

# Marketing about mcdonalds flashcard



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In December 1980, Golden Arches Restaurants SD. Bhd. (GARBS) won the license to operate McDonald's in Malaysia. The first McDonald's restaurant subsequently opened its doors at Jalan Bukit Bintang on 29 April 1982. The global business is managed by McDonald's Corporation as distinct geographic segments: United States; Europe; Asia Pacific, Middle East and Africa (MEAN); Latin America; and Canada. McDonald's Malaysia operates under the umbrella arm of the MEAN group. As of December 2009, McDonald's Malaysia has 194 restaurants located restaurants annually.

McDonald's Malaysia is fully owned by McDonald's Corporation, and the restaurants throughout Malaysia are either operated by GARBS or franchisees. McDonald's Malaysia and our franchisees employ more than 8,000 locals with 150 support staff at the headquarters managing the day-to-day operations of the business. (II) Different products/brands marketed by the company The products produced by McDonald's can be divided into several groups, such as Hamburgers, Chicken, fish and pork products, French fries, Soft drinks, healthy items like salads and Desserts.

There is no doubt that McDonald's main products are hamburgers. There is a high variety of this type of food. Chicken, fish and pork products such as McCracker, Premium chicken sandwiches, Snack wrap, Chicken Nuggets, etc. are another products in McDonald's restaurants. French fries are considered to be one of the most sellable items. The main reason for this is that no matter what other product the consumer is willing to buy, but in every set French fries are included automatically. Other products such as salads are relatively new in this restaurant.

The first salads were added to its menu in 1985. Nowadays more and more people are concerned about their health so, McDonald's puts its all efforts to achieve more and not lose any of the potential customers. The biggest soft drink supplier is the Coca-Cola Company. Hot and Iced tea is delivered by S&D Coffee (in the US), hot chocolate, various juice and other regional beverages such as milkshakes are available in various markets all around the globe. Desserts are considered to be the last big group of products in McDonald's restaurants.

It includes such items as ice-cream (McClure), McDonald's cookies, Freshly Baked cookies, Pies, Cinnamon melts, the fruit and yogurt parfait, smoothies and other items which depending on the region and country. 1. 2 Product Spicy Chicken McDowell is one of the products in burger category. Spicy Chicken McDowell is a specially marinated whole chicken thigh meat with a delightfully crispy coat, layered with fresh lettuce and special sauce in a corn meal-bun. Following the success of Nuggets, the McCracken was reintroduced in 1988.

The current Spicy McCracken Deluxe sandwich recipe is somewhat spicier than the original. The shaped chicken patty in the Spicy Chicken McDowell used to be 50% white meat and 50% dark meat. As of late 2007, McDonald's commenced advertising that the McCracken contains only 100% white meat. A Spicy Chicken McDowell cost ARM. 95 A La Carte and cost ARMS. 25 in a Mac Value Meal that comes with carbonated drink and French fries. However, between the promotion hours, pm to pm and pm to pm, also known as Macaque Lunch and Macaque Dinner, the customers will receive a better price at only ARM. 5. 2. 1 Product Strategy 2. 1. 1 Product Classification

McDonald has offered several type of burger in Malaysia, such as McCracken, Filet- o-Fish, Chicken Nuggets and the product that we choose, Spicy Chicken McDowell. This tasty product is offered by McDonald is consumer product.

Spicy chicken McDowell is a convenience good that under consumer products. Firstly, Spicy Chicken McDowell can be bought frequently each time and immediately by customer. This is because the burger is very delicious and affordable price compare to other fast food such as Subway.

People usually will purchase this for their lunch and dinner because of low price and McDonald has offered Macaque in certain period of time such as lunch and dinner. They try to offer one set of burgers which included French fries and Coca-cola with cheaper price. Secondly, McDonald invests massive amount of money to advertise this product and offer promotion. They use the slogan ‘ I loving’ it. ‘ to advertise this product through television, advertisement board, radio and so on. In edition, McDonald offers the unique services to the consumers like unlimited refilling drinks, special design chair and table and open 24-hours.

Moreover, McDonald’s restaurant is a most well-known fast food around the world. This company operates over 34, 000 branches in 119 countries and territories worldwide.. McDonald’s restaurants usually will be opened in the shopping malls and tourist spots such as Gentling Highlands, One Tama and Times Square. Therefore, the most famous fast food in the world can be easily found in anytime, anywhere. Furthermore, McDonald offers the different flavors in different countries refer to the ultra of the country. For example, McDonald will only provide kosher burger in Islam country such as Malaysia. . 1. 2 Product and Service Decision Firstly, Spicy Chicken McDowell

consists of a spicy chicken thigh, 2 slices breads and some vegetables with connotation. McDonald had specify the nutrition profile of protein, 47% fat and 48% salts. As this product of McDonald contains high percentages of salt, so the consumers are suggested reduce to purchase. Spicy Chicken McDowell is not a seasonal product, so the consumers who prefer this burger can have meal anytime. Moreover, while consumers purchase this set of urge, they can refill the coke as much as they want, but only for dine in.

Secondly, Spicy Chicken McDowell is a name used in branding the product. Actually it is only a deluxe size burger with a spicy chicken thigh and some vegetable, but this product only can be found in McDonald's restaurant, this is the only feature of the burger. In my opinion, I more prefer Spicy Chicken McDowell than other burgers because it give me some feeling that hot and spicy. Thirdly, Spicy Chicken McDowell is packaged by McDonald's restaurant in a colorful box with cute design. There are many nutrition index and some ingredients f the burger written on the box.

McDonald's restaurant uses distinct type of design to wrap and case the several type of burger. For example, they use a yellow paper to wrap the McCracken whereas use a rectangle box to wrap the Prosperity Burger. In addition, Mcdonald's restaurant environmentally conscious the society, They never use plastic and Styrofoam to wrap the burger because it will not tasty, healthy and recyclable. Next, McDonald always promotes the product by combining other products such as Spicy & Ice. It combines Spicy Chicken McDowell burger, Monocot and BBC Mapmaker in a set.

This way of promote the product can let consumers enjoy the meal with lower price. In addition, McDonald's restaurant always makes promotion for the product with toys. This strategy can attract more long term consumer especially kids. Lastly, McDonald provides free delivery in certain places and created a contact number that can easily to remember. They guarantee the foods will be delivered in 15 minutes. Furthermore, McDonald's restaurant provides drive-thru service to let the bustling people can purchase the food conveniently and effectively. Beyond that, McDonald encourages the consumers self-service when dine in.

So, the consumers can enjoy their foods effectively and efficiently. 2. 1. 3 Major brand strategy decision Firstly, McDonald's company uses product benefits to position the brand. For example, the burger has special flavor and quality ingredients to attract many loyalty 'Mac-D fans'. Secondly, desirable qualities for Spicy Chicken McDowell include it has suggested its benefits and quality. For example, it can satisfy people needs and wants while they are hungry. It is made by fried chicken thigh, vegetables and 2 slices breads. Besides, Spicy Chicken McDowell is really a delicious and luxury for our lunch or dinner.

Moreover, the name of Spicy Chicken McDowell is easily to pronounce, recognize and remember by consumers. There are also 'HOT & KICKING CHICKEN' written on the box to attract the consumers and make them leave a deep impact. Spicy Chicken McDowell is considered extendable from other brands even some of the fast food company has come out similar product such as KEF, Zinger Burger. It is also suitable consumed by adults, teenager even elderly people. On the other hand, Spicy Chicken McDowell is easy to

translate into foreign languages such as French language, Chinese language and Dutch language since there are McDonald's

Next, McDonald is manufacturer's brand. McDonald's restaurants introduce this product under their own brands. This burger is very unique because it only be sold in McDonald's restaurant and cannot find in other fast food restaurant. Finally, McDonald company has done brand development strategies by using line extension which is introduced an existing product under an existing brand. McDonald has offer many types of beverages such as Spicy Chicken McDowell and McCracken. The different of both burger is one of them is chicken pie whereas Spicy Chicken McDowell is spicy chicken thigh.

Thus, Spicy Chicken McDowell is different size and packaging with McCracken.

## 2. 2 Pricing Strategy

### 2. 2. 1 Factor affecting pricing decisions

(Type of market) Spicy Chicken McDowell is one of the products of McDonald. It fall under oligopolies competition market which mean a form of market in which there are a few number of buyers and sellers competing with each other in the purchase and sale of goods, respectively and no individual buyer or seller has any influence over the price. There are a large number of independent, relatively small sellers and buyers as compared to the market as a whole.

That is why none of them is capable of influencing the market price. Further, buyers/sellers should not have any kind of association or union to arrive at an understanding with regard to market demand/ price or sales. The products sold by different sellers are homogeneous and differentiated. There

should not be any differentiation of products by sellers by way of quality, variety, color, design, packaging or other selling conditions of the product. That is, from the point of view of buyers, the products of competing sellers are completely substitutable.

There is absolutely no restriction on entry of new firms into the industry and the existing firms are free to leave the industry. This ensures that even in the long run the number of firms would continue to remain large and the relative share of each firm would continue to remain insignificant. Both buyers and sellers in the market have perfect knowledge about the conditions in which they are operating. Buyers know the prices being charged by different competing sellers and sellers know the prices that different buyers are offering.

The distance between the locations of competing sellers is not significant and therefore the price of the product is not affected by the cost of transportation of goods. Buyers do not have to incur noticeable transport costs if they want to switch over from one seller to another. The main competitors of McDonald are Burger King and KFC. Both of them selling burger but KFC getting the higher market share compare with McDonald. KFC has 407 outlets in Malaysia but McDonald only has 176 and Burger King only 20. So, KFC is the top rank of fast food in Malaysia and McDonald placing in second place.

However, McDonald is the top rank of fast food in the world. 2. 2. 2 New Product Pricing Strategies McDonald is using market skimming strategies to undergo their business. They the market. So the company can earn more



profit by produce fewer products. McDonald always introduces unique burger to attract customer but normally in higher price compare with other burgers. But the burgers were popular and likeable by customer because it contains high quality and delicious. So McDonald doesn't afraid others competitors enter the market easily to undercut the price.

For example, Grilled Chicken Burger & Prosperity Burger. The normal selling burger such as McCracken only priced RM. Paper set. But Grilled Chicken Burger priced RM 1. 5. 2. 2. 3 Product Mix Pricing Strategies McDonald looks for a set of prices that maximizes the profits on the total product mix. They set the pricing based on product bundle pricing and product line pricing. McDonald made their products into set, a combination of Pepsi, French fries and burgers. The price of the set is more affordable rather than purchase separately.

Besides, McDonald offers set lunch and also dinner to attract those customers who want cheaper meal. For the product line pricing, McDonald set different prices for every burgers, they setting price based on the cost and the quality. They also care about competitors prices so McDonald always set lower price compare with other competitors. 2. 2. 4 Price Adjustment Strategies McDonald is using time segmented pricing strategy, selling burger such as Spicy Chicken McDowell at two differences prices but not based on differences in costs. McDonald has a promotion for a set lunch during app. . – up. M and also set dinner during up. M. – up. M. Every weekday. For example, the normal price of a set of McCracken is RM. 15 but the price is Macaque Lunch and Macaque Dinner is only RM 5. 95 per set. Besides, McDonald also brings out the special burger named Prosperity urge during <https://assignbuster.com/marketing-about-mcdonalds-flashcard/>

Chinese New Year. This is defining as time segmented pricing. Furthermore, McDonald also using location segmented pricing strategy. Every country has different price and also different flavor. For example, pork is forbidden to sell in Malaysia but in other western countries, pork is allowed to sell. . 3 Place Strategy 2. 3. 1 Marketing Channels / Distribution Channels In Malaysia, McDonald franchises have become a common investment among local businessman and woman as more restaurants have been set up in most towns and major cities. Every McDonald restaurant has been strategically set up in Malaysia as it only takes the corner lot of every shop lot. This allows the restaurant to occupy more space thus attracting more attention from passers-by. Some franchises also occupy a small building of its own with a private parking bay and drive through accessibility.

They are built or open in retail areas like shopping malls due to a trend of all Malaysian who loves to shop in malls. They also open in some rural areas however KEF has more restaurants in the rural area. In some strategic places, McDonald's also opens in several local gas stations such as PATRONS Mesa. They open express cafes that serve some popular products. This can satisfy the hunger of consumers such as, working executive's on-the-go and motorist. Moreover, Spicy Chicken McDowell only offers in a period of time per day which is pm to pm. It's considers a direct sell product because McDonald direct move the product to the customer.

McDonald offer the Spicy Chicken McDowell in a period of time because they notice that the time is suitable to the student's and the worker's lunch time. So make more profit. Furthermore, many of McDonald restaurants are open 24 hours per day which satisfies the customers' needs and wants, especially

for exists their hunger. They are making their product available for sale through all possible channels of distribution. In additional, McDonald considers a self-serving restaurant. When the customers enter any McDonald restaurant, every customer should straightforward walk to the counter order and pay.

But in fact, McDonald also provides “ Incisively’ system. This kind of system is a way that will help McDonald to provide their products to the customer that don’t have transport, also can save the customer’s time. Besides, McDonald also provides “ Drive-Thru” service to the customer. As we know, most of Malaysian are busy working. They have no enough time to have their breakfast and lunch. So McDonald provides this kind of service, to make easier availability for providing product and services to the customers. Finally, McDonald also provides online order service in Malaysia.

McDonald notice that there are a lot of citizen are always online in internet, include working time, playing time or learning time. So McDonald in Malaysia provides online order service to easy their customer order. This kind of service will easy to enter the new market which is the online order’s market.

2. 3. 2 Retailing / Wholesaling Place strategy determines where the product will be sold and how it will get there. McDonald is the leading global foddering retailer, because they have more than 30, 000 local restaurants serving nearly 46 million people each day in 121 different countries.

Approximately 80 % of all McDonald’s restaurants worldwide are owned and operated by independent franchisers. As the Spicy Chicken McDowell is sold in whole Malaysia at the same time with the same price, and it’s Just can buy

from McDonald restaurant, so we also can relate that McDonald is a retailer. All McDonald's restaurants in Malaysia obtain their materials from few sole suppliers that sells only to McDonald's. Macdon Services (M) SD Bad is one of McDonald's suppliers in Malaysia. It produces chickens, beef and chicken patties, fish portions, fish, beef, and chicken nuggets that McDonald's sell to its customers.

Haverford SD Bad supplies all buns used in McDonald's hamburgers. Sugar, salt, and peppers used in the preparations of McDonald's products are produced by Fem. Instance SD Bad. Next, all thermoformed products used to contain McDonald's merchandises are manufactured by Malaysia's Pacemaker SD Bad. There are 185 McDonald outlets in whole Malaysia in year 2009. The outlets more located in prosperous city such as Koala Lump, IIOP, Penman and so on. McDonald also built the outlets near the university campus such as ATTAR, STAR, SUNDAY to enter the university students market. . 4 Promotion (I) Advertising McDonald's advertise their product, Spicy Chicken McDowell in different forms. The product. A Spicy Chicken McDowell cost ARM. 95 A La Carte and cost ARMS. 25 in a Mac Value Meal that comes with carbonated drink and French fries. At the ending of the advertisement, McDonald's will use the company's favorite phrase " I'm Loving It! " Next, McDonald's advertise Spicy Chicken McDowell in Youth videos. The name of the video is McDonald's Malaysia TV 2010: Paratrooper which attracted over thousand viewers.

The video started off with a guy promoting Spicy Chicken McDowell with a song and followed by another man who rap a part of the song. The video is very fun and interesting that attracts many people in Youth. Another

advertising way McDonald's uses is creating a Facebook page. The page name is McDonald's Malaysia. 1, 445, 971 of Facebook users liked the page and 38, 644 of users are talking about this page. McDonald's posted a lot of advertisement of photos and details of their product and it has a lot of viewers by determine the likes and comments.

McDonald's also advertise in big bill boards outside the McDonald's outlet. They set up bill boards at highways and shop lots to attract people. The best example is recently McDonald's set up bill boards inside University Town Abdul Raman, Kampala to attract the students to go and purchase their food. (it) Sales Promotion In sales promotion, McDonald's introduce McDonald's Spicy Chicken McDowell Limited Time Deal 2012 to attract customers. By introducing McDonald's new Spice & Ice Meal for limited time deal, the meal includes Spicy Chicken McDowell, New Monocot, and BBC Mapmaker Fries.

McDonald's also promote Spicy Chicken McDowell in a tasty and yummy way. ' Heat up with the fiery Spicy Chicken McDowell. Made from a whole chicken thigh, marinated with spices, topped with crisp fresh lettuce & special sauce, and wrapped in a warm cornmeal bun. ' Besides that, McDonald's also promote their McDonald's Doubles Promotion. It is available from 11 am to 4 am daily. Burgers that offered are double McCracker , Double Filet-O-Fish , Double Spicy Chicken McDowell , Double Quarter Pounded with Cheese , Mega Mac and Triple Cheeseburger. There are several more ways McDonald's do sales promotion.

They are cut out tag room newspaper, free coupons and leaflets inside the newspaper and customers can also print out discount coupons from

Faceable. This attracts more customers to purchase in McDonald's. (iii)  
Public Relations McDonald's Malaysia recently launched its Prosperity Gives Back campaign in conjunction with the return of its popular meal, the Prosperity Burger. The campaign is aimed at helping charity organizations around the community where McDonald's restaurants operate. McDonald's Malaysia managing director Sarah Casanova said the charity drive was to share the true meaning of prosperity with the local communities.

Casanova said the campaign was also about adding value to the lives of people they wish to reach out to. Marketing head Melanie Abdul Hay said that in the first year McDonald's raised around RM100,000 and it was distributed to 44 charitable organizations. Through every purchase of a Prosperity Burger meal, 10 sen will be donated to charity. The campaign ends on Feb. 15, 2012. Support for the state's "No Plastic-Day" campaign is growing with the latest to sign up for the drive being the global fast food giant, McDonald's. McDonald's 18 outlets in also started to use paper instead of foam for its beverage cup from last month. Chief

Minister Lim Guan Eng who launched McDonald's "Go-Green" campaign at its outlet in Klang, praised the company, saying that the outlets in Penang are the first in Malaysia to participate in the green initiative.

McDonald's Malaysia senior director Daniel Chant said a soft launch of the campaign began a month back and the response has been encouraging.

McDonald's has 194 outlets nationwide, and employs about 8,000 workers.

It plans to increase its outlets to 300 within the next five years. In Penang,

McDonald's plans to add another 15 outlets in the next five years. Chapter 3:

Critiques of the strategies and recommendation

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As the largest global fast food service retailer with more than 34, 000 local restaurants serving nearly 69 million people in 119 countries each day, the price of the product is much more higher than others fast food restaurant. Customers will somehow find that the price of burger is too high when there's no promotion. Besides, with low cost menu, McDonald's can attract customers who just have low income. This segment makes up a fairly remarkable part, especially in the recent time, when global economic is struggling. It is not difficult for McDonald's to apply low cost menu on all restaurants.

Hence, McDonald's should set their products price lower compared to the other competitors. For example, KFC is selling their famous Zinger Burger Combo meal for RM 7.00. So in return, McDonald's can set their best selling product at a price lower than the Zinger Burger. Besides that, McDonald's set meals price range is from RM 5.95 to RM 8.25. Therefore, McDonald's should generalize the price and make it in the small price range. For example, McDonald should lower the price of Big N' Tasty set meal which cost RM 3.25 to a lower price. This strategy can attract more customers to visit McDonald's and put McDonald's at the first choice.

Moreover, the products of McDonald's are burgers, French fries, fried chickens, nuggets and so on. With a growing number of obesity cases among people, fast food chains like McDonald's will continued to be overshadowed by their previous products offerings, for example Supersized Meal, no fruit or yogurt, slim salad selection. Besides, people nowadays are facing heart problem more seriously and most of the high calorie foods are not suitable for golden citizens and vegetarians. As a result, they require nutritious and

healthy food as well as lifestyle. So, McDonald's should focus on healthier menu like Subway's concept as well.

For example, McDonald's can create a new vegetarian burger, fruit salad or French fries for the target vegetarian customer especially in Malaysia. Fresh burger or healthy dessert also can be developed to the customer who concern about their health but love McDonald's. It is also a golden chance for McDonald's to the customers who grow under health trend. Furthermore, McDonald is facing customer loss due to the fierce competition by many strong brand like Wendy, Burger King or Yum! Brands. These fierce competition makes McDonald's lose a large number of customers who prefer favor other brands.

Thus, McDonald's should strengthen promotion strategy. McDonald recommend that McDonald's can also try the other promoting strategy like organize " Who has the Biggest Appetite? " event where participants will compete with each other to eat as many McDonald's burgers as they can within the time limit. Other than that, McDonald's also can offer discount voucher when the customers buy more than RM5 or RM10. Next is the place strategy. Most of McDonald's outlets are built in the city left out places like highway and industrial area. So, we recommend that outlets should also open in the highway and industrial area.