



assigning letter grades that is categorized by quality, service, cleanliness and value. Meanwhile, in 1991, McDonalds spent \$26.9 million to evaluate and assist each of its restaurants.

During the establishment of McDonald's establishment and transformation, the business showed promising attention to detail to every part of their operations and that includes their suppliers. McDonalds obtained a loyal supplier due to their respect for suppliers, their care for quality over price and concern for their supplier's profit, and their guarantee for future volumes to their suppliers. Meanwhile, in McDonald's franchisees, the franchise owners were able to develop products like Egg McMuffin, McDLT and others. In terms of cooking up their products, French fries provided a distinctiveness and exclusivity to the business. The company first monitored how it was being cooked and founded out that there is a slight connection between the temperature settings on the fryers and the oil's temperature in the vat once the potatoes were dropped. Also, the researchers of the business learned a conclusion that to have perfectly cooked fries, the oil temperature should be three degrees above the low temperature point. Meanwhile, Simplot gave an idea of using frozen potatoes and it made its organization to grow into a large frozen potato giant. Also, Ralph Weimer introduced a V-shaped aluminum scoop with a funnel to rapidly place the fries in the bag.

Meanwhile, throughout the business' growth and success, McDonald's became well known for its speed of service and promising consistency across all units of the business. Thus it built up its name in the quick-service industry. Through its years of operation, it served more than 20 million customers each day however it led to a question up to how they could obtain more customers since the number of their customers is indeed large in number. Also, they encountered dilemma due to external pressures since there are changes in the demographic trends of most of



STRENGTHS

- **Worldwide operations**

During the period of this case, the company has already 12,611 McDonald's quick-service restaurants worldwide, meaning that it is already operating at the different parts of the world.

- **Strong brand recognition**

McDonald's had distinguished itself in the quick-service industry through its remarkable consistency across all units. Also its corporate emblem which symbolized pleasant, fast service and tasty and inexpensive food has been adored by many.

- **Good customer service and product quality**

The company is known for its pleasant, fast service and tasty, inexpensive food.

- **Consistency and uniformity of service and products**

McDonald's designed its operating system to ensure consistency and uniformity across all outlets. Thus, the company became remarkable for its consistency across all its units.

- **Has an efficient operating system**

McDonald's was able to spend as much time and effort as it did in perfecting its operating system because it restricted its menu to 10 items.

- **Has a strong relationship with its partners and suppliers**

McDonald's patrolled suppliers and franchisees scrupulously. The company always treated its suppliers with respect even when they became much bigger. Thus suppliers grew alongside McDonald's and were carefully attuned to the company's needs. On the other hand, they treated their franchisees not just a source of income but as their partners. They made



- **Being more responsive to environmentalism**

A new challenge had been growing which is no other than to protect the environment. While many companies had seen the outbreak of environmentalism in the late 1980s as a threat - McDonald's saw an opportunity: the chance of knitting a responsible environmental policy into its evolving operations strategy.

THREATS

- **Demographic trends**

Demographic trends were reshaping American eating habits while competitors were attacking the quick-service giant from all sides.

- **Existing competitors**

McDonald's share of the US quick-service market had dropped from 18.7 per cent in 1985 to 16.6 per cent in 1991 due to its competitors.

- **Entry of new competitors**

The once-simple quick-service market had been complicated by the entry of specialist competitors who had emulated McDonald's strategy to capture their own segment of the market.

- **Nutrition and dietary concerns of customers**

Hamburger consumption had dropped from 19 per cent of all restaurant orders in 1982 to 17 per cent of all orders in 1990 (hamburger consumption at McDonald's had nevertheless increased over the same time period). Increasingly, though, consumers were becoming more conscious of nutrition and dietary options without compromising taste