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## MCDONALD'S CORPORATION SWOT & PESTLE ANALYSIS

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**Company Name :** McDonald's Corporation

**Company Sector :** Fast Food, Restaurant Chain

**Operating Geography :** United States, North America, Global

**About the Company :**

McDonald's Corporation is one of the world's first and largest franchise based fast food chains. The company relies on its franchisee model and 93% of its stores run through this model. The company, focuses on innovative and extensive marketing, its core offerings of burgers, chicken and coffee, and 3D's, which are boosting digital sales, delivery and drive-throughs. In fact, the company enjoys the advantage of being one of the early movers to try the 3D's in different time frames. The company is known for its socio-economic researches before entering the newer markets and thus, designs the products and engineers nomenclature which can connect with the culture and local values of the regions wherever the company operates. The American fast food chain focuses on trying the latest offerings in the company owned restaurants to research on their chances of success and scope of improvements before introducing them to the larger market through franchised restaurants. In the conventional franchise model, the company either provides the real estate property to the franchise and rest, the franchise decorates and manages the day to day operations through their employees. In another model of franchise, known as developmental license or affiliate, the real estate properties also provide by the franchises, apart from interior decorations and cost of operations. Developmental license or affiliates are slightly different from each other by the fact that in affiliates the company purchases some equity in the franchise. In all the franchise models, the company earns through a license fee of permitting the usage of the brand, systems and products of McDonald's and royalty based on sales. In 2022, McDonald's and Deliveroo expanded their current partnership by entering into a new, long-term global strategic partnership. This will enable markets around the world to offer customers and McDonald's franchisees the convenience and value of McDelivery.

McDonald's USP or unique selling proposition lies in being the world's largest restaurant chain by revenue, present in 119 countries with 40,031 restaurants across the globe as of 2020. McDonald's Corporation's mission statement reads "To make delicious feel-good moments easy for everyone."

**Revenue :**

\$23.2 billion - FY ending 31st December 2021 (y-o-y growth of 21%)

\$19.2 billion - FY ending 31st December 2020

## SWOT Analysis :

The SWOT Analysis for McDonald's Corporation is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>1.Global presence with local relevant offerings</li> <li>2.Scalable franchise-based model adding to the long term profitability and business innovation</li> <li>3.Consistently improving and maintaining a high quality of food through efficient supply chain mechanisms</li> <li>4.Well known for innovative marketing and promotion of the brand</li> <li>5.Resilient business structure helped the company retain profits even amid pandemic</li> <li>6.Successfully extending McDelivery through collaborations with food delivery partners</li> </ul>	<ul style="list-style-type: none"> <li>1.Long run Walmart - McDonald's collaboration rapidly hanging up their boots in the post COVID era</li> <li>2.Reeling with food safety issues and loss of foothold in the ever growing Indian market</li> <li>3.Big ticket employees purposely violating company policies may hurt employee sentiments across orders</li> <li>4.Data breach poses serious question on the McDonald's cyber security amid the major shift in consumer behaviour hierarchy</li> <li>5.Instances of discrimination based on color and outlooks tarnishing acceptance of the brand among diverse communities</li> <li>McDonald's abandoned in multiple nations due to socio-economic concerns limits expansion of the brand</li> </ul>
Opportunities	Threats

1.Rising demand of Drive Thrus and take outs amid pandemic 2.Opportunity to grow in the rapidly growing Asia Pacific region 3.Drive Thru to become the future of fast food giants	1.Multidimensional competition from large to micro sized competitors 2.Risk of theft of food items recipes and duplicate menus by competitors at various levels 3.Lack of nutritional values in fast foods discourages consumption by health conscious customers
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### PESTLE Analysis :

The PESTLE Analysis for McDonald's Corporation is given below:

Political	Economical
1.Supply chain uncertainties due to Brexit 2.Impact of sanctions and embargoes in operations	1.Impact of currency fluctuation in the operations 2.Impact of slowdown in economy due Covid-19 3.Evolving public health policies
Social	Technological
1.Consumers seeking vegan options in the new normal 2.Impact of cultural differences on the McD menu 3.Youngsters preferring ghost kitchens to battle taste hunger 4.Consumers seeking fast food with healthy and hygienic options 5.Popularity of fast drive-thru services	1.Virtual kitchens easing contactless and queue less services 2.Robotic and AI enabled kitchens to beat delays in order fulfilment
Legal	Environmental

1.Stringent regulations related to food preservation and hygiene	1.Sourcing food ingredients though sustainable agriculture
2.Compliances related to data privacy of customers and their impact	2.Sustainable packaging helps McDonald's to meet sustainability goals

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**[support@swotandpestle.com](mailto:support@swotandpestle.com)**