MCDONALD'S CASE STUDY

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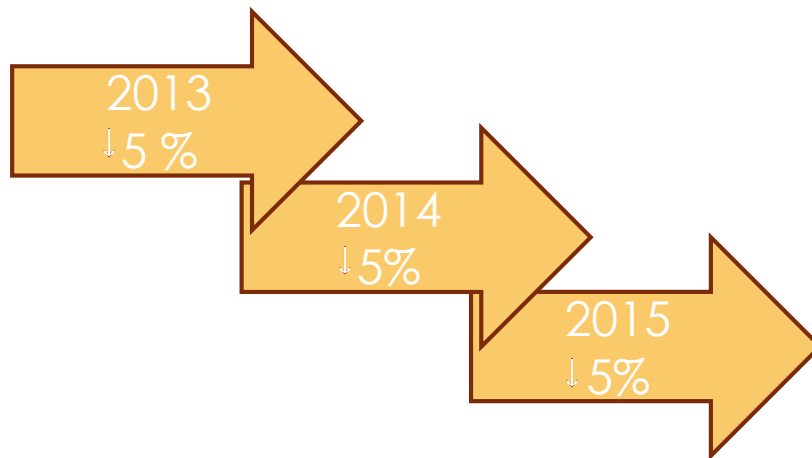DAVID ZHU

LEADERSHIP AND CONSULTING | FALL 2023

Agenda

1. Problem Statement
2. Observations
3. Limitations
4. Next Steps
5. Questions

Problem Statement

- Western Michigan Region of McDonalds franchise has been experiencing a loss of 5% customer traffic compounded over the last 3 years

  2013 ↓5 %
  2014 ↓5%
  2015 ↓5%

- Initiatives Attempted Thus far:
  - All-Day Breakfast Promotion Release
    - Increase in customer traffic
    - Decrease in operational efficiency
    - Concern for cannibalization
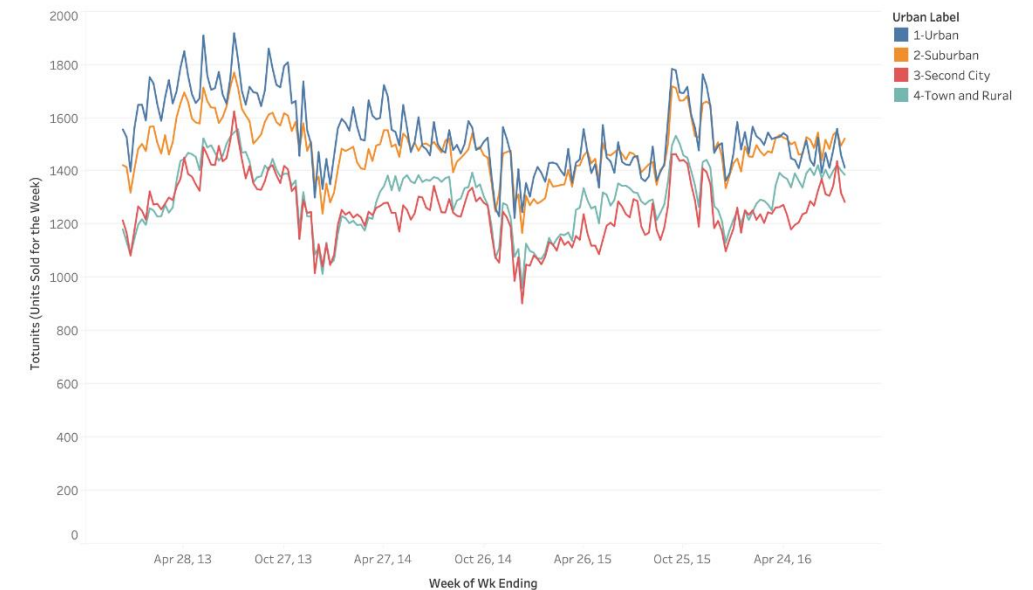 - Determine alternate strategies to ensure higher profit margins/an increase in customer traffic

Urban vs Suburban

Distribution of Restaurants in Differing Urban Environments

Regional Data Comparison
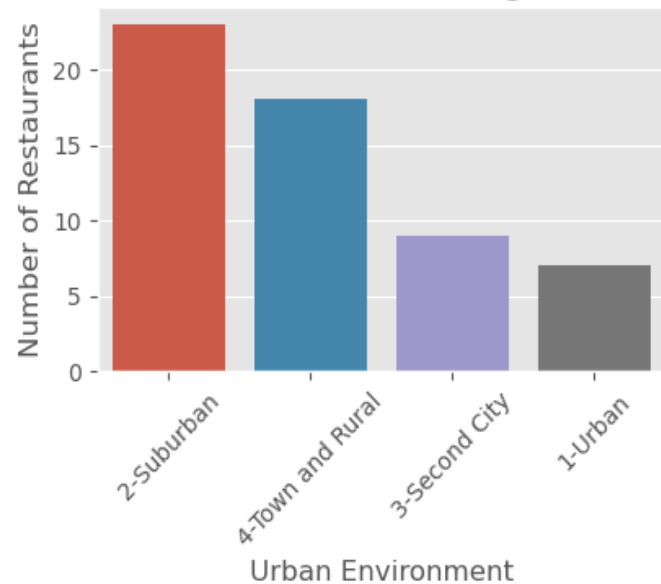
▶ Restaurants have a greater distribution in suburban areas than urban, rural, or cities.

▶ Urban restaurants are generating more revenue compared to suburban areas.

Observations

Licensee vs Corporate Ownership

- ▶ More license owned stores compared to corporate owned stores (MCOPCO), however corporate owned stores seemingly bring in more revenue

- ▶ What is the reason behind this difference? Are there any operational differences?

Corporate vs Licensee
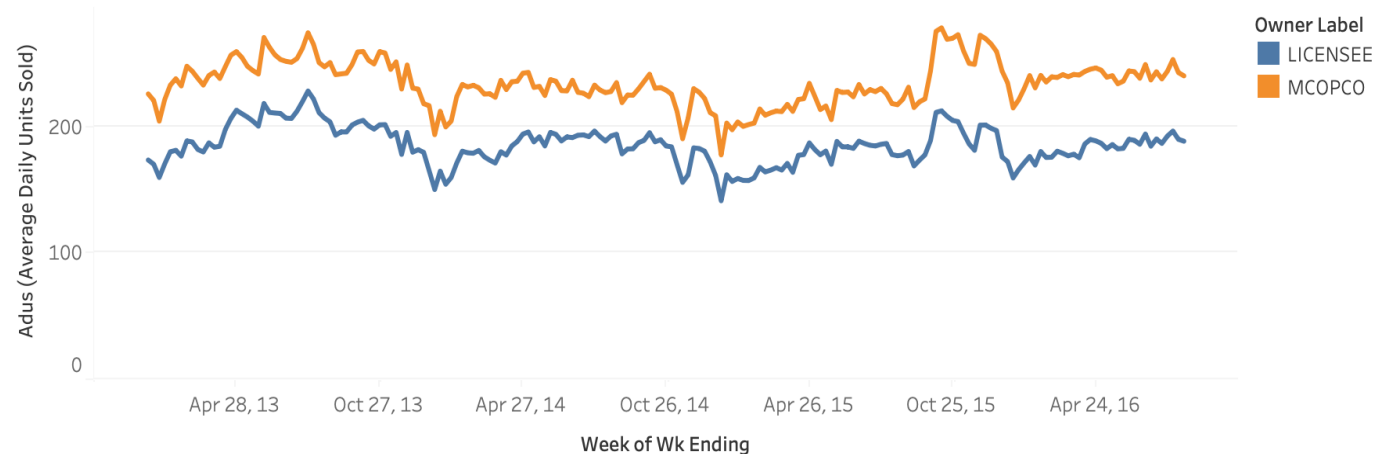
All Day Breakfast Promotion

▶ Spike in All Day Breakfast Items being purchased after promotion release

▶ Slight dip in "Chicken Category" Sales after promotion release

▶ Cannibalization may be present, however there is lack of proper insight into profit margin

Units per Transactions Over Time

All Day Breakfast Promotion: Seasonality

▶ Surveying trends of different sales metrics of the All-Day Breakfast Items over there seem to be consistent sales peaks in May, August, November

▶ There is a notable change in seasonal behavior when the All-Day Breakfast promotion was released

▶ The data for 2016 is incomplete, decreasing our visibility into post promotion release trends

Transactions & Price
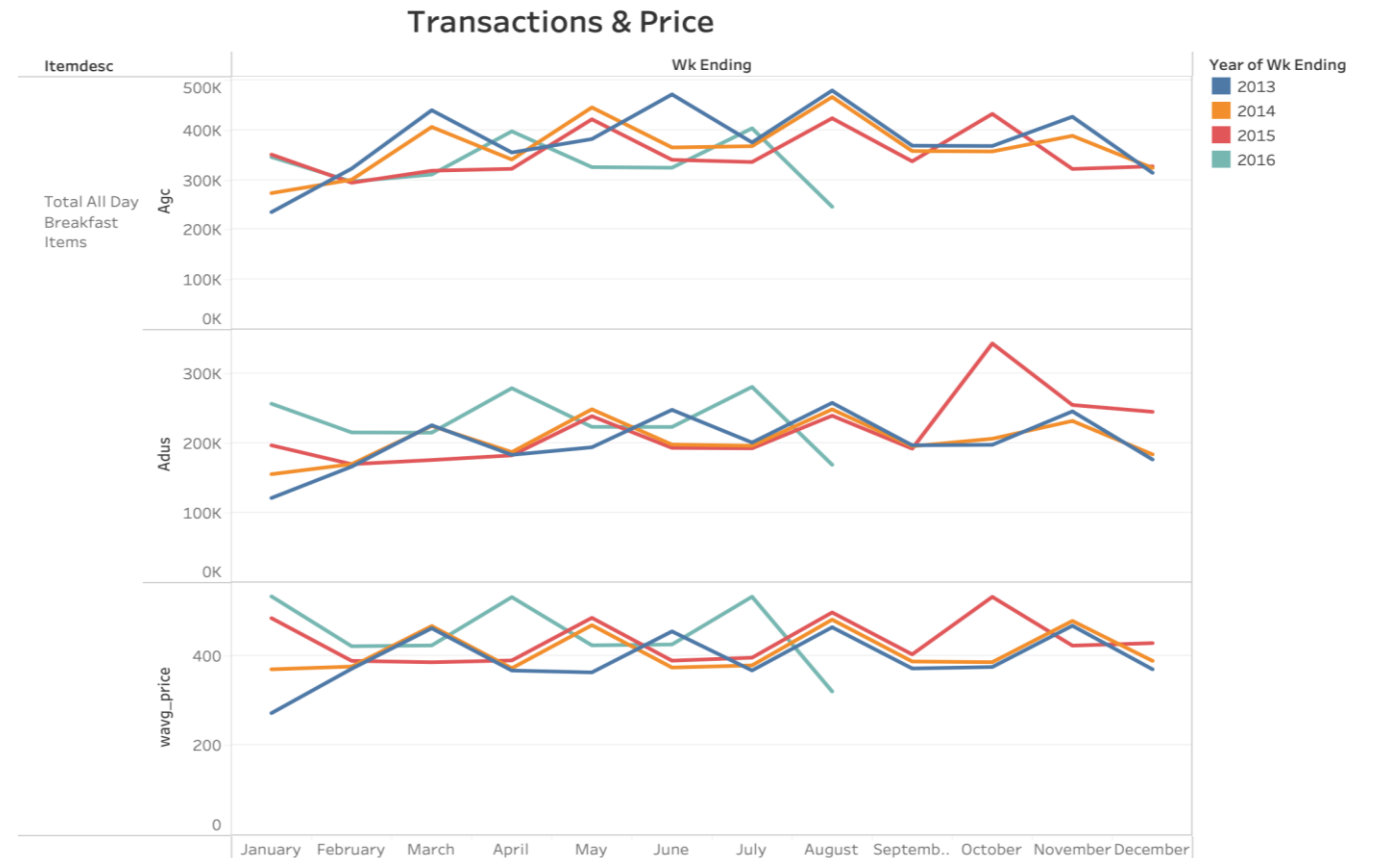
Limitations

Data Quality and Integrity

4 Years of Data
Detailing Sales Metrics & Restaurant Details

1st Party Data
Internally Gathered

< 10% Nulls Present
Across both datasets making them negligible

▶ No cost of manufacturing data leads to a lack of insight into true profit margins of stores

    ▶ This renders any current revenue/profit conclusions derived, irrelevant

▶ Lack of order level details present in Sales Data disables the opportunity for proper clustering analysis

▶ The demographic data present is not comprehensive; proper conclusions cannot be stated on income brackets etc.

Next Steps

Next Steps

PHASE 1:	Additional Data Discovery-Clarification	• Order Transaction Data, Profit Yielding Data • Third party data ; Census Data • Stakeholder interviews (Data/Operations team)
PHASE 2:	Site Visits	• Capitalization of Urban Stores; site visits to understand the differences • Quality control for Licensee Stores to match the standards of corporate
PHASE 3:	Future Considerations	• Confirm All-Day Breakfast Promotion effectiveness • New Promotion introduction • Promoting high yield items • Bundle promotion (beef/ chicken)

Questions?

Action Items: Please fill out:

Action	UC Owner	Client Stakeholder
Identify Data Sources	Danae Vassiliadis	
Schedule Interview	Ankit Gubiligari	
Schedule Site Visit	Forough Mofidi & David Zhu	