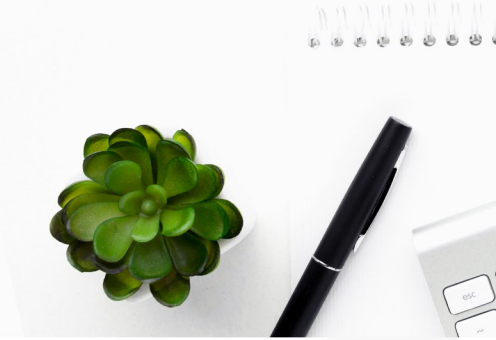


# MARKETING PLAN OF MACDONALD'S



## Introduction

---

---

MacDonald's is one of the most known brand restaurants worldwide. It has made its name, using an individual approach to every customer, an efficient marketing policy, and a good business strategy. The marketing process of MacDonald's is based on the development of new products and services and the growth of the brand's image worldwide. Moreover, the efficiency of the restaurant is related to its marketing communication methods, like promotions and advertisements through colorful images and designs. Without a doubt, MacDonald's is a highly competitive business; therefore, it is important to distinguish its marketing keys to success as well as marketing demands, constant innovations, changes, and implementation of new ideas. It makes MacDonald's develop and move forward. The starting points of this paper are to analyze the peculiarities of MacDonald's marketing through SWOT analysis and implementation of the 4P's.

## The Peculiarities of MacDonald's Marketing

---

---

MacDonald's marketing is aimed at identifying the products that are in demand among customers, determine reasonable prices, and create the

advertisement in newspapers, TV programs, and other mass media. Moreover, it implements the right marketing mix to increase sales, profits, and win customer loyalty and interest. It is worth mentioning that MacDonald's always conducts market research to predict buying decisions in order to adapt to market demands. This company has defined psychological factors as the most important ones. First of all, it underlines the parallel between the product and the customer's feelings. Second of all, the psychological aspects of the product can be more influential than its physical qualities (About MacDonald's, 2015).

Another peculiarity of MacDonald's marketing is to meet the needs of the key audience. As there is a limited number of customers in the market, every client is valuable. The clientele of MacDonald's includes families, children, teenagers, and businessmen. It means that such a variety of people demands an individual approach and a special product strategy. In addition, one should mention that peculiarities of marketing are related to the diversification of products, providing skillful employees and involving financial resources (Ferrel & Hartline, 2012).

## **Marketing Functions of MacDonald's**

---

---

Marketing functions of MacDonald's coincide with its objectives, strategies, and missions. It is important to mention that marketing functions are related to creating brand awareness, reaching the target audience, and increasing sales and the market share. Marketing functions of MacDonald's include finding an individual approach to every customer, winning the international market, and satisfying customers' needs. The company specializes in fast food; therefore, it has no limitations in its target

market.

The marketing functions of MacDonal'd's include needs-based segmentation of the target market according to geographic (orientation on the national peculiarities of the consumers), psychographic (quality and price sensitivity), sociocultural (ethnic peculiarities), and demographic (age, gender) factors. Furthermore, MacDonal'd's pursues such marketing functions as: (1) finding new markets for increasing sales and profits (Asian and African countries), (2) using economic growth rates for stimulation and motivation, (3) development of geographic diversity, (4) widening the circle of customers, (5) global market development (Barney, 2012).

The function of finding new markets is aimed at increasing sales and profits, involving new locations and attracting new customers. Economic growth rates can stimulate and motivate MacDonal'd's for further achievements. Development of geographic diversity presupposes the implementation of dishes from different cuisines and locating restaurants in towns and villages. Widening of the circle of customers can be done by providing new products and services. Global market development is one of the most necessary functions of MacDonal'd's that promises more customers, sales, and profits. Moreover, MacDonal'd's should develop new marketing functions that can extend organizational strategies, objectives, and goals.

As for the strong sides of MacDonal'd's, there are a lot of them. Firstly, the company has a competitive advantage because the change management process and innovation are key operations of its product development process. Secondly, MacDonal'd's satisfies customers' needs and interests through product development and diversification of

services. Thirdly, MacDonald's does not only find suitable locations but also takes into consideration its cultural and national peculiarities. This company involves the internalization strategy that presupposes the operation of cafes and restaurants in different parts of the world. Moreover, MacDonald's plans to implement more healthy food as fast food is out of fashion.

Such strong sides of MacDonald's prove that this company needs constant improvements. First, MacDonald's should improve the product strategy by developing a healthy menu, avoiding chemicals and GMO products. The pricing strategy should also be changed according to the value of the products. Fast food cannot cost a lot. With regard to healthy food, it should also be for a reasonable price. The distribution strategy also demands innovations in services of home and office deliveries. Moreover, it is recommended to improve the customer environment through segmentation. MacDonald's should take into consideration that new cafes and restaurants emerge and create a fierce rivalry. Consequently, it is a must for this company to diversify its marketing strategy.

MacDonald's success is evident as its sales and profits exceed billions of dollars. Moreover, this company is the owner of many creative awards including "Best Campaign of the Twentieth Century" and "Best Five Year Campaign (About MacDonald's, 2015)". It means that creativity is the leading aspect of MacDonald's marketing. Also, the success of this company is related to human resource management. All employees are creative, young, and motivated. Double-digit operating income growth proves the progress and achievements of management and marketing. Another secret of MacDonald's success is the provision of healthy options that are attractive to people who follow a healthy lifestyle.

MacDonald's competitors are their driving forces because they incite this restaurant to development and innovation. The positioning of MacDonald's proves its good reputation among customers and competitors. The peculiarities of products and services differ MacDonald's from its rivals. It is necessary to admit that MacDonald's constantly develops new dishes and it shows their desire to be special. One recommends changing the positioning strategy of MacDonald's, prioritizing customers and offering them reasonable prices, fast services, and qualitative service. MacDonald's strives to achieve this. However, the company may face complaints about the lack of experienced employees and issues with prices.

## **The Implementation of the 4P's**

---

The 4P's marketing mix consists of such elements as the product, price, place, and promotion.

Product, price, promotion, and place are the main elements of the marketing mix. Product refers to goods and services of MacDonald's. The product and service are created for satisfying consumers' needs and demands; therefore they are implemented after the monitoring and analysis. One of the most important factors of the product is the brand that defines its place at the market. It is important to mention that MacDonald's has a strong brand name that benefits the product strategy.

Promotion is the way of selling products and services in comfortable for the company way. Public relations, publications in press, sponsorship, and advertisement are the ways of promoting the food of MacDonald's

restaurants. The main purpose of promotion in this organization is to encourage consumers to buy products and services. Promotion helps to advertise products and advance them in the market. One should mention that promotion shows all the advantages of MacDonald's restaurants and persuades consumers to buy them at any price. Distribution is another element of the marketing mix. It presupposes the selling of products not only in cafes and restaurants but also online and through the home and office delivery.

## PRODUCT

The main products of MacDonald's include such categories as chicken, burgers, sandwiches, desserts, shakes, beverages, salads, breakfast, snacks, and sides. MacDonald's is constantly diversifying its menu with the help of different national cuisines. At first, the company specialized in fast food. However, now their policy is the implementation of healthy food to satisfy clients' needs and demands. It is evident that MacDonald's has a good product policy as its dishes are special, sophisticated, delicious, and inexpensive. Moreover, MacDonald's provides such services as dining, promotion of the particular American traditions, a dish according to the customer's taste. MacDonald's also provides social group dining, dining options for romantic occasions, and weddings (About MacDonald's, 2015).

The product strategy presents the items to potential customers. It is evident that MacDonald's offers an attractive menu for all kinds of clients according to the fact of how they spend their money. McDonald's pays too much attention to developing a menu corresponding to customers' tastes and demands. Moreover, the company should consider changes in customers' requirements and what is attractive and fashionable. That is



why it monitors customers' preferences. Introduction of new products refers also to the product strategy.

An extremely important factor of the product strategy is the packaging that makes it more attractive, appealing, well-presented, and colorful. Price is another aspect that influences on selling a product or a service. Too expensive price can scare consumers and the demand for a product can fail. However, too reduced prices can also provoke suspicion. There are two pricing strategies: price penetration and price skimming. Price penetration is a process of decreasing the price from a low one to a high one. Price skimming is a process of charging at a high price.

MacDonald's offers a product mix that includes a variety of foods and drinks, taking into consideration the cultural peculiarities of its customers. Besides, the company is very interested in the taste and aesthetics of its dishes. Employees are always loyal and friendly in order to provide the most pleasant dining experience and make them visit the restaurant again. MacDonald's can deal with complaints because of price, employees' service, food and drink quality. Besides, there can be mistakes with food delivery.

MacDonald's should offer dishes from different national cuisines as this may attract customers from all over the world. Clients should be the first priority, that is why the restaurant should satisfy their personal desires concerning food. The company should pay more attention to fast services and collaborate with companies when it comes to lunches of their employees. Regular clients should be provided with reductions. MacDonald's should develop a variety of services and adapt to the international market. It has a valuable opportunity to develop services that will be advantageous and innovative. The production strategy of

MacDonald's deals with the creation of new locations for their products. It builds capacity with demand and, as a result, the company does not have evident losses but very high profits. It is recommended to open more locations, streamline, launch new products as these are the ways for winning the international market.

## PRICE

The pricing strategy of MacDonald's is reasonable. The prices for breakfasts vary from \$3 to \$7. The prices for tea and coffee start from \$3. The most expensive drinks are \$6. Sushi costs from \$9 to \$12; lunches and dinners are a bit expensive, from \$9 to \$13 (About MacDonald's, 2015). One can say that these prices are justified due to quality and catering. Speaking about the pricing strategy of MacDonald's, it is important to notice that the variety of a menu, high quality of catering, prestigious status of this place, and its brand image define it. Eating at this cafe costs \$40 together with drinks and tips per person. One cannot say that it is extremely expensive. As a result, all people can afford to visit MacDonald's. Moreover, it is a family place. It is cheaper to come to MacDonald's to eat than to cook at home (About MacDonald's, 2015).

MacDonald's should also offer their dishes at a reduced price that may make their places more loved and visited. Forming the pricing strategy, MacDonald's should take into consideration the prices of its competitors, the level of inflation, and the profits of its clients. This company should have a flexible system of discounts for regular customers. Without any doubt, the pricing strategy influences such operations as financing, promotion, and distribution.

Prices of MacDonald's are lower than at their competitors. Besides, the



company offers better products at reasonable prices. It means that the price strategy is aimed at attracting more customers. There are products that are priced higher than at its competitors, and this can lead to losing clients. The wrong price strategy can result in a decline in profits.

MacDonald's should have competition-based pricing. It is possible to implement a flexible system of reductions. It should be sensitive to competitors' prices. They should offer better products with similar prices to MacDonald's rivals as this will attract more customers. The pricing strategy has to reflect the value of the service or product. In detail, the value of the product should determine if the provided quality falls on a higher or a lower budget product scale.

## PLACE

MacDonald's operates in many areas with its advertising campaigns and publications. However, it is necessary to mention that it is also an online-based company. The firm offers dishes not only in its cafes and restaurants but also provides home and office delivery. MacDonald's uses many channels of distribution to increase its market share and revenues. Channels of distribution influence the long-term commitment, other marketing decisions, supply, and demand. The involvement of distribution channels demands such processes as risk-taking, financing, physical distribution, negotiation, matching, contact, promotion, and information. First of all, this company uses a physical distribution that deals with the moving of the products to the right place. E-commerce is another and more innovative distribution way of providing MacDonald's dishes.

Marketing of MacDonald's is characterized by a convenient location that attracts many customers. It offers a variety of dishes and drinks and it

proves the right product strategy. Microenvironment depends on suppliers, marketing intermediaries, and the customer market. It is also dependent on natural, economic, technological, and cultural factors (Gertner, 2001). In spite of MacDonald's success, the company may deal with many threats, and the most alarming one is high competition in the USA.

The chain has a sustainable, weekly delivery system that attracts customers and makes their life more convenient. It has a well-arranged supplying system that collaborates with wholesalers and benefits a restaurant's business. However, it is not possible to state that MacDonald's is successful in its distribution strategy to the full. The company can have delays or lateness while delivering the products.

It is favorable to look for new suppliers as new supply chains will benefit from the production of more qualitative products. One may recommend changing the internal and external designs of the restaurant from time to time as many customers demand this. The modernization of internal and external patterns is the opportunity to attract new customers. MacDonald's should transfer from regional and local markets to the international ones. Integration into the global market is a new way of development.

## PROMOTION

MacDonald's promotes its products by offering other services such as entertainment, organization of family holidays, birthdays, and weddings. The promotion of these services proves that the company has the intention to attract as many consumers as possible. Televised adverts, billboards around town and cities, newspapers, the radio are means of

promotion of MacDonald's products. Moreover, this fast-food company also uses a direct advertisement and a flexible system of reduction.

The organization uses advertisement and public relations to sell their products. Moreover, it is always available online for their customers. MacDonald's uses advertising as a way to gain new customers, promote goods, and improve their status. Bright advertisements are the ways of increasing incomes, attracting clients, and promoting the brand's image. The advertisement has the purpose to lure customers and show the dominance in the market through sharp issues of the community. Optimistic, bright, and cheerful pictures of their advertising improve customer's awareness of this brand. Clips, messages, and colorful pictures are used to raise sales, increase profits and brand loyalty.

With the help of advertisements, MacDonald's creates an emotional connection with the clientele. The company uses public relations for marketing communication, which is attained through attention-getting images in social media and well-composed slogans, to draw the interest of customers to this restaurant.

Promotion is done by managing the corporate brand and corporate identity that are necessary for the creation of a positive image. MacDonald's associates their place with a festive event that creates elevated mood and emotions. Another promotion activity refers to the corporate image campaigns that are conducted for the separate segments of the target market. Brand equity is also one of the promotional tactics. It generates a higher level of awareness. MacDonald's promotion can cost more than expected and, like every business, the company wants to minimize their spending. The wrong promotion strategy can lead to a decrease in MacDonald's value.

The restaurant chain should communicate with the consumers in order to know their tastes and collaborate with competitors in order to know their marketing strategies. Information about MacDonal'd's as well as about its products and services is available via direct mailings, the Internet, and in person. This aspect is aimed at satisfying different customers' needs and at attracting consumers from different countries, who have different national cuisine and eating habits. This implies the globalization of marketing and finding customers from all over the world.

## SWOT Analysis of MacDonal'd's

---

### STRENGTHS

1. Provision of a broad range of products
2. A good marketing policy
3. A big brand name
4. Consistency and creativity
5. Accessibility of prices.
6. A large number of professionals
7. Customer attraction
8. Favorable locations

These strengths of MacDonal'd's enable the firm to meet customers' needs. First of all, they prove that MacDonal'd's takes care of their customers and tries to adapt the products accordingly. Second of all, these strengths differentiate MacDonal'd's from its competitors with the help of unity of fast food and the healthy food policy. These strengths reveal that the company has all the opportunities for further development.

## WEAKNESSES

1. The high cost of some products
2. Customers complaints
3. Bargaining power of suppliers
4. Product and service quality
5. Complaints of clients

These weaknesses can prevent MacDonal'd's from meeting customers' needs as the prices can scare customers away. With regard to complaints, they can damage the organization's reputation. These weaknesses do not negatively differentiate MacDonal'd's from its competitors as such weaknesses are typical for any kind of restaurant. The weaknesses of MacDonal'd's prove that the company has to greatly improve its marketing strategy.

## OPPORTUNITIES

1. Increasing infrastructure capacity
2. Opportunity for international growth
3. Finding new locations
4. Development of new product and services
5. Widening of the circle of customers
6. Opening new restaurants

These opportunities serve customers' needs as they presuppose an extension of the product strategy. These are short-term strategies that should be implemented in one year. The opportunities for MacDonal'd's are endless since the company has a huge asset. The main goal is to

improve the marketing strategy in order to implement all these opportunities efficiently and, consequently, receive profits. MacDonald has many possibilities for development due to convenient locations, the implementation of innovative technologies, and an increasing number of customers. The wide target market includes tourists, adults, and businessmen of both genders with different ethnic and cultural peculiarities. The target market is satisfied with MacDonald' because of its services and affordable prices.

## THREATS

1. High competition
2. Possible lawsuits

These threats are related not only to customers' needs but also to competitors as they can be both driving and restraining forces for the company. High competition is a threat that refers to a long-term time horizon. Lawsuits refer to a short-term time horizon. The threats of the company show that it should reevaluate the profitability and reconstruct its strategy. The target market can be dissatisfied with parking difficulties and a loud location.



# The SWOT Matrix

---

---

<p><b>STRENGTHS:</b></p> <ul style="list-style-type: none"><li>• Providing a broad range of products</li><li>• A good Marketing Policy</li><li>• A big brand name</li><li>• Consistency and creativity</li><li>• Accessibility of prices</li><li>• A large number of professionals</li><li>• Customer attraction</li><li>• Favourable location</li></ul>	<p><b>OPPORTUNITIES:</b></p> <ul style="list-style-type: none"><li>• Increasing infrastructure capacity</li><li>• Opportunity for international growth</li><li>• Finding new locations</li><li>• Development of new product and services</li><li>• Widening of the circle of customers</li><li>• Opening new restaurants</li></ul>
<p><b>WEAKNESSES:</b></p> <ul style="list-style-type: none"><li>• High cost of some products</li><li>• Complaints of customers</li><li>• Bargaining power of suppliers</li><li>• Product and service quality</li><li>• Complaints of clients</li></ul>	<p><b>THREATS:</b></p> <ul style="list-style-type: none"><li>• High competition</li><li>• Possible lawsuits</li></ul>

The development of competitive advantage is a must for MacDonald's. It can match its strengths and opportunities, using such alternative strategies as vertical and horizontal integration. Horizontal integration can be required for new markets as it presupposes merging with competitors in order to increase the market share. Vertical integration can be applied in the domestic market because it implies linking with another company that has the same supply chain.

# Conclusion

---

In conclusion, it is important to underline that the marketing policy of MacDonal'd's proves its efficiency, success, and proper management. The peculiarities of MacDonal'd's marketing are related to successful product and promotion strategies. This company meets customers' demands, implementing new products, adapting to health policy, and locating restaurants and cafes worldwide. The marketing functions of MacDonal'd's include needs-based segmentation of the target market, finding new markets for increasing sales and profits, using economic growth rates for stimulation and motivation, development of geographic diversity, widening of customers' circle, and market development. Product, price, promotion, and place are the main elements of the marketing mix that have advantages and disadvantages.

MacDonal'd's should open special rooms for children and teenagers. It is recommended to divide the restaurant into two parts, for adults and children. It may be more comfortable as many parents prefer going to restaurants with their children. MacDonal'd's should take into consideration the ethnic and cultural peculiarities of their customers, offering them a variety of national cuisines (Italian, Arabic, Chinese). Besides, it is beneficial to experiment with the preparation of customers' favorite dishes that are absent in the menu.

One can distinguish the following marketing objectives of MacDonal'd's:

1. Becoming more competitive.
2. Providing available prices.
3. Implementing new dishes on the menu.

4. Opening new locations.
5. Developing new technologies.
6. Attracting more customers via the promotion strategy.

