

Factors: Responsible for McDonald's Performance

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ABSTRACT

In the fast-food industry, MacDonald's is a pioneer. It has more than 35,000 restaurants across the globe in 121 countries. McDonald's serves a variety of fast foods. For the average income customer, most of the item is priced so it could be a staple product. KFC, SUBWAY, IN&OUT, BURGER KING is one of the most prominent rivals in the country. The business strategies which are used by Macdonald's in accordance with the market are different as it is following different strategy in Malaysia and different strategy in India. Comprehensive research is being carried out on how MacDonald is achieving tremendous success through its franchising model and factors that lead MacDonald's tremendously in the fast-food industry.

Keywords: Food and Beverage, Affordable price, Staple product, Product quality, Fast Food, McDonald's.

INTRODUCTION

McDonald's is one of the world's most successful businesses today, serving 52 million people in about 35,000 restaurants serving burgers and fries in 120 countries. (In the United States, there are nearly 14,000 locations). The majority of their franchises are self-employed, but a number of retail and airport facilities are also available to McDonald's. The popular Big Macs, Quarter Pounders, and chicken McNuggets are well known for McDonald's success. Each eatery receives its food and packaging from approved suppliers to ensure that a Big Mac purchased in Pittsburgh tastes the same as one purchased in Beijing. Nearly 80 percent of restaurants are run by franchisees and partners. More than 70% of McDonald's restaurants are owned and operated by independent local men and women all over the world.

Mc Donald's Mission Statement

The vision of McDonald is to be the best fast-service restaurant experience in the world. To be the best way to offer excellent quality, operation, cleanliness, and price in order to make every customer happy in every restaurant.

Company Profile

McDonald's is a company based in the United States of America, founded in 1940 as a restaurant in the United States owned by Richard and Maurice McDonald in San Bernardino, California. McDonald's is the world's largest revenue-based restaurant chain,

serving more than 69 million customers every day in more than 100 countries across 37,855 outlets as of 2018.

McDonald's is the world's second-largest private employer with 1.7 million employees (after Walmart with 2.3 million employees), according to two studies released in 2018.

RESEARCH METHOD

Primary data:

Primary information is collected from the coverage area site. We have taken the views of managers, sales managers, marketing managers, auditors, employees, etc. and our professors on the relevant topic into consideration and also pay attention to their suggestions. Their recommendations are included in the document. Besides all this, some information is collected by ourselves as well.

Secondary data:

The same as above is also collecting some information from the press.

1. Journals
2. Reviews
3. Business books
4. Libraries of texts

RESULTS AND DISCUSSIONS

Background of Idea

McDonald's India

McDonald's is well known throughout the world for the high level of respect for regional customs and culture. McDonald's has built a menu to fit Indian tastes and preferences, particularly for India with vegetarian offerings. In keeping with this, in India, McDonald's provides no beef or pork products. It has introduced a number of vegetarian and non-vegetarian items with regional flavors that appealed to the Indian palate over the past decade. Continuous efforts have been made to increase the menu's range by creating more of these items. In its 11 years during India, McDonald's has also regularly re-engineered its operations to meet the special requirements of a vegetarian menu. Vegetable items are 100% vegetarian. i.e.

1. Using dedicated equipment and tools, they are prepared separately.
2. As a cooking medium, only pure vegetarian oil is used.
3. Completely vegetarian, cheese and sauces are less chicken.
4. Vegetarian and non-vegetarian food products are kept separate throughout the different stages of processing, preparing and serving

Customization in Malaysia

McDonald's is at the top of the food & beverage sector because they have a great marketing strategy to customize their product to cater to the local crowd. The "Nasi Lemak Burger" launched by McDonalds Malaysia is the most relevant example of Malaysian. Nasi lemak is an iconic local dish that Malaysians love. McDonald to come out with the idea of Nasi Lemak Burger just shows that they are customizing their products to suit and attract the local customers. This one of their comparative advantage that causes them to be one of the greatest fast-food chain restaurants.

Seasonal Menu

This would create a great flow of people into the restaurant to try out those seasonal menus. The seasonal menu strategy is brilliant. The seasonal menu would attract customers to McDonald's to purchase them and when they arrive at the outlet, the customer would be able to look at other products and promotions as well. So this marketing tactic has 2 purposes. First is to create a huge flow customer, second is to advertise other products while the customers are in the store just like the saying "hitting two birds with one stone"

McDelivery service

McDonald's launched its first 'McDelivery' service in Singapore in 2005 and, one year ago, McDonald's released nutritional information on the packaging of all its products in order to support its consumers and be environmentally friendly. With a high reputation and huge brand recognition, McDonald's has now become one of the world's top and most successful fast-food chains in virtually all major cities around the globe.

SWOT Analysis

Strengths

- Successful ads (I'm lovin it)
- Great partnership (Coca-Cola)
- Clean environment and children's playground
- Employee education (Hamburg University)

Weaknesses

- Product development
- Franchise / joint venture cost control

Opportunities

- Internationalization
- Growing market dining (especially young and middle-aged)

Threats

- More health-conscious customers
- Global rivals ' risks in different countries
- Playing in a developed and competitive market

Pest Analysis of McDonald's

Political atmosphere

McDonald's employees and work applicant's area unit recruited, educated, promoted and handled on the basis of their relevant skills, abilities, and quality and race, color, place, ethnicity, age, legal recognition or incapacity, while not relevant. In support of this, McDonald's also includes a sexual and racial harassment policy. All McDonald's restaurants are working to requirements that follow the Building and Health and Safety criteria of the highest best practice.

Economic atmosphere

During the late 1990s and therefore the starting of the new millennium, McDonald's found itself during a regression, the primary one since its conception

in 1955. The Gold Arches didn't shine as they once did, but in the process of being polished, figuratively speaking, there was area unit. In 2003 McDonald's bureaucratic eighth out of a hundred brands within the entire international board assembled by Inter brand Corporation and Business Week, confirming that McDonald's is one of the best-famed and most profitable brands in the world. That was not the case throughout 2001 and 2002, though.

Social atmosphere

McDonald's feels that it addresses public nutrition concerns through a mix of strict product standards, rigorously enforced food in security procedures, and shuts down operating relationships with suppliers to ensure McDonald's food is safe and of the highest standard It also discloses the organic cycle and ingredient information about its menu items via posters and brochures distributed on request in-store. International expansion into new cultures and associated eating patterns in the early 1990s culminated in the implementation of new goods at many locations. Throughout the trial period, McDonald's new things usually do not receive ads and limited advertisements.

Technology atmosphere

McDonald's corporation has designed an entire vary of systems like intranets, wireless applications or innovative booth systems, all supported Day's Communication. In their most up-to-date initiative, the corporate migrated its international web presence mcdonalds.com to our platform.

An important element of McDonald's operational strategy is to anticipate client traffic patterns and food choices supported an in-depth analysis of sales history and trends. Restaurants use this info to arrange menu things within the right quantities and at the proper times to own the food prepared for purchasers once they arrive. To make sure freshness, all food not served among ten minutes should be discarded

Justification Idea

Promotions strategies

To attract their consumers, they made a menu that only available in one country. This fast-food brand is how creativity is developed in conducting promotions. In almost every country where McDonald's is present, the central developers always think about how to present alternative promotions that can reach more consumers. As in Indonesia itself, McDonald's has a unique menu that been adapted to the tongue of the Indonesian people such as, "Ayam Kremes Sambel Uleg, Burger Rendang, Paket Nasi Uduk, McFlurry Markisa dan McFlurry Rujak Pedas".

Not only television self-advertisements, promotions are also carried out in other forms such as internal events, bonus giving, funny gifts to present new products are in line with the interest of the local market.

Customer loyalty

After being able to attract the attention of consumers with a variety of promotional strategies, the next step is how to generate consumer loyalty to continue to survive. The trick is to provide convenience for customers as done by McDonald's.

Booking Service

If we look back, the drive-thru or running booking service was first spearheaded by one of the McDonald's outlets. This road booking method is seen to be very effective, especially for those who are busy. Also, there are more services such as delivery, which can be an option for those of you who want to enjoy delicious cuisine without having to move from the chair of the house.

McDonald's has been long recognized as a hobby store that provides a unique toy for his customers. This concept also rarely even not found in various other fast-food outlets. Mainly to attract the interests of children's customers, this method was very effective and had a major impact on the sustainability of McDonald's business.

Financial Strategy

The approach to the McDonald's Financial Strategy is aimed at creating a leaner organization with a focus on key business processes. McDonald's expects to continue franchising its restaurants in order to focus on growth strategies and generate brand loyalty. McDonald's plans this year (2015) to franchise 400 restaurants from its 1500 3-year plan. The franchising program represents an increase of more than 50% compared to the previous three-year period.

Franchises model

McDonald's can also be described as a strong franchise-based business model organization. Because it allows McDonald's to have higher gross margins and operating income because franchisee rental and royalty income have a more secure and stable income stream with slightly lower operating costs and risks.

Under the traditional franchise agreement of McDonald's, franchisors provide a portion of the capital required by investing initially in the facilities, signage, seats, and decoration of their restaurant business and reinvesting in the business over time. It helps control related costs and helps work with franchisees to allow restaurant performance levels among the industry's highest. The template appears to be pretty smart as it acts as an interface between the organization and its franchisees.

According to Culture

Malaysia and Indonesia are Muslim majority country. So, they will precise on the halal (permissible) issue. All food and beverage provided by McDonalds Malaysia 100% halal certified by Jakim and other foreign certified halal(permissible) certification body by Jakiwo Mcdonalds main supplier MacFood Services, is exporting groceries to the McDonalds market in the northeast Islamic countries. McDonald also appointed at least two Islamic workers in the kitchen to meet halal requirements. 2 foreign Sharia experts have been appointed as Sharia advisers to this internal halal committee. Other than that, McDonald staff is also required to take a flu shot from a government-recognized health center before working in a restaurant.

McDonald's Malaysia protein supplier MacFood Services Malaysia Sdn Bhd is also a McDonald's halal market supplier worldwide. Each protein supply such as chicken burger slices and chicken nuggets is processed according to the requirements, hygiene, and safety prescribed by Sharia.

Idea Application

Operations and Business Strategies

Business strategy is defined as a long-term business planning with specific goals and targets with the available resources within a specific time frame. It is a management plan built by the top management level to make the business run profitably.

In McDonald, the business strategy of the company is to quickly make food available to its consumers at a very low competitive price, but also to profit by increasing the cost of the product and expanding the business worldwide.

Strategies for operations play a very important role in the achievement of organizational objectives. A company manages and retains all of its activities by using these techniques. But these should be done on the basis of an organization's strengths and resources after a thorough marketing review.

A plan based on the three parts has been introduced by McDonald. This approach stresses the importance of sales and the happiness of consumers. As the company has grown using information technology, new ideas have been created to enhance the company's operating activities.

1. Cost reduction with more reliable equipment

The low-down oil quantity fryer is the next age band fryer. The lighting of McDonald's plays an important role in lowering the cost of its operations. McDonald's is using low-consumption florescent lighting in the kitchen. Every year, tests showed that every restaurant saves 11,000 kWh of electricity.

McDonald has started serving the family treat as well as providing hamburgers and fresh fries as a community center for the senior citizen. It has also begun to provide its kids with indoor playgrounds and promotional toys. As this transition continues, there is a need for additional service-oriented equipment. They can carry out studies and review to improve knows which among the different possibilities serves the company's target in good way. These will involve robots to do order tacking in replace of humans, automated processes of food in McDonald's.

McDonald's has a business-leading policy to be. It keeps low costs and earns more income by selling food at low prices to maintain its leadership. Food made with the aid of machines is considered to be more absorbent; however, the sustained development of McDonald technology and its employees, in particular, must serve fast services.

Employees use computers and smart cashiers to avoid confusion and provide them with a customized database management system.

2. McDonald's Kitchen Layout

McDonald has a philosophy of serving customers with the fresh food in a minimum amount of time and at the same time wanting to get as many customers as possible to get the most profits. The most important thing McDonald focuses on is the happiness of the consumer.

Customer satisfaction can only be reached if consumers are served quickly with a good quality food at the minimum price. McDonald has a very specific type of format to execute this entire process. This layout provides the staff with easy access to serve customers in a fast way. At the till a customer is handled by a staff, the staff has all the customer needs in its possession.

McDonald has the maximum number of tills available to serve customers and it takes an average of one minute per worker to serve the customer. The seats are arranged in a way that provides the people waiting in the queue with minimum noise. In the kitchen department, McDonald has installed high-efficiency fryers that require minimal time to fry the chips. Based on their capacity, the operations manager has assigned the task to various staff members.

McDonald has most of the products ready to serve from his main headquarters, reducing the cost of food production and also allowing the McDonald to maintain the same price in his shops. McDonald's staff simply have to put their food in oil and they're all ready to

serve. It also lets the McDonald save a lot of room costs. McDonald always has a good relationship with the suppliers to ensure smooth operation of the process. Their manufacturer guarantees that the products are shipped to McDonald as soon as possible.

Strategic Importance of Layout

Proper design allows:

- It allows storage, facilities, and people to be used more effectively.
- It allows a more efficient movement of knowledge, materials, and peoples.
- This increases the productivity of the worker and helps to make working conditions better for him.
- This helps improve brand relationships with customers.
- Smoothness

Project development refers to McDonald's overall working and the general climate. This includes the architecture of the personal level, service, and product, interior, and exterior, etc.

3. McDonald's Use of Technology

McDonald's has spent a tremendous amount of money on setting up an innovation board to help McDonald's implement new and new technologies over time in its operations.

This board's main task is to suggest that management purchase certain types of equipment that are both very useful in saving energy and more competitive.

In 2001, McDonald started investing money in developing the point-to-sale ordering process while linking the point-to-sale system to the back-office machine worldwide. So, this thing helped the management to know what is actually going on inside the organization. What the customer wants and what they don't want.

McDonald's has also invested resources in developing the electronic payment system, allowing payments to be processed in less than 4 seconds.

McDonald's uses the best equipment in his outlet to perform day-to-day operations.

CONCLUSIONS

Being a worldwide brand is not an easy task and one that McDonald's should be remembered for, but, as they say "The times are changing," today's customer is searching for a healthier option and ideally one with all-natural, free-range and hormone-free. With the recent concern of e-coli, Chipotle restaurants selling completely organic and free-range chickens raised by the restaurant on a free-range farm, it shows that greater control over these organic products is required for quality and safety protection. McDonald's needs to do primary and secondary data analysis to see if this healthier choice can be implemented with the name of McDonald's attached to it because the majority of the public connects it with the unhealthy alternative. This choice may not be associated with the brand; there would have to be much more marketing research.

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