

Micro and macro environment of mcdonalds marketing essay



**ASSIGN
BUSTER**

Marketing environment refers to the external forces and factors that affect the company's ability to develop and maintain successful transactions and relationships with target customers. Marketing environment classified into two categories i. e.

MICRO ENVIRONMENT

MACRO ENVIRONMENT

MICRO ENVIRONMENT

The environment which is close to the company that affects, positively or negatively and it creates value and relationship with its customers.

Marketing success will require building relationships with other company departments, suppliers, marketing intermediaries, customers, competitors, and various publics, which combine to make up the company's value delivery network. Micro environment that surrounds organization can be complex by nature; however company has an element of control over it.

Some of the factors which affect the micro environment are:

Suppliers

Intermediaries

Customers

Competitors

These are explained as:

SUPPLIERS

Suppliers form an important link in delivering the value to the customers.

Suppliers problem can seriously affect the marketing. Therefore marketing management must watch supply availability and costs. Supply shortage or delays, labor stricken and other events can damage customer satisfaction in the long run and rising supply costs can harm the company sales volume.

INTERMEDIARIES

Market intermediaries help the company to promote, sell, and distribute its product to the final buyers. It includes retailers, wholesalers, physical distribution firms, financial intermediaries. Physical distribution firms help the company to stock and move goods from their point of origin to their destination. Today's marketers recognize the importance of working with the intermediaries as partners rather than simply channels through which they can sell their product.

COMPETITORS

The marketing states that the company must provide greater customer value and satisfaction than the competitors do. They can gain strategic advantage by strongly offering against competitors offerings in the minds of consumers. As, large firms dominant positions in an industry can use certain strategies which the smaller firm cannot afford. But being larger is not enough. There are winning strategies for large firms, but there are losing one's too.

CUSTOMERS

Customers are the most important actor in the microenvironment. The aim of the entire delivering system is to serve the target customers and create the strong relationship with them.

MACRO ENVIRONMENT

Macro environment consists of broader forces that shape opportunities and pose threats to company.

It shows six major forces in the company's macro environment. These are:

DEMOGRAPHIC ENVIRONMENT

ECONOMIC ENVIRONMENT

NATURAL ENVIRONMENT

TECHNOLOGICAL ENVIRONMENT

POLITICAL ENVIRONMENT

CULTURAL ENVIRONMENT

These are explained as:

DEMOGRAPHIC ENVIRONMENT

The study of statistics of births, deaths, disease etc in order to show the state of population is known as demography. The demographic environment refers to the level of population growth, age, sex, education patterns, family influences etc.

ECONOMIC ENVIRONMENT

Economic environment comprises the nature of economic system of the country, the structural anatomy of the economy, the economic policies of the government, the nature of factor endowment and markets.

NATURAL ENVIRONMENT

The physical and geographical factors can play a predominant role in constituting the non-economic environment and thereby affecting the business. The application of modern technology leads to rapid economic growth at a huge social-cost deterioration of the physical environment i. e. air pollution, noise pollution, and water pollution. The nature of such costs is being assessed by biologists, ecologists, and sociologist.

TECHONOLOGICAL ENVIRONMENT

Technology shapes the future of any society. Marketer must watch the changes in the technology for keeping track of competition and customer wants. In the modern world, the pace of technological changes is very fast. Technological environment influence work at the organization in terms of investment in technology, consistent application of technology and the affects of technology on markets.

POLITICAL ENVIRONMENT

It provides the legal framework within which the marketer is to function. The viability of business depends upon the ability with which it can meet the challenges arising out of the political environment. The political environment of a country is influenced by political organizations, political stability and foreign policy etc. all these factors have a bearing on business.

CULTURAL ENVIRONMENT

The culture environment of a nation determines the value system of the society which in turn affects the marketing of products. Sociological factors such as caste structure, mobility of labor, customs, cultural heritage, etc. might have far reaching impact on business. Cultural environment also determines the code of conduct the business should follow.

McDonald's PROFILE

McDonald's is the leading global food service retailer with more than 31, 000 local restaurants serving more than 58 million people in 118 countries each day. More than 75% of McDonald's restaurants worldwide are owned and operated by independent local men and women.

McDonald's sells various fast food items and soft drinks including, burgers, chicken, salads, fries, and ice cream. Many McDonald's restaurants have included a playground for children and advertising geared toward children, and some have been redesigned in a more 'natural' style, with a particular emphasis on comfort: introducing lounge areas and fireplaces, and eliminating hard plastic chairs and tables. McDonald's long history began with founder, Ray Kroc. The strong foundation that he built continues today with McDonald's vision and the commitment of their executives to keep the shine on McDonald's Arches for years to come.

McDonald's has become the best-known fast food brand in the world. And after Coca-Cola, the hamburger is the best-known American food invention to spread around the world.

McDonald's revolutionized the food industry, affecting the lives both of the people who produce food and the people who eat it.

The first McDonald's opened in Des Plaines, Illinois in June 1955. In five years there were 200 restaurants. After ten years the company went public, and the share price doubled to \$50.00 in the first month. By 1995 there were over 18,000 restaurants worldwide.

In 1996, McDonalds signed a ten year global marketing agreement with the Walt Disney Company to promote and help each other. Coincidentally, Ray Kroc and Walt Disney first met in an Army camp in Connecticut in 1918, when both were unknown visionaries.

Xerox took 63 years to make its first billion dollars; IBM took 46 years. But the McDonald's Corporation managed to surpass one billion dollars in total revenue in just 22 years.

McDonalds is one of the many corporations that have successfully used a combination of various marketing strategies to be a globally successful organization.

PRODUCT LINE

McDonalds operates in 3 major categories of food items/ product lines:

Snack foods

Desserts

Beverages

The major product line is of the Snack foods division while Desserts and beverages are relatively more secondary in nature.

SNACK FOODS:

Snack Foods segment can be segmented into categories on various bases, like vegetarian and non vegetarian.

DESSERTS:

Desserts offered are Ice Creams and Pies. Variable for division are based on Price and Consumer preference and taste. Most low price item is Soft Serve Ice Cream cones. In medium price range many types of ice creams and varieties of pies.

BEVERAGES:

Three types of beverages are offered namely, Soft drinks, Coffee and tea. Variable for division are based on consumer preference and taste.

ENVIRONMENTAL FACTORS OF McDonald's

Environmental factors got important effects on company's global business platform. As areas like political, social, economical, environmental and economical are sensitive and critical that's way, those must be addressed appropriately for company's success. On the other hand strategy is really important for company because it's a direction and scope of company over the long time.

The environmental factors which are under macro and micro environment, directly or indirectly impacting McDonalds. Currently McDonalds is using lots of strategy which got positive and negative effects on company.

MacDonald's should keep the effective and successful strategy and modify or redesign the failure strategy.

As McDonalds is a global company and running businesses most of the countries in the world that's way, this company faces lots of challenges and issues. There is a relation between key drivers and environmental factors because the key drivers for change are environmental factors who have got a high impact on the success or failure of strategy. Some of the Micro Environmental factors impacting McDonalds, placing emphasis on the key drivers are:

CUSTOMERS:

Customers are a major environmental factor for McDonalds. Everyday nearly 54 billion customers served by McDonalds. Though McDonald's customers are mainly young generation. That's way, company always conscious about their choice. For this reason, customers demand, their choice, their liking, everything is impacting McDonalds.

PRODUCT OR SERVICE:

McDonalds producing their product and they are serving those directly to customers. That's way the factor of product and service is impacting McDonalds. Product quality, product variety, quick and friendly service, every things are important for company. Those got an important impact on McDonalds.

COMPETITON:

McDonald's main competitors are Wendy's, Burger king and Hardees.

McDonalds always needed to treat competitors carefully. That's way the factor related with competitor like competitors product quality, service, price competition, market, sales, growth everything impacting McDonalds.

EMPLOYEES:

More than 390, 000 employees working in McDonalds. Employees are impacting McDonalds because company is recruiting, training staff for company. And at the same time wages also related with this. It is not uncommon for McDonalds to be the employer of first resort for young people just entering the workforce, older workers desiring extra income, or for those planning on transferring from one corporation to another. So, employee is impacting McDonalds in this way.

Some of the Macro environmental factors impacting McDonalds, placing emphasis on the key drivers are:

TECHNOLOGY:

McDonalds is producing their main product that means burger , salads in their own kitchen, they are cooking all fries , nuggets and meat patties in their own grill . So, the use of equipment, special control devices, temperature regulators, point-of-sales systems, inventory upkeep, financial information and communications are all linked to different technologies. In this way technology is impacting McDonalds.

POLITICAL FACTOR:

Different political decision, rules, motives are impacting McDonalds. Different countries might have different political view; they could take different decision about food Company. Specially laws, because government makes laws and this law might be changed at the same time of government changing.

ECONOMIC FACTOR:

Economy is important factor which is impacting McDonalds. Company always need to thing about profitability, growth, to expand of company. So, they need to consider countries demand, supply, production, distribution, exchange rate, business cycles, and differential economic growth rates around the world.

NATURAL FACTOR:

McDonald's is growing day by day by increasing the number of restaurant. The main source of ingredient and packaging is nature. McDonald's has a Rain Forest Policy, which declares its commitment to beef purchasing practices that do not contribute to tropical de-forestation. Everyday McDonalds using a huge amount of napkins, carryout bag, tray lines, clamshells. Oil and water is other major ingredient using in McDonalds. . The continuous and enormous use of natural resources can disturb the balance in the ecosystem.

In Europe, McDonald's has been recycling vegetable grease by converting it to fuel for their diesel trucks Now, every body are conscious about

environment. So, McDonalds need to careful about environment that, what McDonalds are doing that's environmental friendly.

CULTURE:

McDonalds is doing business worldwide. So, different regions customers got different culture and religion. McDonalds need to think about, cultural and religion rules and tradition. For example, in India, the non-vegetarian menu includes chicken and fish items only. Beef is not on the menu in India because are considered sacred. Like that, in Muslim McDonald's introduced halal meat for burger.

CONCLUSION

Though, still McDonald's is the largest over the counter quick service food restaurant in the world. After that McDonald's should consider the environmental factors which impacting company. And the strategies which company is using now, those have positive and negative effect on business. The management of McDonald's has to continuously keep an eye on the umbrella activities of the organization, by evaluating what works and what don't to create the organization strategies. In order to implement the strategies effectively and successfully, the upper level management should create a safe environment for reassure, support, changes, and commitment of the organization. It is then recommended that McDonald must make sure that all the strategies are well planned and implemented carefully beforehand, because these changes and strategies will be the deciding for the success or failure of any organization.