

As a large and multi-national company in a very competitive market, McDonalds relies heavily on the success of its marketing. The strategies can be split into two categories: price and non-price competition. **Non-price competition** involves a company trying to **increase consumer demand and market share by making the product appear different as in product differentiation or making a different product in product variation.** Strategies like loyalty programmes, free gifts, celebrity endorsements, sponsorship are good ways to make yourself appear well respected throughout a community **without actually cutting your prices at all.**

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Price competition occurs when a company **actually decreases the price** of their good or service. This is used to undercut a competitor's price. These are seen as discounts and "2 for 1" deals. **McDonalds uses a mixture of these two strategies to effectively market their products.**

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McDonalds' **price competition strategies have a much quicker impact on sales than non-price competition.** A discount on a burger can bring a lot of people in a short amount of time but **cannot be held forever.** The **main price marketing strategy employed by McDonalds is the combo or "McValue" meals.** Before this meal people would come in and order separate single items, but adding in the combos McDonalds has made people buy at least a burger, chips and a drink with every meal deal and **this is only discounted slightly.** The idea has been very successful and almost no-one goes into a McDonalds and doesn't get a combo. McDonalds also brought in the **"Loose Change Menu" range designed for people with loose change and people with little disposable income.** At most restaurants a single meal can cost \$20 to \$30 but at McDonalds a **family meal deal can be bought for between \$20-\$30 and when money is tight like in a recession many people will go for cheaper fast food options** like McDonalds.

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McDonalds' non-price competition is all about marketing their brand. The McDonalds' **"Golden Arches" brand is one of the most well-known brands around the world.** They have also worked hard to create for themselves **an image and have things in their company that help attract young people.** These things involve the **playgrounds** that are seen at every McDonalds in New Zealand (NZ) and allow kids to become excited by the prospect of going to McDonalds. This has been a large success and the **"Happy Meal" toys** have a similar purpose and effect. They too have created the image of kids having a relationship with McDonalds. In more recent years McDonalds has begun to **add more product variety like McCafé and the healthy food options to their product range to address the obesity problem associated with fast foods in NZ.** **Widening the product range offers healthy choices to more health conscious consumers and gives kids the option of apples instead of fries or a "snack wrap" or salad instead of a burger.** **Because their image and brand is so important to them they are constantly thinking about their consumers and the consequences to society.** **They brought in McCafé to accommodate parents and others who just want a decent coffee and the kids can get what they want as well and use the playground, and this keeps them out of their parent's hair for a while.** **They also support and donate to the Ronald McDonald House Charities NZ which was set up to help sick kids and their families have somewhere to stay if they have to travel to a different city for surgery.** **McDonalds want their company to be well trusted, respected and like by the community, this is why they also spend a lot of money sponsoring junior sport in NZ.** If you go to a soccer or rugby tournament in NZ at a junior level you're almost guaranteed to see a McDonalds' banner somewhere in the vicinity. **This shows they are putting money back into society but are also showing that they support exercise to address the obesity issue in NZ.** **It also gives McDonalds a chance to advertise their healthy food options.** **There is also a price strategy used which is a coupon for the player of the day which gives them half-price on either a cheeseburger or a sundae.**

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Example: The "Loose Change Menu" could result in many people coming in and only ordering cheap items that still require the same amount of processing/handling time for workers as the more expensive items on the menu. This can tie up valuable human resource time, resulting in more cost if more workers are needed and lower returns per hour for the producer.

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