

McDonald's Strategic Prospects

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McDonald is one of the leading foodservice retailers in the world. The restaurant is located in more than 100 countries and having about 30,000 local restaurants. The company serves more than 52 million people in one day. McDonald is the most famous and valuable brand and takes the highest market share worldwide in the first food services. Any organization that wishes to be profitable in international marketing arena must focus on the internal and external environment. Factors within the two environments have a significant effect on the creation and implementation of marketing planning (David, 2011). For this reason making marketing strategies can only be achieved through a thorough screening of both internal and external environment within which an organization operates.

McDonald external environment comprises of political/legal factors. These involve laws, agencies and groups that have an impact on the organization daily operations. Each country has its legal system, and legal ramification of marketing a product globally is a difficult task. For McDonald, this occurred in 1993 when Moscow passed a law demanding all stores to have Russian names and also in Japan. Next factor is Economic factor. This defines factors that impact on the customers purchasing power and spending habits. It is, therefore, vital for McDonald to know that nations with inferior stage of economic development are required to set lower prices. In addition to foreign markets inferior economic growth, McDonald should set up reasonable cost in promotion techniques (Vignali, 2001).

Technological factors are another external factor that McDonald should focus on it. Technological advancement has made communication very efficient and accessible to consumers. Additionally it has created social habits and fashion alterations very fast. Attitude and lifestyle changes bring about change in demands of a product and its sale. For McDonald, this has contributed

significantly. For instance, its ability to substitute for equipment for manpower and proper application and positioning of technology has made each of its Franchise to always of high quality and high standards. For instance, when it went into Russian market, McDonald considered that technological transfer was an essential factor, in the long run. Next factors include social-cultural factors. McDonald faced this when it entered into India. It had to leave out Big Mac so as to match with Hindu culture and values on prohibition of beef consumption. Others include environmental factors, stakeholders, customer tastes among others (David, 2011).

Understanding of the above factors is very vital for strategic decision making since the degree of agreement of this will have an impact on the success of the organization. It is worth nothing that McDonald is not in its process of making a one-time decision but in a process of striking a balance. However, this is a challenging task since it calls for striking a balance between standardization and adaptation. What drives McDonald to doing this is its goal of minimizing cost and complexity and customer orientation respectively. McDonald is therefore in an attempt to embrace marketing mix elements so as to match it to the external environment. Additionally the organization is standardizing its functions so as achieve some economies of scale, homogeneity worldwide and also build its image and reputation (Vignali, 2001).

Taking McDonald globalization strategy, the organization's efficiency and profitability is linked and assisted by the organizations robust competitive position and it large market it holds with its primary products. Its global success is connected to the organization's strategies and tactics that are well integrated with each other and do not conflict. Due to this, McDonald can reap a lot of benefits. McDonald is for this reason continually growing as a result of its efficiency and effectiveness.

McDonald product combination or portfolio is properly managed and controlled creating the best fit between organization's strengths and weaknesses and balancing the threats placed to it by the competitive environment. As a result of its strong competitive position of the company in a very attractive market, it is, therefore, important for McDonald to protect its current position in this industry (David, 2011). Taking into consideration McKinsey matrix, McDonald can be placed on a defending position. McDonald can achieve this through focusing efforts on maintaining its current strength by making a lot of ventures grow at the highest possible rate. It is, therefore, important for the organization to put a lot of attention on elements of the business that need international standardization and items that require local receptiveness. When necessary, procedures are supposed to be made homogeneous, but activities within the country demand the maintenance of the necessary local flexibility (Vignali, 2001).

McDonald's is highly embracing differentiation and cost leadership strategies what can be termed as generic strategy. Taking into consideration differentiation, McDonald makes an attempt to be different from its competitors. The company has achieved this by adding value of its products that offers a unique feature and value to its customers. McDonald makes this through properly structured marketing strategies leading to its product being alleged more superior quality good and service and more so high brand image and reputation (Vignali, 2001). Additionally the company highly strives to achieve cost leadership through economies of scale and also through learning, knowledge and experiences in its areas of production. The organization's success in cost leadership has also been contributed by its effective and efficient distribution chain and networks and production systems.

McDonald has a very high potential to venture and expand globally. The company can reap a lot of benefits from the application of value chain examination taking into consideration the

degree of consistency of a new country with ones that the company is already represented by one of its branches. By doing this the company, will be in a position to avoid unnecessary costs and false initiations. Additionally, the organization will be in a position to cultivate more economies of scale through the transfer of lessons and knowledge learned from other nation (David, 2011).

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References

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- Vignali, C. (2001) 'McDonald's: "think global, act local" – the marketing mix', *British Food Journal*, Vol. 103, No. 2, pp.97–111.

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