August 11, 2010

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Ba241

**Introduction-**

**Thesis Statement:** My objective is to evaluate the system, process, enterprise, product, and service that a company has to offer. In return, I will be able to ascertain the validity and reliability of the company which in this case is McDonalds.

**Company Information-**

 **Background/History:** “In 1954, an entrepreneur and milkshake machine salesman saw a hamburger stand in San Bernardino, California and envisioned a new industry: fast food” (McDonald's 4P's Of Marketing). Raymond Kroc, the founder and builder of McDonalds’s corporation, proved to be very capable of doing. He revolutionized the American restaurant industry by imposing discipline on the production process. “By being able to develop a sophisticated operating and delivery system, he insured that the French fries customers bought in one place would be the same as the ones purchased at another McDonalds” (McDonald’s 4P’s Of Marketing).

 **Mission/Vision:** "McDonald's vision is to be the world's best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanliness, and value, so that we make every customer in every restaurant smile" (MCDONALDS MISSION STATEMENT).

**Company Details: “**McDonald's is the world's #1 fast-food company by sales, with more than 32,400 restaurants serving burgers and fries in more than 100 countries. (There are nearly 14,000 Golden Arches locations in the US.)” (MCD: MCDONALDS CORP Profile). This popular chain is well known for its Big Macs, Quarter Pounders, and Chicken McNuggets. “Most of the restaurants are free-standing units offering dine-in and drive-through service, but McDonald's also has many eateries located in airports, retail areas, and other high-traffic locations. About 80% of the restaurants are run by franchisees or affiliates” (MCD: MCDONALDS CORP Profile).

**Marketing Analysis-**

 The marketing mix principles or the four P’s are used by businesses to as tools to assist them in pursuing their objectives. The four P’s are controllable variables, which have to be carefully managed and meet the needs of the target market. “The marketing mix is a part of the company’s planning process and consists of analyzing: How will you design, package, and add value to the product, what pricing strategy is appropriate to use, where will the firm locate, and how will the firm promote its product”(Marketing Mix)? Why use quotes here. I would rather you paraphrase the information.

 Some different objectives with Marketing are figuring out who your customer base is. From market research, it identifies different types of customers. “A parent with two children sees McDonalds as a place to give the children a treat. From the experience, they are able to get out of McDonalds(don’t understand this sentence). Someone who is a business customer visits McDonalds because service is quick and easy. They are able to get in and out without taking up much time out of their day. The food tastes great and can be eaten in the car without affecting a busy work schedule. When it comes to teenagers McDonalds attracts that target market because of their affordable menu, and the internet access available in restaurants” Are these exact quotes? If you use a quote more than 4 lines long you must indent both sides. Additionally, if quoted material has a grammatical error you must indicate that you know an error exists but you copied as is. See OWL for Purdue for more information. Better yet, don’t use a quote unless you absolutely must have the exact words. (Powered by Google Docs). Those examples represent only a few of McDonald’s possible customer profiles. Each has different reasons for coming to McDonald’s.

 “With this type of information McDonalds can tailor communication to the needs of specific groups. It is their need that determines the type of products and services offered, prices charged, promotions created and where restaurants are located” (Powered by Google Docs). Paragraphs should be longer than one or two sentences.

**Product:** When it comes to the different products or services McDonalds offers some of the product decisions that need to be made are:

* **Brand name:** Making sure that the product is going to be something consumers can remember, like the McMuffin for breakfast the Big Mac for lunch or a McFlurry for dessert. Branding is going to keep the customer coming back for more, so the more you can put a brand name on a product the easier it will be for the consumer.
* **Styling:** Creating a product that fits the style the consumer is after is important. What one consumer wants in America could be something completely different then what another consumer wants in china. So finding the right product and making it fit your target markets style will increase profits.
* **Quality:** How much time and money that is put into the product will benefit the turnover the company will get. If the food isn’t up to the standards that the consumer expects you will lose profit.
* **Safety:** When it comes to the toys that are put in the kids meals making sure that they are made kid friendly and there is no choking hazards is a must.
* **Functionality:** All the products and services are serving the purpose that they were designed for.
* **Packaging:** How McDonalds serves its food to the public has to be quick and easy. By using materials that are easy to throw away and hold the food until its consumed is very important.

**Price:** Pricing is the only mix that will generate a turnover for the company. How the company chooses to price their products will depend on their pricing decisions:

* **Pricing strategy:**

**Penetration:** McDonalds will use penetration pricing like when it comes to their dollar menu, this helps to gain customer interest.

**Competition:** Since McDonalds is always trying to stay above its competition they have to continually try and have the better price so that consumers will choose them over the competition

**Psychological:** By selling a product at 3.99 or 1.99 it makes the customer feel like they’re getting a better deal when in reality, probably not.

* **Suggested retail price:** By using the suggested retail price that the manufacturer sets it helps to standardize prices among locations, and with competitors. Does McDonalds use suggested retail pricing?
* **Seasonal pricing:** When it comes to certain seasons McDonalds will promote certain products at lower prices to attract consumer. Like in retail they use a loss leader product to attract customers. So by having a product at a lower price it will attract more people and ultimately get them to buy more than just the product.

The customer’s perception of value is an important determinant of the price being charged.

**Place:** “Channels of distribution that serve as the means for getting the product to the customer” (McDonald's 4P's Of marketing).There are many functions associated with Place. Getting the products to the customer, and distribution decisions might include:

* **Distribution channels:** How do the products get to where they need to be? Or what the company does to make sure that each transaction between different manufacturers runs smoothly.

* **Market coverage:** (inclusive, selective, or exclusive distribution) What type of distribution style do they want to you in different areas.
* **Distribution centers:** A good location is everything. Depending on where a McDonalds is located it can either increase profits or bring in a loss.
* **Transportation:** Whatever brings the products to the different selling locations.
* **Warehousing:** Where the company stores its goods for further distribution and use.

**Promotion:** When it comes to promotion it represents communicating information about the product or services your offering to the customer in hopes of generating a positive customer response. Some marketing communication decisions include:

**Having trouble figuring out your heirarchy of information here, so your bulleted information is confusing me.** Use font size, bold features, or indentations to establish a solid heirarchy.

* **Promotional strategy:** (push, pull, etc. – what does this mean? I know we havent covered it in class yet. If you understand what it means explain it, if not don’t use it.) However, the company decides to promote and get consumers interested in what they have to offer.
* **Advertising:** Promoting the company so that consumer will see it; much promotion is through television, print ads, and bus shelters.
* **Public relations & publicity:** When it comes to publicity McDonalds is one company that has had a lot of problems. However, they have tried to improve their public image by a number of programs.

**Ronald McDonald House Charities:**

“Ronald McDonald is a charity to create, find, and support programs that directly improve the health and well being of children. They are a nonprofit corporation but McDonald’s is their largest corporate donor. McDonald’s employees are dedicated volunteers that believe in what the charity stands for and helping children. McDonald’s conducts an annual fundraiser in November called McHappy Day. Since 2002, it raised $150 million for RMHC and children’s charities around the world” (Powered by Google Docs). Again the quotes tell me nothing except that you can copy information. I can’t even tell what the program is from this paragraph. From your previous paragraph, you imply that the McDonald house is in response to negative publicity. Is this true?

**Statewide Child Abuse Campaign “One with Courage”:** McDonalds helps support many campaigns. This one is a public awareness campaign that was in Texas and fought against child sexual abuse.

* **Marketing communications budget:** When it comes to Marketing it is a very important thing to stay in budget. If you don’t have a budget then that’s when the company will start losing money.

“Promotion helps to determine the value of certain customers and see if they are worth the cost it takes to acquire them” (McDonald's 4P's Of marketing). When it comes to what McDonalds wants out of promotion there are three main objectives: “make people aware of an item, feel positive about it and remember it” (Marketing Strategies of McDonalds). For promotion, every company they are always looking for the right message to communicate to the right audience. Akward structure

**Slogans**

“Some famous marketing campaigns McDonalds have done are:

“You deserve a break today, so get up and get away- To McDonalds”

“Food, Folks, and Fun”

And right now the “I’m loving it” phrase is taking over in current consumers.” (Marketing Strategies of McDonalds).

**Environmental Analysis-**

**Competitive environment:** When it comes to the competition some of the biggest companies out there competing against McDonalds is Wendy’s, Burger King, Taco Bell, and Subway. Wendy’s and Burger King are constantly competing with McDonalds because both companies sell a lot of the same products and attract the same target market. While Taco Bell and Subway have mostly completely different products and target markets, the fact that both companies are just as well known and have the ability to offer consumer a more healthier meal is what sets them apart. Since McDonalds hasn’t been able to capitalize on the same foods offered at both Subway and Taco Bell that is why they are such big competition.

 **Political environment:** A political environment plays a big role in the company. The federal, state, and local government makes laws for all businesses not just one store or food chain. So, when a lawsuit originates from one particular store all the rest have to pay also because no other store wants to be sued. Political environment is not even worth covering if this is all that you are going to do with it. What lawsuits, legal actions are you refering to?

**SWOT Analysis-**

**Strength:**

* Strong brand name
* Customer intimacy
* “They have successfully adapted their global restaurants to the cultural differences, for example they serve lamb burgers in India and in the Middle East they provide separate entrances for families and single women” (McDonald’s SWOT).
* “Only serve brand name processed items ex. Dannon Yogurt, Kraft Cheese, Nestle Chocolate, Dasani Water, Newman's Own Salad Dressings, Heinz Ketchup, Minute Maid Juice” (McDonald's SWOT).
* Product Innovation
* Supplier Integration
* More …

**Weaknesses:**

* Low depth and width of product (how so?)
* High employee turnover leads to more money being spent on training
* “Test Marketing for pizza failed leaving them not able to complete with fast food pizza chains” (McDonald's SWOT).
* Much more …

**Opportunities:**

* Expand breakfast category
* Expand into smaller towns
* “Provide optional allergen free food items, such as gluten free and peanut free” (McDonald’s SWOT).
* more

**Threats:**

* Changing customer lifestyle and taste
* Increased competition from Burger King, Starbucks, Taco Bell, Wendy’s, KFC, and any mid-range sit-down restaurants.
* “They are a benchmark for creating “cradle to grave” marketing where they entice children with special meals, toys, playgrounds and popular movie tie-ins to get children to continue enjoying McDonalds into adulthood” (McDonald’s SWOT). And why is this a threat?
* “They have been sued multiple times for having “unhealthy” food, allegedly with addictives that contribute to the obesity in America” (McDonald’s SWOT).
* more

**Internal Factors**

Most important internal factors would be production methods, technical knowledge, and skill levels of employees. “If production methods are not clean, healthy, and free of contaminants, customer could become ill, forcing a shutdown until health inspections have been passed. If employees and management are not knowledgeable of the technologies used, the cost of fixing errors could raise financial goals and lower production goals.   The skill levels of employees need to fit the company’s expectations by the bare minimum or the training could become costly” (Other | External/Internal Factors of McDonalds College Essay).

**External Factors**

Most important external factors are “competition, customer behavior, economy, technology changes, and government interference. Competition could lower their prices below McDonald’s prices and offer better sales.   Customer behavior could be the choices that customers make between McDonald’s and another fast-food organization. The state of the economy as a whole could affect the purchasing decisions of the customers and affect the sales goals from one time to the next” (Other | External/Internal Factors of McDonalds College Essay).

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**Conclusion-**

After doing much research I have found that a company like McDonalds that was able to grow to be as big as they have is very influential in today’s society. They aren’t just a fast food restaurant to many of its consumers; it’s a way of life. McDonalds is one of the best-known brands worldwide, and they are continually building their brand by listening to their customers. They gain their long-term customers from when they sold them their first happy meal as children. From then on customers remember how McDonalds made them feel as children, which was “Happy” as the idea of the “Happy meal”. The company wants to give their customer “The McDonalds Experience” where they have the “ability to successfully integrate the customer’s perspective in its products and operations in a comprehensive manner” (Marketing Strategies of McDonalds). The different menu’s throughout the globe show how McDonalds wants to use its customer’s perspective in its products.

Use 12 point font, Times new roman, double spacing for appropriate MLA formatting. Do not use so many quotes, and be careful with your headings/subheadings. I was very confused throughout.

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**Minimum expectations for papers in this course are highlighted in the rubric in bold.**

* **Style**
	+ Follow MLA format using proper page headers, margins, in-text citations, citation page etc.
* **Writing style and grammar**
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* **Plagiarism**
	+ **Plagiarized papers will receive a 0 and may not be resubmitted for improved grade; however, you may be required to rewrite the paper to meet course requirements.**
	+ A few forms of plagiarism:
		- Copying sources – even one sentence, without using appropriate means of identifying origins – see MLA style guide
		- Using someone else’s ideas without citing the source.
		- Using your own work from another class without permission.
* **Sources**
	+ You are required to use authoritative sources in your papers in addition to the textbook –
		- General rule of thumb: One - two sources per page (i.e. 3 page paper should have 3-6 citations)
		- See individual assignments for requirements
	+ Use authoritative sources from professional journals, scholarly journals, etc. Do not use sources such as Wikipedia, Dictionary.com, or biased sites. (Be critical)
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	+ See individual syllabus for policies on late papers and resubmitted papers

|  |
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| **Grading Rubric** |
| Category | Criteria | Ratings | Score |
| **Assignment Criteria*** Page/word requirement
* Research requirement
* Submission requirement
* Formatting requirement
* Other as indicated on assignment
 | Exceeds assignment criteria | 19-20 | 17 |
| **Meets all requirements of assignment** | **17** |
| Meets most requirements | 13-16 |
| Meets some requirements | 7-12 |
| Meets few requirements | 0-6 |
| **Content*** Presentation
* Persuasion
* Explored various perspectives
* Included supporting details
* Thorough coverage of topic
 | All topics are addressed thoroughly with supporting details. Enough facts are gathered to present ideas persuasively. No usage of terms such as “I feel, I believe or I think.” Additional research was done with new related topics exposed and/or explored.  | 17-20 | 10 |
| **All topics are thoroughly addressed with supporting details. Enough facts are gathered to present ideas persuasively. No usage of terms such as “I feel, I believe or I think.” Critical reflection and construction of new insight is evident** | **13-16** |
| Most topics are addressed with supporting details (mostly quoted material) | 6-12 |
| Topics not addressed fully. Content is primarily a summary of the textbook | 0-6 |
| **Writing Style and Grammar*** Grammar
* Spelling
* Sentence structure
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 | Compelling and creative writing style. No grammatical errorsSentence structure is varied and rhythmic  | 18-20 | 15 |
| **Very few grammatical or spelling errors.** **Sentence structure complete and non-cumbersome****Highly readable** | **14-17** |
| ReadableSome grammatical/spelling or sentence structure errors | 8-13 |
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| **Sources*** Citation page
* Content of citations
* Format of citations
* In-text citations
* Reliability
* Quantity of citations
 | Researched additional sources to find valid alternate opinions and/or appropriate examples | 9-10 | 10 |
| **Used an appropriate number of sources. All sources are reliable. Citation page and in-text citations are correctly formatted**  | **7-8** |
| Too few sources or sources were not reliable; however, citations were correctly formatted | 4-6 |
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 | Paper includes a strong thesis statement, a variety of thoughtful transitions, arguments presented in a logical sequence and position is restated in the closing paragraph | 10 | 7 |
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| **Subheads used on papers longer than one page. Most unnecessary words were eliminated. No awkward sentences. Bullet points used wherever appropriate** | **6-8** |
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