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## GLOBAL MARKETING AND SALES MANAGEMENT

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## **1.0 Introduction**

This assignment shed light on the global marketing and sales management of McDonald's in two countries likewise Iceland and Jamaica. This essay will highlight the international outlook or image of the company in both countries. This study will also be covering the marketing environment (Micro and Macro-environment) of both countries with the help of PESTEL analysis. The various method of entry (such as Joint venture, Franchising, Exporting and Licensing) in both countries will also be covered in this report. STP (segmentation, targeting and positioning) marketing strategy of both countries will also be discussed in this essay. The Marketing Mix or 4P's decision which includes Product, Price Place and Promotion for both countries will be thoroughly discussed in this report.

## **2.0 International Outlook image and profile of the Company**

Global fast food company McDonald's has earned a reputation for serving up quick, inexpensive meals (Schlosser, 2012). The company presents itself as a fast-food franchise with a variety of menu items to suit all tastes and preferences. McDonald's has a powerful brand reputation that is well-known all over the world. French fries, Hamburgers, chicken sandwiches, soft drinks and desserts are among the company's main offerings. In order to serve a wide spectrum of customers, McDonald's also provides a variety of breakfast alternatives, salads, and vegetarian options.

- Focusing on convenience is one of McDonald's primary competitive tactics (Gilbert and Strebel, 1987). Customers may easily access their food because of the company's numerous locations throughout the world. McDonald's has also embraced technology quickly to enhance its offerings, such as smartphone ordering and delivery options. The company's emphasis on convenience has contributed to its global leadership in the fast-food industry.
- Being present in more than 100 nations makes McDonald's one of its most well-known international brands. The business has developed a strong foothold in these areas by tailoring its menu to local preferences in several nations. In addition, McDonald's has a successful supply chain as well as a distribution network that allows it to run successfully in various regions of the world.
- The likes of Subway, KFC, Starbucks and Burger King are some of McDonald's main rivals abroad. While Subway focuses on sandwiches, Burger King, on the other hand, is a fast-food business that provides a similar selection of foods to McDonald's. Starbucks sells coffee and food, whereas KFC is a chain that sells fried chicken (Schmid

and Gombert, 2018). These competitors each have their own distinct competitive tactics and have a significant global presence.

McDonald's is an international network of fast-food restaurants that has made a name for itself as a top brand globally. The company has developed an excellent competitive edge as a result of its emphasis on convenience, its varied menu, and its global presence. Several significant worldwide fast-food franchises, each with its own distinctive competitive tactics, compete with McDonald's. However, by consistently innovating and adjusting to shifting consumer demands, McDonald's has managed to maintain its leadership position in the fast-food sector (Leidner, 1993).

### 3.0 Overview of the marketing environment of Countries

PESTLE analysis for Iceland's Food and beverage industry's macro-environment:

FACTOR	DESCRIPTION
<b>POLITICAL</b>	<ul style="list-style-type: none"> <li>Political stability in Iceland is advantageous for business. Because of the nation's small population, the government might enact laws that are unfavourable to big corporations.</li> <li>Due to its membership in the "<i>European Economic Area</i>" (EEA), Iceland has access to the EU market (Jonsdottir, 2013).</li> <li>In order to encourage environmentally friendly practices in the industry of food and beverages, the government has put policies into place.</li> </ul>
<b>ECONOMIC</b>	<ul style="list-style-type: none"> <li>Iceland's substantial GDP per capita translates into increased consumer spending power.</li> <li>The economy of the nation is heavily dependent on travel, which may be impacted by variables related to the global economy.</li> <li>Due to Iceland's isolated position, the cost of exporting items is high, which could have an impact on enterprises.</li> </ul>

<b>SOCIOCULTURAL</b>	<ul style="list-style-type: none"> <li>• Icelanders value their health and favour food that is grown locally and organically.</li> <li>• Vegetarian and vegan culinary alternatives are in greater demand. The demand for specific food kinds may change as the population ages.</li> <li>• Icelandic culinary culture and cuisine are gaining popularity (Vaiman <i>et al.</i> 2011).</li> </ul>
<b>TECHNOLOGICAL</b>	<ul style="list-style-type: none"> <li>• Iceland has a high rate of technological adoption, so companies there need to stay on top of new developments.</li> <li>• In Iceland, demand for e-commerce and delivery of food is rising.</li> <li>• The beverage and food industry is using automation and machine learning to increase productivity.</li> </ul>
<b>LEGAL</b>	<ul style="list-style-type: none"> <li>• Food safety and labelling are strictly regulated by the government.</li> <li>• Environmental standards must be strictly complied with by businesses. Alcohol sales and advertising are subject to stringent laws in Iceland.</li> <li>• In order to encourage sustainable practices in the industry of food and beverages, the government has put policies into place.</li> </ul>
<b>ECONOMIC</b>	<ul style="list-style-type: none"> <li>• Iceland has a unique natural environment, and businesses must take measures to preserve it (Sutherland and Stacey, 2017).</li> <li>• The country is vulnerable to climate change, which may affect the production of certain types of food.</li> <li>• Sustainable practices in the food and beverage industry are encouraged by the government.</li> </ul>

	<ul style="list-style-type: none"> <li>• The fishing industry is a significant part of Iceland's economy, and businesses must adhere to regulations to maintain the sustainability of fish stocks.</li> </ul>
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Jamaican beverage and food industry PESTLE analysis for macro-environment:

FACTOR	DESCRIPTION
<b>POLITICAL</b>	<ul style="list-style-type: none"> <li>• Strong government policies encouraging foreign investment</li> <li>• A stable political climate that fosters economic expansion</li> <li>• Strict laws governing food safety and labelling</li> <li>• High import taxes on some food goods</li> </ul>
<b>ECONOMIC</b>	<ul style="list-style-type: none"> <li>• High levels of poverty and unemployment among the people (Kim, 2017).</li> <li>• Fluctuating currency rates that influence imports</li> <li>• Rising costs of transportation and raw materials</li> <li>• Growing tourist industry that drives up demand</li> </ul>
<b>SOCIOCULTURAL</b>	<ul style="list-style-type: none"> <li>• There is a high demand for organic and healthy food choices.</li> <li>• Emphasis is placed on Jamaican cuisine and culture.</li> <li>• Convenience and quick meals are preferred.</li> <li>• Meal allergies and intolerances are becoming increasingly commonplace.</li> </ul>
<b>TECHNOLOGICAL</b>	<ul style="list-style-type: none"> <li>• The increased popularity of food ordering and delivery</li> <li>• Increasing usage of technology in food production</li> <li>• Growing need for mobile payment choices.</li> <li>• Advances in the production and preservation of food technologies.</li> </ul>

<b>LEGAL</b>	<ul style="list-style-type: none"> <li>• Rigorous rules and regulations governing labour, food safety, and labelling</li> <li>• Rules protecting intellectual property</li> <li>• Increasing restrictions on advertising and marketing</li> </ul>
<b>ENVIRONMENTAL</b>	<ul style="list-style-type: none"> <li>• Place an emphasis on sustainability and cutting carbon emissions</li> <li>• Growing demand for environmentally friendly packaging</li> <li>• Increasing knowledge of how food production affects the environment</li> <li>• Supply Chain impacts from natural catastrophes like hurricanes (Clarke and Wallsten, 2003).</li> </ul>

Porter's five forces models to analyse Iceland's food and beverage industry

<b>Porter's five force</b>	<b>Competitors</b>	<b>Customers</b>
<b>New entrants threat</b>	Iceland's food and beverage business has few restrictions on the entrance. Consequently, the threat of new competitors exists constantly.	Due to the abundance of alternatives accessible to them, customers have significant negotiating power.
<b>Supplier's bargaining power</b>	Due to Iceland's wealth of natural resources, suppliers have comparatively little negotiating leverage, enabling self-sufficiency (Osherenko and Young, 2005).	Because there aren't many suppliers in Iceland, consumers have less leverage when negotiating prices.
<b>Purchaser's bargaining power</b>	Due to Iceland's small market size, competitors have little leverage in negotiations.	Due to their restricted number of alternatives, customers have a fair amount of negotiating power.



<b>Substitutes threats</b>	Due to Iceland's wealth of natural resources, competitors face a comparatively significant danger of replacements.	Because there aren't many alternatives available to customers, substitution threats are quite minimal.
<b>Rivals intensity</b>	Due to the small market, Iceland's food and beverage business is quite competitive.	Because there aren't many alternatives available to consumers, there isn't much competition among them.

Iceland's food and beverage business is extremely competitive due to its small market size, low entry barriers, limited supplier and buyer negotiating power, and significant danger of alternative products. Customers have strong negotiating power because they have so many alternatives at their disposal, but because there are so few options accessible to them, there is little competition.

#### **Porter's five forces models to analyse Jamaica's food and beverage industry**

<b>Forces</b>	<b>Competitors</b>	<b>Consumers</b>
<b>New entrants threat</b>	Low as a result of strong entry obstacles such as government restrictions and hefty startup costs	Low due to high switching costs and brand loyalty
<b>Supplier's bargaining power</b>	Moderate since there are few local vendors and certain ingredients must be imported.	Low since there are so many possibilities and it's simple to switch to other brands.
<b>Purchaser's bargaining power</b>	Due to price volatility and the existence of substitute items, moderate.	High since there are alternatives available and it is simple to switch to other brands.

<b>Substitutes threats</b>	High because there are affordable and healthy alternatives like freshly prepared meals and produce available.	High since there are alternatives available and it is simple to switch to other brands.
<b>Rivals intensity</b>	Is High since there are many competitors and the items are comparable.	Not available since clients aren't really direct rivals.

The competitive environment of the food or beverage sector in Jamaica uses "the framework known as Porter's Five Forces (Mighty, 2017). The potential danger of new entrants is minimal because of significant obstacles to entry like government regulations and hefty start-up expenses. Because there are few local suppliers and certain materials must be imported, suppliers have only modest negotiating strength. Due to sensitivity to prices and an abundance of alternatives, buyers' negotiating power is moderate. Because of the availability of less expensive and healthier alternatives like freshly picked food and home-cooked meals, the danger of replacements is considerable. Due to the numerous competitors in the marketplace and the resemblance of the products, there is intense competition.

#### **4.0 Marketing entry strategy of the company in both countries**

<sup>4</sup> McDonald's is a well-known fast-food company with locations in more than 100 nations. The business has expanded its operations via a variety of market entrance techniques, including franchising, joint ventures, strategic alliances, exporting, wholly-owned subsidiaries, licensing, mergers and acquisitions and greenfield investments. This section will analyse McDonald's strategy for entering Iceland and Jamaica as well as justify each of those decisions.

##### **Icelandic Market Entry Strategy for McDonald's**

- In order to enter Iceland, McDonald's must use a joint venture plan with a local business called "*Lyst Hf*" in 1993. Lyst Hf should have 51% of the stake in the joint venture while McDonald's can have 49% of it. All McDonald's business activities in Iceland, involving food manufacturing, marketing, and sales, should be handled by the joint venture. Then McDonald's was able to break into the Icelandic market using this market entrance technique with the assistance of a local partner who was familiar with the regional business climate and consumer preferences. The joint venture additionally will

enable McDonald's to split the frequently substantial expenditures and risks associated with entering a new area (Loftsdóttir, 2014).

- The tiny scope of the Icelandic market, which would not have warranted the expenditure necessary for an entirely owned subsidiary or an investment in greenfield land, led to the decision to choose a joint venture as the marketplace entrance strategy. In addition, Iceland has a distinctive culture and set of dietary requirements, so by linking with a local business, McDonald's should be able to modify its menu to accommodate Icelandic consumers' particular tastes and preferences.

#### **Market entry tactics for McDonald's in Jamaica**

- McDonald's must use a franchising approach to enter Jamaica. The business should enter into a franchise deal with two neighbourhood merchants, Kingston's first McDonald's (Aliouche and Schlentrich, 2011). The regional franchisees can in charge of the day-to-day management of the restaurant, comprising sales, marketing, and food production, in accordance with the terms of the franchising agreement. McDonald's can be able to join the Jamaican market thanks to the franchising model without having to spend much on a subsidiary that was entirely owned or a new location.
- The distinctive cultural and legal climate of Jamaica provided justification for the decision to use franchises as a market entrance strategy there. Franchises enabled McDonald's to break into the market without breaking Jamaica's stringent foreign investment regulations. Additionally, by using a franchise system, McDonald's will be able to benefit from the expertise of nearby franchises that were familiar with the market conditions and consumer preferences in their area.

McDonald's can enter in Iceland and Jamaica through joint ventures and franchising, respectively. Due to the distinct cultural and legal systems of the two nations, as well as the small scope of the Icelandic market, these market entrance techniques will be justified. McDonald's was able to benefit from the skills and expertise of regional partners while splitting the expenses and risks of entering a new market thanks to the "*joint venture*" and "*franchising*" models. Overall, McDonald's can grow its worldwide footprint while effectively utilising a range of market entrance tactics to meet the particular obstacles of each area.

#### **5.0 Segmentation, Targeting and Positioning Strategy of both Countries**

A well-known fast-food company with a broad client base, McDonald's employs "*market segmentation*", "*targeting*", and "*positioning*" (*STP*) to focus its advertising efforts on

certain consumer groups. This response will assess how McDonald's can implement the STP for Icelandic and Jamaicans and offer justifications for their decisions.

### **Segmentation**

- McDonald's can segment its market based on a number of factors, such as demographic, regional, psychographic, and behavioural factors. McDonald's should split the market in Iceland based on variables related to income, age, and lifestyle. Due to the limited population of Iceland, McDonald's can mostly cater to young adults who were eager to sample of new dishes and can immerse themselves in the global fast-food culture.
- McDonald's needs to segment the market in Jamaica using a mix of psychographic, demographic, and behavioural characteristics. Young adults and families with kids keen on quick service and accessibility were the companies can primarily target. Additionally, McDonald's can promote itself as a locally focused and socially conscious business, appealing to Jamaicans' feeling of national pride (Andaleeb,2016).

### **Targeting**

- McDonald's can target the market in Jamaica using a mix of psychographic and demographic. McDonald's in Iceland can target young people who were drawn by affordability and foreign fast food and who were between the ages of 18 and 24. The business can also cater to travellers who were searching for recognisable meal alternatives. Icelandic tiny market size plus the modest spending power of the inhabitants will support the decision to sell to young people and visitors.
- McDonald's should target the market using a mix of psychographics and demographic in Jamaica. McDonald's can cater to those with an interest in quick food and convenience, particularly young people and households with kids. Additionally, the corporation should go for middle-class buyers who valued top-notch goods and global brands. The decision to focus on these groups was supported by Jamaica's expanding middle class and rising interest in fast foods and convenience items.

### **Positioning**

- McDonald's can position itself in the market of Jamaica using a mix of psychographic and demographic. McDonald's can establish itself as an international fast-food brand that provides top-notch goods and first-rate customer service. In Iceland, McDonald's can market itself as a global company that provided a distinctive fast-food experience which is distinct from the country's cuisine. In Jamaica, McDonald's can be promoted as being a socially conscious company that provides high-quality, reasonably priced fast food while also helping the community.

- McDonald's can position itself in the market of Jamaica using a mix of psychographic and demographic. McDonald's the contrasting cultural and economic settings of Icelandic and Jamaican provided justification for the choice of location. In Iceland, McDonald's restaurants need to set themselves out from the distinctive and highly regarded local food. On the island of Jamaica, McDonald's needs to focus to make a name for its position as a socially conscious company that supports the local economy and provides fast food that is both high-quality and reasonably priced in a cutthroat market.

McDonald's must position itself in the market of Jamaica using a mix of psychographic and demographic (Sharma, 2014). McDonald's needs to personalise its marketing initiatives to various groups of consumers in Iceland and Jamaica, McDonald's can employ STP tactics. The business should select adolescents and households with children, employ demographic, regional, psychographic, and behavioural characteristics to segment the market, and need to establish itself as an international company that provides high-quality, reasonably priced fast food. The diverse cultural and economic circumstances of the two nations provided a basis for the targeting, positioning, and segmentation decisions, which will be enabled McDonald's to successfully position itself as a dominant fast-food brand in these regions.

## **6.0 Marketing Mix decisions for both countries**

Marketing Mix Decisions for Iceland and Jamaica by McDonald's

McDonald's needs to position itself in the market of Jamaica and Iceland using a mix of psychographics and demographic. McDonald's the fast-food chain is an international fast-food company that serves customers in many different countries. To satisfy the needs of regional customers, the corporation makes various marketing mix options. This section will analyse the 4Ps decisions made by McDonald's for Iceland and Jamaica, paying particular attention to standardisation and adaptation/modification.

### **Product:**

- McDonald's can position itself in the market of Jamaica and Iceland using a mix of psychographics and demographics. McDonald's Hamburgers, beverages, desserts, chicken sandwiches and breakfast dishes are all part of the McDonald's product mix. In order to appeal to local preferences, McDonald's in Iceland should modify their product mix by adding regional menu items including fish and lamb burgers. Without making any substantial changes, McDonald's can serve its normal product mix in Jamaica.

- McDonald's can position itself in the market of Jamaica and Iceland using a mix of psychographics and demographics. McDonald's To keep the brand's visual appearance consistent throughout the two markets. The *“labelling, packaging and branding”* decisions should be in a standardised manner. The packaging and labelling layout and colour scheme matched the overall McDonald's brand.

**Price:**

- McDonald's can position itself in the market of Jamaica and Iceland using a mix of psychographics and demographics. McDonald's in both Icelandic and Jamaican can implement a value-based pricing system, whereby prices are decided based on how consumers perceive the worth of its goods. The business has modified its pricing approach to account for the differences in the two nations' regional markets. Due to the expensive nature of doing business in Iceland, McDonald's pricing will be considerably higher there, but in Jamaica, prices will be reduced to maintain competition.

**Place:**

- McDonald's can position itself in the market of Jamaica and Iceland using a mix of psychographics and demographics. Because of the tiny market size in Iceland, McDonald's works under franchise partners and only has a few locations. McDonald's focused on giving consumers a quick and easy location as it modified its distribution approach to the local market circumstances. Due to Jamaica's bigger market than Iceland, McDonald's operates there through a mix of company-owned and licensed locations, giving the firm a wider distribution network.

**Promotion:**

Personal selling, promotion of sales, public relations, direct marketing, and advertising are all part of McDonald's promotion strategy. The business has modified its promotion strategy to fit the needs of the local markets in both nations.

- To connect with its consumers in Iceland, McDonald's can make use of social media sites like Facebook and Instagram. In order to enhance its brand image, McDonald's can also take use of its sponsorship of numerous cultural events in Iceland.
- McDonald's can advertise using a variety of media in Jamaica, including radio, television, and billboards. To draw clients, the business can also employ sales marketing techniques including discounts, loyalty programs, and special events.
- In both nations, McDonald's can employ salespeople to boost sales through personal selling. The business can also use cross-selling and up-selling strategies to get clients to buy other things.

McDonald's needs to modify their marketing mix choices to cater to the preferences of regional customers in both Jamaica and Iceland (Shum *et al.* 2008). While retaining consistency in packaging, labelling, and branding, the firm should adjust its product mix, pricing strategy, and distribution plan to fit the local market conditions. By combining personal selling, direct marketing, promotion of sales, relations, direct marketing, and advertising, McDonald's can also adjust its promotion mix to the specific market conditions in both areas.

## **7.0 Conclusion**

Through the analysis of the report the conclusion can be drawn is that McDonald's is a multi-national fast-food chain which has its presence in 100 countries all around the world. To expand its market in two more nation named as Jamaica and Iceland, the company need to employ two different market entry strategy. For Jamaica "**Franchising**" and for Iceland "**Joint venture**" is the best-suited entry methods. McDonald's also needs to deploy various STP methods to position itself in both markets. McDonald's also needs to change its "**marketing mix**" (**4P's**) in both Jamaica and Iceland because the market size of the countries is significantly different from each other. So for better exploitation of both markets, the company should need to analyse both markets deeply on different parameters for making more revenue and for being in a stable state in both Jamaica and Iceland.

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