

*McCafe*



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# Overview



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# Origins



- McDonald's Subsidiary
- Melbourne, Australia 1993
- 13 Countries
- 300+ Locations by 2002



# Current Activities



- Continuing to expand to more countries
  - Finland
  - Norway
- Expanding take home products
  - Seasonal flavors



# SWOT Analysis



## Strengths

- Association with McDonald's
- Price Advantage

## Opportunities

- The need for personalization
- Increase in per capita income

## Weaknesses

- Starbucks loyalty
- Strong Brand Association

## Threats

- Competition
- Economic Recession
- Threat of substitution

# Target Market



## Demographic



- **Age Range:** Age range 18-45.
- **Income Level:** Middle-income consumers globally.
- **Occupations:** Disposable income in the working population.

## Geographic



- **Global Reach:** In 60 countries, 4,000 worldwide.
- **Market Variation:** Caters to regional tastes and preferences.
- **Major Markets:** Countries — Americas, Europe, Asia, Africa, Australia.

## Psychographic



- **Lifestyle:** Busy, on-the-go lifestyle with convenience.
- **Preferences:** Variety in coffee flavors and café-style drinks.
- **Values:** Value-conscious and affordable quality.

## Behavioral



- **Consumer Habits:** Coffee and snacks with quick service.
- **Health:** Growing interest in healthier options.
- **Loyalty:** Brand loyalty and promotions.

# Marketing Mix



## Product

- 100% Arabica beans, brewed every 30 minutes.
- Popular products — Frappés and Mochas.
- Minimum of 20 drinks served hot and cold (US).
- Sustainably sourced.
- **McCafe axes bakery lineup (July 2023).**

## Price

- Value-based pricing.
- Average cost per unit is .60 cents for a medium cup.
- Price bundling.
- Competitive pricing.
- **1 billion cups of coffee sold globally each year.**



\$2.39



\$3.09



\$3.25

# Marketing Mix



## Promotion

- **\$100 million on advertising in the past year.**
- Advertised on over 100 different media channels.
- Happy hour theme



## Place

- Presence in retail.
- Keurig Dr. Pepper exclusive distributor.
- Global footprint and retail presence = competitive advantage.
- Convenience and value can hinder quality perception.







# Key Performance Indicators

- Average Customer satisfaction Rate
- Sales Conversion Rate
- Customer Order Accuracy rate
- COGS (Cost of goods sold)
- Inventory Turnover ratio
- Employee retention rate
- Average order value



# Business Model within Industry



## Key Partners

- Suppliers
- Delivery Providers

## Key Activities

- In store product sales
- Franchisees management

## Key Resources

- Brand
- Real estate

## Cost Structure

- Marketing
- Salaries
- Administration and Operations

## Value Props

- Cheap food
- Quality service

# Business Model within Industry



## Customer Relationship

- Customer Service
- Social media

## • Channel

- Website
- Mobile app
- stores

## Customer Segment

- Buyers
- Franchisees

## • Revenue Stream

- Meal Sales
- Royalties and license fees
- Rent fee

# Competitive Position



- Price advantage: Affordable fast food coffee
- Differentiation: Competitive companies don't have a coffee brand
- Only fast food with own coffee brand
- Popular brand name



# Company Goals For McCafe



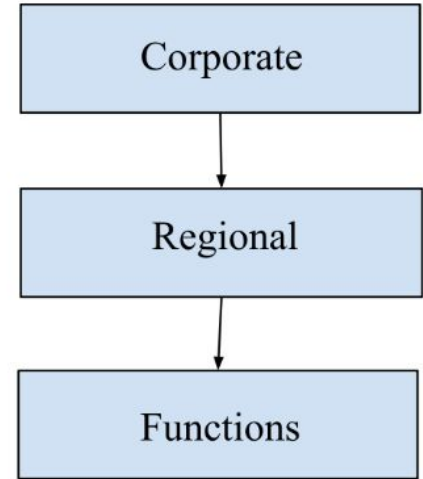
- Expand the menu
- Appeal to a wider range of customers
- Increase brand name
- Make Mcdonalds a respected coffee brand
- Create more McCafe coffee shops



# Management



- CEO (Chris Kempczinski)
  - Started in 2016
- President IDLM (Jo Sempels)
  - Started in 2019
- VP Global Chief Diversity, Equity, & Inclusion (Reggie Miller)
  - Started in 2020



# Staffing



1. Recruitment
2. Selection
3. Training and development
4. Placement



# Staffing



## Recruitment

- Internal Sources:
  - Existing staff for promotions
  - Familiar with the company culture
  - Limited influx of new ideas
- External Sources:
  - Internal staff lacks required skills
  - Broader pool of candidates





# Staffing



## Selection

1. Screening of applications
2. Holding test
3. Selection interview
4. Checking of references
5. Medical examination



# Staffing



## Training and development

- Training at McDonald's
  - 55,000 employees trained annually
  - Significant investment
  - Mutual benefits
- Training Emphasis
- Global Training Centers (Hamburger Universities)



# Staffing



## Placement

- Candidate's decision
- Formal placement with candidate's consent
- Employment record
  - Crucial for decisions on promotions



# Funding Source



Key Aspects for McCafe Funding:

- Franchise Fees and Royalties.
- Company-Owned Operations.
- Capital Expenditure and Debt Financing.



# Operations



## Key Aspects for McCafe Operations:

- Beverage Focus.
- Store Design and Atmosphere.
- Franchise Integration.
- Menu Innovation.



# Key Management Challenges



- Biggest competitors/Stiff Competition
- Changing consumer Preferences
- Quality Control
- Menu Innovation
- Supply Chain Management





# Recommended Next Steps

- More Menu Innovation and Customization
- Train Barista and Staff on new products
- Advertising



**Thank You!**

**Questions?**