

McDonald's Point of Sale: Scaling restaurant technologies to global markets



McDonald's Restaurant Technology

A case study on the McDonald's corporation and their effort to proliferate the standard point of sale hardware and software technology to global franchisees.

"With our new upgraded point of sale system, we have greatly sped up our operations. We can now understand our customers habits better and offer targeted deals much faster and with more accuracy."

-Franchisee- Japan

Background

McDonalds' goal is *"to be our customers' favorite place and way to eat and drink."* In order to achieve that, the company must have a consistent experience for all customers across the world.

The McDonald's corporation creates technology standards for the hardware and software that runs the registers and kiosk ordering systems, and offers it to its global markets for a fee. The restaurants can choose to adopt the standards, *or not*.

Successfully getting all of the global markets and their franchisees (93% of locations are franchised) to adopt the corporate standards for restaurant technology is of the utmost importance in order to:

- Reduce technical debt and minimize interrupted operations due to unsupported restaurant technology
- Capture valuable customer data of global markets for advanced analytics
- Rapidly push new features and deals to personalize the customer experience all over the world

Sources: <https://www.worldatlas.com/articles/countries-with-the-most-mcdonald-s-restaurant.html>
https://en.wikipedia.org/wiki/List_of_countries_with_McDonald%27s_restaurants
<https://d18rn0p25nwr6d.cloudfront.net/CIK-0000063908/5c1364f0-7dd5-4a7e-9b9f-ccda4ba514ca.pdf>

Market Needs

McDonald's corporate wants:

- All POS systems to be moved off of unsupported Windows 7
- The ability to use the POS data from their system to better analyze individual market trends and more effectively add features/promotions
- A guaranteed consistent experience no matter where you are in the world

Franchisees want:

- High profitability
- Low maintenance
- A great customer experience

The Problem

Many of the markets with low adoption of McDonald's standard POS system, who are still on Windows 7 systems, do not have the cash or desire to pay the corporation for new POS systems.

The Approach

McDonald's must answer one question.

How might we get franchisees in our high value global markets, with little desire to spend money, to adopt our POS technology standards?

1. Identify Top global markets
2. Document the value proposition of the POS system to drive marketing/messaging**
3. Create a base go to market strategy for the top McDonalds global markets

Business Impact

What Changed

- Developed intentional go to market strategy for the POS product in the top markets
- Created flexible business models developed to incentivize franchisees*
- Created new marketing for POS product

Impact

- Mitigation of potential 9 figure loss that the corporation would have been exposed to through outdated technology and interrupted operations
- The new ability to have stronger analytics of global markets and reach to customer trends faster
- The new ability to push new technology features and deals faster and with more accuracy
- Automation to upgrade POS systems globally

Success Metrics (by # of restaurants)

- 95% technology adoption in top 17 global markets (excl. US)
- 90% technology adoption in all other markets

Rank	Country	# of Stores	People per store
1	United States	14,146	23,130
2	Japan	2,975	42,622
3	China	2,700	513,333
4	Germany	1,472	55,939
5	Canada	1,450	25,560
6	France	1,419	47,209
7	United Kingdom	1,274	51,837
8	Brazil	1,000	257,759
9	Australia	970	26,739
10	Russia	737	195,911
11	Philippines	668	163,173
12	Italy	598	103,500
13	Spain	520	91,788
14	South Korea	447	115,145
15	Poland	445	86,894
16	Taiwan	413	57,094
17	Mexico	402	321,393
18	India	400	4,617,241

Assumptions

- Getting new POS system and replacing Windows 7 is top priority even over short-term cash flow
- The global markets are the priority, over the US market, because they are the ones who lag behind in POS adoption
- Each individual market can use a base strategy with nuanced changes
- Data- Number of restaurants and devices has changed, but not so much as to impact this study

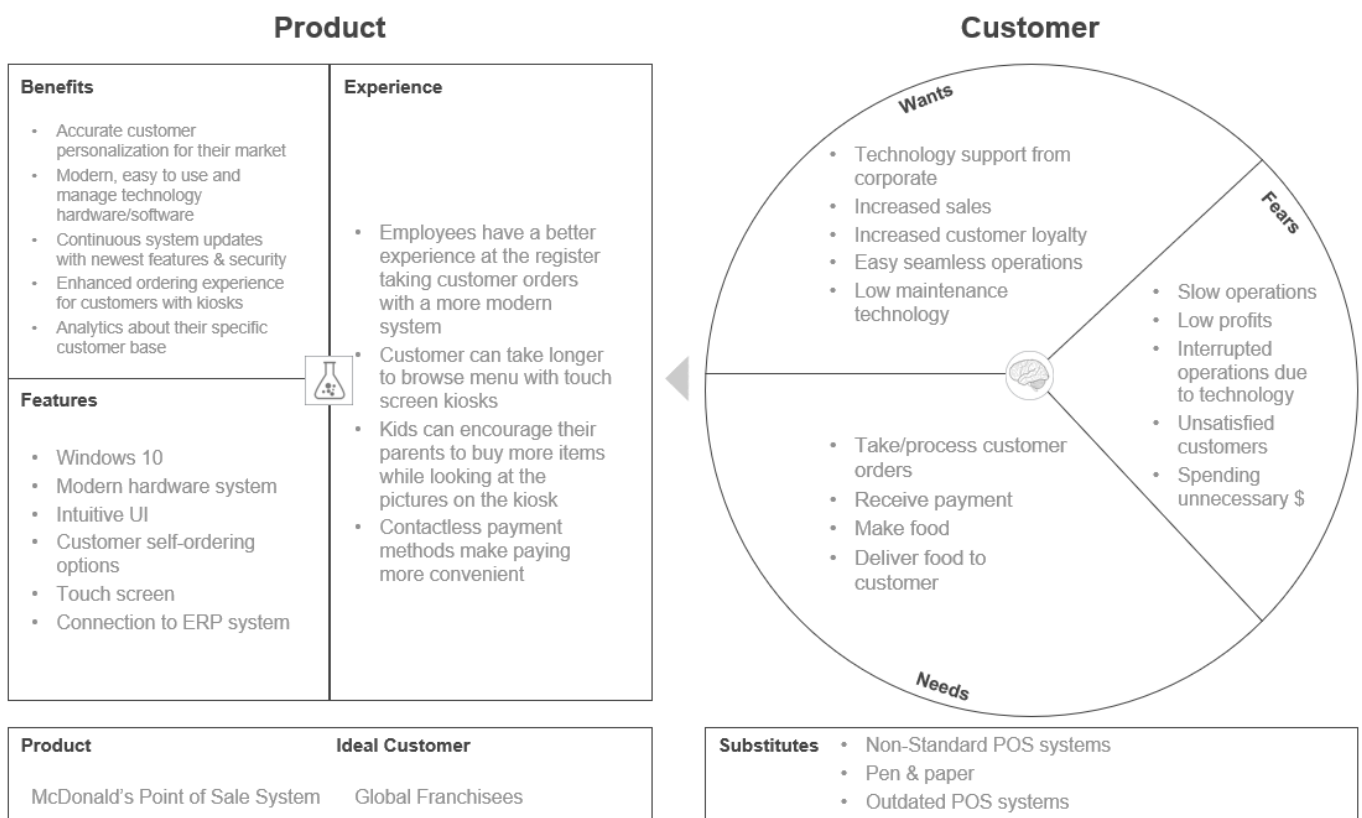
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Business Model Options*

Option 1	Option 2	Option 3
Leasing Model <p>For a low monthly fee, a franchisee can lease the McDonald's standard POS system. This strategy helps with the upfront burden of cash strapped owners.</p>	Target Power Owners <p>Assuming most top markets have owners or groups that own many markets: Offer reduced pricing for the POS system to those owners to gain traction, and after a successful implementation- market testimonials to other owners in the market.</p>	Delayed Payment Plan <p>Offer a risk-free trial for 6 months of the POS system to break the barrier of getting into the restaurant. After adoption, give the franchisee the opportunity to pay for the system after a year when their ROI is closer to being achieved.</p>

Value Proposition Canvas**



Sources: <https://www.worldatlas.com/articles/countries-with-the-most-mcdonald-s-locations/>
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<https://d18rn0p25nwr6d.cloudfront.net/CIK-0000063908/5c1364f0-7dd5-4a7e-9b9f-cc>