



TARGETING THE PERFECT CONSUMER: A CASE STUDY OF MCDONALD'S MARKETING STRATEGY

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Step 1: Deciding (not) to Segment

- Determine if McDonald's wants to cater to the entire market or investigate systematic heterogeneity among consumers to harvest differences using a differentiated marketing strategy.
- Consider the advantages and disadvantages of market segmentation.
- Decide if market segmentation is appropriate for McDonald's.

Step 2: Specifying the Ideal Target Segment

- Determine the key features that make a market segment attractive to McDonald's.
- Ensure the target segment is homogeneous, distinct, large enough, matching McDonald's strengths, identifiable, and reachable.
- Use segment attractiveness criteria to evaluate the ideal target segment.

Step 3: Collecting Data

- Obtain data from 1453 adult Australian consumers relating to their perceptions of McDonald's with respect to 11 attributes.
- Collect data on attributes such as YUMMY, CONVENIENT, SPICY, FATTENING, GREASY, FAST, CHEAP, TASTY, EXPENSIVE, HEALTHY, and DISGUSTING, as well as respondents' AGE and GENDER.
- Ensure the data collected is representative of the target market.

Step 4: Exploring Data

- Load and inspect the data set for basic features such as variable names, sample size, and the first three rows of the data.
- Review the responses for each attribute and the respondents' AGE, GENDER, and visit frequency to McDonald's.
- Check for missing data and ensure the data is clean and ready for analysis.

Step 5: Extracting Segments

- Use finite mixture models to extract market segments based on consumer perceptions and attitudes towards McDonald's.
- Employ two different types of mixture models to validate the results.
- Ensure the extracted segments are useful, practical, and relevant to McDonald's.

Step 6: Profiling Segments

- Create a segment profile plot and a segment separation plot to visualize the key characteristics of each market segment and highlight differences between them.
- Use the visualizations to identify what makes each segment distinct from all consumers in the market and to compare differences between segments.
- Ensure McDonald's managers have a good understanding of the nature of the four market segments.

Step 7: Describing Segments

- Describe the segments obtained from the clustering analysis using additional descriptor variables.
- Use mosaic plots to visualize the association between segment membership and love/hate for McDonald's, gender distribution across segments, and the association of age with segment membership.
- Use a conditional inference tree to predict segment membership using all available descriptor variables.

Step 8: Selecting (the) Target Segment(s)

- Use knock-out criteria and segment attractiveness criteria to select the target segment(s) for McDonald's.
- Develop a segment evaluation plot to help make decisions about which target segment(s) to focus on.
- Ensure the target segment(s) are appropriate for McDonald's.

Step 9: Designing the Perfect Marketing Mix

- Use the detailed description of each market segment obtained in Step 7 to design the perfect marketing mix for the selected target segment.
- Consider the four Ps of marketing (product, price, promotion, and place) when designing the marketing mix.
- Ensure the marketing mix is tailored to the needs and preferences of the target segment.

Step 10: Implementing and Evaluating the Marketing Mix

- Implement the marketing mix designed for the selected target segment.
- Monitor and evaluate the effectiveness of the marketing mix using metrics such as sales, market share, and customer satisfaction.
- Make adjustments to the marketing mix as necessary based on the evaluation results.

GitHub Link: https://github.com/sudheernp/McDonalds_Case_Study_Replication_R_To_Python.git



Thank You!