
Swot Analysis Of Mcdonald's Company

SWOT analysis is defined as special and beneficial technique (tool) which is used by individuals as well as organisations in order to analyse the strengths, weaknesses, opportunities and threats. It is also known as SWOT matrix (Team, n.d.). The elements (strength, weakness, opportunity, threat) are usually same to all SWOT analysis. Nevertheless, organisations again classify these elements into two heads, which is internal and external (Shewan, 2020). Internal specifies the strengths and weaknesses, while the external determines the opportunities and threats of a company.

There are different purposes for performing SWOT analysis. Primarily, it is mostly used as an easy-to-plan and easy-to-use team building tool (Bertelsen, 2012). Teams can provide valuable ideas for the development of the organization and work together to initiate changes inside the organization. Moreover, another purpose doing a SWOT analysis is considered for its major strategic planning process of a business (Bertelsen, 2012). Numerous firms use this system to understand its current business condition and forecast the future environmental and industrial conditions (Bertelsen, 2012).

SWOT analysis of McDonald's

McDonalds is considered as the most leading fast-food chain worldwide. Richard and Maurice two brothers found McDonalds 75 years ago in California (Gupta, 2019). Its SWOT analysis is been highlighted below.

STRENGTHS WEAKNESSES

- One of the top 10 international brands.
- Food quality and taste.
- Brand value.
- Advanced technology.
- Limited employee satisfaction.
- Poor Franchise Management.
- Low product diversification.

OPPORTUNITIES THREATS

- Reasonable price meals.
- Innovative products.
- Delivery and online orders.
- High competition.
- Covid-19
- Health conscious customers.

Strengths

McDonalds comes under top 10 largest fast food companies in the globe by its revenue of \$24.1 billion (TTM) and it is operating more than 39000 locations in about nearly 100 countries

(REIFF, 2020). McDonalds offer safe and quality products to their customers to satisfy them. They provide wide variety of choices for customers as well as use real and original ingredients in their products. For instance, use 100% pure beef from farmers in burgers (McDonald's corporation, 2017-2019). As of 2020, it is came under 9th rank as per the ranking of brands by value with 129 billion U.S dollars (Guttmann, 2020).

Weaknesses

Due to the stressful working environment and poor management McDonald's facing high rate of employee turnover in the recent years (MATYSZCZYK, n.d.). McDonald's is a company works as a franchise model, the success and development of the firm is depend on the day to day actions performed my the franchise and it is not possible to control each and every actions of franchise so it directly affects the performance of the business (Gupta, 2019). McDonald's is mainly focused on food and beverages which is a weakness and reduces the growth rate and slow down in food and beverage industry because there is no product diversification (GREENSPAN, 2017).

Opportunities

While discussing about the opportunities the reasonable price meals which offered by McDonald's is came to the first place. McDonald's introduce several cheap meals in their menu which include \$1, \$2, \$3 dollar menu in 2018 (Elliott, 2018). When comparing other competitors McDonald's offer comparatively reasonable price for their meals. The McDonald's is using product innovation strategies to keep their lead in the fast-food market. The example for product innovation by McDonald's include order-taking Kiosks and drive-thru orders to call centers (FONTINELLE, 2020). McDonald's introduced a special feature called McDelivery which is a service that customer get food in their doorstep. Using Doorstep app or UberEATS app anyone can order online from McDonald's (McDonald's corporation, 2017-2020).

Threats

McDonald's competition is limitless. The company facing competition from different international firms and local outlets which performing same kind of business. For instance, Domino's pizza, Burger king, Starbucks (Khandelwal, 2019). Corona virus shuts the restaurants around the world which caused more than expected fall in profit of McDonald's. To function the franchise operation McDonald's needs to spent millions of dollars (Haddon, 2020). Customers are getting health conscious day by day. Due to that the worlds largest fast-food restaurant business experiencing loss, low market share value, fail to retain customers. Clearly their global sales dropped by 1% (Kazan, 2015).

Conclusion

McDonald's is one of the worlds largest fast-food restaurant chain which posses strong market growth and profit margin and brand value. However, they are facing different kind of threats and problems. Hence, it is important to check and identify the factors which can cause threats to the company. In this SWOT analysis, it clearly mentions its strengths, weaknesses, opportunities, and threats of McDonald's.

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