



The marketing process

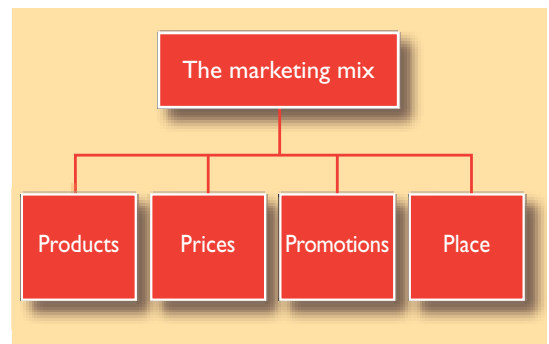
01 Introduction

McDonald's is one of the best-known **brands** worldwide. This case study shows how McDonald's continually aims to build its brand by listening to its customers. It also identifies the various stages in the marketing process.

Branding develops a personality for an organisation, product or service. The brand image represents how consumers view the organisation.



Branding only works when an organisation behaves and presents itself in a consistent way. Marketing communication methods, such as advertising and promotion, are used to create the colours, designs and images, which give the brand its recognisable face. At McDonald's this is represented by its familiar logo - the Golden Arches.



Using detailed information about its customers, McDonald's marketing department can determine:

1. What products are well received?
2. What prices consumers are willing to pay?
3. What TV programmes, newspapers and advertising consumers read or view?
4. What restaurants are visited?

Market research is the format which enables McDonald's to identify this key information. Accurate research is essential in creating the right mix to win customer loyalty.



Marketing involves identifying customer needs and requirements, and meeting these needs in a better way than competitors. In this way a company creates loyal customers.

The starting point is to find out who potential customers are - not everyone will want what McDonald's has to offer. The people McDonald's identifies as likely customers are known as **key audiences**.

02 The marketing mix and market research

Having identified its key audiences a company has to ensure a **marketing mix** is created that appeals specifically to those people.

The marketing mix is a term used to describe the four main marketing tools (4Ps):

- product
- price
- promotion
- and the place through which products are sold to customers.



In all its markets McDonald's faces competition from other businesses.

Additionally, economic, legal and technological changes, social factors, the retail environment and many other elements affect McDonald's success in the market.



Market research identifies these factors and anticipates how they will affect people's willingness to buy. As the economy and social attitudes change, so do buying patterns. McDonald's needs to identify whether the number of target customers is growing or shrinking and whether their buying habits will change in the future.

Market research considers everything that affects buying decisions. These buying decisions can often be affected by wider factors than just the product itself. Psychological factors are important, e.g. what image does the product give or how the consumer feels when purchasing it.

These additional psychological factors are significantly important to the customer. They can be even more important than the products' physical **benefits**.

Through marketing, McDonald's establishes a prominent position in the minds of customers. This is known as branding.

03 Meeting the needs of key audiences

There are a limited number of customers in the market. To build long-term business it is essential to retain people once they have become customers.

Customers are not all the same. Market research identifies different types of customers. For example:

A parent with two children might visit	Visits McDonald's to give the children a treat.
The children want to visit McDonald's	As it is a fun place to eat.
A business customer	Visits McDonald's during the work day, as service is quick, the food tastes great and can be eaten in the car, without affecting a busy work schedule.
Teenager visit McDonald's	The Pound Saver Menu is affordable, and there is Internet access in some restaurants.

These examples represent just a few of McDonald's possible customer profiles. Each has different reasons for coming to McDonald's.

Using this type of information McDonald's can tailor communication to the needs of specific groups. It is their needs that determine the type of products and services offered, prices charged, promotions created and where restaurants are located.



To meet the needs of the key market it is important to analyse the internal marketing strengths of the organisation. Strengths and weaknesses must be identified, so that a **marketing strategy** which is right for the business can be decided upon.



The analysis will include the:

- company's products and how appropriate they are for the future
- quality of employees and how well trained they are to offer the best service to customers
- systems and how well they function in providing customer satisfaction e.g. marketing databases and restaurant systems
- financial resources available for marketing.



Once the strengths and weaknesses are determined, they are combined with the opportunities and threats in the market place. This is known as SWOT analysis (Strengths, Weaknesses, Opportunities, Threats).

The business can then determine what it needs to do in order to increase its chances of marketing successfully.

Strengths (Internal)	Weaknesses (Internal)
E.g. the brand, and detailed market research to create the right marketing mix.	McDonald's has been around for a long time. (therefore important to keep innovating).
Opportunities (External)	Threats (External)
E.g. increasing numbers of customers looking for food that is served in a quick and friendly way.	New competitors. Changing customer lifestyles.

04_Marketing Objectives

A marketing plan must be created to meet clear **objectives**.

Objectives guide marketing actions and are used to measure how well a plan is working.

These can be related to market share, sales, goals, reaching the target audience and creating awareness in the marketplace.



The objectives communicate what marketeers want to achieve.

Long-term objectives are broken down into shorter-term measurable targets, which McDonald's uses as milestones along the way.

Results can be analysed regularly to see whether objectives are being met. This type of feedback allows the company to change plans. It gives flexibility.



Once marketing objectives are set the next stage is to define how they will be achieved. The marketing strategy is the statement of how objectives will be delivered. It explains what

marketing actions and resources will be used and how they will work together.

05_The 4Ps

At this point the marketing mix is put together:

i. Product

The important thing to remember when offering menu items to customers is that they have a choice. They have a huge number of ways of spending their money and places to spend it.

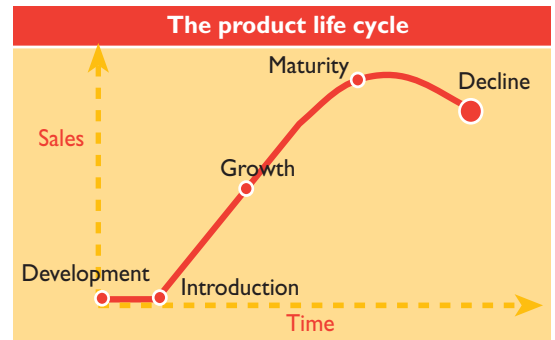
Therefore, McDonald's places considerable emphasis on developing a menu which customers want. Market research establishes exactly what this is.

However, customers' requirements change over time. What is fashionable and attractive today may be discarded tomorrow. Marketing continuously monitors customers' preferences.

In order to meet these changes, McDonald's has introduced new products and phased out old ones, and will continue to do so.

Care is taken not to adversely affect the sales of one choice by introducing a new choice, which will cannibalise sales from the existing one (trade off). McDonald's knows that items on its menu will vary in popularity. Their ability to generate profits will vary at different points in their life cycle.

Products go through a life cycle, which is illustrated below:



The type of marketing undertaken and the amount invested will be different, depending on the stage a product has reached. For example, the launch of a new product will typically involve television and other advertising support.

At any time a company will have a portfolio of products each in a different stage of its lifecycle. Some of McDonald's options are growing in popularity while arguably the Big Mac is at the 'maturity' stage.

ii. Price

The customer's perception of value is an important determinant of the price charged.

Customers draw their own mental picture of what a product is worth. A product is more than a physical item, it also has psychological connotations for the customer.

The danger of using low price as a marketing tool is that the customer may feel that quality is being compromised. It is important when deciding on price to be fully aware of the brand and its integrity.

A further consequence of price reduction is that competitors match prices resulting in no extra demand. This means the profit margin has been reduced without increasing sales.

iii. Promotions

The promotions aspect of the marketing mix covers all types of marketing communications.

The methods include advertising, sometimes known as 'above the line' activity. Advertising is conducted on TV, radio, cinema, online, poster sites and in the press (newspapers, magazines).

What distinguishes advertising from other marketing communications is that media owners are paid before the advertiser can take space in the medium.

Other promotional methods include sales promotions, point of sale display, merchandising, direct mail, telemarketing, exhibitions, seminars, loyalty schemes, door drops, demonstrations, etc.

The skill in marketing communications is to develop a campaign which uses several of these methods in a way that provides the most effective results. For example, TV advertising makes people aware of a food item and press advertising provides more detail. This may be supported by in store promotions to get people to try the product and a collectable promotional device to encourage them to keep buying the item.

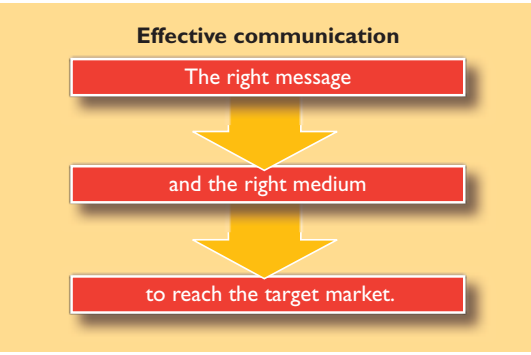
It is imperative that the messages communicated support each other and do not confuse customers. A thorough understanding of what the brand represents is the key to a consistent message.

The purpose of most marketing communications is to move the target audience to some type of action. This may be to: buy the product, visit a restaurant, recommend the choice to a friend or increase purchase of the menu item.

Key objectives of advertising are to make people aware of an item, feel positive about it and remember it.

The more McDonald's knows about the people it is serving the more it is able to communicate messages which appeal to them.

Messages should gain customers' attention and keep their interest. The next stage is to get them to want what is offered. Showing the benefits which they will obtain by taking action, is usually sufficient. The right messages must be targeted at the right audience, using the right media.



For example, to reach a single professional woman with income above a certain level, it may be better to take an advertisement in Cosmopolitan than Woman's Own. To advertise to mothers with children, it may be more effective to take advertising space in cinemas during Disney films.

The right media depends on who the viewers, readers or listeners are and how closely they resemble the target audience.



iv. Place
Place in the marketing mix, is not just about the physical location or distribution points for products. It encompasses the management of a range of processes involved in bringing products to the end consumer.

06 Conclusion

Once the marketing strategy is in place various responsibilities are given to different individuals so that the plan can be implemented. Systems are put in place to obtain market feedback which measure success against short-term targets. McDonald's has to ensure that this is done within the confines of a tightly controlled, finite marketing budget.

<p>GLOSSARY OF TERMS</p>	<p>Benefits: aspects of products and services designed to meet specific customer needs.</p>	<p>Marketing mix: an appropriate combination of the 4 Ps – product, price, promotion and place.</p>
	<p>Brand: representations of a product or company.</p> <p>Key audiences: customers identified as being likely purchasers of specific products.</p> <p>Market research: a systematic process of asking questions to find out about customers and market.</p>	<p>Marketing strategy: plan designed to meet needs of customers.</p> <p>Objectives: ends that a business seeks to achieve.</p>

For more information about McDonald's please browse: www.mcdonalds.co.uk