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# MC DONALDS Corporation

## History of Mc Donald’s:

The journey of the largest fast-food supplier of the world was started in America in the year 1948 by Maurice and Richard Mc Donald as small Hamburger business in California by purchasing 8 malts and milkshake equipment from the salesman. Later in 1954, they evolved as a hamburger business by avoiding waiters and waitress in a restaurant by implementing the self-service near the counter and became famous for its speed and hot food delivery as the hamburgers are prepared before and be warm under the heat lamps.

After 7 years on 15 of April 1955, it started its first franchise in Des Plaines, Illinois. In the same year, small hamburger business evolved as mc Donald corporation by giving franchises of up to 1000 in a decade. And with a steady growth by 1963 along with Canada and USA it operated more than 10000 outlets and by the year 1976, it has footprints in total 100 countries with more than 35000 outlets and soon it stated expanding globally and opened one franchise in every 5 hours’ drive.

By the year 1963, it was traded publicly with the introduction of a clown named Ronald Mc Donald and double arch M symbol which becomes an iconic food brand recognition. Now operating throughout the world with headquarters in Oak Brook, Illinois.

### Criticism:

Mc Donald’s faced a plethora of criticism for its hamburgers and fast food saying it become one of the main reasons for world obesity increase and few other factors like effect of greenhouse gases and spoiling of the amazon rain forest by cattle farming and the methane gas released by the cows, as mc Donald’s stood to be the largest user of meat an estimation of about 350000 cows are turning into meat every year by the suppliers of this fast-food corporation.

## Sustainability of the company:

The sustainability of the company lies on the three main factors in the triple bottom line, they are Economic, Environmental conversions and social justice.

### Marketing Strategy:

Mc Donalds become an icon for fast-food around the world, India, China and Brazil. Become popular Fast food markets for Mc Donalds,

Targeting:

The company targets the people looking for a quick meal with cheap cost and fits it self for the family outing. However, this trend becomes very complex in recent days as a raise for socio-cultural activities and an increase in healthy food habits but over come the factors it updated its menu with healthy options to meet market expectations.

Mc Donalds designed their meal depending on the few segmenting aspects mentioned below and as an example, mc Donalds introduced rice into their meal in countries like India and Brazil. Few segmentations, how it works with

* Position:

It places itself in a position of mid-range restaurants as the Mc Donald’s is famous for its fast and cheap food

* Products:

Product varies from country to country because of cultural barriers and ethics and depends on level of meat consuming in the country where it is.

* Price:

Same as products price of the food varies from one. Part to another part of the world. As it has different image throughout the world.

* Place:

Mc Donald’s is in every corner street in north America and later on it placed in every single city near to the school and public malls and other gathering areas

* Promotion:

In terms of promotion company always advertise itself as a cheap and family out restaurant. Even though the trends in market vary a lot it changes very tiny modifications in its advertising and succeeded in meeting the Targets

#### SWOT Analysis:

|  |  |
| --- | --- |
| Strengths   * Strong Brand image * Moderate market diversification * Standardize processes | Weakness   * Limited process flexibility * Low product diversification * Vulnerability to western market decline |
| Threats   * Aggressive competition * Healthy lifestyle trend * GMO trend and regulations | Opportunities   * Expansion in developing countries * Market development in the middle east * Product diversification |

### Impact strategy:

Being the world’s largest food restaurant company, it has the responsibility to make sure long term sustainable value creation for shareholders deals with key social and environmental challenges.

#### Governance and stakeholder engagement:

Mc Donald’s continuously prioritise the environmental and social issues which are most important to the organization stakeholders, by continuously gathering information on the internal and external insights of the corporation with stakeholders will clear idea to prioritize the efforts of the company, which helps to build a strategy. This process includes stakeholder engagement, numbered, external date and internal reviews.

The risk management team of this food corporation dig out the risks and addresses them whether they are direct or indirect, this includes environmental and social issues. This prioritization issue is informed to the UNSDG’s (united nations sustainable development goals). This includes inequality in society and global warming.

##### Governance:

Great governance is the key factor in managing the priority issues like ESG (environmental, social, Governance) there are four main key governance bodies they are

* Board of directors
* Cross Functional Leadership team
* Cross-functional working groups
* Partnering with franchisees and suppliers

Apart from these factors, few more key issues that lead to better governance are engagement with stake holders, investors, NGO’s, Policy makers, Franchisees, Suppliers and Producers

### Environmental Conversions:

Taking global warming as the main factor of environment Mc Donald’s made decision to stop buying soya grown in the Amazon rain forest and cattle meat from the forests as the studies shown the relation between the deforestation and co2 release between soya production. This eventually decreases the deforestation and Greenhouse effect.

Moreover, to reduce the greenhouse gases release mc Donald’s collaborated with E-CO2 team to calculate the amount of methane emitted from the cattle farms and accounted to 14.5% in greenhouse gas emission of the human-caused global greenhouse effect. To reduce greenhouse gas emission food chain started using Energy-efficient equipment and low energy light in the restaurants, according to few studies using energy efficiently is crucial as sustainable farming.

in dealing with packaging waste, fast-food giant designed it with sustainable and recyclable material. And it started replacing polystyrene coffee and milkshake cups with the paper cups this will have a positive impact on the degradation process where polystyrene will degrade slowly but paper cups will degrade easily making soil pure.

Apart from recycling a few restaurants of mc Donald’s are converting restaurant waste into energy rather than filling the land with waste. Furthermore, unnecessary packaging is the key problem for the food industry, to avoid this mc Donald invented thin paper packing to reduce waste.

## Corporate social responsibility:

In one-way mc Donald’s trying to take responsibility is with encouraging sustainable and reliable farming methods. Mc Donald’s followed the path of Unilever and Nestle in material usage like palm oil, reduced the usage of palm tree plantation which is one of the sources of these greenhouse gases by the amount utilized by these companies (Scott, 2011).

In Europe, this food corporation launched a creative production called flagship farms to showcase sustainability practices in almost all the supply good like water and energy. And divert it to the animal and employee well-being. And another responsibility towards society by Mc Donald’s be shown in its funding to the Ronald Mc Donald house. This provides health and basic living amenities to the children and a few families whose children were affected by serious health issues. A health issue that the house was not only funded by mc Donald corporation but also from the Mc Donald’s suppliers.

Key Activities of CSR and Sustainability.

* MC Donald Ronald McDonald House as a charity with other corporations
* Working with WWF to develop and sourcing and asses deforestation in the supply chain.
* Mc Donald is the first funding member of GRSB (Global roundtable sustainable beef )
* First company to set reduction targets of greenhouse gases reduction targets
* By collaborating with the Conservation International, the company developed Mc Café to develop more resilient communities and sustainable livelihoods.
* EBN’s support employees with an inclusive work environment, Foster relationships and support career development opportunities.

## Financial stability:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Financial Ratios | 2019 | 2018 | 2017 | 2016 | 2015 |
| Income | 21077 | 21025 | 22820 | 24622 | 25413 |
| Operating profit | 9070 | 8823 | 9553 | 7745 | 7146 |
| Net profit | 6025 | 5924 | 5192 | 4687 | 4529 |
| Total asset | 47511 | 32811 | 33804 | 31024 | 37939 |
| Net profit margin | 1660 | 1747 | 2309 | 2596 | 2511 |
| ROA | 19.7% | 14.01% | 13.6% | 16.4% | 10.07% |
| ROE | 5% | 18% | 11% | 6% | 9% |
| Gross profit margin | 52.74% | 49.81% | 52.18% | 43.19% | 39.05% |
| Number of restaurants | 38695 | 37855 | 37241 | 36899 | 36525 |

## Recommendations:

• Mc Donald’s should have proper regulations in selecting suppliers, with clear standards while purchasing goods from the suppliers.

• Can also try to invest in research to support their suppliers to opt for advanced farming and cattle ranching.

• Mc Donald’s can encourage its customers to carry their cups or reuse the cups in a restaurant can increase the income and reduce the waste at the same time.

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