

**Title of the project: Analyzing the Market Segmentation and Strategies used by McDonald's at Multinational level**

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**Abstract:** The project undertaken gives a detailed analysis of market segmentation by McDonald's and how to penetrate respective segments of the market using various strategies. McDonald's one of the multinational in the food industry has also hidden strategy of earning through Real estate. The project undertaken has shed light on various marketing strategies adopted by McDonalds which has helped generate higher sales and increased revenue

In this project the secondary data was browsed using the internet whereas a Google form was circulated among the respondents to collect the primary data. Data analysis and interpretation was done using the graphs and the pie charts. The findings clearly show that the customers are attracted towards the marketing strategy and the sales promotion adopted by McDonald's. The introduction of the new variant understanding the taste, preference and habit of the customer's i.e. introducing McAloo tikki in the Indian markets has reached to the common masses. This strategy has really worked well, and has helped McDonald's earn good profits.

### **Objective:**

- To understand market segmentation of McDonald's
- To study various marketing strategy adopted by McDonald's
- To know the consumers liking toward McDonald's product.

### **Introduction to food industry:**

The food industry has grown rapidly over the last 50 years to meet the needs of the population as well as react to changing lifestyles. Food sector operations cover a wide range of activities, including food production, processing, distribution, and sales. It is an essential component of the global economy and plays a crucial part in meeting the nutritional needs of the entire world's population. The food industry is an innovative and constantly evolving sector that adapts to sociological, technological, and economic factors. It plays a central role in nourishing people worldwide while continually adapting to meet new challenges and opportunities.

### **Introduction to McDonald's:**

One of the biggest and most well-known fast-food restaurant businesses in the world, McDonald's has a long, illustrious history. Richard and Maurice McDonald established the firm in 1940 as a barbecue joint in San Bernardino, California, with a small menu that included burgers, cheeseburgers, soft drinks, milkshakes, and French fries.

A brilliant businessman named Ray Kroc joined the organization as a franchise agent in 1955. He then acquired the McDonald's name from the McDonald brothers after realizing the brand's potential and started growing the company. McDonald's became a worldwide phenomenon thanks to Kroc's effective franchise business strategy

McDonald's is renowned for its constant menu offerings, quick service, and famous Golden Arches logo. The brand's menu has expanded over the years to include a range of foods, including iconic items like the Big Mac, Quarter Pounder, Chicken McNuggets, and Egg McMuffin. Additionally, it provides a selection of drinks, salads, and desserts.

McDonald's has established itself as a global cultural institution and an essential part of many people's lives due to its focus on accessibility, affordability, and quick service. It is a major player in the fast-food sector and has restaurants in almost every country on earth.

### **Review of literature:**

#### **1. A STUDY OF THE CHALLENGES FACED BY MCDONALD'S WHILE ENTERING THE MARKET OF INDIA**

Shikha Tilwani, Vijesh Patel, Shivangi Singh, Manveer Singh, Nikhil Goyal McDonalds was started in India around 23 years ago. Currently it has more than 400 outlets and is among the most loved fast food chains by the Indians. This research paper focuses on the problems faced by McDonald's while entering into the Indian market. The first phase of the project involves the challenges faced by McDonald's which includes the cultural, political and environment factors that caused hindrance to McDonalds while capturing the Indian market. The second part talks about the comparison of McDonalds with its major competitor KFC while trying to gain popularity in the Indian market. The secondary data for this research was collected from various research papers, articles and different websites. The final phase involves the future scope of McDonald's and how they plan to overcome all the challenges and rule the Indian Market. The main competitors are KFC and Burger King, but McDonalds is still leads the market in terms of quality, price and customer preference. The paper also contains graphs and analysis supporting the best fast food chain, which is liked by people and preferred by most of the people.

<https://ijcrt.org/papers/IJCRT2004094.pdf>

#### **2. —A STUDY ON MARKETING STRATEGY ON MCDONALDS**

By Mr. Vishal Shendage

McDonald's is a globally successful fast-food restaurant. From the time of its birth, it has gained enormous success and is growing at the international level. The powerful entry through franchisee system, the standardization and adaptation strategy play an important role in gaining the huge success of McDonald's and brand image of McDonald's. McDonald's strategy of standardizing their products on its preparation, techniques of presentation along with the adaptation strategy has created a difference in McDonald's as compared to that of its competitors. Marketing being my subject interest, knowing the strategy of one of the most successful fast-food companies will really help me out. The major objective is to find out the customer satisfaction towards McDonalds services. Questionnaire was used to collect the data. The results gathered from the study suggest that McDonalds is the most preferred fast food outlet in India. Studying McDonald's and its marketing system has helped me a lot in understanding the marketing subject in a better manner, marketing techniques and practically understand the McDonald's strategy of standardization and adaptation.

<https://www.iimpune.edu.in/>

### **3. McDonald's: —think global, act local – the marketing mix**

This paper focuses on the marketing mix of McDonald's. Highlights how the company combines internationalization and globalization elements according to various fast food markets. Using the effect of strategically and tactical models, the case illustrates the effect of McDonald's on the global environment and how they adapt to local communities. Describes future franchise plans for McDonald's.

<https://www.emerald.com/insight/content/doi/>

### **4. Online branding: the case of McDonald's**

This article explores the approaches to the delivery of brand messages through a Web site, taking one of the leading brands, McDonald's, as a case study. The role of brands and branding in the new economy that is characterized by digitization and globalization is attracting considerable attention. McDonald's recent "I'm lovin' it" campaign, is being integrated through every element of the business, including its Web site; this campaign therefore presents a useful opportunity to analyse the contribution of the Internet channel to brand building. This case study analysis is conducted on two levels: how the Web site elements are enlisted to reinforce brand messages, and overarching brand strategy themes such as globalization, community and channel integration.

<https://www.emerald.com/insight/content>

### **5. Working at McDonalds: some redeeming features of McJobs**

Within much critical research literature, fast-food jobs are presented as offering few employee advantages. Indeed the disparaging term „McJob“ has come to describe low-skill, low-pay, dead-end, routine service industry employment in general. In contrast, there is employer-oriented literature that portrays fast-food jobs more positively and even presents them as beneficial for the workforce. This study analyses survey data from a sample of Australian McDonald's outlets to determine employee and employer experiences and attitudes towards these so-called McJobs. Findings indicate that employees view their jobs as consisting of repeatedly doing a limited range of non-complex tasks whereas managers perceive aspects of the job more positively. Evidence is presented that fast-food jobs offer human resource advantages, potential career opportunities and, for some, desirable forms of work

organization. These findings suggest that the current, dominant portrayal of McJobs is inaccurate, with the reality more nuanced.

<https://journals.sagepub.com/doi/abs/>

### **6. Effective Marketing strategies of McDonald's in Malaysia and Indonesia**

The purpose of this study is to examine the effective marketing strategies of McDonald's in Malaysia and Indonesia. The research method used online survey and analyzed by using SPSS version 24. Literature reviews, journals, and papers also are analyzed to support the collected data. The findings indicated that 87.07% of respondents are satisfied with the existing services

whereas 69.83% of respondents are satisfied with the food by McDonald's. The findings also showed that the majority of consumers knew McDonald's from social media. The findings provide suggestions for future research and improvement provided by McDonald especially for offering more options and providing more discounts in their services.

<http://www.ejournal.aibpmjournals.com/index.php/IJABIM/article/view/1167>

### **Secondary Research:**

The secondary data was gathered by looking through several websites. It provided the researcher with various articles and subject-related information. The researcher was able to gain a thorough understanding of earlier investigations on the subject with the help of review of literature

### **McDonald's Mission Statement:**

- McDonald's mission statement is "to be our customers' favorite place and way to eat and drink.

The main objective behind the mission statement is to make sure that consumers have a good time while they are eating at one of their establishments. Every time a customer visits a McDonald's restaurant, the firm aims to make the experience enjoyable and engaging for everyone. McDonald's works to make sure that every customer has a satisfying experience from start to finish, from quick and pleasant service to high-quality cuisine, care for the little things, and clean surroundings.

### **McDonald's Vision Statement**

- "To move with velocity to drive profitable growth and become an even better McDonald's, serving more customers delicious food each day around the world."

The key term from McDonald's Vision Statement is "to move with velocity to drive profitable growth and become an even better McDonald's, serving more customers delicious food each day around the world." This declaration makes it obvious that the business's main priorities are maintaining a high standard of food quality while also making investments in its people, technology, and other assets in order to foster further growth. A significant component of McDonald's primary objective is to increase customer happiness while achieving profitable development.

The phrase places emphasis on the value of being "even better." This shows that McDonald's is constantly looking for ways to enhance their client experience by giving better products and services.

### **McDonald's around the world:**

McDonald's is a well-known international fast food company with a considerable global reach. Since 1955, McDonald's has made a commitment to provide customer everywhere in the world a fantastic experience. The company, which aims to make people's lives more convenient, has launched more than 38,000 eateries in more than 100 countries and regions, serving close to 70 million people daily. McDonald's concentrates on making sure that every restaurant operates in

accordance with high standards of quality, service, and cleanliness in order to give customers more engaged experiences and produce unforgettable feelings for them.

**McDonald's core values:**

The foundation of McDonald's fundamental principles is quality, service, inclusion, and value. As a part of these fundamental principles, the business is passionate about pursuing ethical business conduct and corporate responsibility. This includes activities like supporting neighborhood communities, giving all workers a safe place to work, protecting the environment through ethical practices, offering a reasonable menu while upholding food safety requirements, and acting with integrity in all of one's interactions with others.

1. **Quality:** McDonald's is committed to providing high-quality food and beverages to its customers. They focus on using fresh ingredients and maintaining strict quality control standards.
2. **Service:** McDonald's aims to deliver excellent customer service, ensuring that customers have a positive and enjoyable experience at their restaurants.
3. **Cleanliness:** The company places a strong emphasis on cleanliness and maintaining a hygienic environment in their restaurants.
4. **Value:** McDonald's strives to offer good value for money, providing affordable and satisfying meals for their customers.

**Objective of the company:**

1. **Customer Satisfaction:** McDonald's strives to give its customers high-quality goods, first-rate service, and a satisfying experience. They work hard to fulfill client expectations and foster brand loyalty.
2. **Global Expansion:** McDonald's has been concentrating on growing its footprint internationally by opening locations in numerous nations. Their goal is to serve clients from many countries and cultures.
3. **Menu Innovation:** McDonald's is constantly experimenting with new menu items to adapt to shifting consumer tastes and nutritional fads. They keep the old favorites while introducing new ones.
4. **Sustainability:** McDonald's has been striving for more sustainable practices, like adopting eco-friendly packaging, encouraging ethical food sourcing, and lowering its carbon footprint.
5. **Employee Development:** McDonald's aims to provide its employees with opportunities for growth and development, fostering a positive work environment and encouraging teamwork.
6. **Community Engagement:** The Company engages with local communities through various initiatives, including charity partnerships, scholarships, and supporting local events.

## SWOT Analysis of McDonald's:

### Strengths:

1. **Global Presence:** McDonald's has a vast global footprint, with a presence in over 100 countries, making it one of the most recognized and iconic fast-food chains worldwide.
2. **Strong Brand Image:** The "Golden Arches" logo and the brand's association with fast food, affordability, and convenience have contributed to a powerful brand identity.
3. **Standardized Operations:** McDonald's has established efficient and standardized operating procedures that ensure consistency in food quality and service across its outlets.

### Weaknesses:

1. **Health Concerns:** There have been criticisms regarding the nutritional value of McDonald's food items, leading to concerns about public health and obesity.
2. **Slow Response to Trends:** At times, the company has been criticized for being slow to adapt to changing consumer preferences and health trends, leading to some loss of market share.
3. **Negative Public Perception:** McDonald's has faced public relations challenges and negative perceptions at

### Opportunities:

1. **Menu Innovations:** There is an opportunity for McDonald's to continue innovate its menu by introducing healthier options and appealing to changing consumer tastes.
2. **Expanding in Emerging Markets:** McDonald's can focus on further expanding its presence in rapidly growing markets in Asia, Africa, and Latin America.
3. **Embracing Technology:** Implementing technology- driven solutions like mobile ordering, delivery services, and automated systems can enhance convenience for customers.



**Threats:**

1. **Intense Competition:** McDonald's faces significant competition from other fast-food chains, local eateries, and emerging food trends.
2. **Health Regulations:** Increasing regulations on fast-food chains due to health and nutrition concerns could impact McDonald's operations and profitability.
3. **Economic Factors:** Fluctuations in the global economy may affect consumer spending habits and impact McDonald's sales.

**Financial statement:**

McDonald's Corporation reported earnings results for the second quarter and six months ended June 30, 2023. For the second quarter, the company reported revenue was USD 6,497.5 million compared to USD 5,718.4 million a year ago. Net income was USD 2,310.4 million compared to USD 1,188 million a year ago. For the six months, revenue was USD 12,395.3 million compared to USD 11,384 million a year ago. Net income was USD 4,112.7 million compared to USD 2,292.4 million a year ago.

**Is McDonald's profitable?**

As of December 31, 2022, McDonald's net profit was 26.65%. The company is one of the most successful restaurants globally, worth approximately \$193.05 billion. McDonald's average annual sales for 2021 from more than 10,000 locations in the United States were over \$3 million. (Taken from the annual report of 2022)

**Marketing Strategy of McDonald's:***I'm Lovin' It.... Para Pap Pap Paa:*

"I'm Lovin' It... Para Pap Pap Paa" is a very well-known jingle that has been used by McDonald's for a very long time now.

This jingle highlights the positive experience one can have while dining at McDonald's. The jingle is memorable because it speaks about how happy consumers are during their meals there, and how helpful and friendly the employees are.

**McAloo Tikki:**

One of McDonald's key strategies in India has been localization. They have adapted their menu to suit the Indian palate and culture. For example, they offer vegetarian options like McAloo Tikki burger, which has been a huge hit among Indian consumers.

**It's a truly -glocal burger—local tastes and flavors put together using McDonald's globally renowned processes and techniques. McDonald's has introduced India's most loved "McAloo Tikki" burger in its menu. The fast food company said that the burger can now be found on the menu of its restaurant in Chicago, United States. McAloo Tikki is finally introduced in San Francisco.**

## **The Tomato Ban:**

**As the prices of Tomato's sore high to Rs 180/- per Kg, McDonalds has stopped using the tomatoes.**

The decision is a result of the high prices and low quality of tomatoes.

McDonald's has stopped using tomato in its food preparations at most of the stores in northern and eastern parts of the country citing the non-availability of quality products, amid the price of the commodity surging up to Rs 200 per kg.

In a statement, the representative of the fast-food chain said tomatoes will be lacking in the menu items, due to seasonal issues.

"As a brand committed to the highest standards of food quality and safety, we use ingredients only after rigorous food quality and safety checks. However, due to seasonal issues and despite our best efforts, we are not able to procure tomatoes that pass our world-class, stringent quality checks," the statement read.

"Hence, we are constrained to serve tomatoes in our menu items at some of our restaurants. This is a temporary issue and we would like to reassure our customers that we are looking at all possible ways to bring back tomato in our menu very soon," the company added.

## **McDonald's: Growth Plan and Accelerators:**

The **Velocity Growth Plan**, introduced in 2017, is McDonald's business model and customer-centric strategy that focuses on three key components of the business: food, value, and customer experience.

**Retaining existing customers:** Emphasizing areas where it already has a strong foothold, such as family occasions and food-oriented breakfasts.

**Regaining customers who visit less often:** Recommitting to its historic strengths, such as taste, quality, convenience, and quality of the product: food.

**Converting casual to committed customers:** Building lasting relationships with customers so they visit more often, by strengthening and expanding the McCafé coffee brand and enhancing snack and treat offerings.

## **McDonald's competitors:**

- **Burger King:** Available in more than 90 countries and at over 18,000 locations, Burger King is the most direct competitor of McDonald's and has approximately 90% of its restaurants as franchisees;
- **Subway:** In terms of size, the privately-owned Subway has one of the largest QSR

chains, and they have a presence in more than 80 countries at over 37,000 restaurants;

- **Chipotle:** With its slogan as “Food with Integrity”, Chipotle operates more than 2,800 restaurants with none of them franchised. Their fast-foods have higher prices than their competitors, and they also serve fast-foods that are a bit different, like tacos, salads, and burritos.

## McDonald’s Real Estate: How They Really Make Their Money

So McDonald’s doesn’t make their money from selling burgers

A lot of us don’t realize that McDonald’s isn’t really a burger-flipping restaurant chain. Well, it is, but not purely. Peel back the layers and you’ll find that the corporate entity is actually one *heck* of a real estate company. Former McDonald’s CFO, [Harry J. Sonneborn](#), is even quoted as saying, “we are not technically in the food business. *We are in the real estate business.* The only reason we sell fifteen-cent hamburgers is because they are the greatest producer of revenue, from which our tenants can pay us our rent.”

Today McDonald’s makes its money on real estate through two methods. Its real estate subsidiary will buy and sell hot properties while also collecting rents on each of its franchised locations. McDonald’s restaurants are in over 100 countries and have probably served over 100 billion hamburgers. There are over 36,000 locations worldwide, of which **only 15% are owned and operated by the McDonald’s corporation directly**. The rest are franchisee-operated.

It’s a brilliant strategy. Being able to collect on rents helps insulate them from the ups and downs of the business of flipping burgers.

### Primary research:

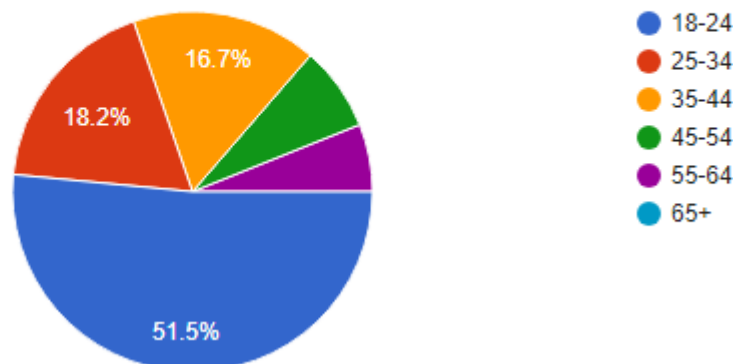
A Google form was circulated among the respondents and in all 66 responses was collected. The data was analyzed using the statistical charts and graphs.

Google form link: <https://forms.gle/UvSPJQFH6nhHJWHq7>

### Data Analysis:

#### What is your age range?

66 responses

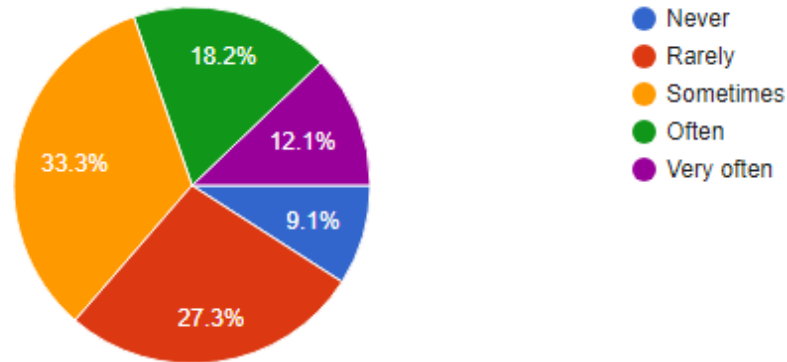


Majority i.e. 51.1% of the respondents belong from the age group of 18-24 years. The other

remaining are from different age brackets

### How often do you eat at McDonald's?

66 responses

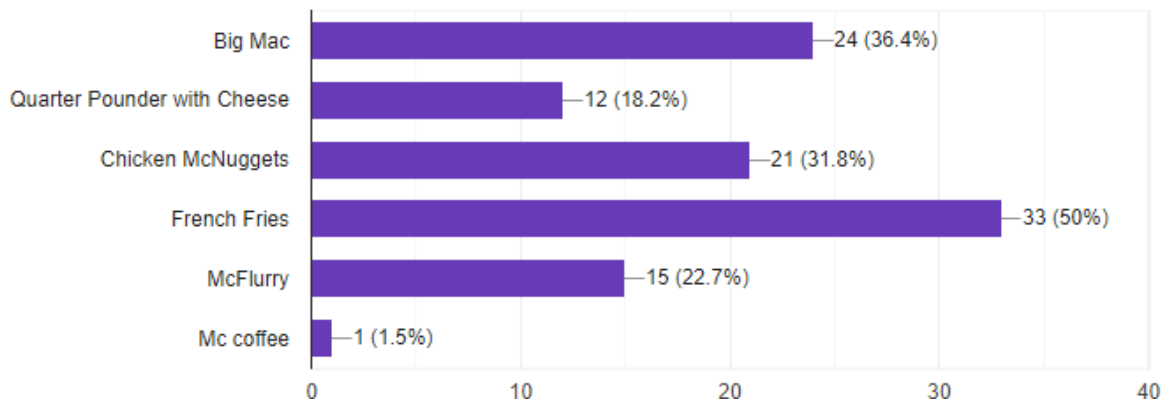


From the above pie chart it is seen that **69.69%** respondents on an average often visit to McDonald's. It helps in understanding the frequency of visits to the fast-food chain and the level of engagement of the respondent.

### What is your favorite McDonald's menu item?

[Copy](#)

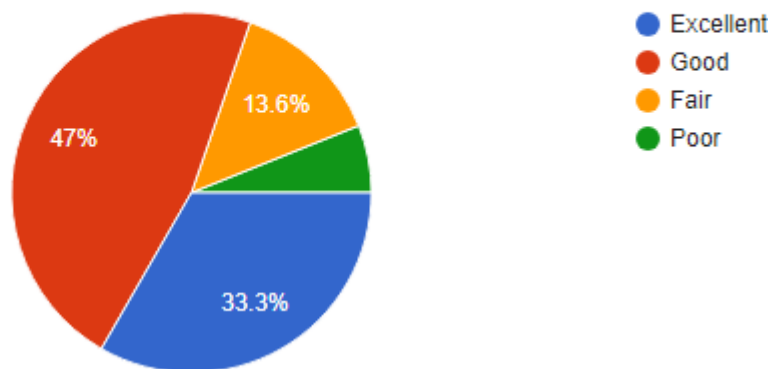
66 responses



The Bar chart shows that the respondents prefer French fries the most i.e. 50% of the respondents. It is seen that different respondents have different choices.

## What is your opinion of McDonald's customer service?

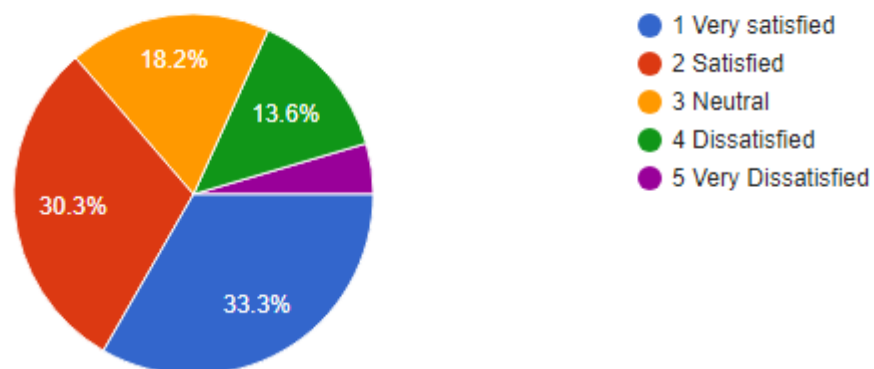
66 responses



**80.3%** of the respondents have responded positively to the question. This generally indicates customer satisfaction and a positive perception of the brand.

## "Rate your overall satisfaction with McDonald's from 1 to 5."

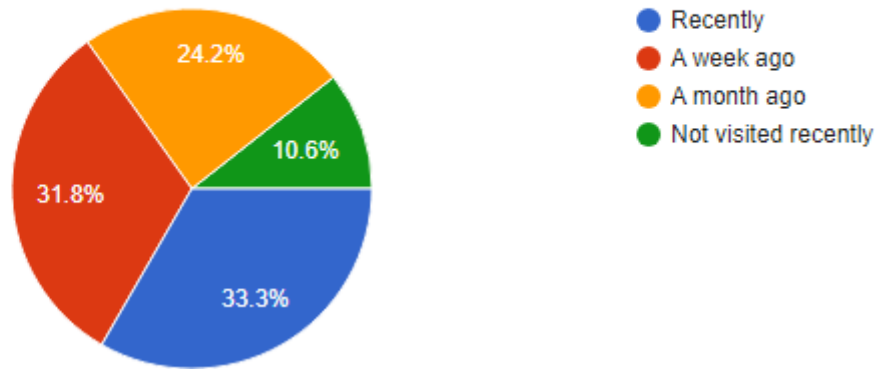
66 responses



**63.3%** of the respondents have shown a higher level of satisfaction towards McDonald's. They had an excellent experience and are very happy with the products or services they received.

### "When was your last visit to McDonald's?"

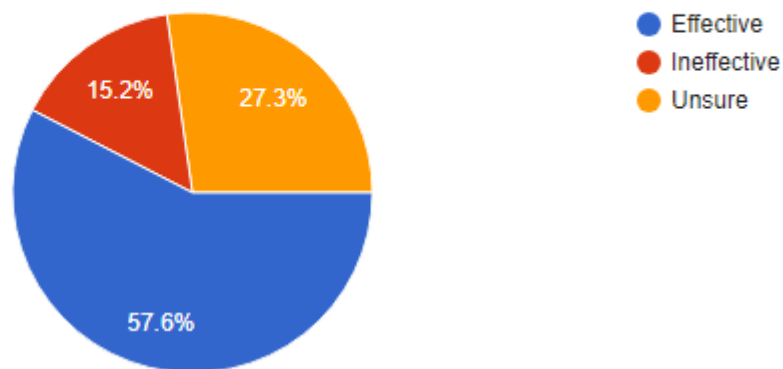
66 responses



From the chart we can see that maximum number of respondents visited McDonald's recently. There are respondent responding with a different answer.

### Is the Marketing Strategy effective?

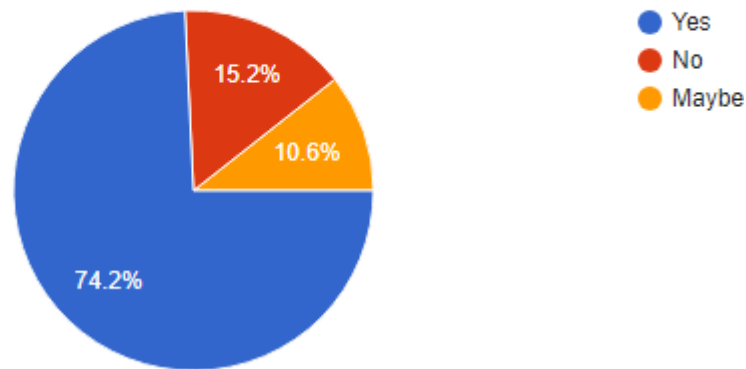
66 responses



Yes the respondents do believe that McDonald's have a great and effective marketing strategy. 57.6% of the respondents has given a positive response to the above question.

## Would you recommend McDonald's to your friends and family?

66 responses



Higher percentages of positive responses indicate a high level of customer satisfaction and loyalty. Customers who are willing to recommend McDonald's to their friends and family are likely to be brand advocates.

The chart shows that 74.2% of the respondents would definitely recommend McDonald's to their friends and family.

### **Limitation of the study:**

1. The study undertaken by the researcher is based on primary data, with limited respondents.
2. The secondary data available through sources was not objective specific and was available in bits and pieces.
3. The biasness of the respondents towards the data collected cannot be overlooked.

### **Conclusion:**

The project undertaken has shed light on various marketing strategies adopted by McDonald's which has helped generate higher sales and increased revenue. Given its size and reputation, McDonald's consistently conducts research and executes initiatives to keep up with shifting consumer preferences, market conditions, and business trends. Their business-related strategies frequently center on a variety of business-related issues, including menu innovation, marketing initiatives, sustainability initiatives, technology adoption, and expansion plans.

A primary research was conducted by circulating a Google form and 66 responses were collected. The data was collected using various charts and graphs. The findings clearly show that the customers are attracted towards the marketing strategy and the sales promotion adopted by McDonald's.

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