



Mc Donald's Case Study

MBA (Savitribai Phule Pune University)

SERVICES MARKETING ASSIGNMENT



McDonald's Case Study

Submitted by: Group 3

Sr. No.	NAME	ROLL No.
1	Dhananjay Kakde	19108
2	Shubham Pote	19112
3	Sanket Chavan	19123
4	Suyog Khadse	19141
5	Shivam Amrutkar	19151
6	Sakshi Pandey	19152
7	Tanmai Dhewale	19153
8	Kartik Nande	19154
9	Rishav Kothari	19166
10	Lalit Gawate	19168

Introduction:

McDonald's, in full McDonald's Corporation is an American fast-food chain that is one of the largest in the world, known for its hamburgers. Its headquarters are in Oak Brook, Illinois.

The first McDonald's restaurant was started in 1948 by brothers Maurice ("Mac") and Richard Macdonald in San Bernardino, California. They bought appliances for their small hamburger restaurant from salesman Ray Kroc, who was intrigued by their need for eight malt and shake mixers. When Kroc visited the brothers in 1954 to see how a small shop could sell so many milk shakes, he discovered a simple, efficient format that permitted the brothers to produce huge quantities of food at low prices.

McDonald's restaurants are found in 120 countries and territories around the world and serve 68 million customers each day. McDonald's operates 37,855 restaurants worldwide, employing more than 210,000 people as of the end of 2018.

McDonald's has several ethical and social responsibility policies in place throughout their solely owned and franchised companies. These policies include placing the customer experience at the core of what they do, committing to their employees by nurturing their talent and rewarding their achievements, maintaining high standards regarding the conduct for business, and giving back to the communities in which they are established. All of these values are infiltrated through all levels of the company, which keeps McDonald's thriving as a successful fast food chain restaurant.

Most standalone McDonald's restaurants offer both counter service and drive-through service, with indoor and sometimes outdoor seating. Drive-Thru, Auto-Mac, Pay and Drive, or "McDrive" as it is known in many countries, often has separate stations for placing, paying for, and picking up orders, though the latter two steps are frequently combined; it was first introduced in Sierra Vista, Arizona in 1975, following the lead of other fast-food chains. The first such restaurant in Britain opened at Fallowfield, Manchester in 1986.

The U.S. segment focuses on offering a platform for authentic ingredients that allows customers to customize their sandwiches. Its High Growth Markets segment includes its operations in markets, such as China, Italy, Korea, Poland, Russia, Spain, Switzerland, the Netherlands and related markets. The International Lead markets segment includes the Company's operations in various markets, such as Australia, Canada, France, Germany, the United Kingdom and related markets. McDonald's High Growth markets are focused on creating customer excitement through menu, promotions and value, and implementing a digital strategy with specific mobile solutions and actions. The Foundational markets and Corporate segment is engaged in operating restaurants and increasing convenience to customers, including through drive-thru and delivery.

Security features in McDonald's includes their security camera systems within the facilities to continuously monitor all activity in and around the restaurants to ensure the safety for the workers as well as customers. McDonald's use these security cameras also in regards to workers compensation claims or liability lawsuit claims from consumers. McDonald's also monitors their computer software systems with an ACS system that monitors the technological factors of their business.

Intangibility:

Service intangibility refers to the fact that many services lack physical attributes and thus consumers are unable to assess the value they would gain from engaging such a service with tangible evidence with respect to the possible outcomes of such a service. The consumer is not sure exactly what they'll be getting and how it will affect them. There is a lack of physical attributes inherent to many services and the potential outcomes. It presents an unknown risk to the consumer. They don't know what they'll get until they pay for it with their time and/or money (or both).

In relation to intangibility, McDonald's prides itself as having excellent customer service. McDonalds believe that good customer service is the responsibility of everybody in the company. Every employee has a part to play in providing with a service with best practices found anywhere in the trade.

McDonald's trains their employees to be able to handle complaints efficiently. As employees are usually the first point of contact for customers, McDonald's recognises that it is important to fully train their employees in good customer service. McDonald's creates a customer friendly atmosphere. The staff who are presently providing the service are entitled to establish him or herself with their tone (the sound of the voice), manner (the level of maturity), language and body language well enough to satisfy the customer and to make them appreciate feeling more welcomed and values them as a proper customer.

McDonald's give emphasis on good quality food. Care is taken to provide food without additives and fillers. McDonald's have established three quality centers, in North America, Europe, Asia to ensure that food quality is consistent and up-to the standards.

McDonald's also gives great importance to ambience. Floating light boxes, lounge seating, bar stools and fancy wall graphic make for a great visual appeal. The unique design and refurbished ambience have transformed McDonald's into a hangout zone for all age groups. The company embraces strict sanitary principles to keep a clean kitchen and dining environment.

Heterogeneity:

Heterogeneity describes the uniqueness of service offerings. Heterogeneity refers to potential of service performance to vary from one service transaction to next, as services are produced by people. McDonald's thought every activity from the customer's perspective and made them distinctive and strengthened the fit among activities. McDonald's competitors copied some of its products, some of the processes yet struggled to match the quicker delivery, quality and the price. A competitor copying only a few activities would fail to compete and it would be tough for anyone to copy all the activities and their inter-relationship.

- **Lean Process:** -To further reduce the time to deliver, the McDonald's copied lean-manufacturing process used in automobile companies.
- **Price:** -The assembly line machines brought down the labour cost too. As the machines delivered quickly, the volume of sales increased and further helped McDonald's to sell quality hamburger cheaper than other competitors.
- **Quality in Product:** -As the machines handled most of the tasks, McDonald brothers were free to work on the quality of the product at every step. Similarly, they took extra efforts to ensure that each patty would contain exactly nineteen percentage of fat content. Their french fries were better than any other competitor in the town.
- **Quality Experience:** -It is impossible to become a leading sustainable brand if the company's quality is associated with only the products. They gave particular attention to 'Aroma' as it plays a vital role in the store experience. The premises were kept clean. The employees were trained to interact friendly with their customers. McDonald's was also about building experience environments.
- **Cleanliness:** -The chances of a customer turning loyal to a brand is high if he leaves the premises with a positive service experience about the brand. One of the factors that have the potential to hinder the positive service experience is Customer's hidden anxieties.
- **Independent of Operators:** -To ensure repeat business, Ray Kroc believed that McDonald's has to provide a consistent experience across all outlets by standardizing the quality of food, speed of service, methods of preparation, environment and cleanliness.
- **Operational Strategy:** -A business may have to perform hundreds of activities to create, produce, sell and deliver their products or services.
- **Communication:** -One of the strong points of McDonald's Vendor relationship programme is the transparent and real-time communication of data.

Inseparability:

Inseparability is used in marketing to describe a key quality of services as distinct from goods. Inseparability is the characteristic that a service has which renders it impossible to divorce the supply or production of the service from its consumption. Inseparability reflects the interconnection among the service provider service being delivered, customers receiving the service and other customers sharing the same experience.

Inseparability characteristic of a service refers to the fact that services are produced and consumed at the same time. They cannot be separated from their providers, whether the providers are people or machines. The employees of McDonald's are a part of the service and so are the customers. The two together both influence the service that is being offered. As employees and customers are inseparable so McDonald is giving more importance for the employee selection. McDonald is focusing on training of the employees. They are doing employee motivation by using monetary as well non-monetary ways.

In a restaurant, all customers are present while an individual customer is getting the service and the behaviour of the other customers can determine the satisfaction of the service delivered to that individual customer. The management of McDonald's make sure that the customers involved in the service do not interfere with each other's satisfaction.

Services are variable and very difficult to control. This is because they greatly depend on who provides the service as well as when, where and how the service is provided. McDonald's make sure to use quality control in order to provide its customers with consistently good service. To overcome the challenge caused by inseparability they are also providing home delivery of their products. Because of that the queue and crowd is avoided in restaurant. By providing these they are reaching to the customer who is not able to reach the restaurant physically.

McDonald is also providing services at multiple locations to reach upto maximum customers. By doing these crowd in one restaurant is also avoided and employees are able to give best service to customers.

Perishability:

Perishability is used in marketing to describe the way in which a service capacity cannot be stored for sale in the future. Services cannot be stored, saved, returned, or resold once they have been used. Once rendered to a customer, the service is completely consumed and cannot be delivered to another customer.

Services are perishable in two regards. First, the relevant resources, processes, and systems of a service are assigned for delivery during a definite period in time. Second, when the service has been completely rendered, this particular service irreversibly vanishes as it has been consumed by the consumer.

Perishability can affect company performance as balancing supply and demand is very difficult. Demand can be difficult to forecast. Demand can vary by season, time of day, or business cycle. What a business can do to deal with it is reduction in fixed cost and attract customers in off peak hours.

Possible Solutions to Perishability Problems at McDonalds:

- **Attract customers in off-peak hours :** The hours between lunch and dinner are a fast-food dead zone. Only about 5 percent of McDonald's customers show up at non-meal times such as 2 p.m. to 5 p.m. To lure more mid-afternoon customers, McDonald's Corp. introduced "sweet afternoon menu" which includes croissants, muffin tops and a new sundae-topping station for ice cream lovers.
- **Increase in customer participation :** McDonald's has introduced Kiosks which is a small unit with touch-screen where customers can place their orders. McDonald's also found that while ordering on Kiosks, customer dwell more and order more items.
- **Creative Pricing:** McDonald's pricing strategy also involves price bundling combined with psychological pricing. In price bundling, the company offers meals and other product bundles for a discount.
- **Discounts and sales during low-demand periods:** For example, McDonald's offers discount coupons and freebies for certain products and product bundles, as a way of attracting more consumers on certain days.
- **Part-time employee utilization:** Most of the employees working at McDonald's are part time employees. Specially in western countries, McDonald's offer jobs to youngsters above 16 years of age.

