Case Study Resolution

Ana Boleto
Cláudia Pedro
Joana Correia
Sara Jesus
Sofia Abreu
Susana José

1. Describe the typical McDonald's consumer and identify the segmentation criteria used.

Typical Consumer:

- Teenagers, Families with Children

- Residents in urban areas

- Social Class: C1, C2 and B

- Generation that favors fast food

- People with little time and stressful lifestyle

Segmentation Criteria:

Demografic
- Age
- Family Life Cicle

Socio-cultural
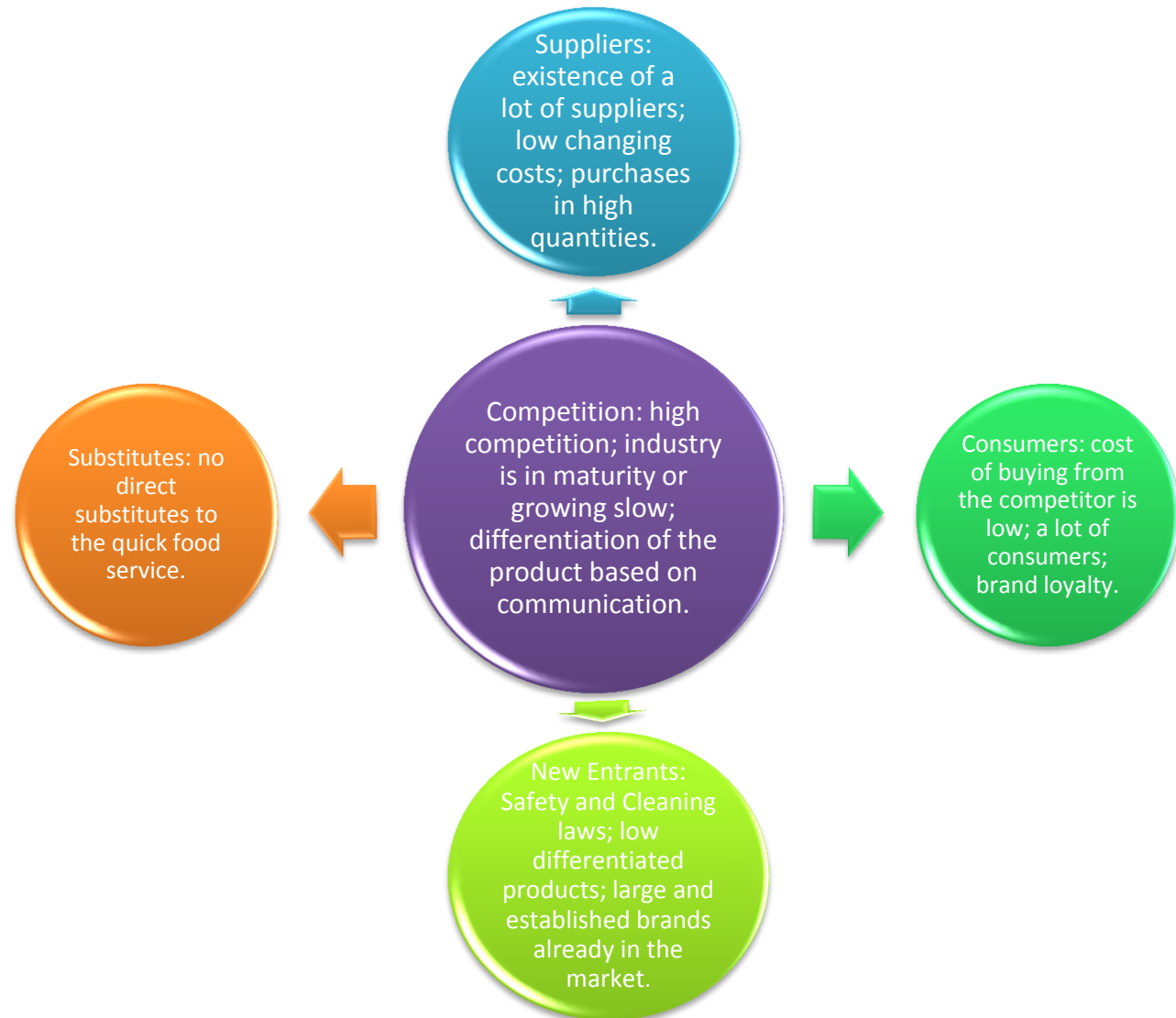- Occupation
- Generation

Geographic
- Residence Location
- Region

Comportamental
- Lifestyle
- Consumer Preferences

2. Make the analysis of the company taking into account the Porter 5 Forces. Conclude about the industry's attractiveness.

Suppliers: existence of a lot of suppliers; low changing costs; purchases in high quantities.

Substitutes: no direct substitutes to the quick food service.

Competition: high competition; industry is in maturity or growing slow; differentiation of the product based on communication.

Consumers: cost of buying from the competitor is low; a lot of consumers; brand loyalty.

New Entrants: Safety and Cleaning laws; low differentiated products; large and established brands already in the market.

Barganing Power of Suppliers	Low
Barganing Power of Buyers	Low
Threat of Substitutes	Medium
Competition Rivalry	High
Threat of New Entrants	Low
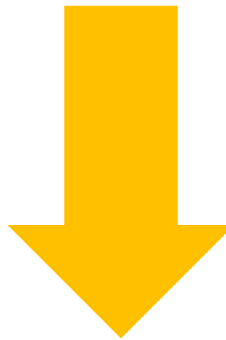
The Market has low attractiveness

3. Which are the main differences between McDonald's and Burger King?

This is a product with low differentiation so the main factors to compete are service and communication.

- Differentiation

- McDonald's has an University to educate and improve their personal talent

- McDonald's successfully markets children (Happy Meal)

- Commitment of McDonald's to advertise salads - looking to settle the mothers

- Follower; low innovation

- Although also having a Kid's Club with B-level promotions, does not manage to catch this consumers so well

- Burger King is promoting the Stacker sandwich - made of layers of meat and cheese stacking up to four burgers high

- Low communication in opposite to McDonald's

4. Develop the McDonald's SWOT Analysis.

STRENGHTS

- Very powerful brand image, name and reputation;

- Strong global presence;

- Hamburguer University as a specialized training for managers.

WEAKNESSES

- The image of fast food is related with unhealthy;

- Customers' losses due to severe competition;

- Link to rainforest, use of trans fat and beef oil.

OPPORTUNITIES

- Increase in the urban lifestyle (less time for meals, increased demand for fast food);

- approximation to the customer through new technologies (SMS, social networks);

- Diversification of menus, meals and acquistion of other quick-service restaurant

THREATS

- Franchising as Business Model and the relationship between franchiser and franchisee;

- Accusations of professionals and consumer activists towards some FastFood Brands;

- Global recession;

5. In 2005, McDonald's Portugal launched *Sopíssima*, providing seven different traditional Portuguese soups. Inspired in traditional Portuguese recipes, *Sopíssima* presents an extraordinary variety of flavors and quality ingredients.

Curiosity: Portugal has one of the highest levels of soup consumption in the world.

5 a) Discuss the advantages and disadvantages of introducing a product like soup in the Fast Food industry.

- Soup is associated with healthy food, in opposite to the consumers' perception about the Fast Food Industry.

- This association can change the consumers' present opinion, bringing to the restaurants a new type of clients more concerned with their health.

- Being traditional soups, they can fit in the national context.

- These two different concepts aren't usually associated and therefore lack attention, because one of them can be unnoticed (traditional vs fast food).

Sopissima.

Uma sopa tradicional e tipicamente portuguesa.

5 b) Develop the Ansoff matrix for *Sopíssima*.

		PRODUCT/SERVICE	
		PRESENT	NEW
MARKET	PRESENT	MARKET PENETRATION	PRODUCT DEVELOPMENT
	NEW	MARKET DEVELOPMENT	DIVERSIFICATION

- *Sopíssima* is in <u>Product Development</u> because it is a new product launched in a market that already exists, the fast food market.

- In the McDonald's portfolio of products we can find other examples, the best one being the salads.

- McDonald's creates these new products so the company can gain new customers for these products and reach a public more oriented to healthy food. Also, new product development is a strategy for the company to stay competitive.

- McDonald's has launched *Sopíssima* just in Portugal because it's a traditional dish. They have done the same thing in other countries with their respective traditional dishes.

6. McDonald's is becoming green. Do you think that will deteriorate its identity and the way consumers perceive the product?

Yes, the new approach will deteriorate McDonald's image and identity.

Consumers don't like being played like fools

Associate a brand which is looked as selling non healthy food as being green may develop some problems

Changing the logo/restaurants design can even detach old consumer that accept and like the actual established McDonald's, while not convincing new ones of this "green" approach

Some people don't care about environment and could change to another fast food company

Will be accepted an answer that states consumers will like the new approach and Mcdonald's won't lose its identity, if the answer is correctly justified.

7. Imagine McDonald's creates a Green Menu. Develop the Marketing Mix for the product.

Product:

- Brown bread, tofu hamburguer, lettuce, spinach sauce;

- Mini asparagus in opposite to fries;

- Natural juices (orange, strawberry, peanaple)

- Packages low in carbon, totally recyclable

Price: 6,50€ (it is a premium menu so the price has to be high in opposite to others; it's a new menu with an increased value of health)

Placement: McDonald's Restaurants

Promotion:

- Tv Commercials, Mupis, board flyers, coupons

- In the bigger restaurants there will be a special green cash register only for McGreen Menu (quick service)

- For every 750 McGreen Menus sold, McDonald's plants a tree

- Install solar panels in Ronald McDonald's Houses

- Collect rain water to use in Ronald McDonald's houses and some restaurants' bathrooms

- Kilometre Zero policy with vegetables (choice of local suppliers to decrease the transportation distances and consequently reduce the carbon dioxide emissions)

- 2% of the world sales amount of McGreen Menu revertes to World Wildlife Fund, the leading organization in wildlife conservation and endangered species