Marketing Plan For McDonald's Entry Into Montenegro

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Introduction

McDonald's was established in 1940 and is one of the world's largest and most famous fast-food restaurants. The brand has over 38,000 outlets across more than 100 countries, and McDonald's is known for providing fast, convenient, and cheap meals (McDonald's, 2023). McDonald's is a global food chain serving a vast array of products, including well-known products like Big Mac, McNuggets, and Egg McMuffin, among others, to serve a wide market segment. This is in line with the company's strong brand values, good product quality, innovation, and customer relations, which have positioned it as one of the leading fast-food chains (McDonald's, 2023).

One of the major factors that has enabled McDonald's to sustain its dominance in the fast food industry is efficient supply chain management. The company uses a highly centralized system that guarantees product standards and availability across all outlets. This system entails forming strategic partnerships with suppliers, high standards of quality control, and robust logistics management (McDonald's, 2022). This has enabled the corporation to customize the products it offers in different markets while at the same time ensuring that they meet the expected levels of quality.

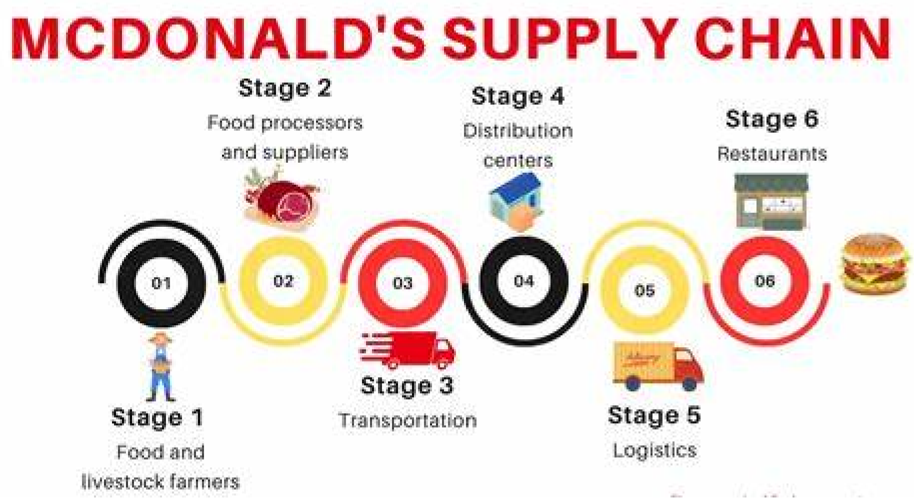

Figure 1 McDonald's Supply Chain Management (Financial Falconet, n.d.).

To expand its operations globally, McDonald's is targeting the Montenegrin market for its entry. Montenegro is a small but dynamically developing country in Southeast Europe, which makes it an attractive target for McDonald's. Montenegro, located in Southeast Europe, has gained popularity as a tourist destination due to its beautiful Adriatic Sea coastline, beautiful mountains, and cultural history (World Bank, 2023). The tourism sector in the country has been on the rise in the last decade, welcoming tourists from across the globe and fostering economic growth (Montenegro Statistical Office, 2023).

Montenegro’s economy has been showing signs of growth, and the country’s population has also been found to have more disposable income, which makes it a prime market for McDonald’s. The country has a good location and is trying to join the European Union, which is favourable for foreign investors (European Commission, 2023). In addition, Montenegro is also business-friendly with its favourable policies that include tax exemption and less stringent procedures when establishing a business (Invest in Montenegro, 2023).

The investment in Montenegro aligns with the company’s growth strategy, which aims to capture business opportunities in new markets. Thus, the company wants to tap into the local market and tourists by providing a familiar and trustworthy eating establishment. McDonald’s aims to expand its global menu while investigating the possibility of integrating local tastes and products to entice consumers in Montenegro (McDonald’s, 2023).

Furthermore, the entrance of McDonald’s in Montenegro will generate employment, positively impact the country’s economy, and improve the standard of the food service sector. McDonald’s is a global fast-food giant that has embraced the idea of expanding its business into Montenegro to guarantee quality food products and services in yet another market. This new move is expected to enhance the position of McDonald’s as one of the world’s largest brands and exploit the opportunities offered by the tourism industry in Montenegro and its rising economy.

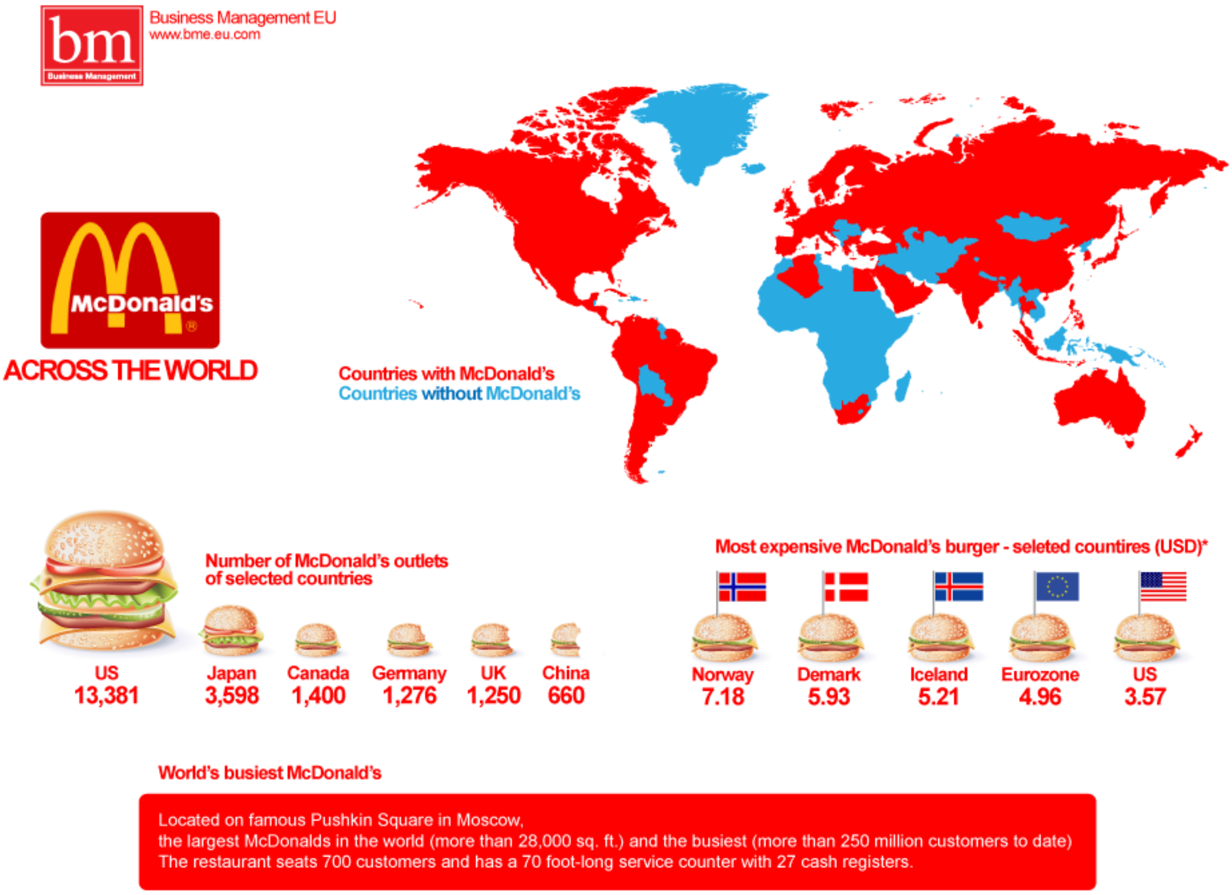

Figure 2 McDonald's Global Presence Map (IndexMundi. 2013)

Rationale for Choosing Montenegro

The number of people visiting Montenegro has increased, thus making the place suitable for McDonald's. The country is located in Southeastern Europe, and it's filled with beautiful scenery and archaeological importance that capture the attention of numerous tourists (World Bank, 2023). This increase in visitors from other countries suggests that the locals want familiar, comfortable, and efficient quick-service restaurants, which McDonald's offers.

Moreover, the political stability of Montenegro ensures stability in the political business environment for the embark on business ventures. This is through various incentives, such as tax exemptions and smooth bureaucratic procedures, that allow foreign investors to easily set up their businesses in the country (Invest in Montenegro, 2023). The economic growth in Montenegro has been strong and is expected to grow even further, especially due to the booming tourism industry and foreign direct investment. This also shows an increase in disposable income amongst locals and a growing middle class, which can benefit and understand the value that McDonald's can bring (European Commission, 2023).

Furthermore, Montenegro's attempt to join the European Union fits McDonald's development pattern, which can provide potential future advantages of participating in the EU (European Commission, 2023). Indeed, today's increased rate of tourism, relatively stable and constantly improving economics, and proper government support make Montenegro the right target for McDonald's to expand to.

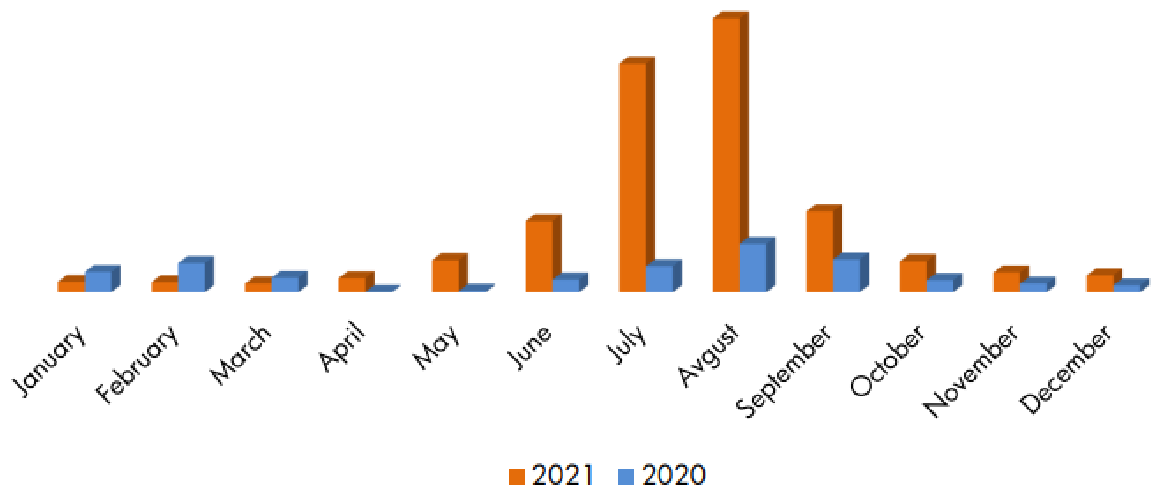

Figure 3 Comparison of Tourist Arrival in Montenegro in 2020 and 2021 (Montenegro, 2021).

The data in Table 1 correlates with the general trend of increasing tourism rates in Montenegro from 2010 to 2022, with a decrease in 2020-2021 due to the pandemic and a subsequent increase in 2022.

Table 1 Tourism Growth Data in Montenegro from 2010 to 2022

Year	Tourist Arrivals (in millions)
2010	1.20
2012	1.37
2014	1.56
2016	1.81
2018	2.11
2020	0.18

2021	N/A (100% decrease from 2020)
2022	2.50

(Source: Montenegro, 2021).

Situational Analysis

Situational analysis is a broad technique for reviewing organizational factors within and outside the organization to determine its position. It is an essential component of strategic management and marketing, enabling organizations to recognize threats and opportunities in the environment as well as their strengths and weaknesses in the market.

PESTLE Analysis

Montenegro can be described as a politically stable country with a government that encourages foreign investment. This is favourable to international entrants because it indicates the stability of the business environment by preventing shocks that may disrupt business. The country is also going through the process of joining the European Union, with which the country's economy could stabilize more, and there could be other market opportunities available. EU partnership is believed to give Montenegro a long-awaited strategic direction to align it with the EU requirements to enhance the business environment and encourage more FDI (European Commission, 2023). Such an attitude toward EU integration displays the government's interest in political and economic changes corresponding to the overall European standards, which will benefit companies like McDonald's entering the local market.

Montenegro's economy is developing, and tourism and foreign investment are becoming key development points. For instance, tourism has been a major booster of the economy; millions of tourists visit the country annually, eyeing the beautiful natural and historical scenery (World Bank, 2023). However, the country of Montenegro encounters varying forms of economic hurdles. For instance, it has a small home market and high unemployment rates. These are issues that have the potential to affect consumer purchasing capacity or determinants of the market. While the COVID-19 crisis struck Montenegro's economy in 2020, the economy has shown its ability to bounce back in 2021 and 2022. The rate of increase in the GDP decreased in 2020, but there was a first-year recovery in the subsequent years, proving the long-term economic stability of the country. A tendency towards further growth in disposable income and FDI signals a favourable outlook on future economic stability and consumer purchasing, which is crucial for companies like McDonalds operating within the discretionary expenditure category.

Table 2 Key Economic Indicators for Montenegro

Indicator	2018	2019	2020	2021	2022
GDP Growth Rate (%)	4.9	3.8	-15.3	12.4	6.9
Disposable Income Growth (%)	3.5	3.2	-4.1	4.8	5.3
Foreign Direct Investment (in $bn)	0.5	0.6	0.3	0.5	0.7

(Source: European Parliament. 2018; Montenegro, 2021; World Bank, 2019).

Analyzing the latest economic data of Montenegro provides a mixed and, to a certain extent, favourable picture for market entry. Thus, the GDP growth rate was reduced to a minimum in 2020 because of the pandemic, though it rebounded in 2021 and 2022. This rise has proved that the economy is bouncing back, and necessary government interventions are needed to revive the economy. To achieve such promises of better living standards for the people, the GDP growth rate has to be 12. In 2021, there were 4%, while in the next year, the rate increased to 6. by reaching an average inflation rate of 0.9% in Malaysian Ringgit, 2.9% in USD, and 2.2% in Euro in 2022 /P23, this underpins the post-pandemic strong economic recovery and growing economic activities (Montenegro, 2021; World Bank, 2019).

Another sign is the increase in disposable income, meaning that the people eating out are wealthier than their counterparts at home and can afford such luxuries. The above analysis shows an increase in disposable income, as shown in Figure 3. From 2% in 2019 to 5% in 2020, numerous small businesses are experiencing growth and success with their business ventures. In 2022, McD was expected to rise to 3%, which is positive for businesses such as Mcdonald's as they rake in sales from middle-income consumers who are spending more and looking for convenience.

The Montenegrin FDI has also depicted a positive scenario to some extent. However, FDI inflow declined in 2020, but there will be a rise in 2021 to $0. A significant amount of money was expected to be spent in 2021 at $28 billion; however, far spending stood at $0 7 billion in 2022 (European Parliament. 2018; Montenegro, 2021). These figures suggest the increase in investor interest and the suitability of Montenegro for investment. Foreign direct investment brings capital, technology, and expertise to the host country, accelerates economic development, and generates suitable environments for new ventures.

However, one of the persistent issues the country faces is the high unemployment rate. On the positive side, FDI can stimulate employment through economic growth and job creation, while high unemployment affects consumers' expenditures and economic stability. Reducing unemployment with regard to job creation and promoting skills will be vital in supporting economic growth and stability in order to provide a favourable market for companies.

After the breakup of the former Yugoslavia, Montenegro's population is a blend of ethnic strain and cultural endowment. This, combined with rising purchasing power and a growing middle-income population, makes it a potential market for multinational companies (World Bank, 2023). The increased numbers of tourist arrivals from other countries also contribute to the need for comforting regular food franchises like McDonald's. Montenegro's social environment is also young and friendly to international brands and novelties. This demographic factor is quite suitable for McDonald's since they target young families, tourists, and busy working-class professionals with little time for cooking or consuming their meals.

It has focused on its communication technology, with improved statistics in internet connection and mobile phone ownership (EUROPEAN COMMISSION, 2012). These may be used to their advantage for digital marketing, which is critical to appeal to today's consumers. The increase in e-commerce and mobile payment allows McDonald's to adopt online and delivery services to increase customer convenience and business outreach. It is also important to highlight that the technological environment in Montenegro enables digital marketing campaigns, presence on social networks, and application-based bonuses, which are recognized as the key elements of McDonald's international marketing activities.

The current legislation concerning investment in Montenegro is quite tolerant; it offers tax incentives for FDI and simplified procedures for business (Invest in Montenegro, 2023). The legal environment has been enhanced to encourage foreign investments with ease in business registration and management. Thus, it eliminates some measures of business risk that are normally associated with starting operations in a new country and offers a favourable legal context for further operations of existing companies such as McDonald's. Similarly, the conformity of legal structures and frameworks to EU laws and regulations also gives international investors confidence in business transactions and operations and promotes the use of internationally acceptable business practices.

Exploration of tourism in Montenegro shows that sustainable development in this country is strategic to McDonald's because it reinforces a responsibility the company has committed to undertake. In this case, the country's focus on protecting its beauty through conservation and promoting environmentally friendly tourism activities reflects McDonald's policies of sourcing ingredients sustainably and its effort towards saving the environment and minimizing carbon emissions and wastes (World Bank, 2023). Thus, McDonald's, with its efforts aimed at Montenegro's environmental legislation, can create a more sustainable image of itself as an environmentally sustainable brand. This alignment also provides openings for McDonald's to engage in sustainability initiatives within communities and support local environmental conservation initiatives, thus enhancing its CSR portfolio.

Table 3 PESTLE Analysis for Montenegro

Factor	Analysis
Political	• Politically stable with pro-foreign investment policies. • EU accession process enhancing economic stability and market opportunities (European Commission, 2023).
Economic	• Growing economy is driven by tourism and foreign investments
Social	• Diverse population with increasing disposable income and a growing middle class. • There is high demand for international brands due to the tourist influx (World Bank, 2023).
Technological	• Advancing technological infrastructure with increasing internet penetration and mobile usage. • Opportunities for digital marketing and e-commerce expansion (European Commission, 2023).
Legal	• Favourable laws for foreign businesses, including tax incentives and simplified regulatory processes (Invest in Montenegro, 2023).
Environmental	• Emphasis on sustainable tourism aligns with McDonald's global sustainability goals. • Opportunities for community-based sustainability projects (World Bank, 2023).

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