

The power of the mcdonalds brand



McDonald is one of the most popular fast food brands in the world. It started business in fifties and now it is serving worldwide chain of 30, 000 restaurants. McDonald restaurants undoubtedly present a very useful example of sociological artifact. Several artifacts of modern world has been very well organized as Macdonald's popular brands, promotional strategies with the famous toys and films, its involvement in the charities and its saturation advertisement.

More than 75% of McDonald is owned and operated by local men and women. Its serves more than 40million people per day. It drives 80% of its revenue from 8 countries like Canada, Brazil, Germany, France, Japan, UK, Australia and USA. The greatest achievement it got was creating a image in the minds of people and introducing them to the fast food culture. Delivery speed, customer care and hygiene cautions are the main driving advantage it has which helps the Macdonald to attract many customers. They have created a corporate symbol and saturated advertisement has helped the Macdonald to make a brand image and logo in the minds of millions of people.

Overall McDonald strategic plan is called plan to win. There focus is not to be the biggest fast food chain in the world but the best fast food chain.

McDonald strategic thinking behind this plan is creating better experience through the execution of multiple initiatives surrounding the five factor of exceptional customer experience. (McDonald, 2009)

A key element of the MacDonald strategy since the beginning has been to own all the property on which the MacDonald was built doesn't matter the

property is franchised or company owned. Rental money differs from property to property but it has been estimated that McDonald generate more money from its rents of the property than the franchise fees it charges.

The success of the MacDonald since its beginning can be attributed to the customer's service it provides. As the restaurant wants to be known for its consistent high quality food and uniform method of preparations. Macdonald has revolutionized the restaurant industry by inventing the limited menu fast food restaurant. Some inventions it has made are the introduction of the indoor seating and drive through windows. Another invention was the introduction of the play area. MacDonald is continuing new inventions to facilitate the mass customization process. In 2001 McDonald's began standardizing its technology its existing point of sale system with the office system in more than 11, 000 stores in the United States. The company is investing in a common point of sale which will be available to use all over the world in its branches. (typepad, 2009)

McDonalds facilitates the exchange of value by matching the money paid by customers with quality and variety of products and services resulting to the customer feeling of having received their moneys worth and even more than what they paid for. McDonald targets the customer satisfaction by catering the preferences to make the customers feel satisfied about the value exchange. McDonald is recommend for the family or friends gathering as well.

MCDONALD'S VISION

“ To be the best and leading fast food provider around the globe”

MISSION STATEMENT

“ McDonald’s vision is to be the world’s best quick service restaurant experience. Being the best means providing outstanding quality, service, value, and cleanliness so that we make every customer in every restaurant smile”

OPERATIONS AND BUSINESS STRATEGY

The definition of business strategy is a long term plan of action designed to achieve a particular goal or set of goals or objectives. Strategy is management’s game plan for strengthening the performance of the enterprise. It states how business should be conducted to achieve the desired goals. Without a strategy management has no roadmap to guide them.

In McDonald the business strategy for the company is to make food fast available to its customers at a very low competitive price but to get profit as well by reducing the cost of the product and expanding the business world wide.

Operations strategies play a very important role in achieving organizational goals. By using these strategies an organization controls and maintains all of its operations. So these should make after a comprehensive marketing analysis according to capabilities and resources of an organization.

Operation management strategies in McDonald are being made by made by top management. These strategies are implemented in all the branches of the McDonald and these strategies are distributed to all its franchise branches in the written form. So there are operational managers in all the branches that control all operational activities.

McDonald's has developed three strategies for its future scenarios. These customers values, customer convenience and optimal operations. Together with the digital strategies, it helps to create new ideas for the company. The stores are characterized by the operations team as miniature manufacturing facilities. With its goal to improve the manufacturing process (inventory control, production planning, financial control and point of sale order entry) that help the store. (bized, 2009)

REDUCING COST WITH MORE EFFICIENT EQUIPMENT

The challenge facing the global equipment suppliers when they design the fryers for our restaurants is to develop such kind of equipment that are more energy efficient and gives better taste while improving the crew efficiency and using less cooking oil.

The low oil Volume Fryer is our next generation fryer. LOV improves cooking efficiency, simplifies filtering and cleaning, and provide enhanced environmental benefits.

The LOV's innovative design allows restaurants to cook the same amount of product with approximately 40% less oil. It also uses approximately 4 % less energy than standard fryers. (Gallagher, 2003)

In McDonald lighting represent an important role in reducing the cost of its operations. McDonald uses fluorescent low consumption lighting in the kitchen. Tests revealed that each restaurant saves 11, 000kWh of electricity each year.

Packaging plays an important role of McDonald brand not only for quality, integrity and safety but also in its visibility to our customers. McDonald also use its cooking oil in its transport operation which has significantly reduces the cost of operation as well.

The manuals of the McDonald's employees not only emphasize the organization's motto and QSCV, it also spells out everything they need to know to perform their tasks efficiently. It includes detailed rules on cleaning, food preparation and employee's grooming and hygiene. They help ensure efficiency, predictability, and control in the production and customer service.

In order to achieve its business strategy goals, McDonald is emphasizing more and more on reducing its cost of operational activities. In order to reduce the cost McDonalds purchases its potatoes from corporate farmers in farming states not the commodities market. Consequently it limits its contact with price fluctuations that might have occurred by using the commodity exchange to get those goods. (typepad, 2009)

Aside from offering hamburgers and fresh fries, McDonald has start serving the family treat and as a community centre for the senior citizen. It has also start giving indoor playgrounds and promotional toys to its kids as well. As this trend continue there is an extension of more service-oriented technologies is needed. They can conduct studies and surveys to better know which among the different alternatives serves the company's objectives the best. These might include robots taking orders instead of humans, automated processes of food production (typepad, 2009)

McDonald has a policy to be in the market as a market leader. In order to keep its leadership it keeps low cost and gets more income by selling food at cheap price. Food made with the help of machine is considered more hygienic; however the continuous development in the technology McDonald and especially its employees as they have to serve quick services.

Computers and smart cashiers are used by the employees so that they would not get confused and they are provided with customized database management system.

These all operational activities are conducted in all the branches of McDonald worldwide in order to successfully implement the business strategy of the McDonald.

MCDONALD LAYOUT, PROCESS TYPE AND USE OF TECHNOLOGIES

MCDONALD KITCHEN LAYOUT

The strategy refers to the overall working and general environment offered by the McDonald.

It includes the personal level, service and product layout, interior and exterior.

McDonald has a policy to serve the fresh food to its customers in a minimum time and at the same time they want to get as many as possible customers to get the more income. The most important thing on which McDonald operational department concentrate is the customer's satisfaction.

Customers satisfaction can only be achieved if it serves the customers with a good quality food in a quickly with minimum price. In order to perform this

whole process McDonald has a very specific type of layout. This layout gives an easy access to the staff to serves the customers in a quick way. At the till when a staff serves the customer, staff has a everything in its reach required by the customer. (Gallagher, 2003)

McDonald keep maximum number of tills opens to serves the customers and each staff takes average one minute to serves the customer. The chairs are arranged in such a way that it gives a minimum disruption to the people who are standing in the queue.

In the kitchen department McDonald has selected high efficiency fryers which take minimum time to fry the chips. Operations manager has assigned the task to different staff members according to their ability.

McDonald get most of the things in ready to serve form from its main headquarter which decrease the cost of producing the food and it also help the McDonald to keep the quality same all over its stores. Staff in McDonald only has to put the food in oil and it gets ready to serve. It also helps the McDonald to save lot of storage cost.

In order to keep the system runs smoothly McDonald always keeps good relation with the suppliers. Their supplier makes sure that they deliver the goods to McDonald in the minimum possible time. (Swearingen, 2003)

STRATEGIC IMPORTANCE OF LAYOUT

Proper layout enables:

Higher utilization of space, equipment and people

Improved flow of information, materials or people

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Improved employee morale and safer working conditions

Improved customer/client interaction

Flexibility

Layout design mean the overall working and general environment offered by the McDonald. It includes the personal level, service and product layout, interior and exterior etc.

STRATEGIES:

Exterior

McDonald sets its premises in proper manner to handle any number of customers easily. The building design is standard world wide but it may be have some difference in size or in exterior according to the location. It enables them to save time, satisfy their customers, comfortable environment for both employees and customers. Ray Kroc opened the first McDonald's franchise in 1955 and today there are over 30, 000 restaurants worldwide. McDonald's objectives were to modernize older McDonald's buildings with a fresh new look, while still maintaining the primary iconic sign design and exterior facade elements. The restaurant sign design had to carry the restaurants into the next decade and follow their unique " Forever Young" branding.

Interior:

Interiors are set to be " depoliticized." In addition to new restaurant lighting, menu boards, artwork and graphics, new materials will offer choice when it

comes to decor selection. Technology perks include Wi-Fi, programmed music, and video. (typepad, 2009)

MCDONALD'S USE OF TECHNOLOGIES

McDonald's U. S. created a Store Technology Board to help deliver on the Plan to Win. The board is comprised of corporate and franchisee representatives and is responsible for guiding the development of technology in McDonald's U. S. restaurants. It is also responsible for ensuring timely, cost-effective delivery of high-quality technology solutions; providing effective and timely communication with McDonald's stakeholders and leveraging technology talent and resources where they exist.

In 2001 McDonald's began standardizing its technology by integrating its existing point-of-sale and back-office systems in more than 11, 000 restaurants in the United States. The company now is investing in a common POS system for use around the world. New-POS, a product developed by Savista, will help McDonald's improve restaurant productivity and enhance the customer experience. In addition, moving to New-POS will create a common platform across the globe—a move that will better allow McDonald's to leverage future technology in the restaurants.

McDonald's implemented an integrated electronic payment system that could be adapted to meet future technology needs as well. He says a “significant” amount of time also was invested in finding a solution that would permit debit, credit and gift card transactions to be processed through the standard POS system in less than four seconds.(swearingen, 2003)

McDonald uses the best equipment to carry out the day to day operation in its outlet.

MCDONALD EXPLOTATION OF VALUE CHAIN AND QUALITY

PORTER’S FIVE FORCES ANALYSIS

Competition

Restaurant industry is highly competitive industry. There are many small fast food businesses in the industry that fight each other to improve their customer base. McDonald is not exception to this. Since it establishment in 1940, MCD has excelled in this sector. Nevertheless to stay in the competition, it started with MCafe. This helped the company to stay in the business as a major fast food business. Another major step came out when McDonald started breakfast to compete with the existing businesses serving breakfast. Hence this industry is extremely competitive and the MDC should be up to date with customer taste and preferences. Quality is very important for McDonald in order to stay in the market but at the same time it has to keep the prices minimum to maintain the cost leadership.

Ease of entry

Although it is hard to enter in the restaurant business as it demand a lot of investment and it is hard to establish a distinct brand name as well. There is a cost of entry in the market and there is high research and development cost. Large established companies like McDonald do make it more difficult to enter and succeed within the marketplace, new entrant find that they are faced with price competition from existing chain restaurants. At the same McDonald working hard to maintain the quality same throughout the time. It

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is aware that if it compromise on its quality then it will make very much easier for the new entrant to attract the customers with better quality of its food products.

Figure 1. 1

Substitutes

McDonald keeps a very close watch on its quality because it is aware that customers have many others substitutes of its food products. e. g MDC burgers, Beverages and dairy products.

Strength of Suppliers

The supplier's power in the fast food industry is relatively small unless the main ingredient of the product is not readily available.

Strength of Buyers

Relatively strength of buyers in this industry is relatively low.(Ifm, 2009)

PORTER'S FIVE FORCES ANALYSIS OF VALUE CHAIN

The goals of these activities are to offer the customer a level of value that exceeds the cost of activities, thereby resulting in a profit margin for McDonalds.

Figure 1. 2

The primary value chain activities are:

Inbound Logistics

The receiving and warehousing of raw materials and their distribution to manufacturing as they are required. McDonald has an efficient warehousing and transporting goods to its branches. All the products are made in the warehousing and goods are distributed as per the requirement of each branch.

Operations

The processes of transforming inputs into finished products and services. McDonald has a very good operation system as it has trained staff for each task in the kitchen. Most of its product is already in the ready to serve form. All they have to put them in the ovens or in the oil and the product get ready to serve in the minimum possible time which normally takes from 1-5 minutes.

Outbound Logistics

The warehousing and distribution of finished goods. McDonald has a very well established transporting system. As all of its products are prepared at the warehouse, so in order to improve the distribution process it has applied the IT technology which inform the warehouse body that which branch is running out of the products, so before the products get finished it immediately make available the product to the branch. This process is very cost effective as branches do not need to have the stock room for the goods.

Marketing & Sale

The identification of customer needs and the generation of sales.

Service

The support of customers after the products and services are sold to them.

The primary activities are supported by :

Technology development

Technologies to support value creating activities. The value chain model is a useful analysis tool for defining a firm's core competencies and the activities in which it can pursue a competitive advantage as follows:

Cost advantage

By better understanding costs and squeezing them out of the value adding activities.

As per the porter's five forces analysis McDonald deals with factors outside a industry that influence the nature of competition within it, the forces inside the McDonald influences the way in which the firms compete, and so the industry's likely profitability is conducted in the Porter's five forces mode. (Ifm, 2009)

Figure 1. 3

Further there are Secondary support activities which directly supporting the operational activities of the business. HRM department make it possible for the business to get the energetic people to perform the operations. They always keep motivating the staff to work hard. The Management makes possible to select the technology which is cost effective together with the efficiency.

CONCLUSION

McDonald is a very well established organization. The success of the McDonald is completely based on the extensive research of the market internal and external forces. It has done research on the people behavior of specific country, on their culture, buying power and social issue. McDonald has paid special attention on the location of the business, its interior and exterior outlook and types of technologies it going to use to get the maximum production at short time. The most important thing which it focused on was the quality and the market forces which directly affect the business.