



Marketing at McDonald's

Careers at McDonald's



Customer Services



Marketing



Finance



Franchising



Stock Control



Recruitment & Training



Introduction

McDonald's is one of the best known brands worldwide. This case study shows how McDonald's aims to continually build its brand by listening to its customers. It also identifies the various stages in the marketing process.

Branding develops a personality for an organisation, product or service. The brand image represents how consumers view the organisation.

Branding only works when an organisation behaves and presents itself in a consistent way. Marketing communication methods, such as advertising and promotions, are used to create the colours, designs and images which give the brand its recognisable face. At McDonald's this is represented by its familiar logo – the Golden Arches.

In all its markets, McDonald's faces competition from other businesses.

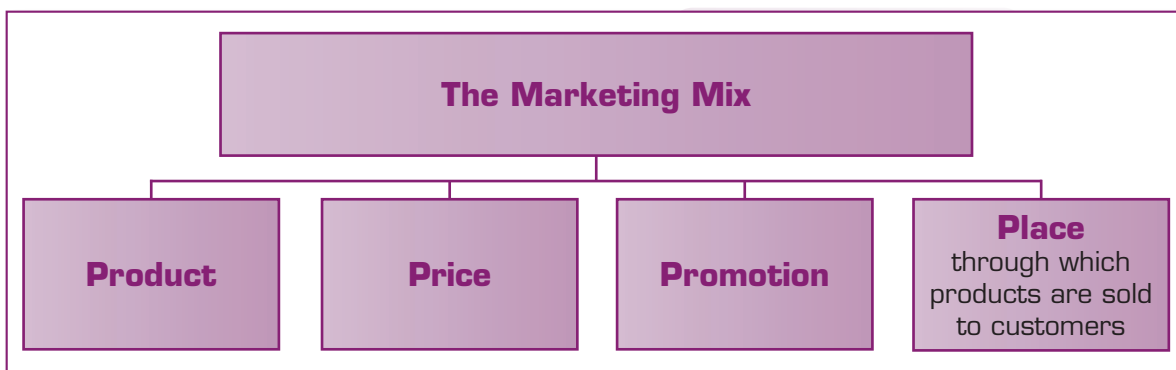
Additionally, economic, legal and technological changes, social factors, the retail environment and many other elements affect McDonald's success in the market.

Marketing involves identifying customer needs and requirements and meeting these needs in a better way than competitors. In this way a company creates loyal customers.

The starting point is to find out who potential customers are – not everyone will want what McDonald's has to offer. The people McDonald's identifies as likely customers are known as key audiences.

The marketing mix and market research

Having identified its key audiences, a company has to ensure a marketing mix is created that appeals specifically to those people. The marketing mix is a term used to describe the four main marketing tools – the 4Ps.



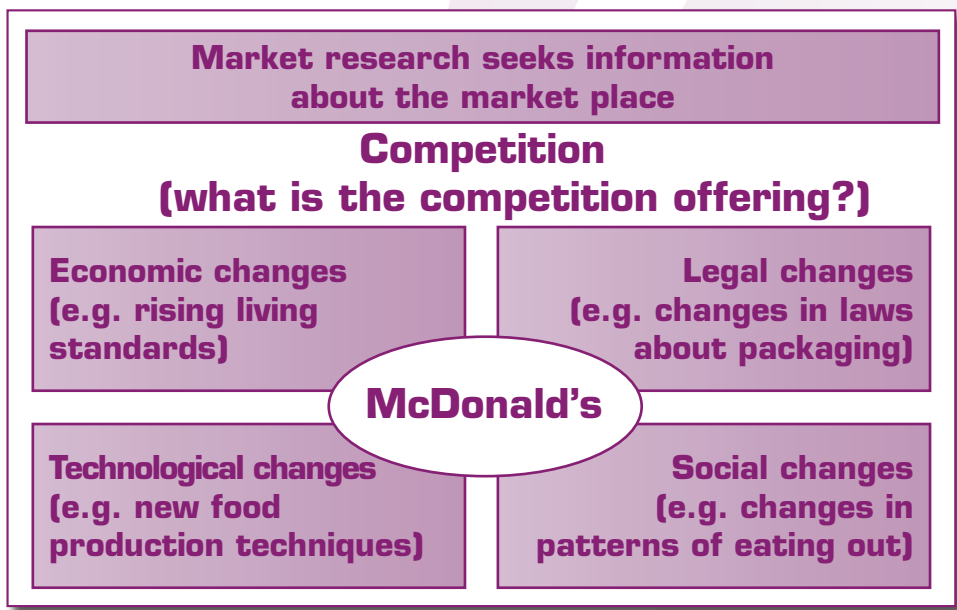
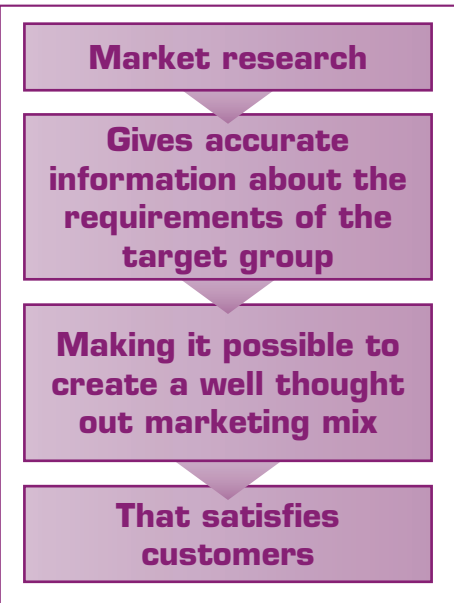


Marketing at McDonald's

By analysing detailed information about their customers, as derived from ongoing market research, the McDonald's Marketing department can ascertain information key to determining the correct marketing mix.

- 1) Which products are well received
- 2) What prices consumers are willing to pay
- 3) What TV programmes, newspapers and advertising consumers read and view
- 4) Which restaurants are visited

Accurate research is essential in creating the right marketing mix which will help to win customer loyalty and increase sales. As the economy and social attitudes change, so do buying patterns. McDonald's needs to identify whether the number of target customers is growing or shrinking and whether their buying habits will change in the future.



Market research considers everything that affects buying decisions. These buying decisions can often be affected by factors wider than just the product itself. Psychological factors are important, e.g. the image a particular product conveys or how the consumer feels when purchasing it. These psychological factors are of significant importance to the customer. They can be even more important than the products' physical benefits. Through marketing, McDonald's establishes a prominent position in the minds of customers. This is known as branding.





Marketing at McDonald's



Meeting the needs of key audiences

There are a limited number of customers in the market. To build long-term business, it is essential to retain people once they have become customers.

Customers are not all the same. Market research identifies different types of customers. For example:

A parent with two children	Visits McDonald's to give the children a treat.
Children	Want to visit McDonald's as it is a fun place to eat.
A business customer	Visits McDonald's during the day as service is quick, the food tastes great and can be eaten in the car without affecting a busy work schedule.
Teenagers	Are attracted by the Saver Menu which is affordable, and the internet access available in restaurants.

These examples represent just a few of McDonald's possible customer profiles. Each has different reasons for coming to McDonald's

Using this type of information McDonald's can tailor communication to the needs of specific groups. It is their needs that determine the type of products and services offered, prices charged, promotions created and where restaurants are located.

In order to create a marketing strategy that will enable the needs of the key market to be met, the strengths and weaknesses of the organisation must first be identified and analysed.

The analysis will examine the following parts of the company's business:

- The company's products and how appropriate they are for the future
- The quality of employees and how well trained they are to offer the best service to customers
- The systems and how well they function in providing customer satisfaction e.g. marketing databases and restaurant systems
- The financial resources available for marketing.

Once the strengths and weaknesses are determined, they are combined with the opportunities and threats in the market place. This is known as SWOT analysis - strengths, weaknesses, opportunities, threats.

The business can then determine what it needs to do in order to increase its chances of marketing successfully.

Strengths (Internal)	Weaknesses (Internal)
E.g. the brand, and detailed market research to create the right marketing mix.	McDonald's has been around for a long time. (therefore important to keep innovating).
Opportunities (External)	Threats (External)
E.g. increasing numbers of customers looking for food that is served in a quick and friendly way.	New competitors. Changing customer lifestyles.



Marketing at McDonald's

Marketing Objectives

A marketing strategy must be created in order to determine the means by which a set of clear objectives may be met.

Objectives communicate what marketers want to achieve, guide marketing actions and are used to measure how well a plan is working. They can be related to market share, sales, reaching the target audience and creating awareness in the marketplace.

Long-term objectives are broken down into shorter-term measurable targets, which McDonald's uses as milestones along the way.

Results can be analysed regularly to see whether objectives are being met. This type of feedback allows the company to change plans and allows flexibility.

Once marketing objectives have been established, the next stage is to define how they will be achieved. The marketing strategy is the statement of how objectives will be delivered. It explains what marketing actions and resources will be used and how they will work together.



The 4Ps

At this point the marketing mix is put together.

i. Product

The important thing to remember when offering menu items to potential customers is that there is a huge amount of choice available to those potential customers with regard to how and where they spend their money.

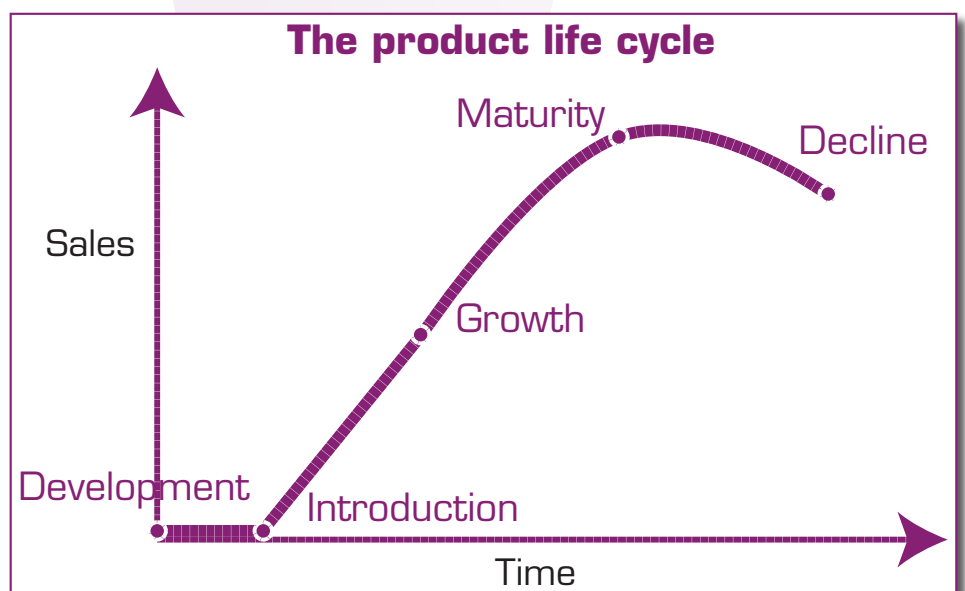
Therefore McDonald's places considerable emphasis on developing a menu which customers want. Market research establishes exactly what this is.

However, customers' requirements change over time. What is fashionable and attractive today may be discarded tomorrow. Marketing continuously monitors customers' preferences.

In order to meet these changes, McDonald's has introduced new products and phased out old ones over time, and will continue to do so.

Care is taken not to adversely affect the sales of an existing option by introducing a new option which will cannibalise its sales (trade off).

McDonald's knows that sales of products on its menu will vary at different points in their life cycle as is illustrated on the graph to the right.





Marketing at McDonald's

The type of marketing undertaken and the resources invested will be different depending on the stage a product has reached. For example, the launch of a new product will typically involve television and other advertising support.

At any time a company will have a portfolio of products, each in a different stage of its cycle. Some of McDonald's options are growing in popularity while arguably the Big Mac is at the 'maturity' stage.

ii. Price

The customer's perception of value is an important determinant of the price charged. Customers draw their own mental picture of what a product is worth. A product is more than a physical item; it also has psychological connotations for the customer.

The danger of using low price as a marketing tool is that the customer may feel that a low price is indicative of compromised quality. It is important when deciding on the price to be fully aware of the brand and its integrity.

A further potentially adverse consequence of price reduction is that competitors match the lower prices resulting in no extra demand. This means the profit margin has been reduced without increasing the sales.

iii. Promotions

The promotions aspect of the marketing mix covers all types of marketing communications.

One of the methods employed is advertising, sometimes known as 'above the line' activity. Advertising is conducted on TV, radio, in cinema, online, using poster sites and in the press for example in newspapers and magazines.

What distinguishes advertising from other marketing communications is that media owners are paid before the advertiser can take space in the medium.

Other promotional methods include sales promotions, point of sale display, merchandising, direct mail, telemarketing, exhibitions, seminars, loyalty schemes, door drops, demonstrations, etc.

The skill in marketing communications is to develop a campaign which uses several of these methods in a way that provides the most effective results. For example, TV advertising makes people aware of a food item and press advertising provides more detail. This may be supported by in-store promotions to get people to try the product and a collectable promotional device to encourage them to keep on buying the item.





Marketing at McDonald's

It is imperative that the messages communicated support each other and do not confuse customers. A thorough understanding of what the brand represents is the key to a consistent message.

The purpose of most marketing communications is to move the target audience to some type of action. This may be to buy the product, visit a restaurant, recommend the choice to a friend or increase purchases of the menu item.

Key objectives of advertising are to make people aware of an item, feel positive about it and remember it.

The more McDonald's knows about the people it is serving, the more it is able to communicate messages which appeal to them.

Messages should gain customers' attention and keep their interest. The next stage is to get them to want what is offered. Showing the benefits which they will obtain by taking action is usually sufficient. The right messages must be targeted at the right audience, using the right media.

For example, to reach a single professional woman with income above a certain level, it may be better to take an advertisement in Cosmopolitan than Woman's Own. To advertise to mothers with families, it may be more effective to take advertising space in cinemas during Disney films.

The right media depends on who the viewers, readers or listeners are and how closely they resemble the target audience.

iv. Place

Place, as an element of the marketing mix, is not just about the physical location or distribution points for products. It encompasses the management of a range of processes involved in bringing products to the end consumer.

Conclusion

Once the marketing strategy is in place, various responsibilities are given to different individuals so that the plan can be implemented. Systems are put in place to obtain market feedback which measure success against short-term targets. McDonald's has to ensure that this is done within the confines of a tightly controlled, finite marketing budget.

Effective communication

The right message

And the right medium

To reach the right target market



Glossary

Benefits:

aspects of products and services designed to meet specific customer needs.

Brand:

representations of a product or company.

Key audiences:

customers identified as being likely purchasers of specific products.

Market research:

a systematic process of asking questions to find out about customers and market.

Marketing mix:

an appropriate combination of the 4 P's – product, price, promotion and place.

Marketing strategy:

plan designed to meet needs of customers.

Objectives:

ends that a business seeks to achieve.



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