Hung Dau

BA 3103 – 004

M, 5:30PM – 8:00PM

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**McDonald is Slowing Down**

**Background**

McDonald is always known as one of the biggest fast food company in the world. McDonald is a leading organization in this industry because “they spend most of their budget and trial more new products and innovations” (Gadsden, 2014). They used to stand out compared to another big competitor including Starbucks, Dunkin’ Donuts, Burger King, Wendy’s, KFC, etc. However, in this recent years, McDonald seems like they are facing some serious macro and micro environmental conditions.

One of the main problem that McDonald is facing is that their all-day breakfast is slowing down. It is from their delays in releasing new technology. On the other hand, their competitor like Starbucks, Dunkin’s Donut, Burger King, and Wendy’s has had their new technology to retain their customers. For example, “Burger King has toyed with home delivery for several years; Wendy's is vastly expanding the number of ordering kiosks in its restaurants; and everyone seems to have a mobile-ordering app these days” (Duprey, 2017). Therefore, the Burger King’s sales grew 7.8% in the fourth quarter, while McDonald’s sales were down 5% over the same time (Duprey, 2017). The number of sales clearly show that the McDonald is losing faster than ever.

The technology is growing fast. McDonald has lost 500 million potential transaction since 2012 to its fast-food competitor (Maynard, 2017). Thus, McDonald believe that technology will stop the losses; they will roll out mobile ordering, mobile pay, and curbside pickup at its 14000 U.S Restaurant by the end of 2017 (Maynard, 2017).

**Problem Statement**

McDonald needs to address the importance of technology in this industry and identify the opportunity to release new technology that helps them attract customers.

**Alternative Solutions**

According to the impact of the competitors, McDonald should release their new technology that can help attracting new customers and retaining old ones. Starbucks and Dunkin’s Donut has had millions of rewards-program members that lock in the customer (Giammona, 2017). Therefore, we understand how technology can impact significantly impact the business and its customers. McDonald is losing their customers; they must invest more on their technology and create the attractive platform in order to stop the losses and develop in the industry.

Besides, in order to deal with the threat to the organization, McDonald should invest on a program that can help keeping old customer. As discussed above, McDonald has lost 500 million potential transaction since 2012 to its fast-food competitor (Maynard, 2017). In the meantime, of waiting for a new technology to be release, McDonald should to do something to keep them from losing their customers. The program can be providing special coupon, making a new menu, or changing the price that is more attractive. The purpose of this solution is trying as much to make customer feel happy and interested in.

**Recommendations**

The best and long-term solution for McDonald to stand out and compete with their competitors is releasing technology. It could be mobile app, online food delivery app, or any platform that can differentiate McDonald to other brands and motivate the customers to choose them instead of other. The advantage of this solution is that it is long-term and is exactly what the customers need right now. A great technology will certainly bring McDonald back on top and be the leader of this industry.

**Program Performance Metrics**

The immediate performance metric that company can use to determine the efficiency of the solution the number of customer. If the number of customer increase, that means McDonald has stopped losing their customer and are on the way to increase their value. The number of customer participating on the new technology can determine the success of the company on implementing it.

The conclusive performance metric that the company can use to determine the efficiency of the solution is their contribution margin and profit. Needless to say, if the profit and contribution margin increase, that means the company has succeeded in the solution. The company has attracted new customer and get back their position on the market.

**What I Have Learned from This Critical Analysis Exercise**

This critical analysis exercise is useful when I need to think critically about something that really happens in the market. I can take what I learn in class for this exercise, which I think it is a good way for the students to practice. I have a chance to learn how to analyze the real problem and the business strength, weakness, opportunities, and threat. Thus, I learn how to put myself in the company’s position to make the best decision for the success of the company.

**References**

Gadsden, David. “What Is the Secret to McDonald's Global Branding Success?”*Maistro*, 7 Jan. 2018, [www.maistro.com/blogs/secret-mcdonalds-global-branding-success/](http://www.maistro.com/blogs/secret-mcdonalds-global-branding-success/).

Duprey, Rich. “Why Is McDonald's Suddenly Losing and Burger King Winning?” *The Motley Fool*, The Motley Fool, 23 Mar. 2017, [www.fool.com/investing/2017/03/23/why-is-mcdonalds-suddenly-losing-and-burger-king-w.aspx](http://www.fool.com/investing/2017/03/23/why-is-mcdonalds-suddenly-losing-and-burger-king-w.aspx).

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