

TOPIC: "HOW McDonald's can Maintain its Leadership in the Fast-food Industry"

Case Study Topic:

"McDonald's Corporation"

Introduction:

- Founded in 1940 by Richard and Maurice McDonald as a burger stand in California; bought by Ray Kroc in 1955.
- World's largest fast food chain by revenue and number of locations; serves 69+ million customers daily in 120+ countries.
- Known for burgers, fries, and other fast food items, also offers salads, smoothies, and local specialties.
- Revenue comes from franchise fees and rents; employs 1.7 million people worldwide.

Challenges and Opportunities:

McDonald's faces several challenges and opportunities in its global market, such as:

→ Intense Competition: The fast-food industry is highly competitive, with several major players vying for market share. McDonald's faces competition from other fast-food chains such as Burger King, Wendy's, KFC, and Subway, as ~~emerge~~ as well as emerging trends such as healthier eating options and plant-based diets. The company needs to differentiate itself from its rivals by offering superior value, quality, variety, and service to its customers.

→ Healthy lifestyle trends: Consumers are becoming more health-conscious and aware of the environmental and social impacts of their food choices. McDonald's has been criticized for its high-calorie,

high-fat, and high-sodium products that contribute to obesity, diabetes, and heart diseases.

The company has responded by adding salads, fish, smoothies, and the fruits to its menu, as well as reducing artificial ingredients and preservatives/tives. However, the company still faces the challenges of changing its image and reputation as a junk food provider.

→ Food supply disruptions: McDonald's relies on a complex and global supply chain to source its ingredients and products. The company faces the risk of food safety issues, such as the 2014 scandal in China where a supplier was accused of relabeling expired meat.

SWOT Analysis:

A SWOT Analysis is a tool that evaluates the strengths, weaknesses, opportunities, and threats of a company or a situation. It helps to identify the internal and external factors that affect the performance and potential of the company.

→ Strengths:

- Global franchise with a strong brand recognition and loyalty
- Solid financial position with high revenue and profitability
- High market share and leadership in the fast-food industry.

→ Weaknesses:

- Business model of franchising that creates complexity and inconsistency.
- Negative image and reputation as a junk food provider.

- Dependence on the US market for a large portion of its income.

→ Opportunities :

- Growing demand for healthier and more diverse food options.
- Expanding into emerging markets with high growth potential
- Leveraging technology and innovation to enhance customer experience and efficiency

→ Threats :

- Intense competition from other fast-food chains and new entrants.
- Healthy lifestyle trends that reduce the demand for fast food
- Food supply disruptions and safety issues that affect quality and trust.

BEST SOLUTION AND SUGGESTIONS:

McDonald's can improve its performance and potential by implementing the following solutions and suggestions :

- Focus on its core products and strengths: McDonald's should emphasize its global franchise, solid financial position, high market share, and leadership in the fast-food industry. It should also focus on improving the quality and taste of its burgers, fries, and other fast-food

items that are its signature products. It should avoid copying or competing with other segments or brands that are not aligned with its core values and competencies.

→ Simplify its menu and operations:

McDonald's should streamline its menu and operations to reduce complexity and inconsistency. It should eliminate or minimize the products that take a long time to prepare, have low demand, or have negative impacts on its image and reputation. It should also leverage technology and innovation to enhance customer experience and efficiency, such as self-service kiosks, mobile ordering, and delivery services.

→ Strengthen its quality assurance and sustainability:

McDonald's should ensure the quality and safety of its food supply chain by following strict guidelines and inspections for its food supply suppliers, distributors, and franchisees. It should adopt more sustainable practices to reduce its environmental and social impacts, such as using locally sourced ingredients, organic food, recyclable packaging, and renewable energy.

Conclusion:

McDonald's is the world's leading fast-food chain that has achieved remarkable growth and success since its inception in 1940. The company has a strong global franchise, a solid financial position, a high market share,

and a leadership in the fast-food industry. However, the company also faces several challenges and opportunities in its global market, such as intense competition, healthy lifestyle trends, food supply disruptions, and changing customer preferences.

To overcome ~~trends~~ these challenges and seize these opportunities, the company needs to focus on its core products and strengths, simplify its menu and operations, adapt to local markets and customer preferences, and strengthen its quality assurance and sustainability. By implementing these solutions and suggestions, McDonald's can improve its performance and potential and continue to dominate the fast-food industry.

Name: RAMAVATH SANTHOSH

Roll No: 22MCF1R40

2nd Semester, 1st Year, MCA

Batch: 2022-2025