

# Mc Donald's Corporate Strategies in Italy

## Summary

Mc Donald's represents one of the most successful companies in the world. I had the great opportunity to make a stage experience for a licensee of 4 Mc Donald's restaurants; I learned a lot during this two years of training; this experience left me curious and enthusiastic, so I decided to write my thesis on this subject. Finding data was hard, because the company has strict protection rules about its performance, and also finding managers to interview was problematic. This thesis represents and concludes not only my studies, but also my personal stage experience; in these pages there is a lot of what I learned .

The company has a long history, and during its life it expanded a lot. Today, they make every day records in the fast food industry, increasing profits more and more.

What is the secret of its success?

For sure, there is a solid team of experts driving the management of the company, strict control and rules to follow. Mc Donald's has been able to expand worldwide, adopting an international strategy admired and taken as example of success. They keep opening new restaurants offering the same products, identical in each country, respecting the same standards in terms of quality, service, product and so on. They seem to be solid, with strong basis. It is very hard for a company to keep growing both in terms of profits and number of restaurants year by year, with no stop.

We are curious to discover how this system is structured and which are the factors driving its development.

During our journey in the Mc Donald's world we will study its strategies in Italy. Our aim is to investigate if Mc Donald's success in Italy is due to the adaptation of the company to the Italian system or if it is Mc Donald's that is able to adopt a universal winning strategy everywhere.

We will analyse the birth of the company, the landing in Italy, the positioning of the company, PORTER's five forces analysis, the franchising characteristics and the employment.

During our journey we will have the pleasure to interview an important manager for Mc Donald's Italy, whose contribution will be fundamental to help us understand the company's insight.

Then we will analyse the marketing strategies, the role of the brand and its power, the differences among national and local marketing campaigns. Suppliers and role of quality will be considered too. We will have a look at the balance sheet of the company, and draw some conclusions about their assets, liabilities and so on. In this way we can understand what the company does and which are its own peculiarities.

Lastly, we will give voice to sustainability, innovation and human charity actions the company takes to improve itself. We will also talk about the EXPO 2015 experience we felt on our own skin.

In the end, there will be a sum up of the strategies presented in the chapters and their own weight in contributing to the company's success in Italy.

As long as Mc Donald's is a multinational company, the values that drive the business are the same all over the world. They want to be the best fast food in the world, and their values are many; the system is client focused, they care about their employees, they strongly believe in the system, they put ethics in their job, they continuously put effort in improving the business.

We could claim that there exist just one, universal strategy in Mc Donald's : 100% client satisfaction, granting QSPV standards, always and to everybody.

Obviously, this is the means to gain profits. We have seen, however, that most consistent part of the revenues comes from Mc Donald's as holding company, not as fast food restaurant. Everybody can sell hamburgers and French fries, but the difference among Mc Donald's and its competitors is that Mc Donald's today is the most powerful holding company in the world.

QSPV is not just about the service, it represents the philosophy at the basis of Mc Donald's company.

We can move around the globe, but the strategy remains the same and it has the goal of opening more restaurants as possible.

They claim they think global to act local. The truth is that they penetrate the market thanks to the core products, then offering periodically some products focused on local traditions; those products arise the customer curiosity, and can take increase in the sales level, but are the core products those driving the success of the company.

We have analysed what the company does in Italy according to some specific aspects.

About the franchising, they adopt the same strategy all over the world, according to the laws of the country. The restaurants promote employment and this is recognized all over the countries by some awards achievements. So we can say that Mc Donald's international strategy is the franchising one, that has a deep employment impact in the country.

Then we analysed the strategic marketing. Marketing is a very strong tool for the company, it is well studied and planned. It is composed by some international campaigns and some local ones, fitting the necessities of each restaurants. Apart from the national campaign, we can observe that the local one is typical of the country. One example can be the launch of the Mc Italy products; this

marketing action represented a strategy purely Italian, in response to a global crisis period. Countries at that time were left free to take some strategic actions to raise the sales level. In this circumstance we can dare to say that marketing has adapted to the Italian peculiarities to survive and to reaffirm its image.

Suppliers strategies is a matter of cutting costs choosing the best possible level of quality. There are some standards to respect in terms of taste, shape and quality; in each country they try to choose a local supplier to cut logistic costs. So we can say that it is a peculiarity for Mc Donald's to choose a local partners for each branch in the world.

The hottest topic today is sustainability. All over the world, the company tries to follow specific standards to respect the environment. So, again, the sustainability strategy is not an Italian peculiarities.

Lastly, we analysed the balance sheet and the income statement of the company in years 2011-2012-2013, comparing them with the one of Burger King. By analysing those data we gave strength and basis to support our study on the strategy of the company in Italy.

The aim of our journey was not only to study and to understand Mc Donald's corporate strategies in Italy, but also and mainly to discover if the success of the Italian branch is due to an adaptation of the company to the Italian peculiarities or if it derives from other factors.

To sum up, the franchising is the same all over the world.

Marketing is the same at international level, but it has some strong peculiarities at local level, increasing the sales level but not in such a determinant way. Sometimes there can be local adaptations.

Suppliers are local partners all over the world, sustainability represents today an achievement to reach all over the world.

They say they think global to act local, but our study shows that this is just partly true; evidence shows that Mc Donald's applies its standards all over the world, making some adjustments, but the concept and the strategy, the products pushing profits are incredibly the same in each country.

It seems as if Mister Ray Kroc, years and years ago, has been able to study a strategic formula resulting winning no matter the country in which it is applied. Of course, each day lots of managers put efforts in keeping this formula alive and winning, but it seems that they are able to do it perfectly.

Perhaps the answer to our study lies in the words of Mister Alessandro Martini, Franchising manager for Italy :

“For sure the brand Mc Donald's is the brand Mc Donald's. It is enough to put an M and we are perfectly recognizable..... so the great story is having a big brand able to get adapted to different countries not only as franchising but also in terms of approach, volunty and another series of factors. It is clear that the core products will remain always the same, at the basis of the business, but even the premium products sell well. We try to diversify, offering for example pasta or salads. We get close to the Italian culinary culture.”

In the interview we had with him he claimed that Mc Donald's success lies in the core products, no matter the country.

We can conclude our thesis by saying that Mc Donald's corporate strategies in Italy results mostly the same adopted all over the world; the success lies in its strong organizational structure, attention to details and passion for serving customers giving the best fast food meal experience.

As the Bs and the Is shows, the Italian branch is an autonomous satellite of the mother company; the company is active, health and rich and it operates in Italy following the national rules ; under some crisis periods, thanks to its solidity, the Italian branch can take some peculiar decisions and

implement some special local actions. The idea and the matrix of the company is American and standardized, but its strength at local level lies in its stable Italian resources.

The model seems sustainable and for sure it will continue to evolve to survive. Thanks to the combination of strong seeds and flexibility in embracing innovation changes Mc Donald's can be taken as example of successful and profitable company, both all over the world and inside any specific country.