwide are owned and operated by independent local public. The Company serves the world some of its favourite foods – World Famous Fries, Big Mac, Quarter Pounder, Chicken McNuggets and Egg McMuffin. The history began with our founder, Ray Kroc. The strong foundation that he established continues today with McDonald's vision and the commitment of our talented executives to keep the shine on McDonald's Arches for years to come. . Its head office is located in Oak Brook United States. McDonald's Corporation is the world's largest chain of fast food restaurants, working worldwide in 117 countries with 400000 workers. It has 60 Million customers with 32000 restaurants worldwide. A franchisee, an affiliate, or the corporation itself operates every McDonald's restaurant. The corporations' revenues come from the rent, royalties and fees paid by the franchisees, as well as sales in company-operated restaurants. Its net operating income for the year ended 2010 is \$7. 673 Billion. The type of the company is public.

### **Time Line:**

1940: Dick and Mac McDonald's open MacDonald's Bar-B-Que restaurant on Fourteenth and E streets in San Bernardino, California

1948: Dick and Mac McDonald's opened the 1st drive thru restaurant in San Bernardino, California.

1949: French Fries replace potato chips on MacDonald's menu

1954: Ray Kroc becomes the first agent of franchise for the McDonald's brothers.

1955: Ray Kroc opens 1st McDonald's in Illinois.

1957: McDonald's started knowing for the motto "QSC".

1959: McDonald's started billboard advertising.

1961: Ray Kroc acquires McDonald brothers for \$2.7 Million.

1963: Ronald McDonald made his debut in a way to attract more children and families.

1965: Television network advertising begins.

1969: The new design for the restaurant's roof introduced to replace the "red and white" design.

1984: Training started providing for every level of McDonald's management worldwide for quality assurance.

1995: The new advertising theme "have you had your break today?" debuts.

2004: ISO 14000.

2005: 50th Anniversary.

2008: introduces the most broad global packaging design in the brand's industry

## **Burger King:**

Burger King is the 2nd largest fast-food chain, behind only McDonald's. The company franchises more than 10, 400 restaurants and owns about 1, 000 for a chain wide total exceeding 11, 455, with locations in all 50 states and 56 countries. The company serves 15. 7 million customers each day and over 2. 4 billion Burger King hamburgers are sold each year across the world. In the late 1990s and into the new millennium, Burger King was plagued by falling sales and deteriorating franchisee relationships. Burger King's parent, Diageo Plc, sold the company to a group of investors led by Texas Pacific Group in 2002.

Miami entrepreneurs James McLamore and David Edgerton founded Burger King Corporation in 1954. Five years later, they were ready to get bigger their five Florida Burger Kings into a all over the country chain. By the time they sold their company to Pillsbury in 1967, Burger King had become the third largest fast-food chain in the country and was on its way to second place, after industry leader McDonald's.

## **Time Line:**

1954: James McLamore and David Edgerton establish Burger King Corporation.

1957: The Whopper is launched.

1959: The company begins to expand through franchising.

1963: First Burger King outside the U. S. in Puerto Rico

1967: Burger King is sold to Pillsbury.

<https://assignbuster.com/mcdonalds-competition-against-burger-king/>

1975: Burger King introduces the drive-through window

1977: Donald Smith is hired to restructure the firm's franchise system.

1978: BKC introduces new line-up of sandwiches (fish, steak, chicken and ham)

1979: BKC introduce breakfast menu

1982: Burger King claims its grilled burgers are better than competitors McDonald's and Wendy's fried burgers.

1983: BKC introduce The Croissan'Wich

1988: BKC launches " We do it like you'd do it" ad campaign

1989: Grand Metropolitan plc acquires Pillsbury.

1997: The firm launches a \$70 million French fry advertising campaign; Grand Metropolitan merges with Guinness to form Diageo plc.

2002: A group of investors led by Texas Pacific Group acquire Burger King

2004: Subservient Chicken is launched

2005: BK Chicken Fries are introduced

2006: BK goes public limited company

2007: 50th anniversary of the WHOPPER SANDWICH

## **Main Topic**

This report consists of different operations, research & development of products, innovation, changes, and competitiveness of McDonalds and Burger King according to the requirement of this course work. How they do research and developing new products, how they manage their product and service quality, how they taking competitive priority on each others, and which systems and approaches they following to make their businesses successful in this competitive environment and satisfy their customers where expectations of the customers are very high and changing their needs rapidly.

## **Compare and Contrast of Operations**

### **How They Cook**

The main difference can be seen in the kitchen of these two restaurants. How they prepare their burgers for customer like McDonald's cooks their burger by a batch process where as Burger king make their burger by a machine paced assembly process.

### **McDonalds Batch Process**

McDonalds fries their burgers on a big platen in batches of up to twelve. Two ore more than two batches can be on platen at same time in different stages of cooking. When a worker in the back says Quarter Pounders Up a complete batch is ready at the same time

### **Burger King Broiler Process**

Burger king cook their burger on continuous chain broiler. Semi prepared burgers are put on one end 80 second later they bring out the other end its

cooked. This sort of machine paced assembly process is very common in industrial manufacturing processes.

## **Teamwork VS Assembly Line**

As both of these companies following two different strategies of operations like Mcdonalds batch process and King Burger assembly line. As in McDonald 12 hamburger are prepared in same time. They are hand seared after 20 seconds on the grill, turned at sixty seconds and pulled at hundred seconds. When they come off workers over there must fastly add condiments wrap and shelve them. If there are two batches going there in different stages of cooking then its mean that speed is more essential part to keep production on going. So its mean the staff must be motivated or the process gums up. Staff must be cooperative and willing to help in another area in case of help required.

## **Burger King**

Here in Burger King there is no matter at what speed burger are prepared once they are cooked the rate limiting step is the cooking itself. One burger in a time comes off the chain broiler at the rate of 8 per minute, maximum. The machine makes the process fast. As long as you can do your job of assembly process in seven and half seconds per burger that all which is required.

## **Fast and Quick Service(Just In Time)**

How McDonald can stay on top? The answer id that when it is running good, the batch process allows for much greater throughput and faster speed of services. Speed plays an important role in the popularity of food store. The

batch process of McDonald can prepared 300 burger in one hour where as 200 for the continuous chain broiler of Burger king. There are standard given by each restaurant for speed like McDonalds is faster than Burger king because prepared burger for 3 minutes where as McDonalds delivered only in 90 seconds.

## **Capacity Planning**

### **McDonald**

McDonald's has a very strict standard for food preparation and its their goal to facilitate their customer as fast as they can. To meet this goal they set a plan of inventory of food production to meet surges in demand. There are strict limits how long the food can remain in inventory limits the amount of inventory can be made this food limit allow to McDonald create a level between its production and the workforce required. This sort of strategy is called level production.

### **Burger King**

Burger king is using another sort of strategy. They once promoted their burger using a ' have it your way" philosophy because Burger assemble burger when they receive an order, because product is made when the demand appears. So Burger King has variation in labour need and this is the reason for customer to have wait. They nevertheless provide a product geared according to the requirement of customer. This sort of strategy is known as chase demand.



## **Quality Control**

Burger King: uses the customer and market oriented surveys to manage the quality of service on regular basis.

HSSP (Hazard Analysis Critical Control Point) program is the execution of strict operation and sanitation procedures. Our food safety program employs a broiler design and meat cooking procedures that fully cook products, killing any potentially harmful bacteria.

McDonald's: " Q. S. C. & V." Provide good quality, services to customer. Uses a cleanliness environment when customer enjoys their meal. The value of food product makes every customer is smiling.

## **Price:**

Burger King uses affordable prices for quality food strategy so that its prices are less than its competitors.

McDonald's came up with very high prices. The Company has certain value pricing and bundling strategies such as happy meal, combo meal family meal etc to increase overall sales volumes.

## **Product:**

McDonald's doesn't offer just burgers their well-diversified menu is also one of the key success factors.

Burger King: Burger King is offered flame-grilled burgers and offering a variety of food and other products those fulfilling the demands of all segments of society.

## **Layout of Restaurants:**

McDonald's: Restaurants have included a playground for children and advertising geared toward children. The new strategy of re-designing of layout of the branches create "natural" style with a particular emphasis on comfort introducing lounge areas and fireplaces and eliminating hard plastic chairs and tables. These facilities give comfort to customers and create satisfaction.

Burger King: The lay out of the restaurants are very wide and people could comfortably spend time with their food.

## **Branding:**

McDonalds: Has partnership globally with Coca Cola to sell their drink with their menu

Burger King: Has also co branding contracts with Coca Cola worldwide.

## **Innovation:**

Innovation is the lifeblood of any successful business. In modern times, demand and expectations of customers are high and looking for change. The companies have to act accordingly to beat the competition and their survival.

McDonald's has continuously introduced new products. The introduction is time such that the new product does not cannibalize the product already in the maturity or growth stage.

A perfect example of renewing a product in decline phase French Fries have been an important part of the McDonald's menu worldwide. In an attempt to

<https://assignbuster.com/mcdonalds-competition-against-burger-king/>

revive the Fries, Macdonald's amend and re-launch it with new name and style Shake Fries. This is being served with spicy spice mix, which has resulted in increase in the sales of French Fries and has elevated it from to the decline stage. The company is also focusing on nutrition and healthy food options for their customers.

Burger King innovations in nutrition, quality, value and taste are all important attributes that can help our guests and their children make choices that promote healthy living.

In July 2007, BKC identified two cooking oils with zero trans-fat that passed our rigorous operational, supply and consumer criteria; allowing us to start providing all of our restaurants in the U. S. and Canada with zero trans-fat oils.

In 2008, we initiated a limit of 600 milligrams or less of sodium in all of our Kids Meals advertised to children under 12 years old.

In May 2009, we introduced lower sodium CHICKEN TENDERS®, reducing sodium by 36 percent.

BKC has joined the American Heart Association's (AHA) Industry Nutrition Advisory Panel (INAP), a partnership between the AHA Nutrition Committee and food industry leaders. INAP brings together representatives from the food industry and science to share information and plan cooperative programs in the areas of diet and nutrition and cardiovascular disease.

Maintain Quality, Value and Taste: Nutritionally balanced products should still taste good. If our foods are nutritious and taste great, parents will order, it and kids will eat it.

The Burger King always searching new ways to develop new product not only for variety in term of quality of food and nutrition for health of their customers. The are some latest innovations from Burger King BK BURGER SHOTS®, with BKTM Fresh Apple Fries, MINUTE MAID® apple juice, CHICKEN TENDERS® with BKTM Fresh Apple Fries, Hamburger with BKTM Fresh Apple Fries,

### **Philosophy of McDonalds:**

McDonald's consider People its philosophy. They provide the best employment experience for our employees to achieve their goals of providing our valued customers with the world's best quick-service restaurant experience. They strive to recruit the best, hire the best, and provide the best place to work.

### **People:**

The Company is the well aware of value of both its employees and customers. It knows the reality that a happy employee can work well with conclude as a happy customer. Human resources continuously working on finding new ways to motivate their customers (employees). The company focuses on critical hiring, best training and motivating employees through best pay structure and benefits.

## **Philosophy of Burger King:**

Philosophy of Burger King to give option to customer to choose the food and we innovate. Burger King's goals seemed quite clear. They want to individualize each customer's order and provide the fastest service possible. Burger King gives the customer many choices and to accurately and quickly provide whatever the customer chooses. This policy is reflected in their slogan, your way, right away. Operating under this policy makes it very easy to achieve their goals. To facilitate fast service Burger King takes customer orders on a continual basis. One employee takes the customer's order, the customer then moves down the line where another employee is preparing the order. Customers also get their own drinks while they are waiting for their meal.

Burger King providing the innovative and healthy food options to their customers.

## **Problems:**

Burger King Corporation is the second largest fast food restaurant chain in the world and growing their franchise network through globally. The company needs to do a lot to sustain the performance in this competitive environment. Burger King has good operational systems designed to provide customers with efficient and responsive services. The success of the operational system of Burger King is directly related to the degree of co-operation and co-ordination among these three subsystems. Any attempt to improve the efficiency, quality and responsiveness of the operational system must focus on these subsystems and their interactions. On the other hand increasing customers demand and expectations are challenges. Burger King

<https://assignbuster.com/mcdonalds-competition-against-burger-king/>

is facing the following some problems in operations which affecting the quality services as compare with competitors:

Staff motivation

Inventory systems

Equipment upgrade

Customer accessibility

### **Recommendations:**

Based on the analysis we can conclude that The Company should start by solving their internal issues so that they could perform better and could achieve their objectives:

#### **Staff Motivation:**

The turnover rate is high employee are not staying long due to lack of motivation. The company should focus on retaining their staff. The company should plan an internal marketing so that they could address these issues. For this the company should give their employees tailored made training to serve the customers and coordination between them. The structure of the pay should be revised as per market based and give them incentives and benefits on their best performance. They should organize the team building activities to create team bonding within the teams.

#### **Inventory Management Systems:**

The company is using inventory and supply chain systems those are not latest and affecting the efficiency of the company, due to this company is

facing the inventory wastage and storage expenses. If the company do focus on improving, inventory systems that could reduce the cost of materials handling and waste.

### **Equipment:**

The company is the second largest company and need to update about the technology and equipment those are using within the operations. The company is spending huge amount of money on marketing, innovation and employee but if the food processing equipments not giving desired out could lead to loss of revenue, service and resources. The company should up-grade the systems that will help the company to perform better.

### **Customer Accessibility:**

Burger King is facing very fierce competition. The company has less accessible to their customers as compare with the competitors like MacDonald's that why company is losing the business. Although it could, addresses in long term but very necessary because if you spend on product development, sourcing material and advertisement globally then you need to reach the customers accordingly. In this contest, you are not getting the right business due to fewer stores geographically.

### **Conclusion Burger King:**

This age is competition and innovation with better management of the resources. It is a very strong chain of fast food restaurants all over the world. Being in " maturity stage" it has high opportunities of introducing its new products and growth. In future, it will be expanding its chain by introducing more outlets in more countries. Although in McDonald's there may be more

problems than Burger King but the fact is there cannot be a perfect one in the world. Every organization has its internal problems but Burger King is what it should not be. Because people rely on it hugely. Burger King should serve people with true spirit of the company vision.

## **Personal Reflection:**

### **Personal Description and Expectation**

I would like to describe myself as a very pleasant, diverse, energetic and committed person. I think one of my most distinguishing characteristic is my professional experiences and the business degree I am carrying under my belt. Along with my business education, my experience with the contact centre industry, people's management that provides me sufficient exposure to manage a team, focuses on the performance and people's management and delivering quality services.

The visionaries place the customer at the core of their organization's business systems. In fact, it takes a visionary to see the mass market, assemble the financial and human resources and be the winner at the market place.

My previous experience of management and leadership push me to learn advance techniques of business from the best business school in London. I have known about the practical processes of the business but not have idea about the philosophies of the business and culture of the multinational organization around the world..



## **Learning Outcomes:**

When I have started this module in the college and start reading books and other readings found this a real practical course. The theory of quality services and operational strategies I have read were those we were practising in the office in routine. Then I start associating these theories and knowledge with my previous experience that helped me to learn and understand the practices in real world.

## **Learning and Development:**

With the help of previous practical management experience and latest operational techniques & up to date practices I feel very clear changes in my perception about operations. In the past, I was following the pattern, which was designed by the top management to implement the policies. I never challenged those policies and practices due to lack of knowledge and expertise. After completing these multinational corporation's operational management approaches I feel very comfortable and confident to take new challenges and responsibilities in future. It gives me in-depth knowledge and practical exposure about the subjects, which help me to start analytical and critical thinking about the projects.