**International Business**

**McDonald’s**



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# Introduction

McDonald’s food chain was established by Kroc in 1955, who was inspired by the service of brothers Dick and Mac McDonald. The brothers concentrated on providing quality food and service by focusing on a limited menu of burger, fries and drinks. He bought their idea, name and established franchises of McDonald’s all over the world to provide quality food and service on the basis of the production line to several people (McDonald).

Over the years, McDonald’s has focused to provide quality food and service to entertain younger generation and children. By focusing on them, they not only help in mitigating the parent’s worries regarding the fluctuations and lack of nutrition’s in their child’s diet but, they also attracted children to convince their parents to visit McDonald’s. According to Kids and Mom Consumer trend report, eight out of 10 mothers say that their dining choices are influenced by the will of their kids (Technomic, 2009). According to the [Corporate Accountability International](http://www.stopcorporateabuse.org/sites/default/files/resources/corporate-accountabillity-international-food-brochure-2010.pdf), McDonald's 40 percent advertising expenditures are targeted towards children.

All of this was attained due to aggressive marketing campaigns and strategies. According to a survey by Technomic's [“Kids and Moms Consumer Trend Reports](http://www.technomic.com/_files/products/2009_kidsmoms_brochure_low_res.pdf)”, 37% children list McDonalds as their most loved fast food restaurant as compared to 10% for Subway and 8% for burger King (Technomic, 2009).

# Strategies to Attract Children

## Happy Meal

Mc Donald’s has specialized in providing quality food to the younger generation. Happy Meal is a kid’s meal, which was formally started in 1979. In mid 1970’s, Yolanda Fernández de Cofiño and her husband operated a Mc Donald’s chain in Guatemala. Yolanda came up with an idea to help mothers feed their kids more appropriately by developing a kid’s meal. Initially it included a hamburger, small fries and a sundae and was called “Menu Ronald” (Love, 1986). Finally, the idea got popular and was brought to the notice of Mc Donald’s management in Chicago. They assigned the task of developing this product to [Bernstein-Rein advertising](http://en.wikipedia.org/wiki/Bernstein-Rein) agency. They delivered the product as Happy Meal.

According to Bernstein, the store owners were asking him to develop a product whereby the families with kids would be happier. He realized by delivering this product as happy meal, exclusively for kids, the parents and the children both would be happy. As, it would prevent children from picking from their parents food, thereby, making parents happy. Secondly, the kids would have a sense of ownership as they would have their own meal to choose from. Lastly, it would also help in minimizing food wastage as smaller quantities would be used to serve kids which would be enough to fulfil their appetite. The idea was finally launched in 1977 in Kansas City and was an immediate success; therefore, it was further introduce internationally in 1979 (Faulk and Usunier, 2004). According to Tachomic, a company that specializes in market analyses, McDonald’s earns around 10% of its sales revenue from the Kids meal (Technomic, 2009).

Later on, several variations were developed to optimally serve the kids. A kid’s meal was there to fulfil the younger kids, whereas a mighty Kids meal was introduced in order to serve the teenagers. McDonald’s used Burger King’s idea of Big Kids Meal to develop this segment in 1998. Burger King has started this practice in 1998, so they were not market leaders for this product (McDonalds).

In these meals itself, the kids were given several options to choose their meal. In the Main Course section children can choose from hamburgers, cheese burger and chicken nuggets, whereas, in the side order they have a choice in between French fries, apple slices or salads. These orders do vary from area to the area, as in some places salads are not offered in kids’ meal. Lastly in the drinks section the menu ranges from soft drinks to chocolate milk and fresh juices.

# Nutrition

McDonald’s claims to put significant effort in ensuring that the food they provide to children is nutritious. According to their web, they give access to mothers to access their system to ensure that the food they provide is nutritious. Parents are concerned about the nutrients present in the food in order to ensure a healthy growth of their kids. Therefore, McDonald’s hire several nutritionists and dieticians on its board. They continuously develop newer products to ensure that the standard of quality food is met (Faulk and Usunier, 2004).

Recently, McDonald’s has further improved the Happy Meal by introducing newer nutritious foods to it kid’s meal. This was done in response to a pressure from the first lady Michelle Obama. Sliced apples and kid size portion of fries were added to the menu to enhance the nutrients in kids’ diet. Moreover, kid’s meal was supplemented with milk and juices, which provided an alternative to Soft Drinks. Moreover, new characters were introduced in TV commercials so as to promote the change among the kids and parents. Accordingly, Ferris, a kid was introduced who has a goat which wants to eat everything, but the kid ensures that it only eats healthy food. The company also plans to introduce more characters to advertise this change by introducing kids’ friendly characters named Ant, Deana the Dino and Dodo (NBC News).

# Toys

Today, McDonald’s has major kids following due to a small toy provided along with the Kids meal. According to report McDonald’s is one of the world’s largest distributors of toys. Happy Meal did not kick off with this idea initially. In Canada, while promoting the Happy Meal a promotion was run by the name of “Treat of the week”, whereby, a small toy was gifted on request, each week. This promotion continued after the launch of Happy Meals. This boosted the sales a lot and it was finally adopted, and implemented in all the McDonald’s chains. Initially the Happy meal gifted a Frisbee or a ball but with increasing research and development to attract more kids, Disney Cartoons toys were distributed till 2006. After this, Disney cancelled its contract; thereby, McDonald’s produced its own characters.

According to Technomic, the toy gifted along with the Happy Meal is the largest source of attraction for the children. According to their survey, 87% of kids in the age range of six to seven and 80% kids in the age bracket of eight to nine said they preferred McDonalds because of the toy (Technomic, 2009).

However, a growing believe in the population that McDonald causes obesity among it consumers led to several litigation cases against it and even made it less popular among families. On 2nd November 2010, San Francisco Board of Supervisors passed a law, whereby, children meals should meet certain nutrition requirements before being allowed to sell toys along with their meals. This step was taken in order to reduce child obesity. According to the law, meals having less than 600 calories and less than 640 milligrams of sodium, containing fruit and vegetables and including beverages without excessive sugar or fat could distribute free toys. McDonald’s eluded this restriction by charging 10 cents for each toy (NBC News).

Similarly, in Chile the law was passed whereby, the McDonald’s could not sell a toy along with a happy meal, quoting child obesity as a reason for this ban (NBC News).

# Books

Recently, a new campaign is being run by McDonald’s UK, whereby, instead of distributing toys along with Happy Meals, the firm aims at distributing books. This step was implemented because according to recent statistics 50% of the kids don’t enjoy reading while 30% did not have access to any book. This way the firm wanted to create a positive goodwill in the market and help children establish their own home libraries. According to estimates 15 million fiction and non-fiction books will be distributed through this scheme, which would mean that on average, each child would have 2 books in the country. This approach has been appreciated by parents. Moreover, if the campaign is successful then the firm aims to go global with it (Phd in Parenting).

# Play Place

McDonald has deployed another strategy to attract the young minds to their branches. The play place is a huge playing area where the kids are provided with a safe place to jump, run, climb etc. Plastic tunnels are constructed, and slides and other complicated paths are created whereby the kids remain engaged. This way, parents also have their meal in peace while their kid is playing. Moreover, after intensive physical activity the kids have a huge craving and appetite for a delicious meal.

# Parties

In the changing times, parents make their kids happy by arranging surprise parties for their kids. McDonald’s offers a great retreat for their kids whereby they do not need to arrange anything and that even at an economical price. McDonald’s management provides a complimentary magical show, along with gifts and a play place. All this attracts kids and brings in huge revenue for the group (McDonalds).

# Limitation

Due to increasing globalization and efforts to capture a major share of the market several franchises in different countries deploy different techniques to gain market share. Once it is successful in one country then it is deployed in other areas of the globe. Therefore, the original history of an idea is difficult to judge at the time. Moreover, since the company is operating since 1950’s; therefore all the marketing techniques of the company, in order to provide service to parents, and kids are unknown.

# Conclusion

All the above marketing strategies are effectively deployed by McDonald’s Group just to attract kids and to encourage sales. In most of the ideas, the firm is a market leader. They set the trends for others to follow, but due to innovations and better service they are able to hold the majority of the market share. Although due to several reasons the firm faced several cases in various countries, whereby, they paid huge compensations as penalties but due to increasing demand and share in the market and with a better service the firm is able to increase its market holding.

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