McDonald’s Case Study

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McDonald’s is the world’s largest fast food restaurant established in 1940. By 2009, the restaurant had the capacity of serving 58 million customers daily across the world. In the same year, McDonald’s had already established 30,000 franchise stores in 119 countries across the world. The revenues generated by the business amounted to $ 15 billion on annual basis. The fast food products distributed by the chain of restaurants include hamburgers, fresh drinks, chicken products, breakfast items, desserts, and French fries among other products. McDonald’s entry into France in 1972 was thought to be an invasion into the country’s food culture and probably a possible failure of the fast food restaurant (Qumer, 2011). However, this was not the case as the fast food business became the biggest source of revenue for the food giant based in the United States by 2008.

The success of McDonald's Corporation in France was proved by its capability to generate sales worth € 3.35 billion. The sales were a collection from all the 1,115 outlets established in the country. The revenues increased by 3% in the same year of the business' success in France. Its success in the foreign market was also evident from being capable of opening 30 additional stores in France in the same year (Qumer, 2011). Despite the global recession of 2009, McDonald was capable of maintaining is position in the French markets over other fast foods outlets which purportedly collapsed because of the economic crisis. The success of McDonald in a futile business environment in 2009 was attributed to its low-priced items which attracted many customers. Its success in France has explained from the perspective that the French market offered both opportunities and challenges for the fast food business to thrive in the country (Dos Santos Silva, & De Azevedo, 2012).

McDonald’s entry in France was coupled by some challenges such as adhering to the food industry regulations in France and the cultural encroachments of the market. Business experts thought that America’s first foods could not gain roots in the country because there was still low demand for the foods in France (Fantasia, 2012). However, no amount of speculations could prevent McDonald's activities in the foreign land as the corporation devised and expansion strategy to grasp the markets across France. Its expansions France's capital, Paris, and the continual establishment of franchises annually made it possible to win the hearts of many consumers and proving that the foods were indeed not associated with the young consumers only but also a diverse group of customers. The outlets of McDonald's were similar to their America counterparts in terms of their appearance and menu items (Qumer, 2011). The corporation also continued to promote its products in accordance with the French customers winning many consumers of the fast food products.

McDonald's success in French is also attributed to its policy of localization where it did not deliver products based on the culture of the locals but attempted to change the culture of the locals to suit its products. This strategy, however, could not prevail for long as the corporation was forced to adjust its menu suit the specifications and tastes of the local French consumers. This strategy made it possible for the corporation to maintain a considerable balance of revenue for three consecutive years from 2007, 2008 and 2009 at 22,787, 23, 522, and 22,745 respectively. It was also capable of maintaining a considerable reduction or balance in operational costs and revenues for the three consecutive years at 18, 908, 17,079 and 15, 904 respectively (Qumer, 2011). In the following year, McDonald experienced a drop in its sales which was attributed to poor marketing strategies by the corporation. The fall could have also be attributed to ‘cultural treason' that is committed to the country's culture and claims that its products caused obesity for to the French consumers (Qumer, 2011).

**Marketing Mix (4 Ps)**

In order to regain its dominance in the French market, McDonald’s will have to apply the marketing mix strategy in its business models. The 4P (Product, Price, Promotion and Place) will balance the needs of the foreign markets to the customers. In reference to products, McDonalds would have to modify its products to suit the French food culture and eating habits. The pricing of the products will also have to conform to the standards of living in the various cities and localities in France so as to win more customers and increase the sales. The offers in the new changes by the corporation would not be known if the management of the venture would not invest funds in marketing and product promotion activities. This is one of the efforts to publicize and sensitize the consumers about the good offers available. The 4P strategy will be a great breakthrough for the corporation in regaining its popularity in the French markets.

References

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