McDonald's

McDonald's is a behemoth in the fast-food dining market, and such it is not in danger of imminent collapse. Though McDonald's strong brand value and size allows it to enjoy a position of insulation from the effects of poor quarterly performances, it is still subject to long-term depletion of market share and profitability. To avert this potential state of deficit, McDonald's must engage in a comprehensive image reform that includes the implementation of competitive (market facing) strategies. Specifically, McDonald's must stop casually benchmarking the success of its competitors and focus on enriching its core competencies by rendering a new menu with limited selections, and leveraging social media to propagate this menu.

To properly define its products and services and reestablish its corporate brand image, McDonald's must create a new menu that is simple and features healthy options as add-ons. In doing this, McDonald's will reaffirm its target demographic while remaining responsive to shifts in market demand. Currently, McDonald's casually benchmarks the practices of its low and high end market competitors, such as Burger King and Wendy's respectively. Wendy's which has distinguished itself as a higher end fast food chain, has seen a "2% increase in comps on the strength of fancier menu items" (Duprey). In contrast, but to similar effect, Burger King "focused on a limited bundle of items at the value end of its menu" (Duprey). In the aforementioned cases, both companies created value propositions catered to their respective target markets. McDonald's sends inconsistent messages through its attempts to integrate both ends of the market through the inclusion of "trendy foods like Kale bowls, lobster rolls, and sirloin burgers" (Duprey).

To clarify its target market, "low- and middle-income," McDonald's should realign its menu to focus on items that provide value to this market segment (Duprey). One way in which it can do this is by removing items that do not cater to its target market and replacing some of those items with healthier sides. This would result in a small and focused number of entrees, or main items, and a variety of smaller items, or add-ons. NPD restaurant analysis performed on 27,000 receipts from McDonald's reveals that the success of the all-day breakfast initiative was largely in part due to non-breakfast add-ons, which increased the total check among all day breakfast users grew versus checks during the prelaunch period (Jargon). If this method were applied to the rest of McDonald's menu, healthier add-ons would provide increases to a customer's total bill.

A potential threat to introducing healthier items on a menu is supply chain inefficiency, since fast food chains rely on mass producing foods that can be easily and quickly obtained. This threat can be mitigated through the introduction of healthier alternatives as add-ons, since it wouldn't be the equivalent of sourcing mass amounts of high-quality protein. Furthermore, as an industry giant, McDonald's can use its industry buying power to its advantage by talking to its suppliers, who will in turn talk to their growers until the raw materials become cheaper (Fletcher). The addition of healthier items would be consistent with McDonald's fast-food brand because it seeks to "feed a family a satisfying meal at a discount," something which is not diminished by the addition of healthier add-ons; rather it is supplemented (Duprey). By making this change, McDonald's would simultaneously remain agile in a changing market. A study conducted by Nerac Insights and Publications reveals that "more than half of U.S. consumers say that they like the trend toward healthier fast food" (Trueman). Similarly, an article in "Nutrition Business Journal reported total sales of healthy foods in 2006 at $120 billion, or 21 percent of total food sales," a figure that is double that from a decade prior (Trueman). This upward trend suggests that the demand for healthy foods is growing, and fast food chains stand to lose the most to such shifts in demand. McDonald's can address this change by branding itself as relatively healthier, so as not to alienate its target demographic and stray from its core competencies.

In order to effectively conduct marketing communication, McDonald's must use its social visibility to promote positive sentiment around its menu and underlying corporate brand. As McDonald's has the "largest combined social media presence" of all fast food chains and of any overall brand, it is in the unique position to quickly and widely distribute content (Rose). Though McDonald's social media footprint is a strength, it is also an opportunity, since of the two types of marketing, marketing engagement and servicing engagement, McDonald's only partakes in the former (Karczewski). Marketing engagement centers on "connecting with customers to build brand awareness and loyalty," whereas servicing engagement focuses on troubleshooting issues posted by consumers (Karczewski). If you were to take a look at McDonald's social media, all you would see are customer complaints and product promotions. This is an opportunity for improvement, since "companies that are focused only on promoting their brand and deals, are excluding major groups" (Karczewski). Social care, as this is often called is very important to companies, since a study by Brafton shows that more than 87% survey respondents indicate that connecting via online social engagements positively impacted their likelihood to purchase from those companies (Karczewski). This one prong approach to marketing is a gap in McDonald's communication strategy that can be maneuvered to help propagate any changes made by the organization. In the case of the solution provided above, this would mean McDonald's could send a consistent message to its target demographic through multiple channels of social media and engage with its fans in a way it does not currently.

To measure the success of this solution, one can monitor social media accounts for a decrease in complaints and overall increase in profitability and quarterly performance.

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