

---

# Analysis Of McDonald's Marketing Management

## Introduction

McDonald's was founded in 1940 as a restaurant. It was first operated by Richard and Maurice McDonald in California. This is basically an American fast-food company. This is belonging to food and restaurant industry and now having the world's biggest restaurant chain. This is serving more 69 Million customers over 119 countries. By the end of 2018 this has 37855 outlets. This is best for its French fries and burgers. Now they added soft drinks, wraps and desserts in their value chain. The company has changed its menu now because customers preferences and tastes are changing. They are now demanding more healthy food. So, McDonald's added salads, fish, smoothies and fruits in their menu. McDonald's has second largest employer of the world which is 1.7 million.

## McDonald's Corporate Mission and Vision Statement

Generally, the mission statement is a summary of the company's goals, why this exists, what kind of product this is offering and what are the aims. McDonald's mission statement is customer-oriented. An association's corporate statement of purpose sets the reason and related exercises of the business. For this situation, McDonald's statement of purpose builds up the organization as a powerful most loved sustenance administration goal. McDonald's corporate mission is "to be our customers' favourite place and way to eat and drink."

Vision statement is the road map of the company that where company want to see itself in coming five year, 10 years or in future. McDonald's vision is to be the world's best service restaurant that provided good quality at affordable prices, quick service, cleanliness and value so that they make customer delighted. McDonald's corporate vision is "to move with velocity to drive profitable growth and become an even better McDonald's serving more customers delicious food each day around the world." (Jurevicius, Ovidijus Jurevicius, September 14, 2013).

In addition to it McDonald's New Slogan is: 'The Simpler the Better'.

On the other hand, if we discuss the marketing orientation of McDonald's then it comes to know that McDonald is the best fast food retailer in world's market and focus on the needs and wants of the customers (Nwankwo and Gbadamosi 2010). McDonald offering so many varieties to satisfy the customers and doing marketing for them. Following are some products and services offered by McDonald:

- Hamburgers
- Big Mac
- Wraps
- French Fries
- Salads
- Soft drinks
- Coffee

- 
- MC café beverages etc.

As we all know that McDonald's is very renowned brand in the market. Today's McDonald's is earning into millions because of its branding. Branding is critical to a business because it puts impact on the sales of business. Branding can change how individual's percept the image of company.

Brand plays a big role in marketing because through this a company gets recognition and become known to the customers. McDonald's brand is Helping to clearly deliver a message to customers. This makes it different form the competitors. McDonald's as a brand confirm the brand's credibility in the marketplace. It helps in motivating buyers to make a purchase. Its Brand name Emotionally connect target prospects with a product or service and plays a crucial role in creating customer loyalty. McDonald's brand is promise to the customer on what can be expect from the company about its products and services.

5C's of every organisation used to analysis the key areas involved in its marketing decision. These plays crucial role in taking right marketing decision, well-defined marketing policy and strategy. Following is analysis of 5C's of McDonald's:

### **Company:**

It is important to focus on the strengths, weakness, opportunities and threats faces by McDonald's while focusing on the organization. McDonalds is world's leading brand in fast food industry operating in more than 100 countries over 36000 locations and serving more than 69 million customers across the world. With such a good customer base this also has some weaknesses. McDonald's faced criticism often for not having healthiest menu, because in the market there are other fast food chains with much netter healthiest options. In the such weakness, McDonald's taken an opportunity to provide healthy choices in its menu and now serving some healthy foods as wrap, apple slice, salad, milk etc. Although Macdonald's is getting advantage from these opportunities but still a high competition exist there from famous brands like Subway. This is stilled counted under the scrutiny of unhealthier menu options. The families are the biggest customer strength of McDonald's. Today's society guardians prefer to go for family meals with McDonald's rather than healthier brand options.

### **Customers:**

McDonald's customer segment focused on lower- and middle-income status families rather than younger children. McDonalds is performs three main job which include functional, emotional and social. The emotional job is to provide a family with a family meal. The Functional job is to feed the whole family an affordable price. Social job is to provide entertainment to the families in form of play areas. To attract more customers McDonald is now improving the interior of its restaurant because previous dining of McDonald's was congested, bad eating environment, unhealthy food etc. It included the following customer factors:

Who are the target customers: McDonald's target customers are young children and families? As per the question of segmentation, this should go for niche market as this is highly profitable.

To whom company is serving: The company is serving to the all age group but at the current

---

moment this is focusing on family meals. In addition to it, company is serving low class and middle-class economic families.

Market size and growth: The market size of McDonald's is growing day by day because this make changes to its menu and added more healthy options along with fast food. So, with the changed menu it can serve to wide number of customers.

### **Collaborators:**

Collaborators include supply chain partners, distributors and other alliances. Researches shows that McDonald's needs to critically evaluate its supply chain. There is need to evaluate bargaining power, what suppliers provide on the table, quality provided, efficiency of supply chain team and revenue sharing at every step of value chain. In McDonald's case bargaining power of suppliers is weak. These are weak due to lack of regional and global alliance because McDonald's serving worldwide. Moreover, suppliers of McDonald's are not vertically integrated. McDonalds has some specific systems to audit the quality provided by suppliers. For this they have developed a "Supplier Quality Management System" for its suppliers. McDonald recognized third-party auditing such a BSI for verify the supplier facility.

### **Competitors:**

McDonald's is facing competition from other fast food chain restaurants like Hungry Jacks, Burger King, KFC, Starbucks, Chipotle, Wendy's etc. McDonald's has biggest market share as compare to other brands. All other brands having small market share but growing at very fast speed. Even McDonald's restaurants are competing based on low price, menu variety, product quality, taste and fast service still there is huge competition in the market. The company is facing threat from subway which is focusing on healthy food and organic options. To beat such competition McDonald introduced healthy foods in its menu like salad, wrap etc. The firm is also facing threat from new entrants. Threats also arise from innovation of new technology and economic cycle. McDonald's should improve its interior and dining of its restaurants to face threats from new entrants.

### **Context:**

Context Analysis include social and political environment, economic conditions, legal environment, cultural environment. National and international policies influenced every organization and McDonald is also one of them. Most of the groups and health organizations are protesting consumption of fast food and imposing new policies. In addition to this, tax laws impose by government are affecting the growth of firm. Company also must follow employment laws, trade rules, labour act and other legal restrictions. In addition to its political environment of every country also put effect on functioning of McDonald's. Every Country's political parties has different ideology towards foreign investment, as McDonald is operating worldwide so must make planning according to the political factors of operating country. Furthermore, economic environment of every country is different. Each country has different inflation rates, boom, depression, Gross per capita income so McDonald must study every country's economic condition while operating there.

Moreover, technology is changing at rapid speed. Companies must adapt new technology and

---

to upgrade their system every time when technology changes. This process results in heavy costs. On the other hand, socio-cultural factors also effect the operating of McDonald's. Every culture has different values, beliefs and food related preferences which affect McDonald's sales.

How does the firm go about collecting information?

Data collection is very important task of every business to identify the customer needs, competition in market, about the changing technologies etc.

There are many sources of collecting data. Some are highly technical in nature while other are deductive. Basically, two type of sources are there form data can be collected;

- a) Internal sources. It means to collect data from employees, suppliers and collaborators of company.
- b) External sources: This include collection of data direct from customer, by indirect tracking the customers and from other published and non-publishes sources.

McDonald can go for market survey which mean to fill a questionnaire from the people about what they expect, what they are getting from McDonald, what they want etc. Another way is to pick some of customer randomly and conduct interview with them to know their experience and perception about McDonald's. Interview can be conducted face to face or on telephone. Today more popular place to collect data is social media pages and their websites.

Here an observation method can also be used. In this way company will check its own records and feedbacks from customer. They can also get an idea what customer like about them and what don't like. McDonalds can also go to purchase data from third parties who provides information about new threats, demands of customer, available competitors, Competitive advantages etc. This is also very important to collect demographic and interests of customer database which will allow the firm to target a specific market area which has huge potential. Firm can send online survey form to fill to collect information.

## **Potential market segments that are available to the McDonalds**

After collecting data and Market analysis divide the market into segments is the base of every marketing strategy. Market segment is part of market where the people of similar age or same taste or same genders are living. Segmentation can be behavioural, demographic, economical, cultural and usage segmentation. Market segmentation is the process of dividing the whole markets into different groups of similar wants and needs. The motive behind this is to serve the customer in a better way and to manage the costs.

Dudovskiy (2016) claims that McDonald follow these segmentation criteria:

Geographic segmentation: This segmentation divides markets according to geographic areas. McDonald's divide its business into various market segments like

1. America
2. Europe

- 
3. Asia/Pacific, Middle East, and Africa
  4. Latin America
  5. Other countries

McDonald's optimizes its Menu based on geographical segmentation. This is serving food according to the taste and preference of particular region.

For Example:

1. In India McAloo Tikki and McVeggie are available.
2. In the USA Bacon Smokehouse Burger and Quarter pounder (beef) burger are available.
3. In Arabian countries Beef Burger are available.

Demographical Segmentation: It included age, income, family size, socio-economic status, etc. McDonald's demographical segments are based on below:

1. Children: McDonald's offer a lot of toys, happy meals etc to attract younger segment audience.
2. Young Adults (Age group between 18-29)
3. Adults
  - Behavioural; personality, perception, attitude, usage
  - Psychographic; lifestyle, social class.

Behavioral Segmentation (McDonald should go for Behavioural market segmentation and should target the loyal customer's segment on priority basis)

Behavioural segmentation is process of dividing the whole market into smaller homogeneous groups based on buying behaviour. This segmentation is done on the base of usage frequency, brand loyalty, benefit needed etc, McDonald can increase its sales by choosing Behavioural market segmentation by studying its existing customer's brand loyalty and their usage frequency.

Parameters of Behavioural segmentation

McDonald target consumers can be grouped based on their following behavioural characteristics:

1. Occasion oriented: McDonald strategies must be occasion oriented Where a product purchased for occasion. On the special occasion like New year, Charismas etc McDonald should offer family deals on discounted prices and so many other offers to increase sales. This thing will help to build a good image in the eyes of customers as they will feel value of their occasions.
2. Usage oriented: This means how much and how many times product is being used by a consumer. By focusing on heavy users and medium users McDonald can increase the sale.
3. Loyalty oriented: There are so many customers who are loyal towards the brand McDonald. So, McDonald should focus on loyal customer and does not worry too much

---

about new one. If your existing customers will be satisfied, they will definitely communicate with other about you and you will get new customers through world of mouth marketing. So high brand loyalty plays important role in market. So, the segment of customers with high brand loyalty with McDonald should be target on priority basis.

4. Benefits sought: Segment of customer with different benefit perceived can also be target. Every product has different quality and service which provides different benefits to every customer.

The above image shows the parameters or variables used in behavioural segmentation.

### **What advantages McDonald can take by using Behavioural Market segment and by targeting segment of loyal customers.**

We all know that McDonalds has a good brand reputation which is serving more than 69 million customers. By targeting segment of loyal customer first McDonalds can reduce the cost of switching customer. Because there is huge competition in the market and so many options are available. Customer can switch to another brand. Secondly, by serving loyal customers better they will be happier and more satisfied and will spread good things about McDonald through world of mouth marketing. This will help to increase more sales and more customers

After the Market segmentation next step in value proposition. It is said that, "A brand's value proposition is a statement of the functional, emotional, and self-expressive benefits delivered by the brand that provide value to customers in the target segment. A balanced value proposition is the basis for brand choice and customer loyalty, and is critical to the ongoing success of a firm."(O'Guinn, Allen, Semenik 4E, 2006, p. 234).

Value proposition for target Market

- By providing convenient access to its locations.
- Comfortable seating and good dining in-store facilities for
- Discount offers for regular users or high frequency users.
- Distinct products based on benefit needed such as the Mac Chicken for children, Big Mac for elders etc.
- Good value offering and pricing
- Healthy options in menu for fitness-oriented customers.
- Offer extra to your loyal customers and give them priority.

In addition to it Positioning refers to selection of market mix which most suitable for the target market.

McDonald's has made itself to be low cost restaurant and family friendly fast food business for quality products. We have variety of menu with so many health options for all benefit seekers. We are focused on less delivery and discounted meal offers. We are providing dual drive through to decrease the wait time. We offers special discounts to the loyal customers.

### **Marketing mix for above mentioned target Market**

**Product:**

---

McDonalds primary products are hamburgers, chicken products, soft drinks, cheeseburgers, breakfast items, desserts and milkshakes. Based on usage frequency, sales of hamburgers are high as compare to other products. Although, McDonalds introduce some healthy options in menu, but people prefer to go subway or other stores for health meal as compare to McDonald. So, study of Behavioural market segmentation shows that usage frequency of health foods is less. McDonald should offer more healthy meals to the target segment of benefit needed to increase usage frequency. Customers for the brand loyal customer McDonald must offer buy one get one free option on its products to retain its regular customers. Offers and discounts should be given on weekends and on special occasions.

### **Price:**

McDonalds offers different price for its various product and services. For the behavioural segmentation targeting especially to the loyal customer McDonald must offers discount prices to the regular customer. There must be a point award system for every purchase of customer this thing will help to retain the customers and attract new customers. Currently McDonald's focus on psychological pricing strategies in its price mix.

For example: McDonald had reduced the prices of its products in India by 25% to attract the customers to prefer McDonalds as dinner and lunch. This was also done to compete with the high competition of KFC, SUBWAY and Dominos.

As part of the promotional pricing strategy, McDonalds should offer discounts or bundling on certain products or combinations of meals. To serve the fitness-oriented customers more offer should provide on wraps and salads.

### **Place:**

McDonalds is operating in more than 100 countries over 36000 outlets worldwide. This is serving through Mc Drive, Mc Café, McDonalds etc. For serving better to the target market McDonald should study the competitors 's dinning and seating facilities.

For Example: Hungry jacks a big competitor of McDonald's in Australia having more space for seating and dining of customer as compare to McDonald's.

Most of Mc Drive locations are near to highways which not offering good space for seating. So, for growth and to retain Customer McDonalds should focus on its interior development, seating and dining facilities. McDonald should focus on its locations and space availability.

### **Promotion:**

McDonalds spend handsome money on advertisement every year. For advertising McDonalds use newspapers, billboard, Social media etc. Moreover, by sponsoring on events like FIFA cup, Olympic games etc firm can promote its new menu options. For behavioural segmentation McDonald must promote through its good and healthy slogans. Moreover, McDonald should develop those advertisements which target the benefit seekers like fitness-oriented customers. McDonald can use social media networks to promote its products.

---

## People:

The people working at McDonalds has a dress code to follow. Employees performance should be evaluated periodically. This also has good delivery channels to give indoor services.

## Physical Evidence:

The physical evidence puts great impact in the minds of the consumer. It include quality and hygiene, cleanliness and transparency of services. McDonald should focus on internal cleanliness and hygiene environment which is degrade as compare to other restaurants.

## Process:

McDonalds should improve the processes to make it services fast and to make home deliveries faster. McDonalds should focus on more innovative ways to deliver services.

## Conclusion

At the end we can say that McDonald has good market value and reputation of the brand worldwide but in spite of this McDonald is facing huge competition in the market from Hungry jacks, Burger King, Sub way, KFC etc. To survive in such strong competition and new entrants in the market McDonald should focus on customer loyalty to retain the old customer because customer may switch to other brands which have more healthy options. To make customers satisfy McDonald should focus on healthy meals and should adapt marketing mix according to the selected segment to target.

## References

1. Balaji, M., Ghosh, R., Shah, J. 2016, McDonalds: behind the golden arches, retrieved 22 May 2019,
2. Brown, V. 2016, McDonald's launch all-day breakfast across Australia, retrieved 22 May 2019,
3. Dudovskiy, J, 2016, McDonalds segmentation, targeting and positioning, retrieved 21 May 2019,
4. Marne L. Arthaud-Day, Frank T. Rothaermel,2010, Strategy and execution, Viewed on 20 19 May 2019
5. McDonalds, 2016, McDonald's franchise strategy, retrieved 20 May 2019,
6. Rahmani, K., Emamisaleh, K., & Yadegari, R. (2015). Quality function deployment and new product development with a focus on marketing mix 4P model. Asian Journal of Research in Marketing, 4(2), 98-108.
7. UK Essays, 2018, Business Environmental Analysis Of McDonalds, retrieved on 21 May 2019
8. UKEssays,2018, New Product Introduction of McDonalds, reviewed on 22 May 2019,