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Marketing Communication of McDonald's

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Declaration:

I hereby declare that I am the sole author of the thesis entitled “**Marketing Communications of McDonald’s**”. I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

In Prague on

Signature

Amina Baiduanova

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Introduction

In today's market economy development is becoming increasingly necessary to study marketing activities in enterprises.

The primary goal of marketing is to ensure the development of the company through effective marketing policy.

At the beginning of this thesis, I would like to mention why I chose this topic. The reason is that I firmly believe that now the company cannot function properly without the marketing service and the development of the marketing mix in the organization. Every company needs to know what products, how much, where, when and at what price you need to produce. Every company should focus on consumers. The better developed the enterprise marketing mix; the better will be their work. For the efficient development of the marketing mix, we need to study the demand for the products it markets, their capacity, actual and potential competitors. With the help of marketing activities conducted the constant search for new markets, consumers, new goods and services that contribute to the enterprise to provide the highest level of profits. The marketing complex serves as a production and commercialization tool regulation.

The purpose of the study to determine the main directions of the marketing mix in the company, to analyse the current situation, identify gaps and develop concrete proposals and recommendations for the improvement of the marketing mix in the business on the example of McDonald's.

McDonald's is the world's largest fast-food restaurant chain. It serves more than 58 million customers daily. In the world, the famous Golden Arches, McDonald's logo, people recognize more than the Christian cross. "It is a phenomenally successful enterprise in its financial dominance, brand-name recognition and worldwide expansion". (Cravens, Hills, Woodruff, 1980) The desires and needs of customers play a central role in the approach to the McDonald's business. The key to the success of McDonald's is that they are eager to anticipate what customers want and expect. It correctly determined that many people want to purchase high-quality inexpensive food and they don't want to wait for and just sit at a table during the meal preparing. Marketing and other company functions were integrated to deliver customer satisfaction. Strong customer orientation and an integrated marketing strategy are central to McDonald's marketing approach (Cravens, Hills, & Woodruff, 1980).

The first McDonald's restaurant opened in Des Plaines Illinois on April 15, 1955. By 1958, there were 34 restaurants. In 1967 McDonald's went international with restaurant

openings in Canada and Puerto Rico. According to the release McDonald's on the international market, the company has become a symbol of globalization and the spread of the "American way of life" (Neate, 2015). Every second in the world, people eat 7 burgers from Ronald McDonald.

The aim of this study is to analyze McDonald's marketing communications for a proper understanding and finding ways to keep the customers and continue their success.

1. Analysis of the current marketing communication of McDonald's

1.1. The tools and strategies used by McDonald's

Nowadays, the marketing is something more than designing an attractive and useful product for consumers, which would satisfy the needs of its target audience at a normal price. Businesses need to communicate with their clients. Marketing communications should be directed specifically at a certain group of people, which is the company's target audience. Communication between the company and consumers can not contain random information. They should be clear and carry a specific message to the customers.

Marketing Communications consists of four principal means of influence:

- Advertising;
- Sales promotion;
- Events and experience;
- Public relations;
- Interactive marketing;
- Personal selling;
- Direct marketing;
- Word-of-mouth marketing (Kotler, 2014).

Each category involves specific promotional tools that are used to communicate with customers (Kotler, 1983).

The process of communication presented by Kotler and includes:

- Sender and receiver;
- Message and media;
- Encouraging,

- Decoding;
- Response and feedback (Kotler, 1983).

This model includes the key factors of effective communication and identifies the main stages of work on the creation of an efficient communications system:

- Identifying the target audience;
- Determination of the degree of readiness of consumer audience;
- Determining the desired response of the target audience;
- Drafting appeals to the target audience;
- Formation of a complex of marketing communications firm;
- Budget development of a complex of marketing communications;
- The implementation of a complex of marketing communications;
- Collect information on the feedback channels;
- Adjustment of a complex of the marketing communications.

The catering business is one of the subjects of the tourism and hospitality industry. Initially, the catering was created to meet the vital need of consumers - food. Different companies offering their services in this area are focused on different target audiences depending on the level of economic development, income level and taste preferences of the consumer. Also, today, consumers choose products based not only on the quality of the product itself, but also on the quality of service that the company provides. Along with providing food services in the form of food production, serving and serving guests of a restaurant or cafe, the company also organizes leisure for visitors. Representatives of the catering business often undertake such obligations as the organization of celebrations, family dinners, ritual services, business conferences and training for employees and other cultural events. By the way, in modern realities, it is hard to imagine a company that would not be engaged in delivering its products home or to the office. All this is a privilege for consumers and influences the choice of a particular product. The variety of services that the company offers to date is growing very rapidly. And representatives must monitor and respond to new trends and innovations in this business that appear every day. Large corporations, working in the field of catering, continuously conduct relevant studies and researches to follow the latest requests of consumers. Choosing a strategy and its implementations make up the bulk of the company's strategic development. The strategy should define what the company should do and what it should not do; what is more important and what is less important in its operations.

In the catering business, fast food takes a separate place, since today it has its own individual "philosophy" and is a reflection of the present time - the hustle and fast. Since we live in a time when every second is important and has its value. Slow dinners with family and tea ceremonies, when people could spend one or more hours eating food, have gone far into the past. They were replaced by fast food with its super-fast implementation of products. And now this is undoubtedly a part of the life of most busy people. Fast food is often compared to the lifestyle of a resident of a big city such as New York or London. Consumers of such restaurants are attracted by the fact that the time spent on servicing one visitor usually does not exceed 2-3 minutes, and in a couple of minutes he will already receive his dish. As such restaurants often work on the procurement system with frozen semi-finished products, which increases productivity by ten times. The menu in fast food companies consists of the main menu, additions, sauces, drinks, desserts and usually breakfast. The main menu includes hamburgers, cheeseburgers, nuggets, chicken wings, etc. Side dishes include French fries, carrot sticks, and salads. The basis is the ice cream desserts, as well as a dessert, can serve pies with fruit or berry filling, or cocktails.

McDonald's is one of the best-known brands worldwide. The key role of McDonald's company was played by Czech-American businessman Ray Kroc who commenced franchising in other cities and countries in 1955. There were two McDonald's mascots – "Speedee" at first and Ronald McDonald since 1967. (Hall, 2014)

"The Company operates and franchises McDonald's restaurants, which serve a locally-relevant menu of quality food and drinks sold at various affordable price points in more than 100 countries" (Jurevicius, 2017). The main aim of McDonald's into properly build their brand to listening to their customers. It also explains the several of communication strategies on marketing channels. Today McDonald's can be called a phenomenon or the related company, which is known to most of the inhabitants of our planet. Almost every developed country in every major city has a representative office of the enterprise.

This fast food chain is the one idol, which is the standard to tens and even hundreds of followers around the world. We can endlessly blame McDonald's for poor-quality food, which is very harmful to health, the eternal crush at cash and the fake worker's smiles, but we cannot ignore its ability to develop, set high goals and achieve them without any serious problems.

The main strategic priorities of the company are rightly considered to be:

- Ensuring sustainable growth;

- The excellent customer service;
- Maintain the status of efficient and high-quality products;
- Improving the skills of staff at all levels;
- Implementation of the exchange of experience between the restaurants located in different countries;
- Continuous improvement of the principles of the theory of fast food;
- Encouraging the creation of new dishes;
- Innovation in creating new equipment;
- Improving marketing concepts;
- The progress in the organization of services and technologies.

The company's development strategy:

- The strategy of diversification
- The strategy of product development and its implementation in new markets
- Innovative strategy

Marketing management and commercialization management thought, now very often used practically as synonyms with marketing and marketing thought in general, are symbolized by the so-called 4Ps model. (Kazui, 2008) By identifying its key audiences, a company should ensure that marketing mix is created and directly appeals specifically to those people. The marketing mix is a term used to describe the four primary marketing tools – the 4Ps.



Figure 1. The McDonald's Marketing Mix

Source: Marketing at McDonald's, (n.d.). [online] Available at:
http://www.mcdonalds.co.uk/content/dam/McDonaldsUK/People/Schools-and-students/mcd_marketing.pdf [Accessed 22 Mar. 2017].

PRODUCT: “McDonald’s restaurants offer a substantially uniform menu, although there are geographic variations to suit local consumer preferences and tastes” (Jurevicius, 2017). McDonald's pays close attention to the development of a menu that customers want. Market research establishes that it is. However, customer requirements change over time. To address these changes, McDonald's introduced new products and terminated the old. McDonald product range has the following main product lines:

- Hamburgers and sandwiches
- Chicken and fish
- Salads
- Appetizers and sides
- Beverages
- Desserts and Shakes
- Breakfast
- Coffee (Bhasin, n.d.)

PRICE: The perception of the value of the customer is a major factor in determining the amount charged (drypen.in, 2012). Customers draw their own mental picture of what the product is worth. The product is more than a physical element, and it also has psychological connotations for the client. Therefore, it needs to be a balance between the perfect product and the price of the apt.

PROMOTION: Promotion of marketing aspect covers all types of marketing communications (drypen.in, 2012). One of the techniques used in advertising, advertising is carried on television, radio, cinema, online, using poster sites and in the press, such as in newspapers and magazines. Other advertising methods include sales promotion, the point of sale display, merchandising, direct mail, loyalty schemes, door drops, etc.

The primary focus is on the children's McDonald orientation. The Happy Meals are targeted at children small toys given with food. Having toys as giveaways is a practical step, as children affect their parents to visit McDonald's and turn in, this visit leads to the purchase.

PLACE: Place as a marketing element, not only on the physical location or the distribution points for products. It includes the management of some processes related to the delivery of goods to the final consumer (drypen.in, 2012). McDonald's outlets are very evenly distributed throughout the city, making them very affordable. Drive in and drive through McDonald's options make products more convenient for users.

The modern approach to the marketing mix is not limited to the concept of the marketing mix 4P and seeks to include additional components to enable the development strategies such as model 6P, 7P and even 12P. As additional components include, for example, parameters such as «people», «public relations», «politics», etc.

By the approaches mentioned above, models of marketing mix can include the following elements:

- **Packaging (PACKAGE);**
- **Buying (PURCHASE)** - is not only a prerequisite for the implementation of the acquisition but also the consequences of such a decision;
- **Clientele (PEOPLE)** - contingent who is related to the buying and selling process.

1.1.1.The McDonald's Values

- **To put the visitors and their impressions of the visits to the restaurants at the heart of all their work.**

The company exists thanks to the visitors. McDonald's demonstrates how to appreciate their customers by providing them with high-quality products at an affordable price, excellent service in a clean restaurant with a welcoming atmosphere.

- **To value their people**

McDonald's provides the opportunities for the employees, brings up talent, develops leaders and rewards achievement. One of beliefs of the company is that a team of well-trained individuals with diverse experience and knowledge working together in such conditions that promote mutual respect and high ownership of each is the basis for the continued success.

- **To believe in the McDonald's system**

The basis of McDonald's business model is three components - the owners/managers, suppliers, and employees. The key challenge is to maintain a balance between the interests of these three groups.

- **To work respecting the business ethics**

Health Ethics lies at the heart of any honest business. McDonald's follows these rules and conducts our business openly, equitably and honestly, observing the highest standards. It is paramount to take the individual and collective responsibility.

- **To participate in public life**

The responsibilities that entails leadership position are taken very seriously. The managers of the enterprise help to improve the quality of life of the society in which they operate, and the most of all the possibilities and resources of the company, to help make the world a better place.

- **To develop a profitable business**

Everyone who works in McDonald's helps the company to serve visitors. One of the main rules for the employees is to ensure a sustainable and profitable business growth for all members of the system and investors. (Remain, The story of Purpose)

- **To strive for continuous improvement**

McDonald's is the organization which is always learning and strives to anticipate and responds to the changing needs of visitors, employees, and systems through continuous development and innovation.

1.1.2. The McDonald's Mission and Goal

What is the mission of the company? Answers to this question and examine on the example of the McDonald's company. The mission of the company describes the underling meaning of its existence. Mission shows the critical area of the company or the company's development. Indeed, before establishing his business, the entrepreneur determines the scope of its activities, decide what will do, what benefits will bring to people. After all, only if the company does not benefit, then no one will not use the services. That mission will determine all further existence of the business, will have a significant impact on the effectiveness of its activities. If the mission of the company is not formulated clearly enough, the employees of this company will not clear understand in which direction they should move. On the contrary, if the enterprise's mission is clearly stated that every employee will understand their role in the organization, with the implementation of the meaning of the existence of the group. Employees will understand what the goal is for the company. One should not confuse the concept of the enterprise's goals and mission. Objective - this is something to which the firm seeks what company management wants to ultimately achieve. For example, the administration of the company may attempt to obtain an individual profit or maximize the

value of the enterprise, to continue to sell it (with the efficient administration of the enterprise can be sold at a sufficiently high value).

The goal must be specific - to all employees a clear idea of what should be achieved. The objectives are set for the purpose of the company. The tasks are implemented to achieve this goal.

For example, to make a profit in the amount of 1 million dollars next three years, you can put the following tasks:

- To minimize the costs of the enterprise,
- Improve the skills of the staff,
- Increase the volume of sales,
- To enter new markets.

It should be understood that the mission of the enterprise reflects the meaning of existence and is the starting point of its development. Only identified with the mission, the management will be able to deliver practical goals and objectives.

The mission of McDonald's restaurants – “we offer our visitors a quick and quality service, based on a standard set of products.” It also could be interpreted as to be the customer's favorite place to eat and drink. (McDonald's, Mission & Values, 2014)

1.2. Benefits – Inside

McDonald's - a company that cares about customers, providing them with not only delicious food for little money, but also other benefits that make the restaurant more attractive to consumers.

1.2.1. Time saving

First of all, the McDonald's is the fast-food restaurant. The word "fast" in this phrase does not mean speed of execution of your order, even though it is high. This word is not in vain in front of the word "food". McDonald's is specially created for the consumers to spend as less time as possible - the great conveyor handling system users. In today's world, where time is very valuable, not everyone can afford to spend even half an hour at lunch and the choice of consumers often remains in favour of fast food restaurants. In addition to it, there are hundreds of tricks, which will make you to leave the restaurant as soon as possible. Here are the most interesting ones: The design of the hall is created based on the conveyor law.

There are almost no places in McDonald's where you could relax and eat with pleasure for a long time, but you still feel yourself comfortable there. On the contrary - the tables are placed in that way, so you always feel the presence of other people. They are constantly walking behind you, touch your sleeves and drinks with their trays will threaten to spill on your head. As a result, you subconsciously speed up and eat your "Big Mac" twice faster. Most McDonald's stores use rigid furniture, in some European restaurants are only standing places for high bar tables.

1.2.2. Taste and products

In fact, the taste of the products produced by McDonald's has remained unchanged for many years. "The burger taste has not changed since 1967, from the moment it appeared." (McDonald's Testing a Big Change for the Big Mac)

Every person, who loves the burgers from McDonald's, who visits restaurants for several years or even decades, may notice that the taste of burgers remains virtually unchanged over the years. You can be sure that today, next week, in a year and even in 5 years, you will most likely get the same Big Mac, which our parents enjoyed in the distant 1967. The restaurant staff will serve you the same burger, with the same ingredients, sauces, and additives. So, the company not only shows its concern for consumers' taste habits but also shows its stability and responsibility. Of course, from time to time new products appear, but usually, it is either in the form of periodically offers (summer salads) or as theme weeks (Italian days).

In newspapers and on the Internet almost every day there are articles about the dangers of fast food products, in particular, the products of McDonald's. Scientists regularly write about the flavour enhancers and aromatizers that the corporation uses to smell the burgers for kilometres and make you want to eat it.

All this makes McDonald's products recognizable, and no one will ever be able to confuse it with something else.

In 2015 McDonald's launched a new marketing campaign "Create Your Taste" which lets the Internet users design their burgers with the web application "Burger Builder" (Kieler, 2016). But Business Insider informs that continuing the "Create Your Taste" program could be not profitable for some departments. Locations that participated in the test reportedly spent

about \$125,000 to install kiosks for the service. While those same kiosks are being used for the "Signature Crafted Recipes" test, there's no guarantee that will stick around either (Peterson and Johnson, 2016).

For such a huge corporation as McDonald's, which provides its products to a huge number of customers, it is important to provide a broad range of products, based primarily on the preferences of the customers themselves and how they want to spend their money. Therefore, McDonald's pays close attention to the compilation of menus. Since consumer preferences can change from time to time, the Corporation conducts marketing research that helps to track the tendency of what will be relevant and attractive to customers today, and that can be rejected tomorrow. Marketing continuously monitors customer preferences (Marketing at McDonald's, n.d.).

First of all McDonald's is famous for its hamburgers. Nevertheless, the company is expanding the range of products over time. Currently, consumers can purchase other traditional products, such as Chicken Burgers and Filet-O-Fish, desserts(pies and ice cream) and breakfast dishes. This element of marketing mix points out that the company will upgrade new products to attract more customers.

The McDonald's menu is composed in the way that no significant changes are expected in it. Since it is universal and there is no unusual change in the demand for products offered by the company, it is not foreseen. However, McDonald's Corporation uses seasonal offers that change every three months. It is a powerful marketing tool, and it is based on the preferences of customers in a particular country and on seasonal products such as seasonal fruits, vegetables or mushrooms. "The focus on limited-time offers comes as McDonald's looks to extend its dominance in a rapidly changing fast-food industry" (Choi, 2014). Seasonal products allow a loyal customer to try something new but also attract new customers who otherwise might go anywhere else.

McDonald's has more than 32,000 restaurants in 120 countries (McEachern, *Economics*. 9th ed. p.326). The global success of the fast food chain is partly due to reasonable attempts to attract the local consumer food, sharpened by its taste. There are some items, which will never be found in the USA which are taken from then:

- BigSpicy Paneer Wrap in India;
- Ebi Filet-O in Japan;
- Kofteburger in Turkey;
- Samurai Pork Burger in Thailand;

- The McArabia in Morocco;
- Prosperity Burger in China;
- WiesMac in Poland;
- Croque McDo in France;
- McMollete in Mexico;
- McKroket in the Netherlands (Mcdonalds.com, n.d.).



Figure 2. The different specialities around the world

Source: Foodnetwork.co.uk. (n.d.). *30 Crazy Meals from McDonald's Menus Around The World | Recipes*. [online] Available at: <http://www.foodnetwork.co.uk/article/crazy-meals-mcdonalds-menus-around-world.html> [Accessed 20 Apr. 2017].

1.2.3.Price

One of the most important factors for consumers is the price. Today it is every company's goal to competently set prices, having received these same "slightly more" and avoiding the unsatisfactory profit and sales volumes. In a market economy, the success of entrepreneurship largely depends on the correct pricing strategy, as well as price adjustments.

“The customer's perception of value is an important determinant of the price charged” (Marketing at McDonald's). The marketing strategy of McDonald's is primarily aimed at maximizing profits with an annual planned production volume. In choosing a price strategy, it always important to pay particular attention to such a factor as the satisfaction of the needs of the consumer, as this serves as a base in the long term for the flourishing prosperity of the company.

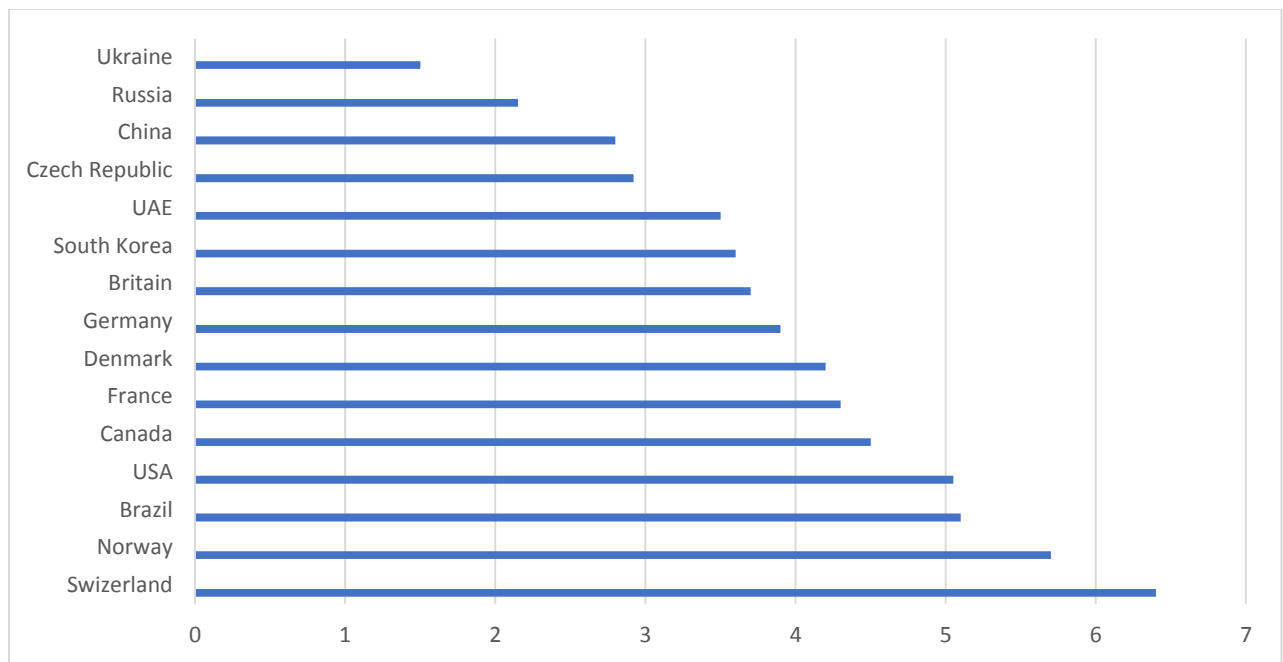
In the case of McDonald's, there is no single price system for all restaurants in the world, as the enterprise is a universal franchise. Prices that are separately set in individual franchise restaurants depend on such factors as demand in a particular region. As a franchise,

McDonald's does not dictate the prices of franchises, everyone chooses their pricing policy, which, in his opinion, is suitable for this particular market. (What makes McDonald's, 2011).

As part of the company's marketing plan, the McDonald's uses the following price and non-price strategies designed to increase sales with minimal costs. Such strategies include combo menus (which also sometimes include free souvenirs), free toys, breakfasts, evening offers, McCafe and longer opening hours. Also, one of the marketing tools is setting prices for hot drinks, which are much more expensive than cold ones. Scientists have proved that cold drinks increase appetite, thereby increasing the sales of burgers and French fries.

According to the Porter model (Gregory, 2017), which the McDonald's Corporation uses in its marketing mix, this approach promises to minimize the manufacturer's costs without affecting the price reduction. As a representative of the fast food industry, which generally implies low prices for its products, McDonald's first adheres to the strategy of always keeping its prices lower than competitive. Nevertheless, within the framework of the standard secondary strategy, the company actively uses a broad range of its products as an advantage over its competitors.

The following Big Mac Index shows the prices for one Big Mac burger in different countries. All prices are represented in U.S. dollar with the latest exchange rate. This index is also used to compare the country's purchasing power parity, because "it is available in almost every country and manufactured in a standardized size, composition and quality" (Big Mac index - global prices for a Big Mac in July 2016, 2016).



*Table 1. Big Mac index - global prices for a Big Mac in July 2016, by country (in U.S. dollars)**

Source: Big Mac index - global prices for a Big Mac in July 2016, c. (2016). *Big Mac index worldwide 2017* | Statista. [online] Statista. Available at:

<https://www.statista.com/statistics/274326/big-mac-index-global-prices-for-a-big-mac/>

[Accessed 13 Mar. 2017].

1.2.4. Location of restaurants and building strategy

As one of the largest catering chains in the world, McDonald's offers different kinds of places for the distribution of its products. The location and type of restaurant are always based on the customer preference for his convenience.

McDonald's main places for distributing its products are:

- **Restaurants**
- **Kiosks**
- **Website and mobile app**

The most popular and favorite place for consumers to distribute McDonald's products is restaurants. Since location is one of marketing communications, it should be convenient for customers and strategically beneficial for the company.

According to statistics, most decisions about visiting the McDonald's restaurant are taken spontaneously. As a rule, people do not plan their visit, and it is crucial that McDonald's is on their way to school or to work, or while shopping or walking. McDonald's pays close attention to the location of its stores. The company places its stores in the places where the probability to pass by and see the restaurant is very high. To date, McDonald's restaurants are located not only in traditional places such as shopping centers and main streets of the city. But they can be found in places like airports, hospitals, near major universities, at the subway exits, and at the railway stations. Restaurants are located in such a way as to maximize revenue. The company conducts many studies on this topic.

Also sometimes at the exit of large restaurants, there are small stalls in which you can buy pastries, desserts, and coffee.

McDrive is one of the company's successful solutions and is in high demand among motorists. Typically, kiosks serving customers in this way (without leaving the car) are located in remote of the city center areas.

1.2.5.Children

McDonald's Corporation has made a conclusion that isn't not the parents who bring their children to McDonald's restaurants, but the children bring their parents. The company chose a powerful marketing communication - attracting a children's audience through Happy Meal. First and foremost, Happy Meal is the right choice for a given children's combo, which is designed to bring happiness to its consumers. Happy Meal is designed in the way that every child can choose the main dish, drink, and additives from the range of products suitable for children. Also as a gift for dinner is a toy, which is also a marketing tool. Toys are always produced in series and if the child liked one, there is a high probability that he will want to return for another toy from the same series.

Since the McDonald's is in high demand among children's audiences, the company is actively working in this direction. Some restaurants are specially designed so that visitors with the kids can feel comfortable. Typically, these restaurants are located far from the business center of the city, near the sleeping areas, where it is convenient to get out of the sleeping areas. In such restaurants, everything is designed and thought out to the smallest detail for children. Children's playgrounds, children's menu with toys, small bonuses in the form of balloons - all this is aimed at the fact that the child would want to come back again.

Also on weekends and holidays, there are the cheerful animators, waiting for the children with the free matinees and games for them, while their parents can have a quiet lunch.

According to the US website MotherJones.com, McDonald's uses some doubtful techniques in their communication to children.

- As part of a program called **McTeacher Night** (also known as McStaff night), school workers spent a few hours working at the local McDonald's and part of the sales made during the coming shift to support their school.
 - The week summer program called **Camp Mickey D's** helps teenagers in 38 high schools in San Antonio, Texas, "to come to grips with the demands of the workplace."
 - A program called **Go Active Ronald McDonald** is aimed to show the importance of exercise to the primary school students by bringing the live-action performance in the title role of Ronald.
 - McDonald's organizes a group of American mothers to become **Moms' Quality Correspondents**. Women attend a program about the McDonald's food quality and then share their experiences with other moms. In 2008, the program received an award from the Society of Public Relations of America. (McDonald's Moms' Quality Correspondents)
 - Many McDonald's places offer free breakfast for students on the first day of school as well as the special book coupons for students and their families.
- (Beyond Happy Meals: 5 Devious Ways McDonald's Markets to Kids)

1.2.6. Facilities of McDonald's

As well as excellent food and service McDonald's also offers many facilities to their customer. It is very famous for their competence to hold children's parties. The children's birthday celebration at McDonald's restaurant is very attractive for many parents because it solves many organizational issues. McDonald's promises to you to spend an unforgettable celebration with cheerful animators who will kindly entertain children exciting competitions and funny games. As well parents often choose a Mac for children's activities as it is not very expensive and costs approximately 250 CZK per child. "Make every birthday a memorable celebration with McCelebrations birthday party themes." (mcdonalds.com 2016)



Figure 3. McCelebration at McDonald's

Source: Mcdonalds.com.ph. (n.d.). *McDonalds : Birthday Party*. [online] Available at: https://mcdonalds.com.ph/content/page/birthday_party [Accessed 20 Apr. 2017].

1.3. Benefits – Outside

Also, McDonald's is a company that, through its marketing communications, interacts with the outside world. McDonald's uses tools such as scholarships for students, charity, sponsorship and other social programs. Such interactions increase customer confidence in the company and increase the brand awareness.

1.3.1.Scholarship for students

McDonald's on its own example proved the effectiveness of the business model of franchises. Thanks to this franchise system, the corporation was able to become one of the world leaders in the sphere of catering. To date, out of 36 thousand restaurants of the company, 80% of them work on the principle of a franchise.

But in order to open a McDonald's restaurant in your city is not enough just to buy a franchise. Those people who are wishing to open their restaurant and work on the principle of a franchise must undergo a whole complex of procedures, including training and testing. After that, the owner of the business and future managers and administrators are invited to a special McDonald's school. In this school, they have to take a few weeks intensive training in the subtleties of the content of the restaurant. After the training, the candidates to the franchise awaits examination and thick, 750 pages guide, which describes everything. There is even a rule that describes the sequence of washing hands after using the toilet (the employee must wash their hands with soap up to the elbows, wipe them with a disposable cloth, and then clean the same to close the tap). For non-observance of rules and laws, the owner penalizes his employees and supervisors of the franchise penalize the owner.

Back in the late '50s, more precisely in 1958, it appeared the first guide, named the "McDonald's Bible". It contains everything to the smallest details. From the temperature and time of roasting chops to how any employee of the company should behave. At the beginning, this guidance included 75 pages, but now there are about 800. There are also some recommendations regarding the conduct of the customer, how to behave in a given situation.

The first Hamburger University was opened in 1961 by McDonald's founder Ray Kroc in Illinois. Only 14 people came to visit the very first class, which talked about the secrets of cooking and managing a fast food restaurant. Now the total number of graduates of Hamburger University exceeds 275 thousand people (Walters, 2015). Among them, there are the most top managers and directors in the world. The Department of Illinois currently has 16 full-time teachers, capable of carrying out teaching in 26 languages. Today, the University's 40-million-dollar campus in Illinois includes 17 classrooms, laboratories, a lecture hall for 300 seats and eight classrooms for the interactive learning. Also on the territory of the university is the museum of the McDonald's Corporation in which the uniform of all McDonald's employees over the years is exhibited. Hamburger Universities also opened in Tokyo, London, Sydney, Illinois, Munich, Sao Paulo and Shanghai. The students develop their leadership skills, improve business skills and operational procedures. The course also includes practical exercises, such as communication with the "Mystery Shopper". The educational institution receives less than one percent of the total number of applicants (Walters, 2015).



Figure 4. The Hamburger University

Source: Walters, N. (2015). *McDonald's Hamburger University can be harder to get into than Harvard and is even cooler than you'd imagine*. [online] Business Insider. Available at: <http://www.businessinsider.com/mcdonalds-hamburger-university-2333/#today-there-are-more-than-4000-corporate-universities-in-the-world-and-rob-lauber-mcdonalds-chief-learning-officer-tells-business-insider-that-hamburger-university-shares-its-training-practices-with-other-restaurants-to-help-continue-to-improve-the-service-industry-across-the-board-2> [Accessed 20 Apr. 2017].

McDonald is a global company, which relies on thousands of employees to maintain its worldwide reputation. As a by-product of its growth and feature of helping others, the company has become well founded in charitable and socially responsible issues - including educational benevolence. To educate the future workforce and to create opportunities for prospective academics, the corporation guarantees to cover education through some different scholarship funds. The charity department McDonald's enters under the auspices of the Ronald McDonald House Charities (RMHC) (McDonald's Scholarships). The mission of the program is to assist students to achieve their full potential - even in conditions of financial difficulties. Candidates assessed by fixed criteria for recruitment, which takes into account the following factors:

- **Financial requirements;**
- **Academic performance;**
- **Leadership ability;**
- **Community service and civic engagement.**

McDonald's has announced that it is working with the Hispanic Scholarship Fund (HSF), and holds a series of seminars aimed at helping Hispanic college enrolment. The free,

bilingual workshops will be provided to parents and students with a wealth of information regarding the college application submission process, including financial assistance and help in applying for a scholarship. "We understand how challenging the college application process can be and we want students and parents to know we are here to help," said Cristina Vilella, Director of Marketing, McDonald's USA (Grundemann, 2011)

"These workshops offer the necessary tools and information needed to make that college dream a reality, and it is also a great way for students and their parents to become aware of all the available resources out there for them, such as the RMHC /HACER Scholarship Program" (McDonald's USA, 2009)

According to the website scholarship.mcdonalds.ru McDonald's expands the geography of Education Support Program. McDonald's in Russia has about 45,000 employees. More than 70% of them - students, and about one out of seven of them are studying in one of the country's top universities.

McDonald's in Russia is the leader in the industry and provides a unique opportunity to build a career. Many company managers began their professional career as a cashier of the first restaurants in Russia, and today they are in the list of 1000 top managers of Russia. Also, managers can improve their skills by participating in international development programs at the universities of McDonald's in the US and the UK.

1.3.2.Charity

First of all, the charity has an impact on the image and reputation of the company. It is important that the foundation primarily affects those target audiences that are important to inform about the enterprise. It is not only about the consumers, customers and end-users of services. The target audience in this case is business partners, investors, shareholders, as well as government bodies, organizations, corporations, structures, associations and institutions from which very much depends on doing business. In the social media era, charitable companies will earn a reputation as being “good” companies, and people will be more likely to want to buy from them. (Boitnott, 2015)

Hundreds of thousands of children suffering from various diseases, to deprive them of the opportunity to learn, grow and enjoy life alongside their peers. Many are directed to the hospital where they spend several months or even years. Thousands do not find their place in society due to limited physical and mental abilities. This is the reality in relation to which one

cannot and must not remain indifferent. To help these children, in 1984 the company McDonald's initiated the creation of the Charity Fund "Ronald McDonald House Charities". It was founded in the United States in memory of Ray Kroc, the founder of McDonald's, and now has been working in 63 countries around the world. (Rmhc.org, n.d.)

According to the official RMHC website the McDonald's Corporation has helped the fund support families with sick children providing stability and vital resources since its basis.

- **RMHC has local Chapters in more than 63 countries and regions around the world**
- **More than \$200 million has been collected through RMHC Donation Boxes**
- **At least one RMHC core program provides care for children and their families being served at 90% of the top children's hospitals worldwide**
- **Yearly, RMHC serves more than 7 million children and families**

(Rmhc.org, n.d.)

RMHC is a non-governmental and non-profit organization that is funded by charitable donations organizations and ordinary people. The money received by the Fund, are sent directly to a charity for children with disabilities, charity kindergartens and medical institutions. The Fund operates a strict financial reporting, which is regularly audited by international company Ernst & Young. In addition to McDonald's, the Fund also cooperates with many companies such as The Coca-Cola Company, Southwest, Thirsty-One, etc.

1.3.3.Sponsoring

One of the biggest events sponsored by McDonald's is the FIFA World Cup. In 2006, McDonald's, the official sponsor of the 2006 World Cup, announced the continuation of cooperation with FIFA. McDonald's intends to further develop the tradition of supporting football at the international and local levels. The company sponsors the FIFA World Cup to this day, including an official partnership at the closest world football championship: in 2018 in Russia (FIFA.com, n.d.). McDonald's has been supporting the international football movement for over 25 years, and since 1994 has been the official partner of the FIFA World Cup (at the 1994 World Championships in the United States, 1998 in France, 2002 in South Korea and Japan and the World Championships in Germany) (Mcdonalds.co.za, n.d.).

Partnership with FIFA and support of the World Cup is an integral part of the social position of McDonald's as a company advocating for a healthy diet and an active lifestyle.

The task is to attract as many families as possible, especially children, to sports in general and football in particular. To this end, McDonald's supports football at the local level, participates in youth and children's football tournaments, and helps sports schools around the world (Mcdonalds.co.za, n.d.).

As part of the partnership program between McDonald's and FIFA, a wonderful initiative was born: the player escort campaign, thanks to which 1408 children from all over the world became part of the FIFA World Cup, bringing their world football stars to the decisive matches of the championships. At the world championship in Germany, children aged 6 to 10 years - the winners of the contest held by McDonald's in 51 countries of the world, received a unique opportunity to participate in all 64 matches of the 2006 World Cup, as a player escort (Fifa.com, n.d.). In subsequent World Cup, this action was also held.



Figure 5. The advertising in support of World Cup, 2014

Source: Fifa.com. (n.d.). *FIFA Brazil - World Cup Sponsors - McDonald's*. [online] Available at: <http://www.fifa.com/marketinghighlights/brazil2014/World-Cup-Sponsors/McDonalds/index.htm> [Accessed 20 Apr. 2017].

In the year 2012 the McDonald's fast food chain has become the official sponsor of the National Football League (NFL). This collaboration allows McDonald's to use team logos and the emblem of the league in their marketing and advertising projects. In turn, the NFL acquires the official sponsor of the restaurant in the face of McDonald's.

2. Analysis of Marketing Communication of McDonald's on Different World Markets

McDonald's is a leading company in the fast food industry across the globe. From the company commenced its services in 1940, the company has experienced tremendous progression both in the United States and the rest of the world. The management identified the need for an accelerated growth to keep pace with the intensive competition from close rivals. A strategy was devised to open and manage multiple restaurants in different parts of the world simultaneously. The management settled on franchising as the most effective method of entry into new markets. It proved to be advantageous in niches with strong cultural and political inclinations (Shen & Xiao, 2014). The marketing communication methods in the different countries are also tailored to reflect the feeding habits and beliefs that have a direct impact on the consumption and trends. China and Russia are two unique markets in which the company through its franchises employs distinct marketing communication approaches with regard to their unique cultural and political orientations that have a direct impact business.

2.1. McDonald's Market Communication in China

McDonald's entered the Chinese food market when a significant number of multinational companies were closing shops due to the inability to meet the demands of the local culture. The Chinese are sensitive to their culture, and they are particularly cautious when it comes to the western culture. McDonald's rival, KFC had closed more than 27 restaurants owing to losses made from negative reception (Chen, 2014). The management believed that franchises would be imperative in tailoring the services to reflect the local culture and trigger a sense of ownership. Currently, the company is a key player in the food industry having retained its name, value, and quality. The marketing communication method used in the country is unique, and it reflects the dietary needs and feeding habits of the consumers (Shen & Xiao, 2014).

In China, McDonald's is a symbol of cultural assimilation and intelligence. According to Ambler, (2015), the company's slogan of 'Think Global Act Local' is instrumental in embracing the local culture in China and responding to the people's needs. The marketing communication in the country is a demonstration of the company's capacity to align its promotional and entry model in different settings without compromising on brand quality and corporate image. The two major marketing communication strategies include McMorning and policy pricing.

In the country, most of the people, particularly the ones living in urban areas, purchase their breakfast from the restaurants as opposed to preparing it from home. The streets in the cities resemble open-air food markets, and this gives McDonald's an opportunity to presents its quality products and compete with the other market players (Crawford, 2015). McMorning was coined to rhyme with the consumers' breakfast eating trends. However, the huge market was concentrated with aggressive companies, and McDonald's has to sustain its position by offering quality foods and maintaining an impressive image.



Figure 6. The restaurant in Beijing

Source: EJ Insight. (2016). *McDonald's plans 1,000-restaurant expansion in China*. [online] Available at: <http://www.ejinsight.com/29169491-mcdonalds-plans-1000-restaurant-expansion-in-china/> [Accessed 20 Apr. 2017].

McMorning promotion depicts an impeccably dressed man eluding confidence while holding the company's food wrapper. Although his clothes portray the influential western style, he is Chinese. The choice of the advert helps the locals identify themselves with the company while still appreciating a touch of the western culture (Chen, 2014). In addition, the locals are sensitive not only to the value for money but also on the benefits that they reap from a given product. Therefore, McDonald's embodies the quality in its communication. The confidence beaming from the man advertising McMorning appears to emanate from the

paper he is carrying. The company's image is visible on the paper, and it is intended to inform the consumers the benefit that comes with choosing McMorning over other brands.

On the same note, the restaurant integrates other programs to ensure the consumers that they can enjoy more than food on the premises. For instance, in Beijing, the franchised restaurants have established play areas for children (Chen, 2014). After school, children can meet with their peers and interact. In the process, they convince their parents that the restaurants provide both food and auxiliary services that are critical for their emotional and social wellbeing. In addition, the restaurants offer a chance for children to compete by writing essays and awarding the best participants with certificates. Furthermore, various restaurants have been offering scholarships to outstanding learners who wish to be associated with McDonald's. Although this can be seen as a social responsibility action in some settings, it is a marketing communication in China. The consumers are market-intelligent, and they ensure that there is a value attached to the items that they purchase.

In China, marketing communication also involves building on the competitive advantage that McDonald's derives by being an American company. Although the Chinese are sensitive to their culture, they perceive the American products to belong to be ostentatious (Shen & Xiao, 2014). The promotion methods, therefore, target young executives who are ambitious and willing to emulate the Americans. The McMorning advert reflects such a target group. Also, considering that the franchises are located in urban areas, the standards of living are higher, and the patrons who frequent the restaurants belong to the working class (Shen & Xiao, 2014).

McDonald's also capitalizes on communicating to the consumers on quality rather than on the price. As Shen and Xiao (2014) observes, although price discounts can attract a significant number of clients, it is noteworthy that it can create a negative image on the quality of products. In China, McDonald's emphasizes of the 11am to 2 pm pricing strategy. With 15RMB, customers can pop into any McDonald's restaurant and order quality food. In China, consumers perceive themselves to be smart and savvy. The marketing communication method, therefore, should not be tailored in a way that portrays them as simple hagglers who go for cheap things without paying close attention to the quality.

2.2. McDonald's Market Communication in Russia

McDonald's entered Russia when there was tension between the country and the United States. The dynamics of capitalism and socialism could not auger well with the projected growth of the company. McDonald's established 59 restaurants in Russia and commenced on a process of popularizing them and developing strategies to remain competitive (Strizhakova, 2016). The economic situation was also volatile and wanting. There was the risk of foreign exchange exposure since the Russian currency could not be exchanged with the United States Dollar. However, fast food was an emerging marketing in Russia and McDonald's took the opportunity to gain a foothold in the industry. With its organizational values of quality, cleanliness and consumer responsiveness, the company targeted more than 80 million persons living in the urban areas (Strizhakova, 2016). Currently, the fast food company has restaurants in 40 cities and serves more than 600,000 consumers every day.



Figure 7. McDonald's in St. Petersburg

Source: Limited, A. (2008). *Stock Photo - McDonald's restaurant on Nevsky Prospekt, St Petersburg, Russia*. [online] Alamy. Available at: <http://www.alamy.com/stock-photo-mcdonalds-restaurant-on-nevsky-prospekt-st-petersburg-russia-82127441.html> [Accessed 20 Apr. 2017].

In Russia, McDonald's has tailored its advertising to attract children to their premises. This was informed by the realization that children have the capacity to influence their parents on the foods to buy. For instance, if a child finds something attractive, he/she becomes exceedingly disturbing until the parents give in to the request. McDonald's has delved into

this strategy to acquire a huge consumer base (Puffer & Braithwaite, 2016). In the restaurants, the management instructs the staff to give children all the attention they deserve. There is also an advertisement dubbed 'Kids Are Stars' which has been on record as the most effective advertising strategy. The restaurants get numerous return customers courtesy of the children's preferences for the food and friendly services. However, it has been under heavy criticism from lobby groups which terms it as immoral to use children in advertising.

McDonald's also puts a lot of emphasis on McCafe, which is implemented as an auxiliary store to the company. In the advertisements targeting the typical Russians, the stores are depicted as partitioned and separated from the main dining areas to offer dessert and coffee. This has been instrumental in differentiating McDonald from the rest of the competitors. The cappuccino and café Americano are presented as an alternative for individuals with diverse preferences but who would also want to retain the McDonald's quality. In addition, the stores are installed with Wi-Fi to attract customers and encourage them to spend time in the restaurants.

It is also noteworthy that Russians are sensitive to the quality of the food that they consume. Unlike their American counterparts, they are careful not to consume high amounts of additives and preservatives. In 2015, McDonald's was among the companies put in the spotlight by Gennady Onishchenko, the aide to Prime Minister Dmitry Medvedev, for failing to use the traditional Russian culinary (Taylor, 2014). Having recognized this, the McDonald's management uses advertisement to emphasize on the increased use of local products. For instance, when the company put up restaurants in the country, it used to export majority of the raw materials from the United States and other neighboring countries. Currently, more than 75% of the raw materials are sourced in the country and supplied by over 130 entrepreneurs (Taylor, 2014). In addition to reducing the cost of production in the restaurants, the move has been instrumental in creating confidence among the Russians. The company also points out the numerous job opportunities that it has provided to the Russians totaling to 80,000.

When the company introduced its services in the country, it targeted the population living in the urban areas. Price was not a major marketing tool in the formative years because there were few competitors in the market. However, price reduction process has become a primary tool of marketing communication. The company targets the young population who do not have a lot of resources to spend on quality food. It is noteworthy that adolescents as young as 16 can work in the factories. However, they are not willing to spend a large portion of their resources for food. Therefore, the restaurants focus on popularizing Big Mac which

can be purchased for only \$1.52 and chicken wings for \$1.47 (Morris, Shirokova & Shatalov, 2013).

In addition, Russia is the biggest country in the world in terms of geographic size. Therefore, the company focuses on cost-effective methods that can cover the areas of interest and keep up with competition. Televised adverts are the primary methods used to reach out to potential consumers. For example, 'I love it,' advertisement has been since 2003 to encourage customers to buy the Russian BigMac (Love, 2013).

2.3. Comparison between Marketing Communication in China and Russia

The two countries offer distinctive niches that necessitate the application of diverse marketing communication tools. Unlike in Russia, the Chinese consider themselves as market savvy and intelligent. They are therefore confident when purchasing quality products. Particularly, they are skeptical about products presented by the Western countries. The marketing communicating tools in China, therefore, are tailored to give the citizens more power to make important decisions. In Russia, the consumers are fascinated with the American products. In addition, marketing communication in China revolves around convincing people that they can get more than food from McDonald's. In Russia, the company capitalizes on pricing to capture the young population in the urban centers (Campbell, 2016). Russia also differs with China with regard to the eating habits. In China, the majority of the people prefer buying breakfast from the restaurants. The tendency informed McDonald's advertisement on breakfast. In Russia, the eating habits are slightly different because people frequent the restaurants throughout the day. However, due to the demand for early morning breakfast, McDonald's has modified its services to include take away coffee and milkshakes.

In Russia, McDonald is cautious not to promote the products using any form of American culture since there is a possibility of the methods being construed as political (Sonne & Troianovski, 2014). The rationale for this is that there is tension between the two countries which is politically instigated (Nelson, 2015). For example, the Chief Public Health Officer in the country has criticized the company's restaurants for failing to use the traditional Russian culinary. According to Krauthamer, Grigoryan, and Caloianu (2014), anything that has an American tradition, may work against the growth of the company in

Russia and also create a negative attitude from the consumers. In China, the citizens consider the American products as superior and more civilized. Zhang (2015) agrees that it is not unusual to have patrons visiting the restaurants to appear more Westernized. A prime example that demonstrates the trend is the McMorning advertisement that depicts a confident young Chinese executive in an American outfit. Provided the company embodies the Chinese culture in its operations, the Chinese market is less strained than in Russia. This may also be explained by the considerable stable political and trade association between China and the United States whereby there no strict sanctions governing business transactions.

However, the marketing communication in the countries is similar in that the consumers are responsive to information regarding the use of locally available resources. In China, McDonald's makes its promotional campaigns consistent with Chinese characters to sustain the sense of ownership that the consumers have developed (Xu, 2014). Also, the items in the menu reflect what the consumers prefer, and it is, therefore, effective to run promotional campaigns without facing criticism. In Russia, the company focuses on the fact that the local traders supply more than 80% of the raw materials. While running the promotional campaign, the information strengthens the confidence that consumers have regarding the quality of food. In addition to using the local raw materials, it is noteworthy that the company uses its appearance as a marketing tool in the two countries. According to Love (2013), the big 'M' that epitomizes the restaurants is used as a brand name for quality and consumer responsiveness. It is also visible in the packaging materials, and this gives consumers a feeling of uniqueness anytime they purchase wrapped foods from the restaurants. The outward appearance of these restaurants is among the unique critical qualities that the company has retained in all the niches and distinguishes it from other competitors.

In conclusion, McDonald's enjoys a large market share in Russia and China. The marketing communication strategy assumed by the company has been instrumental in ensuring a consistent growth in the number of customers. In China, McDonald's capitalizes on providing breakfast and ensuring that the reduced price of food is not construed as being of low quality. The Chinese are sensitive to their culture, and McDonald's promotional campaigns uphold the authenticity of the people's tradition. Marketing communication is delicate in Russia because of the strained relationship between the country and the United States. The political implication necessitates the choice of messages that have nothing to do with the American culture. Despite the strain, McDonald has intensified its efforts to become one of the largest food providers in Russia. The management provides information on the use

of local raw materials which is intended to give the consumers quality confidence. The two markets remain imperative contributors towards McDonald's growth and global presence.

3. McDonald's Biggest Challenges

Over the past few years, McDonald's has been seen in a series of scandals around the world. Several times McDonald's was involved in high-profile scandals, which in fact did not reduce its popularity among fans of fast food. The company has managed not only to maintain its reputation after actually high-profile scandals and proceedings but also to attract increased media attention and thus attract new customers.

3.1. Investigations into the activity of McDonald's in Russia

In 2014, the Rospotrebnadzor, the Russian consumer watchdog, detailed their claims to the McDonald's in Moscow. In several fast food outlets, including the very first McDonald's on Pushkin Square, the Rospotrebnadzor revealed a violation of the rules for storing products. There are 608 McDonald's restaurants in Russia and 71 of them are located in the Moscow Region (RT International, 2014).

Rospotrebnadzor also checked the quality of products from the McDonald's chain of restaurants in the Urals and the Central part of Russia. Rospotrebnadzor's secretary Natalya Lukyantseva said that inspections are not conducted in all franchise restaurants, but only in those where complaints were received about the quality of the products. At the time of the investigation, many McDonald's restaurants stopped their work, and the restaurant on Pushkin Square was also closed. A representative of McDonald's in Russia, Svetlana Polyakova, said that McDonald's decided to suspend the activities of restaurants to understand and eliminate customer complaints. She also said that McDonald's continued to take care of its employees and did everything possible to continue operations in Russia successfully (RT International, 2014). Inspections of McDonald's restaurants in Russia began in May 2014 when in the city of Veliky Novgorod in northwestern Russia the sanitary commission found microbes and bacteria in salads, which means that the staff violated the rules of hygiene.

In September 2014, the profits of McDonald's fell by 3.7% (RT International, 2014). In Europe, which brings McDonald's 40% of the world's total revenue, revenue decreased by 0.7%. That happened due to the fact that about 100 restaurants of the chain have suspended their work in Russia due to sanitary inspections. Also, the closure of three restaurants in Moscow occurred simultaneously with the fact that the Russian government imposed an embargo on agricultural products from the US, Canada and the EU in connection with the Ukrainian conflict. But Russian MPs denied the information about the complete closure of McDonald's chain in Russia. According to mcdonalds.ru, the company had 35,000 employees in Russia and sold \$ 1.5 billion to prospective customers in Russia in 2013 (RT International, 2014).

McDonald's Russia has promised to fully switch to Russian food suppliers for its restaurants by 2020. To date, some products like bacon, orange juice and salads are delivered from abroad. Despite the scandal with violation of sanitary norms in 2014, the company successfully settled on the Russian market and opened 73 new restaurants in Russia in 2016. In 2017, the opening of another 50 new fast food restaurants McDonald's is expected (Russia Beyond The Headlines, 2017).

3.2. Violation of Sanitary Standards in Japan

In the year 2015, the Golden Arches had to close 131 of their restaurant in Japan. The employees of the Japanese representation of the company stated that such a step McDonald's decided to do after several high-profile scandals related to violation of sanitary standards. The decision is due to an incident with a restaurant visitor who was injured by plastic shards found in the drink. After the incident, the company temporarily closed the restaurant with Osaka. A representative of McDonald's said that the plastic object discovered in the beverage could be used to make it. Perhaps he fell into a blender to prepare Frappe. Before this, the Japanese representation of McDonald's was repeatedly criticized for violations of sanitary norms. Including the case with the found human tooth in French fries.

According to dailymail.com “Japanese officials apologized to the customer for the incident, which occurred in August last year, and said none of the employees at the branch in question had lost a tooth” (Rahman, 2015). Also in the summer of 2014, Japanese Sanitary Commission revealed a Chinese food supplier to McDonald's who mixed the spoiled products with fresh ones, McDonald's decided to switch to Thai supplier (Channel NewsAsia, 2015).

According to some financial reports, in 2014 McDonald's Japan lost US\$182 million which was the first loss in 11 years (Martin and Fujikawa, 2015).

For 2016, McDonald's earned ¥5.37 billion (\$48 million) in profits (The Japan Times, 2017), after two years of losses. The company focused on restoring customer trust. Thus, in the restaurants of the McDonald's chain in Japan, the menu changed, and some repairs were made. Also, McDonald's Japan made a successful collaboration with the leading mobile application "Pokemon Go" and made its restaurants a key location in the virtual game.

3.3. The Meat Scandal with Shanghai Supplier

Sales of the Corporation fell sharply around the world in mid-2015. It is due to the increased competition in the fast food market and the decrease of consumer interest in the McDonald's brand. It also affected China, where sales fell by 3.3 percent (West, 2015). The main reason for this is the dirty meat scandal in 2014. Then the primary department of the People's Republic of China to control the quality of products and medicines during the inspection of meat enterprises revealed violations by the branch of the American company OSI Group, which is based in Shanghai. It was established that the Shanghai supplier supplied McDonald's and other public catering restaurants with poor-quality products, including late-season meat and chicken. Residents of China have demanded from McDonald's to increase the level of security in their restaurants. To which the representatives of the company said that the guilty would be severely punished. During the investigation, it was found out that the workers of the Shanghai enterprise re-processed and packed unfit for eating beef and chicken, extending the shelf life on the packaging for another year.

The Shanghai authorities sealed the local food company, which supplied meat to McDonald's restaurants and other favorite eateries. The authorities ordered the restaurants that received the products from this supplier to get rid of the "problem" meat. After the incident, representatives of the company McDonald's said that they intend to sell most of their restaurants in China to expand the franchise business in China, because in recent years, these stores have demonstrated better results (West, 2015). Since the service in such stores was higher in quality.

Over the past couple of years, with the transition to a franchise business, the situation in China has dramatically improved. Now McDonald's is preparing to open new restaurants (Jones, 2016). McDonald's usually uses a franchise system in more mature markets such as

the US, in the younger markets, the company uses a more expensive management system to grow stronger in the new markets. Despite the difficulties with finding partners in Asia, the company decided to open new restaurants that will work under franchises and licenses. Also, the company intends to expand its menu with more useful items, such as pieces of apples and vegetarian cups. This is due to increased levels of care in China about their health. According to the survey, the consumption of Western fast food products decreased by 16% in the last year (Jones, 2016).

Conclusion

The purpose of this study was to use McDonald's fast-food restaurant chain as case study in analyzing directions of the marketing mix, current situation and its gaps in order to develop concrete proposals and recommendations for their improvements. This study has identified that the four marketing communication principals at the disposal of firms like McDonalds include advertising, sales promotion, public relations, personal selling and direct marketing. Using the 4Ps marketing model, this study has critically analyzed the McDonald's marketing strategy. It is clear that McDonald's product mix is developed to suit local consumer preferences and tastes and evolves over time to satisfy the customer needs and wants. Major products include hamburgers, sandwiches, chicken, fish, coffee, desserts and more. The price mix of McDonald's uniquely prioritizes value for customers' money and as such they present valuable meal products that are very appealing. The promotion mix of McDonald's majorly entails media advertising, point of sale displays, loyalty schemes and direct mail. The place mix of McDonald's is focused on having distribution points throughout city and on internet. This study also acknowledge that McDonald's market strategy extends to include packaging, purchase and people (7P marketing mix).

Analysis of McDonald's establishment and marketing communication in China and Russia shows how the company has managed to navigate the competitive markets around the globe to be a global fast-food restaurant leader. Adopting marketing strategy that is customized to the unique needs and wants of its customers, the firm has managed to gain growth in its markets. The marketing approach in China is largely focused on adoption of products to Chinese culture while ensuring that the quality of products is not construed with pricing. The marketing in China integrates the traditions of Chinese people and addresses the various demographics needs making it remain competitive by meeting customers' needs and

wants. In Russia, the firm faces marketing communication challenges owing to US-Russia political differences, but the company has managed to adopt its marketing to Russian's culture and to make it not appear like America. This they have achieved by using local Russian ingredients to give Russians confidence that the food is nothing like American culture but Russian. Eventually, it has seen market growth in Russia. Nevertheless, the company has suffered crucial scandals that have implication on its marketing. They include violation of sanitary standards in Russian and Japan, and the meat scandal in China.

Recommendations

While McDonald's is an established brand name whose strategies are above good, there are still areas that the firm can improve in its marketing strategy. Through this marketing communication analysis of McDonald's, the following recommendations are offered.

- The fast-food market is becoming increasingly saturated in developed and developing countries causing the competition to become stiff while the economic situations are not stable. Thus, the firm needs to strengthen its product quality and adopt its price strategy to the changing marketing conditions.
- McDonald's has history of maintaining taste of products same and with the old ingredients. However, the food market is shifting to health foods and competitor are diversifying into offering new meals. Therefore, McDonald should not only adopt traditions or culture in its unique market but start to offer new products that are increasingly demanded by modern consumers.
- McDonald is seen as a quality brand in most markets like in China. However, increased scandals such as the one in Japan, China and Russia will have serious impact on the firm's market share. Hence the firm needs to device strong quality control and improvement largely on health and hygiene sectors.

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