Possible Solutions for Minorities to Break Down the Block from Empire Firms: Case Study of McDonald's

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Abstract. This paper focused on investigating McDonald's' globalization process and the strategies that McDonald's implemented to become the global fast-food industry. Investigators launch several scientific and systematic approaches to discover the most relevant results; in this paper, the Marketing Mix Theory and SWOT analysis were implemented. By launching these practical methods, investigators can conclude comprehensive views on McDonald's' inner and external market circumstances, and investigators suggest that McDonald's showed a competitive advantage in its Price, Product and Place. However, Promotion was one of the most significant weaknesses that McDonald's cannot avoid. Thus, McDonald's should develop its menu and marketing focus on healthy food selling, and properly utilize its robust funding and matured supply chain to encounter its weaknesses, develop strengths, seek opportunities, and avoid the threat by launching these strategies steps by steps, so that McDonald's can maintain its dominating role in the global market and have further development in the prospective future.

Keywords: McDonald's; SWOT analysis method; Marketing Mix Theory; Marketing Strategy.

1. Introduction

1.1 Research Background

With the development of the economy and society, people's concept of catering consumption has gradually changed. According to the survey data, the social demand for the fast-food market has been expanding in the past five years. On the other hand, McDonald's, KFC, Burger King, Subway and other world-renowned fast-food brands are also expanding their stores. This is because this popular fast food has the advantages of being fast, convenient, standardized and environmentally friendly. This kind of fast food at a reasonable price is deeply preferred by "fast eaters" in today's market.

The fast-food culture emerged in the United States in the early twentieth century and quickly developed in the 1950s. Among many fast-food brands, taking McDonald's is the primary investigation object, focusing on the marketing strategy of McDonald's.

McDonald's is a large multi-national restaurant chain established in Chicago, USA, in 1955. As one of the top ten famous brands in the United States, McDonald's led the rapid development of the American fast-food industry in the early days of its establishment.

Some investigators have done related explores on McDonald's marketing plan. There is no doubt that McDonald's success depends greatly on its insistence on brand marketing innovation and flexible marketing strategies. If some fast-food companies would like to get more profit, offering the same products and services in different areas is not enough, the most important thing is satisfying local consumers and market needs, formulating corresponding and suitable products and market strategies according to the market needs of different countries. This seems to be the middle ground between the prospector and the defender. Some products will be directed toward a stable environment where a deficient strategy to maintain current customers is operated. Others will focus on a new and more dynamic environment with an opportunity for growth [1]. However, this article is too theoretical and does not integrate well with McDonald's brands.

In the previous article "Cross-cultural consumer values, needs and purchase behaviour", Written by Kim et al. a study on consumption values, needs and purchasing behaviours in Asia is mentioned [2]. This investigation investigates the different needs and choices of consumers for products in different cultural environments and observes the conclusions in terms of characterizing the consumer markets of each country and their implications for the development of needs-based branding strategies [2]. Although the author has reasonably interpreted the relationship between consumption values, needs and buying behaviour in different countries and the brand's characteristic fidelity, the selected countries are too limited. They are all East Asian countries, and the eating habits generated by cultural backgrounds have many similarities [3]. However, it is not comprehensive and representative of the fast-food industry; further investigation is required.

An article investigated McDonald's international marketing mix in two different markets, based on different strategic positioning based on localization and globalization [3]. Finally, it concluded that McDonald's has fully considered target customers' needs in selecting products in some particular countries [3]. However, China and India have similarities in some religious beliefs and systems, and the comparison is not obvious enough, so a variety of investigations is needed.

1.2 Investigation Gap

In the past few years, affected by COVID-19, many industries have been damaged to varying degrees, including the catering industry. Many stores even went bankrupt. With the gradual easing of the epidemic, social and economic development and the gradual stability of people's living standards, the catering industry has also been revived. More and more people choose to eat out, and the growth of eating out is mainly from the fast-food industry, and the demand for the fast-food industry is also growing.

The main investigation question of this paper is: "How McDonald's succeeded in the global fast-food market?". Among them, especially the marketing strategy of McDonald's is worth the further exploration. In fact, their marketing was successful on the whole. In the first few years of the setback in the catering industry, McDonald's business did not suffer significant fluctuations. In addition, the author will describe the possible threats to McDonald's brand in the development and provide corresponding suggestions for changing McDonald's marketing strategy in the future. At the same time, it also provides a possible solution and reference for ethnic minorities to break the blockade of Imperial Company.

1.3 Structure of This Paper

The main content of the article is based on the marketing theory, taking McDonald's as the investigation object. The current situation and possible problems of its marketing strategy in the world market are studied. Applying Marketing Mix Theory and SWOT analysis method to analyse the problems and factors of McDonald's marketing strategy. In general, the general investigation contents of the article are as follows. First of all, the paper will introduce the background of the investigation topic. It introduces a brief overview of the investigation object and its achievements.

Then, the investigation employs the marketing theory, this paper roughly expounds on the marketing strategy of the brand and tries to analyse the reasons why it can win the global market. The investigation also analyses the possible problems in marketing and provides new ideas for future development and innovation. Finally, the paper combined McDonald's marketing strategy and the plan discussed in the third point, analysing how ethnic minorities break through the blockade of Imperial Company to succeed in the commercial market [4].

2. Literature Review

2.1 Definition and Development of Marketing Mix Theory

A marketing mix is the most suitable tool for marketing and achieving marketing goals. It is usually considered as a Marketing Mix Theory; each part corresponds to different marketing scenarios. Although there are still some flaws in the Marketing Mix Theory, the theory is still a marketing mix's main content [5].

Before the official launch of the company's products, decision-makers should fully consider the four directions in the marketing mix, and the company should design a targeted plan for these four different parts, which are all key factors that determine the success of a company's product launch. The Marketing Mix Theory is generally utilised for tangible commodities, and corresponding marketing plans are formulated according to different commodities. The four variables of the marketing mix are all equally important.

Most marketing mixes change based on changes in marketing conditions. The marketing mix is a set of controllable variables a business can employ to influence shopper responses. Obviously, a marketing director decides on the level of marketing spending to accomplish the marketing objectives of the business, and then ultimately determines the marketing budget.

The product involves different attributes. It comprises of physical factors such as colour, design, features, and performance and nonphysical factors like value, quality and so on. Product planning involves a variety of decisions to take decisively to get the product onto the market.

Price is the amount a customer pays for a product. It is ascertained by various factors including cost of material, product differentiation, competition, market share and the customer's perceived value of a product.

Places are thought of as channels for selling things, with a variety of channels, including both online and offline virtual storefronts, as the primary means of transferring commodities from producers to consumers.

Promotional activities focus on communicating and persuading the target market to buy the company's products. The product is made available through the ideal channel, and the business is dedicated to garnering publicity.

Today, the Marketing Mix Theory combination theory has come to more successful process improvements. The Marketing Mix Theory is not only applied to marketing but its methods are increasingly applied in the field of health care, especially in public hospitals. Injured patients provide comprehensive medical services, realize better innovation in external medical care, and provide strong theoretical support for process development in Australia and Canada.

2.2 Important Results of Marketing Mix Theory

Marketing Mix Theory is closely related to consumers' purchasing behaviour. Each of these variables is inseparable from consumers' purchase intention and consumption behaviour. Only by understanding the needs of customers and understanding the market can investigators improve successful marketing.

The first point is the “product”. Higher quality products can better attract consumer groups and complete the purchase. The higher the quality of products, the stronger the willingness of consumers to buy. Many company directors are absorbed by the technical details involved in the production of a product, but most customers or consumers assert of the product in terms of quality. In Jahan Shahi et al.’s paper on Tata Motors, meeting people's highest standards of quality and customers' needs is conducive to improving customers' willingness to consume [6].

The second point is the "price". For consumers, the price is one of the important criteria to consider whether to buy or not. Products must be priced based on different target markets. If the products with low quality and the high price will not have consumers. And even they may also generate the brand to fall into business crises. Ensuring good product quality and appropriately lowering the price of the product is one of the means for the company to attract target customers. Andreti et al. in their investigation 'The analysis of the product, price, place, promotion and service quality on customers' buying decision of convenience store' discovered that price has a significant impact on customers' buy intentions, particularly the reference price, which has the most impact when customers are unable to compare brands easily [7]. Based on the "law of demand", that is customers will buy less as commodities prices rise [8]. This theory is called "the most famous law in economics, and also the law that economists are most convinced of. Generally speaking, consumers are most sensitive to the price of the product that is expensive or that they often buy.

The third point is the "place". The more convenient the sales location is, the more willing the consumer is. Distribution is the channel for product delivery, and its geographic location should fully consider the needs of consumer groups, especially in working and living areas. The more convenient the location, the stronger the willingness of consumers to buy. For different products, it is hard to exploit one channel to apply all. Place is closely related to product pricing. Under the premise of ensuring product competitiveness, product pricing and channels must meet the needs of the group [9].

The fourth point is the "promotion". Promotion is mainly based on consumer psychology. Pass on the selling points of products to customers through a series of promotion methods. In this way, consumers' interest can be enhanced to a certain extent. Many times, consumers will have impulsive consumption behaviour. There are various forms of product promotion activities, i.e., advertising, promotional activities, public relations, etc. They are all important marketing methods for products. The richer the types of promotions, the more consumers can be attracted, and the stronger consumers' willingness to buy. Modern marketing is not only about producing good products, but also the proper utilize of integrated marketing is also crucial in modern retailing. It can directly affect consumers' willingness to buy, thereby increasing product sales and making companies profitable. The largest video-sharing website YouTube has developed the most fashionable marketing platform over the past decade. Most brand advertisements have successfully attracted a large number of consumers through the launch of the YouTube platform, especially in the field of beauty and fashion, attracting a lot of investment Businesses [10]. Promotion and advertising are crucial to consumers' choices. Taking Hi-C Company as an example, it introduces the importance of reasonable marketing and advertising placement for the company's long-term development. Excellent brand public relations and promotions are undoubtedly the keys to increasing the quantity of consumers [11].

2.3 Summary

Overall, these investigations highlight the need for scientific approach to the market with visible factors. Studies also outline the critical role for Product, Price, Place and Promotion in the marketing mix and customer preference investigation, and these studies provide the evidence that Product and Price are two major factors that influence the selling for most, Place and Promotion play the role of assisting and extra improvement. Together these studies provide vital insight in to the balance of quality and expenditure. Executives should launch many developments to the production to lower the price and at the same time maintain the quality of product. Meanwhile, all the studies reviewed here support the hypothesis that the company with outstanding quality, suitable price, convenient place and suitable promotion will attract a large number of customers.

3. Method

3.1 Investigation Design

Various investigation methods are applied to access the market. Compared with advantages and disadvantages, they suit various situations. This paper will implement qualitative investigation steps using SWOT analysis.

SWOT analysis provides entrepreneurs with a scientific approach to the market with four contributing factors. Helms 2010 argue that SWOT analysis offers a fundamental view of organizational variables via listing wanted and unwanted domestic and oversea issues in four quadrants, and operators can clearly understand firms' weaknesses and opportunities [12]. SWOT analysis has a relatively long history. However, the initial definition of SWOT is currently mysterious, learned et al. showed the possibility of analysing SWOT analysis for investigation Ing the strategic situation, and after decades of development, considerable expertise such as Weinrich consummated SWOT theories with outstanding contribution, they defined the four major factors and how it will be composed which is how SWOT analysis looks like currently.

Many institutions, such as Canadian Company Reports (CCR) Investigation, implemented SWOT analysis to make primary market investigation at the beginning. Due to its simplicity and innovation, SWOT is very capable when dealing with organizational activities and strategic environments, which extraordinary fit the need of the companies which want to complete globalization; at the same time, SWOT also points out the possible solutions for firms to deal with a potential crisis. Therefore, companies like McDonald's generally welcome such analysis to be implemented in their operations [13-15]. Subsequently, in this investigation, using SWOT analysis enable investigations to gain insight into the inner and outside situation of firms and offer several solutions by pointing out the existing challenges when combing these SWOT terms with their characteristics.

3.2 McDonald's Research

McDonald's is a successful brand in the fast-food market in the world. Their main products are hamburgers, French fries, fried chicken and soda-based western set meals. In 1940, Richard McDonald and Morris the McDonald brothers created the "Dick and Mac McDonald" restaurant in San Bernardino, California, USA. In 1960, Ray Kroc officially renamed the "Dick and Mac McDonald" restaurant "McDonald's". In 1967, McDonald's opened its first international restaurant in Canada. Since then, it has become a multinational fast food chain brand and has developed rapidly in the following 50 years.

McDonald's not only provides the service of taking food from the restaurant but also professional takeout service. In some places, "drive-thru" services are also available, so consumers can get food without getting off the bus. Most McDonald's restaurants are open 24 hours a day. They offer different menus at different times of the day. In addition, some McDonald's restaurants have McCafé, which provides desserts such as freshly ground coffee, cake and fruit.

In addition, there are a lot of different types of restaurants in McDonald's. They were introduced in the United States in the seventies and eighties. In some suburbs and towns, McDonald's has established indoor and outdoor amusement parks, which are referred to as "McDonald's Paradise". With the expansion and innovation of McDonald's restaurants, there have been more and more McDonald's parks in recent years.

Today, there are over 32000 restaurants in nearly 120 countries. In 2019, McDonald's placed ninth among Interbrand's 100 most prominent global brands.

3.3 SWOT Analysis

3.3.1 Strength

After systematic and scientific investigation, McDonald's' overwhelming advantage in Price and Product is becoming relatively obvious. Since McDonald's has matured its supply chain and manufacturing corporation, McDonald's can acquire remarkable food quality at an acceptable price, which offers McDonald's strong customer loyalty and market influence.

Previous investigation done by CCR Investigation offers a professional SWOT analysis for McDonald's. First of all, McDonald's has three benefits that make it outstanding. McDonald's have matured and efficient supply chain with sustainable suppliers that offer McDonald's restaurants stable and qualified product, which helps McDonald's to generate strong customer loyalty. Based on that, McDonald's can launch new products and menus rapidly by properly utilising its matured supply chain, which enlarges the diversity of product lines and further develops customer loyalty. Thus, all these factors contribute to relatively high influential degrees in McDonald's' market [13].

Such characteristics bring tremendous competitive advantages to McDonald's among other competitors, especially in customer marketing, as McDonald's has almost monopolized the market by launching and utilizing its matured technologies and supply chain. 'If you gave people a choice, there would be chaos', said Mac McDonald's, matured supply chain and advanced technology helped McDonald's to maximize the efficiency of their manufacturers with lower cost, lower selling price with the same quality, correspondingly. This advantage offers McDonald's overwhelming advantages against its substitutes, such as Burger King and KFC, and customer loyalty is likely to be generated at such an excellent price with a diverse menu and qualified service.

3.3.2 Weakness

However, McDonald's has an inevitable weakness due to the industry it belongs to. First is the increasing law issues that make the Promotion challenging. McDonald's serves the customer in the global market, and each region has their unique justice system; this system covers many related variables such as health issues and hygiene issues. Correspondingly, McDonald's is spending more to solve such issues with the business reshuffle. Thus, it has a medium-high influence on the business [15].

The increasing cost of legal issues is not the only trouble that McDonald's has to bear; as the government and public are paying more attention to a healthy diet, McDonald's’ fast-food menu might be censured by the public for causing obesity, which will jeopardize customer’s brand impression and social popularity, and customers are likely to choose other brands who serve healthy food.

3.3.3 Opportunity

Furthermore, McDonald's maintains a strong connection between each McDonald's restaurant, and these restaurants help McDonald's to spread its influence to the global market. Currently, McDonald's maintains over 1,000 restaurants in their primary market, such as the US, Japan, China and European countries. This number will still increase in the coming future [16].

McDonald's invested tremendous expenditure on expanding the number of its restaurants to cover as many places as McDonald's can, without the question that such a surprising number can effectively satisfy most of their customers’ needs on short distance and convenience, which shows competitive advantage in term of Place.

3.3.4 Threaten

Lastly, the threat to McDonald's is also very challenging. As McDonald's has significant influence in the global market and McDonald's is trying to maintain its dominating advantage over the other brands, McDonald's has to deal with rising Foreign Exchange issues, the exchange rate is changing every day, and the unstable international relationship required McDonald's to spend more expenditure and resources on developing their financial model and supply chain. Moreover, Intense competition is another unavoidable barrier for McDonald's since more Brands like Burger King and Pop eyes have shown their potential to overwhelm McDonald's’ fast-food empire. Subsequently, McDonald's should place the threat as the chief opponent if McDonald's wants to develop its globalization [17].

4. Results & Discussion

4.1 Results

Fast food brand McDonald's, because the founder at that time seized the fast-growing economy in time, he was able to accurately position the product, create a chain business model, and cover hundreds of people worldwide. However, with the development of the economic level, the competition in the fast-food industry has become increasingly fierce. The traditional fast food brand McDonald's faces many challenges. Its inflexible franchise mechanism has brought many limitations to the development of the brand. Most of the products are fried foods, which are not suitable for health, and the update speed of products needs to be strengthened.

4.2 Discussion

According to the conclusion of the swot analysis, Marketing Mix Theory has the following relationship with consumers' purchase intention: Enterprises should control the quality when producing products. The key point of strategic quality is to constantly introduce products and services better than competitors, which can meet customers' needs and quality requirements. Generally speaking, the lower the price, the stronger the consumer's willingness to consume. Therefore, producers should adopt scientific pricing strategies. According to the nearby target customer groups, selecting the appropriate business location is a crucial market factor. The higher the degree of transportation convenience, the higher the consumer's willingness to consume. More promotional activities will help attract more consumers and enhance brand awareness.

In order to further promote the development of McDonald's brand and enhance the core competitiveness of the brand, according to the SWOT strategy analysis, there are the following four suggestions:

Strengthen advantages. It is recommended that the brand McDonald's should appropriately relax the franchise conditions and enhance the flexibility of the franchise mechanism to expand market channels better. McDonald's should maintain a well-established supply chain to ensure reliable sources of goods and corner the market by launching and leveraging its technology and supply chain.

Make up for the disadvantages to maintain the brand's leading position. The product range should be wider to adapt to the diverse food culture and demand in different regions. For example, many youngsters prefer low-calorie food, so it is sensible to formulate corresponding recipes according to the dietary needs of different groups of people, especially some fitness people.

Seize the opportunity. More and more people choose to eat fast food for lunch. So as to bring consumers more convenience, McDonald's should invest more funds in Internet marketing and online brand services in the context of the Internet.

Avoid threats. In the face of powerful competitors, it is recommended to speed up brand localization, create more product lines for consumers of different ages and needs, apply fresh vegetables, solve the problem of high-calorie and low-calorie nutrition, and form the core competitiveness of the brand.

5. Conclusion

In the context of economic and trade globalization, this article applies SWOT's analysis methods and Marketing Mix Theory to conduct in-depth investigation on the investigation object "McDonald's", with the purpose of analysing the business model behind McDonald's and exploring how small and micro-McDonald’s breaks the obstacles of large enterprises and gradually develops into the world's leading fast-food brand. First of all, the background of the establishment of McDonald's and the critical nodes of the development of the investigation object McDonald's are introduced and then combined with the background of today's era, the advantages and disadvantages of McDonald's in price, product, location and marketing means are objectively analysed by using Marketing Mix Theory. Finally, according to the SWOT analysis method, the further development of the brand McDonald's is put forward. After the analysis, it is concluded that McDonald's should develop the menu and marketing focus on developing healthy food and exploit the substantial funds and supply chain behind it for integrated marketing. Gradually expand the advantages of comprehensive brand awareness, develop the global market, and through continuous updating and innovation, make up for the disadvantages of insufficient product categories, seize the development opportunities of the Internet, avoid the threat of competitors, and develop the core competitiveness of the brand, that is, based on ensuring product quality, according to different customer types and needs, provide more product variety choices, to maintain McDonald's dominant position in the fast food market. This article can objectively analyse the investigation object from the perspective of economic development globalization, which is conducive to brand leaders making reasonable decisions, and also provides a deeper understanding of the marketing strategy of fast-food brands.

However, this article is only for McDonald's investigation object, does not have a deep understanding of the strategic position and marketing strategy of other brands, lacks comprehensiveness, is limited in the scope of application, is not specific and comprehensive, and the constructive suggestions put forward are not enough to be applied to the entire fast-food market. Therefore, in future investigation and explore, special attention will be paid to the scope of investigation as far as possible to broaden the scope of investigation, and expand the investigation direction, so that the investigation results can be more widely applied to practice.

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