

Marketing Strategy of McDonald's Company

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Introduction of McDonald's

One of the Largest and most renowned restaurants in the United States and other countries is McDonald's. In 1948, the two brothers, Maurice and Richard, started the first McDonald's restaurant in California, and in 1955, Ray Kroc, the salesman, opened the first McDonald's franchise in Des Plaines and eventually acquired McDonald Brothers in 1961. McDonald's Corporation has its headquarters in Oak Brook, Illinois.

The Company has both owned and franchised restaurants. Almost 90% of the restaurants in the world are franchised. The franchisees exercise their own control in employment and management-related matters, and on the other side take advantage of the International brand of the franchisor. There are about 37,241 McDonald's restaurants serving in 120 countries. McCafe, McExpress, and McStop are its subsidiaries. The products that McDonald's offers include; hamburgers, French fries, Nuggets, Egg Muffin and many more.

McDonald's has gained the largest market share, and its brand is famous all over the world. As per 2017 financial statements, McDonald's earned a profit of \$5.192 billion, which is 10.8% better as compared to the year 2016. The main competitors of McDonald's are Subway, Starbucks, KFC Domino's, Burger Kings, and many other fast food restaurants.

Mission and Vision

McDonald's vision is to be established as a famous well known Fast Food Brand that would offer the best meal at affordable prices yet with the best quality and services to the customer. Moreover, it will want to provide a variety of meals, including side dishes, desserts, and drinks to support the main meals. Also, it would want to establish itself as the best provider of fast food so that customers don't get a better to eat than McDonald's. Furthermore, McDonald's would want higher sales and revenue and higher market shares so that it can see itself as a market leader in the fast food industry.

McDonald's mission will also be to use effective marketing and sales strategy to be cost-effective so that overall cost savings can make the brand more cost-effective to customers so that it can become the number one choice for the customer.

The vision of McDonald's will be to be a globally recognized brand that operates eventually in all countries of the world so that they can be a force in the Fast Food Industry so that no other brand can stand in its way also, this way their Franchisee revenue will increase proportionally and make them

the top-rated brand. Furthermore, the vision will also be a brand that offers the best meal that is tastier, healthier, and hygienic and one that is loved by all ages of people.

The mission is where currently the organization is, and the vision is what the organization wants to achieve in the future.

McDonald International Marketing and Public Relations

McDonald's, which is one of the most famous and well-established brands, and has multiple locations in over 100 countries, has to maintain its position and brand name, and this requires well-planned and implemented International marketing and Public Relations (PR). Both Marketing and Public Relations (PR) are key aspects of brand awareness and retaining the brand name, but both are different in their activities and costs. McDonald's makes use of both International Marketing and Public Relations (PR) and has been successfully implementing both effectively. Marketing is more connected to advertisements, billboards, and paid endorsements. Public Relations (PR) is a marketing mix that gives the company exposure to the stakeholders interested in the activities of the company and it also gives them direct connections to these stakeholders without having to pay for the marketing.

International Marketing is more linked to the product and the Franchisee of the Brand to boost Sales and revenues for both the Franchisee and Franchisor. International Marketing focuses on Media Planning, Product Pricing, Sales Strategy, Distribution channels, Market Research, and Customer Support. For McDonald's, the above International Marketing Activities work as discussed below:

Media Planning

McDonald's has to carefully plan for Media Planning for their International marketing activities. As most customers for McDonald's are children and youth who mostly spend their time on technology and reading, McDonald's has used TV Advert, Internet Advertisements, Big Billboards and Magazines. These advertisements directly promote the product for the Brand and help in generating or boosting sales. These advertisements are costly and add a good sum to the marketing budget. Also, McDonald's has an in-house team for maintaining internet advertisement-like websites that need to be constantly and dynamically updated on a regular basis. McDonald's currently uses the Push and Pull strategy to communicate with its customers. The Push part gives out adverts to obtain more customers and create brand awareness using media such as TV, Internet and Billboards, and the Pull part retains existing customers by using website and internet advertisements.

Product Pricing

Product pricing is also a form of marketing research that helps McDonald's to be up to date on the market competition and its pricing. As McDonald's is aware, the shifting cost to customers is very low, and as the biggest brand in the Fast Food Industry, it constantly works on Product pricing for all its Brand Products to ensure they have an edge over its competitors. Also, McDonald's Franchisor ensures that all its franchisees, wherever they are, adhere to this Product Pricing Marketing Activity and also visits them to ensure adherence.

Sales Strategy

This is another Marketing activity that is part of the International Marketing Strategy that McDonald's has adopted. This Marketing aspect deals with the sales part of the business activity on how to boost sales and increase revenue. This will include introducing new varieties of the product, deals and offers on existing products and new products, discounts on products and freebies given away on some or frequently loved products.

Distribution Channel

This aspect of International Marketing focuses on the distribution channel as to how the brand product can reach its customer base. This mainly includes physical location (Restaurant outlet), home delivery mode, website for menu selection and order taking, and mobile app that does the same work as a website but is more comfortable for the customer. By focusing on this marketing aspect, McDonald's achieves the distribution goal of the firm and ensures that it covers all aspects by which the brand can reach its targeted customers and how best they can find more ways to reach a wider consumer base.

Market Research

Market Research is an important aspect of marketing and helps in obtaining relevant information about the product for a new market or existing market. McDonald's uses Market Research to study the market for Fast Food market shares, competitors, and customer preferences. McDonald's used this aspect effectively before it launched into the markets of Australia and India by studying the culture, preferences, and eating habits of the consumer, and this made the opening in these two countries successful for McDonald's.

Customer Support

McDonald's is very successful as it values its Customers, and this, in return, brings them good revenue. McDonald's has provided two main customer support features for customer feedback; the online feedback that is part of its website and in the restaurant complain box. These two features provide the customer with an opportunity to write back to McDonald's about any flaws or short fall regarding their product, and this makes the customer feel special knowing that McDonald's cares for their feedback. McDonald's, in return, has a quick analysis of the complaints and flaws and comes up with a favorable response to their queries, ensuring the customer is satisfied and the same thing does not happen again.

Public Relation (Pr) Marketing Mix

Public Relations (PR) is a marketing subset that provides or disseminates the company information and the Brand name through a positively managed communication channel with its stakeholders. PR tries to drive and maintain the positive reputation of the brand through effective PR strategies and tools. PR strategy is free or has very low marketing costs associated with it compared to the huge cost associated with direct Marketing and advertisement. The main tools for an effective PR strategy are as follows:

Main PR tools for a successful PR Strategy start with;

1. Media Relations, which includes circulating positive brand names and messages through media channels, news and media statements. This includes working closely with reputable and recognized journalists and media representatives to convey positive messages and feedback related to the brand to the audiences.

McDonald's used this tool effectively when it launched a new Salad titled "Rolling Energy", where it visited a press conference of a famous news media spokesman and endorser who spoke about the salad. This gave McDonald's a boost in the salad's popularity and a bigger customer base for the same product.

1. Advertorials. This is a section in the international or local newspaper that features storytelling by McDonald's, which attracts readers and ensures more consumers are linked by the brand through inspiring stories of McDonald's and ensuring they are loyal and true stakeholders of the brand. This will also include a review of the brand in the reviews section of the newspaper and bring in a positive brand name and awareness. McDonald's, in its earlier days, used this to narrate its success stories to its stakeholders, and this brought in a lot of fame and name for the McDonald's brand. This is free PR marketing as the media loves to narrate the stories of

people's success, whereby they sell more newspapers and brands like McDonald's get more visibility.

2. **Social Media.** This PR marketing makes use of famous social media sites like Facebook, Twitter, and Integral. The advantage of these platforms is that the Brand owner (Franchisor) bypasses the media and maintains direct contact with the end user or stakeholder of the brand. McDonald's maintains a highly visible presence on Facebook and Twitter, where they interact directly with the customers, and this gives them the opportunity to gain insights into the brand, including doubts and queries. McDonald's pushes the latest menus, meals, deals, and offers on their Social sites and this gives them a wider customer base and a positive brand image.
3. **Special Events.** This PR Strategy is more of physical contact with the customers, where the company displays the brand straight to the customer, and they get a chance to see it and taste it, as for McDonald's. For McDonald's, this strategy has worked very well, especially when they introduced the "All Day Breakfast." They hosted an intriguing event, which not only showcased their new breakfast meal but also gave away a number of free breakfasts to all the customers who attended the event. This was a great strategy adaption by McDonald's as the customer ate the breakfast for free, gained confidence in the product, and will now be loyal to the company. Such events also provide the company with an opportunity to speak to its audiences and make sure all doubts are cleared and the confidence of the company gets bigger and the company also gets a leader or innovator appearance in the eyes of its audience.
4. **Newsletter.** This PR strategy makes use of Print or email newsletters to keep in touch with their customer base. When a company issues such a newsletter either by email or print, it brings in a trust factor to the customer that the company wants its audiences to be in touch with the company and its latest meal variety, deals, offers, and discounts in major or loved meals. McDonald's makes use of both print and email newsletters. Their website features an option that allows its customers to register and get a weekly newsletter, keeping them informed and up-to-date with the company's introductions and activities. Also, McDonald's participates with famous magazine providers who write about fast food sellers as their way of selling magazines, and McDonald's enjoys free-of-cost marketing by using its PR marketing mix.
5. **Brochures and Catalogues.** This PR strategy is linked to very low marketing cost but does the work better than its higher marketing cost counterpart. This can be mailed base or take home-based brochures. McDonald's uses this PR strategy tool to keep in touch with its customer base informing or keeping them updated with the company's activities. This strategic tool will inform or keep the customer base updated with new product introductions, deals and offers, and discount-based meals.
6. **Sponsorship or partnership.** This PR strategic tool is by far the best as it's associated with no cost compared to some other PR strategic tools that have low cost. In this strategy tool, the level of confidence, popularity and loyalty for the brand is obtained quickly as it's linked to a for-profit cause, and the benefits for the growth of the brand are huge. McDonald's used this tool very effectively from its early days till today. The founder was an ambassador for children well well-being when the brand was in its early days, and this is one of the reasons behind its success. Moreover, when it introduced the Rolling Energy Salad, it worked with a non-profit

organization that works hand in hand with healthier living. This made the brand and in particular, the latest innovation a huge success as all the people associated with the Healthier Life Organization and its partners spread the word about the product. The partnership PR Strategy aspect is also very crucial in this area as it makes a direct link or contact with the customers, makes them closer to the brand and increases loyalty. McDonald's when introducing a new location in Australia, ran an event-based campaign where it invited customers for the grand opening and also kept good deals and offers, which attracted many customers. During the event, it registered clients thoroughly with their pictures and used the same for a few weeks as a registration ID when customers came to buy meals. After a few weeks, they launched a partnership brand meal package where they kept pictures of average clients on the meal packages that were introduced in many other countries. The package, along with the picture of the client, also included the slogan "I'm Lovin' It", which made this marketing a great success and saw a rise in their sales revenue and overall customer base. Also, the social media sites have heavy visit numbers, which made the brand gain great global awareness, loyalty of customers and love from all fast food lovers.

To conclude the International Marketing and Public Relations (PR) marketing strategy McDonald's has been successful in both the above strategies, but Public relations (PR) has brought them more success as they started using it even before the marketing or advertisement strategy had been in place and the first success that it tasted came from the well planned, implement and executed Public Relation (PR) Strategy. More Public Relations (PR) is successful due to the main reason that It is linked directly to the stakeholders, which are also the customers, and since the main success of a brand comes from the satisfaction of a happy customer, Public Relations (PR) is what makes the customer a part of the brand as they are directly linked to the brand and feel as their own brand.

Marketing also plays an important role as it's directly linked to sales and revenue. McDonald's has evenly balanced this strategy as well, using both outdoor and in-house marketing teams. Using effective billboards, TV adverts featuring famous endorsers, and [Internet marketing](#), including an in-house website that provides a dynamic approach to it, answering all the queries of the customers and providing all information regarding the brand such as the latest introduction, offers, deals, and discounts. Furthermore, the focus on children's meals is also well-targeted in the TV and internet adverts, which makes parents more interested in the brand. Also, the interaction the children can have through special fun games introduced on their website made the children's meal and famous innovation that is loved by all the children.

Strategic Position Of Mcdonald's Using Different Models

McDonald's strategic position can be analyzed using SWOT, PORTER FIVE FORCES, and PESTEL analysis.

Internal And External Analysis (Swot Approach)

The acronym SWOT stands for Strengths, Weaknesses, Threats, and Opportunity. This simple analysis is used to identify and analyze the internal factors and external factors that could affect the strategic functioning of the organization. This analysis helps the organization in designing suitable and best strategies that can then be implemented to avail and take advantage of the opportunities by using its strengths and the strategies for minimizing the threats to which the company is exposed by reducing its weaknesses.

Evaluation and examination of Internal and external factors help in the attainment of prosperity and overall success of the organization.

Internal Analysis examines the strengths and weaknesses of an organization that could provide the company with certain benefits and drawbacks in meeting their customer needs.

External Analysis includes an examination of all the external factors that are affecting the company and includes an analysis of opportunities and threats that can be found in the environment in which the organization operates.

McDonald's SWOT ANALYSIS

STRENGTHS • Globalization Approach • Recognizable Brand • Highest Market Share • Customer Satisfaction • Innovation	WEAKNESSES • Lack of Healthiness • Limited Flexibility on Market Change • Children Focused Menu • High Employee Turnover
OPPORTUNITIES • New Market Entries • Cultural and Nutritional Based Meal • Offers and Discounts	THREATS • Fit fashionable Population • Competition from Similar Brands • Brand name maintenance

Strengths

Recognizable Brand

The global presence of McDonald's is very strong. Due to its strong brand name and brand power, McDonald's ranks second in the restaurant network in terms of the number of locations in which it

operates. McDonald's has its franchisees in over 120 countries thus operating 37,241 restaurants all over the world.

Globalization Approach

The globalization approach of McDonald's has boosted its revenue since it has gone global. The Franchisee license fee is collected from each franchisee location in the world, thus enabling McDonald's to earn higher and higher revenues. This approach has also boosted its brand awareness amongst consumers, making it more famous and known all over the world and giving it an international consumer base.

Another advantage of the Globalization approach is that it opens more market shares for McDonald's as more countries will witness the growing brand name and open new locations of the same Franchise. Furthermore, it will also enable in marketing cost cut-down as the same advertisement can be used for other locations with little changes, and the centralized website will also feature all the major locations in different countries, thus making the marketing cost-efficient yet reaching all its consumer bases.

Economies of Scale

The major advantages in this approach are a reduction in Fixed Cost (marketing cost), a Streamlined and cost-efficient supply chain and Specialized / standardized operation and training.

By achieving an Economy of Scale, McDonald's can have Major cost cutting on Marketing and advertising as having multiple locations can enable them to run the same advert and cover all the locations and in some adverts have minimal changes on the advert for all locations instead of a completely new advertisement plan or approach. This will also allow them to get more satisfied and loyal customers as the adverts will cover all of the consumers.

McDonald's also enjoys a Streamlined and cost-efficient supply chain as the meals for all the locations are cooked in the same way with the same ingredients, thus allowing them to buy in bulk and obtain them at low cost but with the same quality as the quantity in bulk. This also makes the supply side standard and ensures it never will run out of the major ingredients.

McDonald's also has the leverage of enjoying Specialized and standardized training and operations as all the locations run in the same manner with the same controls.

Highest Market Share

Due to its global and strong presence all over the world, McDonald's has \$ 97,723 Million worth of

Brand value as per the USA statistics. According to the US Fast Food Industry, McDonald's has a staggering share of 43%.

Customer Satisfaction

Since a [company like McDonald's](#) is a global Brand, it has the widest and best customer satisfaction due mainly to the standards set out by the franchise HQ. These include tasty and full of variety meals, a clean and hygienic environment, fast and professional services, the same trusted quality all over the world and affordable prices. These all approaches sum up to make McDonald's enjoy a wide and loyal base of satisfied customers.

Innovation

Having a global presence and a strong brand awareness has made McDonald's to have a very strong, dedicated and intelligent R&D (Research & Development) department, which continuously strives for Innovation based on Consumer preferences and creates more varieties of major meals, making them more tasty and craving for meals.

Weaknesses

Lack Of Healthiness

Since McDonald's primarily focuses on Fast Food like Burgers, Fries and Fried Meals, Youth Generations of now a days have been seen as avoiding it on a regular basis, thus having declining popularity in these numbers due to factors such as Obesity.

Limited Flexibility on Market Change

McDonald's also may suffer from limited flexibility as the standardized approach is good, but sometimes they can't respond to market changes, and the flexibility is limited, or else it will make it stand out from other locations. Also, the process is time-consuming as the decision has to be passed and approved by the management of HQ and be implemented in all the locations.

Children Focused Menu

McDonald's menu majorly consists of Children children-oriented menu, making it more lovable to children instead to Youth and middle-aged people. Also, all the major deals are mainly children-

oriented. This is a weakness as more jobs going on, and business people are youth and middle, and for them, McDonald's has a limited menu.

High Employee Turnover

Since the management of McDonald's is limited to seniors and all the lower level are normal serving staff this makes it a stopover job for many, thus making the turnover high. Also, the low-level serving staff are highly terminated, and some quit their jobs due to intense workload and minimum wages, which makes it difficult for them to continue.

Opportunities

Newer Market Entries

As of the current record, McDonald's has a stronger presence in the Western Market. There are opportunities for it to enter into the Asian Continent, such as China, India, Japan and Malaysia. These countries have and are growing in population, where by majority are children and youth. This new venture will help McDonald's to boost its sales and revenues obtain more globalization, and also ensure it won't rely only on one market type.

Cultural and Nutritional-Based Meal

McDonald's has very limited to zero focus on Localized or cultural focus on their meals. In most countries, adding a cultural flavour to main meals boosts sales and revenue and also attracts more consumers as the meal is linked to the local soil of the country. Also, McDonald's can add nutritional-focused meals to their menu to attract fit and fashionable youth to boost sales and revenue.

Offers and Discounts

McDonald's can have more opportunities to boost its presence and sales by providing special offers and discounts to its customers. Many customers like offers and discounts, which gives them a sense of comfort that the company cares for the value of their money. Also, offers to attract more customer; for example, the BUY ONE GET ONE FREE offer makes many feel that they are getting more for the value of their money.

THREATS

Fit Fashionable Population

Today's lifestyle in the Western World is more of fit and fashionable youths who prefer a healthier life style and thus prefer eating more healthy meals; this can be a threat to McDonald's as it primarily focuses on Fast food, which is now in declining demand in the fit and fashionable quota of youth. Since McDonald's has a stronger presence in the Western Market, this is a big threat to the company.

Competition from Similar Brands

McDonald's, over the years since its start, has grown in the Fast Food Industry and maintained its position at the top of the market, but this is now a big threat for them as they have to maintain this position and name that it has set for itself from competitors such as KFC, YUM and Burger King who offer similar brands under a different name.

Brand Name Maintenance

McDonald's has a big and famous name in the Western Region which makes it a number 1 choice of Fast food lovers. But this can also be a big threat for the firm as any negative publicity or shortfall in service or quality in any of its Franchisee locations can lead to a bad reputation for the McDonald's firm as a whole and can lead to a decline in its sales and revenue and can give its competitors more edge over them.

Strategies That Can Be Used By McDonald To Become Mor Prosperous

1. Utilizing Strengths to Avail Opportunities. McDonald's has a well-established brand name, image, reputation and customer confidence in its product which can be seen by the number that has made it a number one brand. By using this strength, McDonald's can avail the opportunity of investing in more countries that have higher class or standard people that love Fast Food so that it can increase its presence further and gain more revenue. Already McDonald's is much globalized in the Western Section and has high knowledge and experience in the management and operations of the Franchisee. They can easily adapt to new markets which have not been explored with little effort and establish a similar brand name and awareness for their products.
2. Utilizing the strength to minimize the threat

Moreover, since the Research and development of McDonald's is very experienced and up-to-date with the market research, they can focus more on healthier and nutritional-based meals to remove the threat that it is facing more fashionable and healthier age of people. Furthermore, since McDonald's has a very powerful international marketing and Public Relationship along with superior buying power over the supplier, they can cut down their cost on the above two sectors with some handsome percentage and use this on the price of meals to ensure that existing competition will not manage to cope with them and a new entrant in the market will need too big a budget and years of hard work to even be able to compete with McDonald's. By using this, McDonald's will also ensure that its position will be on the top of the chart and that the sales and revenue will keep on increasing and the dividend to the shareholder will increase, which is an issue they had faced some years back but now with the properly thoughtful process this will no longer be a weakness for McDonald's.

Reducing weakness to reduce threat

Since McDonald's is children-focused and the main deals are all focused on children, which is a good innovation, but since now the youth population is increasing than ever before, and the competitors are all focusing on youth and middle-aged population groups, McDonald's needs to have a change in this so that they can do both focus on the children, youth and middle age population group. This will reduce their threat of competition as well as new entrants in the market. Moreover, the competitors will try to focus on their strategy, but due to a lack of experience in the management and operations of a successful Franchisee, they will not stand up to the mark and eventually lose out and fall out of the competition.

Flexibility and Standardization to reduce the threat is also a major concern for McDonald's since they are very standardized and flexible, which is a very good point, but they are not able to easily adapt to the market change, and this is where customer preference becomes a big issue. But since their Research and development is strong, they can focus on the market and a bit of flexibility will allow them to tackle the market's changing needs and allow new products to cater for the changing market environment.

Porter Five (5) Forces Model

Michael Porter, in the year 1979, developed a framework in order to analyze and assess the competitive position of the corporation, named as Porter Five Forces Model. By examining Porter's five factors, the company can determine and anticipate business profitability based on the competition in the industry. This analysis can help the organization in doing effective decision making by formulating effective strategies.

APPLICATION OF PORTER'S FIVE FORCES MODEL TO MCDONALD'S

As McDonald's operates in the restaurant industry, the competition, attractiveness and profitability of

the restaurant industry can be analyzed by the following five forces:

Threat of New Entrants

MODERATE

Competition & Rivalry

HIGH

Buyer's Power

HIGH

Supplier's Power

LOW

Threat of Substitute

HIGH

Threat of New Entrant

In today's life, the switching cost for a Customer is low, and he can easily switch from McDonald's to another local meal provider that is cheaper. Furthermore, a new restaurant can easily start up and bring more focus on local and nutritional oriented meals, and customers can move to these restaurants away from McDonald's. Moreover, in today's time, opening a well-designed and attractive restaurant is not as expensive as other businesses, and in a very cost-efficient way, one can open a restaurant and start to compete with McDonald's.

Since McDonald's is a highly recognized brand with a Global presence and outlets in almost all countries offering quality meals, which are thoroughly tested meals and also have standard operations, it is not easy for any new entrant to establish a brand name like McDonald's. Thus the threat for new entrants is there, but for a brand like McDonald's, the level is moderate to low.

Threat of Substitutes

Substitute is a similar product to its competitor product which varies in appearance or taste to make it a fighting product in the market. Also, substitute product needs to be of similar or lower cost in order to capture the customer of the competitor's market share.

McDonald's has market substitutes such as KFC, YUM, Burger King, Pizza Hut and Homemade meals and pastries. These competitors offer similar products that are low or similar in price and, in some

cases, are higher in Nutritional value as compared to McDonald's. Thus, making it a selectable option for McDonald's. Hence the threat of Substitutes is high, and McDonald's should consider this and make better strategic decisions to overcome the threat.

Bargaining Power of Suppliers

Traditionally the Suppliers are the ones that have the most say, as without their supplies, one can't run the business effectively. Since McDonald's is a highly reputable, globalized and bulk buying Brand that has immense power in buying items that are available in abundance, such as chicken, meat, flour and potatoes, and so are its suppliers, McDonald's has managed to lower the Supplier power by setting criteria of bulk buying and standardization of supplier.

Hence, the bargaining power of suppliers for McDonald's is low as they are the ones with the say due to the power of bulk buying and standardization of suppliers. Therefore the suppliers cannot set their terms to increase their prices.

Bargaining Power of Customers

In today's world, the Customer is the king of the game. They are the ones that McDonald's and other big brands rely on mainly due to the reason of product substitutes. For McDonald's, there are many substitutes in the market, such as KFC, YUM and others. The cost for a customer to move to the substitute is very low, or nearly zero as the pricing for the substitute products is also low or similar. If customers are not satisfied with McDonald's, they will switch as the switching cost is low or zero.

Moreover, customer loyalty is also a big question for McDonald's. McDonald's can't just decide to increase their prices, lower their quality or degrade their services as the customer will then switch to another brand, and McDonald's will no longer enjoy the loyalty of that customer. Furthermore, a variety of choices can also lead to customers seeking out substitute products as variety in meals is a fashion nowadays for most customers. Therefore the Bargaining Power of the Customer is high, and McDonald's needs to maintain their price, quality and service and should not compromise on these to ensure customer loyalty.

Competitive Rivalry

Meal or Food Industry is a very competitive industry where by one can set up a new classy well-designed restaurant at a very affordable cost, set similar menus or enough better tasty and healthy ones as compared to McDonald's such as KFC, Burger King, YUM and many more. These competitors are continuously striving to capture more of the market share by using aggressive strategies in management and decision-making and having aggressive and spot-on marketing and advertisement campaigns. These competitors also introduce great deals and offers to attract more customers and

gain more of the market share. McDonald's has a high level of risk from competitive rivalry but can overcome this by ensuring competitive prices, good quality, service and aggressive yet intelligent marketing.

Pestle Analysis

In order to analyze the macro-environment of the organization, **PESTLE analysis** is preferable. The following are the necessary factors of PESTLE Analysis.

- Political Analysis
- Economic Analysis
- Social Analysis
- Technological Analysis
- Legal Analysis
- Environmental Analysis

In order to decide the future course of action and for better strategic management, examination and evaluation of the above factors are crucial and play a vital role in designing future strategies for the organization. McDonald's macro-environment can be assessed as follows:

Political Environment

Political Environment, such as regulations and safety laws, can be a great challenge and can impact a brand image and its smooth operations. There are many regulations and safety laws when it comes to a brand like McDonald's, to name a few, Trading regulations or taxes, Product taxes, Customer and employee safety and place or building safety. Since McDonald's is a reputable brand some countries that don't encourage foreign Investments can impose high Trading regulations such as taxes to the firm.

Moreover, there is Value added tax (VAT) on the product itself imposed by the Government, which is a cost to the customer and the company also when they purchase goods. Furthermore, there are safety laws and regulations on both the employee and customer's part; for the employee is about a safe working environment, proper contract, working hours and wages. For the customer, it tested product ingredients and a safe seating area which is also part of the place or housing regulation for the restaurant. These regulations can affect the company, like employee growth and can bring in conflicts between them. Also it can affect the firm in terms of cost shooting and the way it does its operations.

Economic Environment

The economic environment can also affect big brands, and McDonald's can also be affected by such an environment. McDonald's can be affected by many Economic Challenges like Inflation; when the prices go high, the demand is low. In such a situation, they have to cope with the brand name. This was the case when the Western or European economy was on the verge of recession. McDonald's had a big impact on its sales and operations.

Also, since McDonald's is an internationally recognizable brand, it can be affected by an exchange rate that can bring in difference in its financial performance. Two more economic challenges that McDonald's can face are the wage rate which can vary and is linked to the standard of living, and demand and supply, which can have big effects on McDonald's.

Technological Environment

This environment should also be given considerate attention to achieve a competitive edge and higher customer base. In this environment, technology plays a main role in reaching a wide audience and, at the same time, maintaining a positive brand image. Also, technology should be used in the operation activities of the company to operate effectively and cut down costs. McDonald's is giving special consideration by actively marketing its product using the latest social media platforms such as Facebook, Twitter and Integral to create and spread brand awareness and make sure all their innovative deals and offers are reaching the target audience.

Ecological Environment

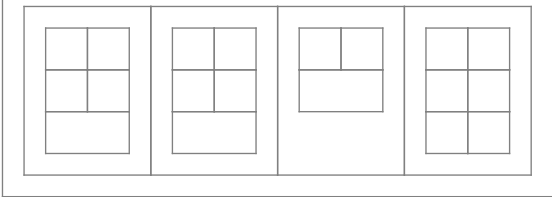
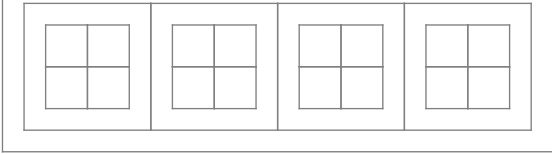
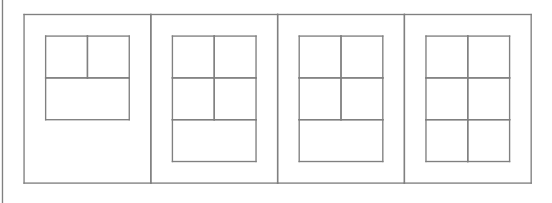
This environment requires the firm to adhere to environment laws and principles and be eco-friendly so that the eco-conscious customers are also attracted to the brand and be part of their customer base. The environment also requires the firm to pay very close attention to the recycling process and ensure that they follow the right disposable procedures linked to the recycling nature of waste. This will help the environment as a whole. McDonald's has been doing well in this area of re-cycle procedures, as they have won an award for the same in this category. However, in the Asian continent, particularly Japan, they have been criticized for introducing whale burgers as this endangers the species which they have considered endangered. For this McDonald's had taken a step to support the NGO Organization that fights for endangered species as an ambassador to clear the image that they had with a clean and positive brand image.

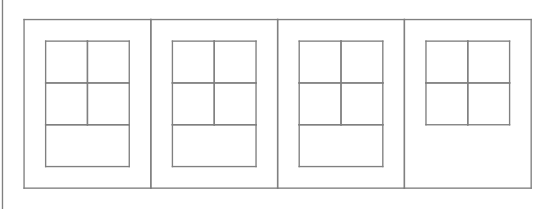
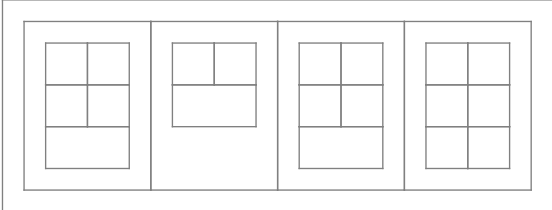
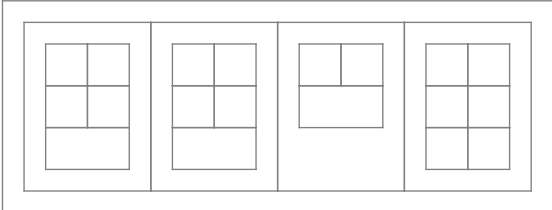
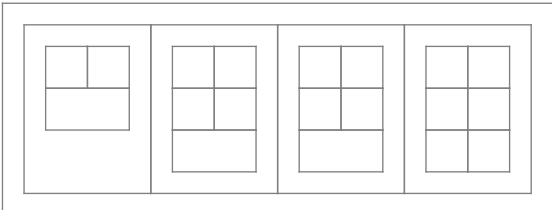
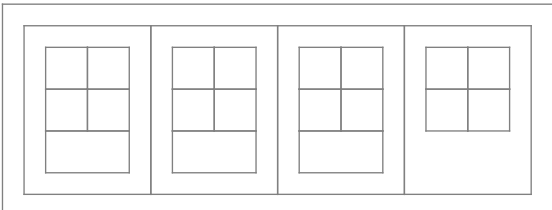
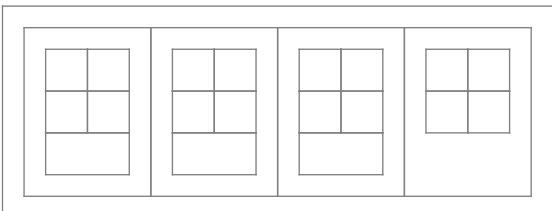
Legal Environment

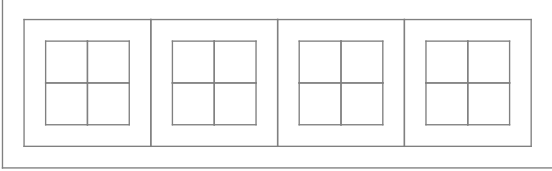
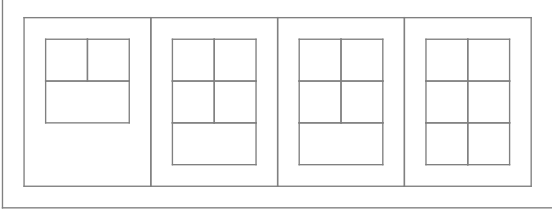
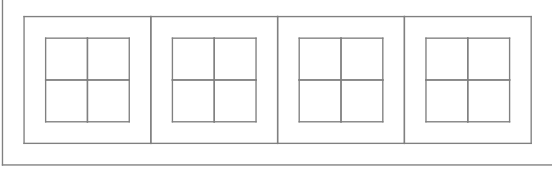
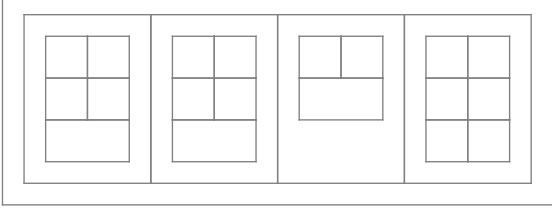
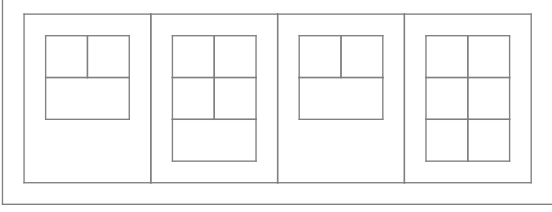
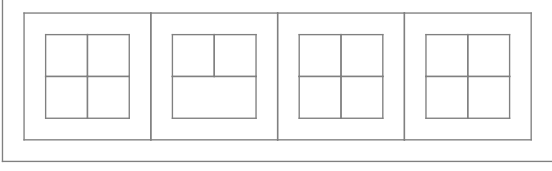
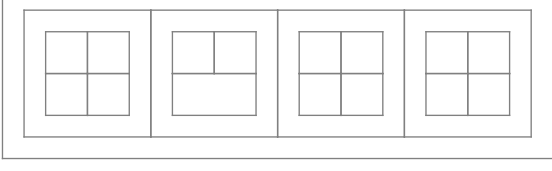
This environment focuses on adherence to the laws set out by the government, such as Trade tax, VAT on products, Employee health and safety and hygiene laws associated with Fast Food. By adhering to the laws, the brand gains a positive name and image in the Government sector, and at the same time, customer confidence is increased as they feel safe when visiting the place. Also, employee satisfaction is higher as they know they are part of a firm that follows all the employee-related laws such as contract, safety and wage laws. In this environment, failure to adhere can bring in about a bad reputation for the brand name leading to a declining customer base, and in the worst case, can lead to heavy fines from the government and eventually a tough business environment and, finally, closure of the business.

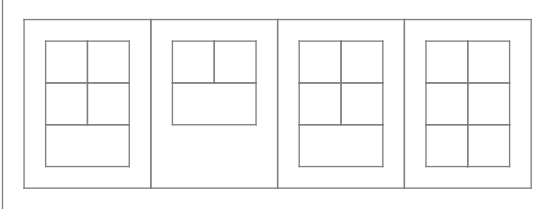
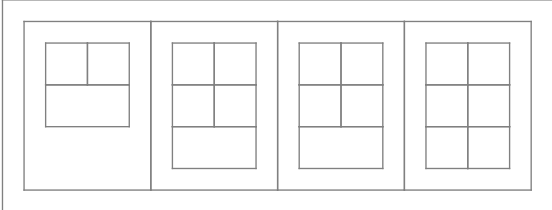
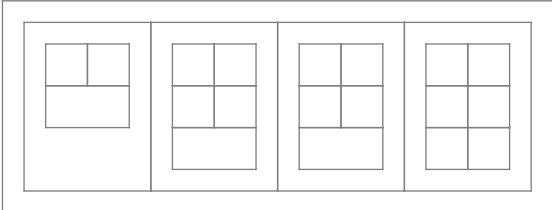
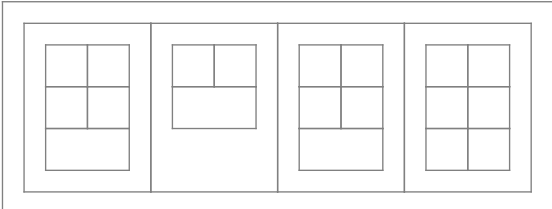
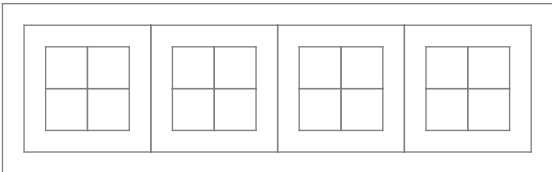
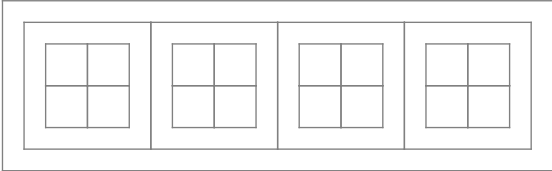
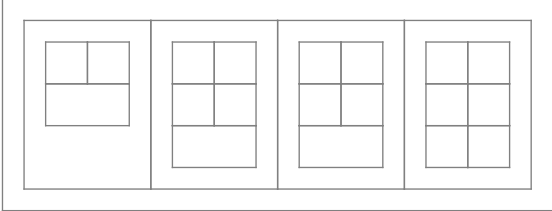
Financial Position Of Mcdonald's For The Year 2015 To 2017

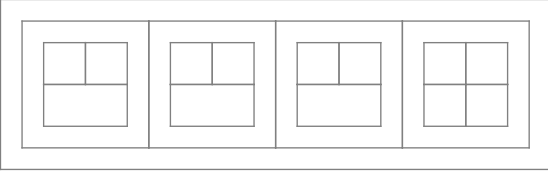
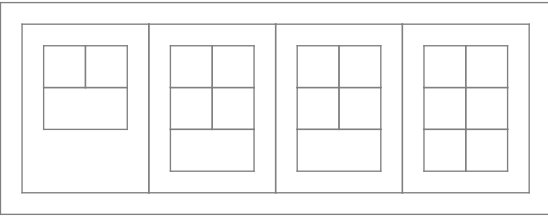
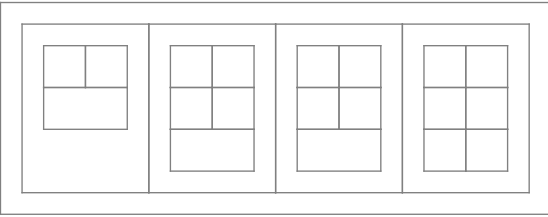
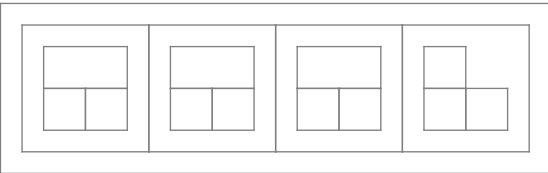
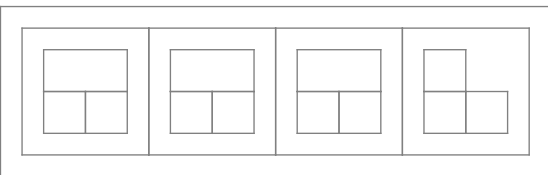
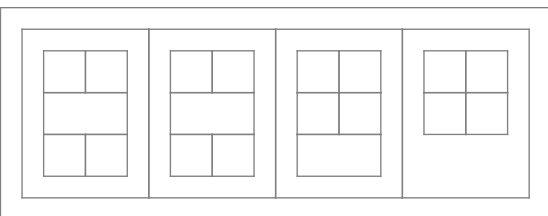
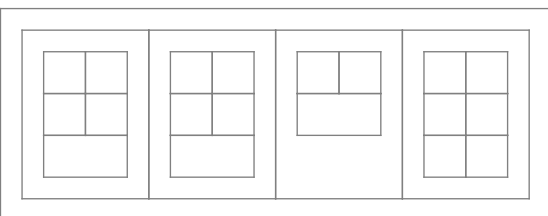
Annual Balance Sheet (values in 000's)

Period Ending:	Trend	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Current Assets					
Cash and Cash Equivalents		\$2,463,800	\$1,223,400	\$7,685,500	\$2,077,900
Short-Term Investments		\$0	\$0	\$0	\$0
Net Receivables		\$1,976,200	\$1,474,100	\$1,298,700	\$1,214,400

Period Ending:	Trend	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Inventory		\$58,800	\$58,900	\$100,100	\$110,000
Other Current Assets		\$828,400	\$2,092,200	\$558,700	\$783,200
Total Current Assets		\$5,327,200	\$4,848,600	\$9,643,000	\$4,185,500
Long-Term Assets					
Long-Term Investments		\$1,085,700	\$725,900	\$792,700	\$1,004,500
Fixed Assets		\$22,448,300	\$21,257,600	\$23,117,600	\$24,557,500
Goodwill		\$2,379,700	\$2,336,500	\$2,516,300	\$2,735,300

Period Ending:	Trend	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Intangible Assets		\$0	\$0	\$0	\$0
Other Assets		\$2,562,800	\$1,855,300	\$1,869,100	\$1,744,600
Deferred Asset Charges		\$0	\$0	\$0	\$0
Total Assets		\$33,803,700	\$31,023,900	\$37,938,700	\$34,227,400
Current Liabilities					
Accounts Payable		\$2,890,600	\$2,696,300	\$2,950,400	\$2,747,900
Short-Term Debt / Current Portion of Long-Term Debt		\$0	\$77,200	\$0	\$0
Other Current Liabilities		\$0	\$694,800	\$0	\$0

Period Ending:	Trend	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Current Liabilities		\$2,890,600	\$3,468,300	\$2,950,400	\$2,747,900
Long-Term Debt		\$29,536,400	\$25,878,500	\$24,122,100	\$14,935,700
Other Liabilities		\$3,525,300	\$2,064,300	\$2,074,000	\$2,065,900
Deferred Liability Charges		\$1,119,400	\$1,817,100	\$1,704,300	\$1,624,500
Misc. Stocks		\$0	\$0	\$0	\$0
Minority Interest		\$0	\$0	\$0	\$0
Total Liabilities		\$37,071,700	\$33,228,200	\$30,850,800	\$21,374,000

Period Ending:	Trend	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Stock Holders Equity					
Common Stocks		\$16,600	\$16,600	\$16,600	\$16,600
Capital Surplus		\$7,072,400	\$6,757,900	\$6,533,400	\$6,239,100
Retained Earnings		\$48,325,800	\$46,222,700	\$44,594,500	\$43,294,500
Treasury Stock		(\$56,504,400)	(\$52,108,600)	(\$41,176,800)	(\$35,177,100)
Other Equity		(\$2,178,400)	(\$3,092,900)	(\$2,879,800)	(\$1,519,700)
Total Equity		(\$3,268,000)	(\$2,204,300)	\$7,087,900	\$12,853,400
Total Liabilities & Equity		\$33,803,700	\$31,023,900	\$37,938,700	\$34,227,400

Analysis of Financial Position

The statement of the financial position of the organization provides useful information to the creditors and shareholders about the company assets that can be used to generate cash in the future and about the liabilities which the company has to meet in order to survive.

The total assets of the McDonald's has decreased from \$37,938,700(2015) to \$33,803,700(2015). As the total current assets have decreased from \$9,643,000 (2015) to \$5,327,200 (2017). This is because of a significant decrease in cash and cash equivalent by 67.9%, although the accounts receivables increased by 52.1%. Moreover, there is also a slight decline in Fixed Assets of 2.8%. However, long-term investments have increased by 36.9%.

McDonald's total liabilities have increased from \$30,850,800(2015) to \$37,071,700 (2017). The reason for this increase is due to an increase in short-term debt of \$77,200, and an increase in other current liabilities of \$694,800. The long-term debt has also increased by 22.4%. Further, other long-term liabilities increased significantly by 69.9%. However, there was a reduction in accounts payable from 2015 to 2016, but it then increased in 2017, exceeding the 2015 level.

The total equity of McDonald's has declined from \$7,087,900 (2015) to (\$ 2204,300) (2016) and then declined further in 2017 to (\$3,268,000). However, the retained earnings have increased from \$44,594,500 (2015) to \$48,325,800 (2017).

The current ratio measures the company's ability to pay its dues from current assets. McDonald's current ratio has significantly decreased from 3.27 to 1.84, but still, it is high as the ratio of 1.5 is acceptable. This means that McDonald's corporation can pay its debts from its current assets.

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