Mc Donalds Business Report Essay, Research Paper

McDonald’s

INTRODUCTION:

McDonald’s Corporation is the world’s leading food service organization. The corporation started out as a small drive-through in 1948 by two brothers, Dick and Mac McDonald. Raymond Albert Kroc, a salesman, saw a great opportunity in this market and advised Dick and Mac to expand their operation and open new restaurants. In 1961 Kroc bought out the McDonald brothers. By 1967 McDonalds expanded its operations to countries outside the U.S.A. This unyielding expansion led the Corporation to open 23,000 McDonald’s restaurants in 110 countries in 1994, producing $3.4 bn in annual revenues. In addition, McDonald’s opens a new restaurant every three hours. Also, McDonald’s has twice the market share of its closest U.S. competitor, Burger King, representing 7% of total U.S. eating-out sales. Similarly, McDonald’s serves about 1% of the world’s population on any given day through its 23,000 restaurants internationally.

“Big Mac”, the world’s most sold hamburger was developed by Jim Delligutti in 1967 to feed construction workers. ‘Big Mac’ is the biggest attraction and backbone of the corporation. Moreover, McDonald’s maintains its competitive advantage by constantly creating new items to add onto its menu. This shows us that McDonald’s practices an analyzer type of strategy, introducing new items and defending its existing ones.

McDONALD’S MISSION AND VISION:

“We serve people with good quality food, fast and at low cost.”

McDonald’s vision is to dominate the global food-service industry. Global dominance means setting the performance standard for customer satisfaction and increases market share and profitability through successfully implementing our convenience, value and execution strategies.

THESIS STATEMENT:

To have a clear picture of McDonald’s corporation we need to look at its Task Environment, which includes its:

.Customers

.Competitors

.Strategic Allies

.Suppliers

.Regulators

We shall also explore McDonald’s Workforce Diversity and its Total Quality Management.

CUSTOMERS:

Customers are those who pay money to acquire an organization’s goods or services.

For many years McDonald’s mostly targeted the young people, however this has changed in this decade; McDonald’s has turned towards a more general market. By doing this McDonald’s concentrates on the family, targeting a diverse market which includes consumers ranging from children to elderly people, using products such as the “happy Meal” for children and “Egg McMuffin” for the elderly. McDonald’s also realized the changing world we live in and the need for healthier food, since there is an ever changing demographic group, who demand fast, top quality food that is low in calories. McDonald’s responded to this opportunity and introduced a new and innovative product. This new product was a regular hamburger that tasted like the real thing but was made of plant material like Soya beans. This same product also targets another demographic group, vegetarians.

McDonald’s mostly uses psychographic segmentation targeting the working and middle classes. These are the people that are more susceptible to enter a fast food restaurant, since these are the people that lead a fast moving life and thus require a fast meal.

In brief McDonald’s customers are of all classes, but largely working and middle classes, and people of all ages.

COMPETITORS:

A competitor is an organization that competes with other organizations for resources.

In our findings, McDonald’s has two types of competitors in the Lebanese market:

..Indirect

..Direct

Indirect Competitors:

Indirect refers to firms producing one or two products that compete with McDonald’s products and therefore be a threat to the company.

We have identified four indirect competitors: Henry J. Beans, T.G.I. Friday, K. F. C. and Popeye’s.

Henry J. Beans offers hamburgers and fries on its menu, therefore competing with McDonalds for customers of these products. However, Henry J. Beans also known as Hank’s is a more of a bar restaurant and therefore a hang out place, as a result charging more money for its products. Hank’s targets middle to upper class customers, so where most of these customers overlap are in the middle class.

T.G.I Friday is another indirect competitor reflecting the same characteristics as Henry J. Beans. Other indirect competitors are K. F. C. and Popeye’s, both competing for the chicken nuggets and fries customers.

In brief, Hank’s and T.G.I. Friday’s competes with McDonald’s by offering hamburgers and fries, whereas K. F. C. and Popeye’s compete with McDonald’s by offering chicken nuggets and fries.

Direct Competitors:

Direct competitors refers to firms producing the same products or services as McDonald’s does.

Here we found that McDonald’s has three direct competitors: Burger King, Wendy’s and Hardee’s.

McDonald’s closest rival is Burger King, which operates a total of 9644 restaurants in 110 countries.

Wendy’s is McDonald’s second largest rival, which is also in the fast food business, where Wendy’s operates 6776 restaurants in 32 countries.

Hardee’s, McDonald’s third largest rival is also in the fast food business and is the only direct competitor apart from Juicy Burger in the Lebanese market. Hardee’s operates 3080 restaurants in 20 countries.

As we have illustrated McDonald’s faces stiff competition from three major competitors, Burger King, Wendy’s and Hardee’s.

Suppliers:

Suppliers is an organization that provides resources for other organizations.

McDonald’s has practiced a backward vertical integration, by replacing most of its suppliers. It has done so for two reasons,

1) To reduce costs, and

2) To ensure that its products are of top quality.

These supplies include beef and milk to be used in its products, which it gets from its farms. Other suppliers include local grocery stores that supply McDonald’s with fresh vegetables. Soft drinks are supplied exclusively by Coca-Cola, which is also its ally. McDonald’s supplies also include raw material such as flour, sugar, yeast, etc.,.

Strategic Allies:

A strategic ally is an organization working together with one or more other organizations is a joint venture or a similar arrangement.

McDonald’s has formed a strategic alliance with: Walmart, Chevron, Amoco, Disney and Coca-Cola.

Walmart, which is a large shopping mall chain in the U..S. and several neighboring countries, is allied with McDonald’s, which offers great opportunities for both companies. McDonald’s has restaurants in each Walmart, offering its customers conveniences and excellent fast food at a low cost ease of accessibility. McDonald’s corporation describes it best in this scenario: “Imagine a busy shopping day at your local Walmart and having the ability to sit down with the kids and enjoy many of our McDonald’s favorites, like ‘Big Mac’ sandwiches, world famous fries and kids favorite ‘Happy Meal’. McDonald’s understands your busy lifestyles and the demands on your time. That’s why we are making it easier for you to do more things in less time.”

McDonald’s is engaged in an alliance with two petrol companies, Chevron and Amoco. This alliance represents the ultimate in convenience. At these locations, one finds a full-menu McDonald’s restaurant with dining room service. Nothing can be more convenient, because one can fill up the car with gas and get a meal all in one stop.

Another important alliance that McDonald’s has is with Disney. Here McDonald’s has the sole right to sell fast food in Disney’s theme parks around the U..S. and other Disney operations in the world. Under the terms of the agreement, McDonald’s will operate restaurants and Disney will promote its films through McDonald’s.

Regulators:

Regulators are groups or governmental agencies that can control and influence the organization’s policies and practices.

An example is Lebanon a few years ago when the U..S. government banned all U..S. citizens and organizations to come or operate in Lebanon. Another good example would be the embargo imposed on Iran where U..S. organizations were banned to operate in this country.

Another group of regulators called interest groups can and have influenced McDonald’s to treat its animals (cow and chickens) in a much more humane manner, which resulted in the restructuring of McDonalds’ farms throughout its operations around the world.

The summary of the task environment which is by definition a specific organizations or groups that affect the organization, which includes competitors, suppliers, customers, strategic allies and regulators. Here we described the task environment’s importance to McDonald’s, where McDonald’s faces both opportunities and has threats in its environment.

Workforce Diversity:

Diversity exists in a group or organization when its members differ from one another along one or more important dimensions such as age, gender, and ethnicity.

Diversity is very important for McDonald’s. Here millions of teens start out by working at McDonald’s. Here some of the teenagers move on to get various jobs such as movie stars, skilled workers, famous athletes, management positions and other educated positions in society. At McDonald’s two thirds of middle and upper management started out as crewmembers in a McDonald’s restaurant. There are opportunities for everybody in McDonald’s from teenagers to elderly workers, and from people just entering or reentering the job market. Moreover, McDonald’s offers special jobs for people who have disabilities, such as people who are in wheel chairs and those who must use crutches permanently. Furthermore, McDonald’s offers their workers flexible working hours. For example, hours for people seeking just a few hours of work per week and those who seek full time positions. The work force at McDonald’s also have some say in their working hours, such as if they prefer the morning, mid-day, or evening shifts in the restaurant.

So, McDonald’s uses diversity to create a good atmosphere in their work places among workers and management. Here they offer work to all kinds of people without discrimination and the workers have flexible hours that provides customer satisfaction.

Top Quality Management:

Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs.

For McDonald’s, total quality management (TQM) involves that the employees are at work on time, are neatly dressed, and are clean. The employees must make sure that the customers constantly receive safe food, which implies that the employees must wash their hands often to remain clean. Moreover, the employees must follow certain Standard Operational Procedures, so the customers always receive exceptional quality and service. This includes the employees using plastic gloves when they prepare the food, that the meat and fries are properly fried, and that the vegetables are thoroughly washed when used in the food. Another TQM is that the employees rely on teamwork and high energy to get the job done, so that the customers do not have to wait long for their food. Furthermore, McDonald’s management emphasizes that their restaurants should be clean. This involves that the restaurants are tidy, sparkling and spotlessly clean. As McDonald’s illustrates the quality is that the employees delivers fast, accurate and friendly service with a smile.

CONCLUSION:

In conclusion, we have explored a large corporation such as McDonald’s and shown how its Task Environment, Workforce Diversity and Total Quality Management can have a profound effect on the organization. In order for such a corporation to remain a leader in its field, it must stay growth oriented and constantly have contingency plans to overcome turbulence. Another important factor is the type of strategy that it follows. McDonald’s, Daimler Chrysler and Benz follow an analyzer type of strategy, constantly introducing new products while defending their existing products.