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Abstract

Something Simple Inc. has researched different aspects about McDonalds to figure out what helped make them successful. We assigned people to look into each aspect in depth to help Burger Joint understand what they need to do in order to be successful like McDonalds. Kyle Walton was in charge of advertising and marketing, Tabitha Skomsky researched nutrition, Brandon Cooper looked into international expansion, Lidia Nesci investigated customer service and charities, Teresa Stadlander studied human resources/employees, and Casey Washington learned about McDonalds's failures.

Kyle Walton saw how McDonalds promoted sales by their use of advertising and marketing. McDonalds sponsors big sports events like the Olympic Games, FIFA World Cup, NBA, NFL, and NASCAR. McDonalds pays a lot of money in sponsorships, which pays off in the long run because many people see the advertisements. There are problems with the way McDonalds advertises. Some people believe Ronald McDonald brainwashes children to eat there by using toys in their Happy Meals and PlayPlaces. Commercials show how happy kids are that eat McDonalds causing other children to want to eat there. Another belief is how McDonalds glorifies the unhealthy food they make.

McDonalds has received a lot of negative attention towards the nutrition of their food. Tabitha Skomsky mentions the effects McDonalds's food has on people. She specifically references the documentary "Supersize Me" and talks about the health problems Morgan Spurlock experienced after consuming McDonalds's food for one month. Since this documentary was released, McDonalds has made many menu changes focusing on nutritional value and healthier options. Another man, John Cisna, ate McDonalds for six months and actually lost weight. He monitored the food and calorie intake proving that it is possible to eat healthy at McDonalds.

Brandon Cooper researched the success of McDonalds's expansions. There are 33,500 restaurants in 119 countries, which help boost sales for the company. McDonalds has found that international expansion helps save the company money. There is less competition overseas in the fast food industry. One main issue with international expansion involves local restaurants. People would rather eat a dish that is native to their culture, rather than a Big Mac from McDonalds. This is something many companies face with expansion and could impact sales dramatically.

Customer service and charities influence the gain or loss of sales. Lidia Nesci learned that people trust their friends' opinion when it comes to restaurants. Whether that was a good or bad experience will influence people to go to that particular restaurant, affecting sales for the company. Customer service means offering convenience to a company's customers. In McDonalds's case, they offer WIFI, lower prices, toys for kids, and quick service. Some of these have caused problems for the company, but the issues are resolved. As for charities, many customers want to get involved because it makes them feel great for helping out others. McDonalds focuses on four main topics when it comes to charity, those being families, disasters, sponsorships, and employees. Their own charity called the Ronald McDonald House Charities helps families and communities in need.

Teresa Stadlander looked into how employees at McDonalds are treated, and what effect that has on their sales. She found that McDonalds employees did not receive all of the same general benefits because there were different levels of workers. The employees did get all the same training except for the managers. Some employees went to a place called Hamburger University, which prepares workers to become managers and actually offers college credits. Some employees got unfair breaks, and others experienced timecard changes.

Even though McDonalds is now a successful company, there have experienced many failures. Casey Washington looked into what failures McDonalds has gone through, and how they came about. Companies deal with problems all of the time. What matters is if the company resolves these issues, and how. Casey talks about how McDonalds treats the issues being put against them.

All of the different aspects assigned to someone come back to the idea of sales. Advertising and marketing, nutrition, international expansion, customer service and charities, human resources/employees, and failures all play a role in the success of McDonalds based on sales revenue. Everybody has gone into depth about the topic assigned to each of them. At the end of every person's topic, they list recommendations for Burger Joint, explaining what to do, and what not to do in order to become successful like McDonalds.

For some companies, customer service can either make or break them. Customer service is directly linked to sales revenue in the business world. When a customer is satisfied by a company and leaves the establishment happy, they are likely to come back and spend more money at this company. People enjoy going to places where they feel welcomed, cared for, and comfortable.

In McDonalds's case, customers can get fast food anywhere. What makes a person keep coming back is the customer service they receive. For example, if a burger at McDonalds is three dollars and a burger at Burger King is three dollars, a customer will continue going to the place that treats them better and offers better assistance with what the customer's needs may be.

Going along the lines of customer service, McDonalds also gives back to their dedicated customers and the community. McDonalds participates in charities and tries to help out the less fortunate kids in America and other countries. Customers would be more likely to spend money at a place where they know they are giving back to the community. McDonalds offers that for their customers; they give them a chance to be a part of something and help out those kids in need.

This report will specifically look into what the customer service aspect of McDonalds is like and if that really affects McDonalds's success and sales. The research gathered would be from customers' opinions and experiences about how they were treated. Some reports and articles will talk about what made the customer have a good or bad experience. Our company will find answers to the questions, what is McDonalds doing to keep their customers happy enough to

come back, and what can your company do, to help customer service. By the end of the research and report, there will be suggestions for your company in order to improve and become successful like McDonalds.

“Problems result in lost customers and revenue. In some 1,000 studies in every industry... we have found that when a customer encounters a problem, there is, on average, a 20 percent drop in loyalty compared with customers who have had no problem. This means that for every five customers with problems, one will switch brands the next time he buys a specific good or service” (Goodman). This shows the importance of customer service in the food industry. The loss of customers results in a loss of sales. If a customer leaves unsatisfied they are less likely to return. This always ties into how customers can ruin a business’s sales by talking about their experience. “Bad news travels far. TARP’s landmark 1980 study for Coca-Cola revealed that, through word of mouth, an average of 5 people will hear about someone’s good experience, but 10 will hear about a bad experience” (Goodman). Customers will tell their friends about how great or bad a place is based on their experience. Most people value their friends’ or family’s judgment. If a person tells their friend not to go to a restaurant because they had bad customer service, that person is less likely to go to that restaurant.

To help show McDonalds cares about their customers, they offer free WIFI, quick service, a play place for children, cheap prices, new items, and toys in the Kids Meals. This doesn’t seem like customer service because the employees aren’t directly assisting their customers, but McDonalds offers these things for the convenience of the customers. Convenience plays a big part in customer service.

Most McDonalds chains offer free WIFI to their customers. It is a way to promote sales by encouraging customers to buy food, relax, and use their WIFI. This is a convenient way for customers to get work done and eat food at the same time. McDonalds tried becoming more appealing to customers by changing the feel or environment of their chain restaurants. If customers feel comfortable at McDonalds or want to use the WIFI, they may buy more food or drinks just to be in McDonalds and get what they need done.

Another way McDonalds made their restaurant more convenient for customers was by advertising quick service. Just like other fast food chains, McDonalds has a drive thru. If a customer does not feel like waiting in the restaurant for their food, they can go to the drive thru and get it in about five minutes. This helps with sales because McDonalds is able to serve more people at one time and get their customers in and out in a timely fashion. This way they can tend to more customers throughout the day.

Some customers have taken advantage of McDonalds’s free WIFI and quick service. This is one main problem they have encountered so far. Although McDonalds offers free WIFI to attract customers, it is possible they attract too many customers that don’t want to leave. “And so restaurant managers and franchise owners are often frustrated by these, their most loyal customers. Such regulars hurt business, some say, and leave little room for other customers. Tensions can sometimes erupt” (Nir). Some customers like to treat McDonalds as a coffee shop where they feel permitted to sit and use the free WIFI without spending money at the establishment.

According to an article in The New York Times written by Sarah Nir, a McDonalds in Flushing, Queens had to post signs stating there was a thirty-minute limit for customers consuming food. Managers had to call officials to make customers leave. Offering free WIFI sometimes becomes a problem for busy restaurants that see a lot of customer traffic. If these McDonalds have people sitting and using WIFI without ordering food, they aren't able to help other customers, there won't be places for the others to sit, and they are losing out on sales.

McDonalds mainly focuses on children. They offer Happy Meals and Mighty Kids Meals with toys. Also there are play places in the restaurants, which are basically jungle gyms and a ball pit for kids to play in. Hosting parties for kids is another service McDonalds offers to their customers according to their website. Parents want their kids to be happy, so McDonalds helps play a role in that. If kids continue to have a fun time at McDonalds they are going to nag their parents to go back. McDonalds links kids' happiness to their restaurant chain in a way.

Not only do they use play places to attract children, some McDonalds are now including videogames for kids to play (Martin). Some people stopped going to McDonalds because they didn't think it was healthy, or open late. Since these assumptions have been made, McDonalds revamped their restaurants and made them more appealing to customers. "Yet here all four of them are, lined up at McDonald's one recent morning, lured back by new menu items, longer hours and a sparkling new building that includes flat-screen televisions and video games for children" (Martin). McDonalds listen to what their customers had to say and they made new improvements to better the company and ultimately help sales.

Lowering prices also helped in making things more convenient for McDonalds's customers. "Mr. Green was drawn back in — grudgingly — because McDonald's lattes are cheaper and more convenient than those at Starbucks" (Martin). People want to save money. McDonalds helps customers accomplish that by having lower prices than their competitors. This tactic keeps customers coming back and becoming regulars at the restaurant, boosting their sales because of the convenient customer service they received.

The company is also making future plans to create other services for their customers. "Some franchisees are experimenting with QR-code-based loyalty app Front Flip, which offers random rewards such as free food or coupons; other marketing co-ops are testing a mobile payment solution" (Brandau). McDonalds wants to make ordering food easier for their customers and paying the bill easier by going mobile. Many people have a smartphone nowadays, so the company is marketing towards the use of smartphones.

Even though McDonalds has been doing a lot to keep their customers happy and offered many services, they have had hard situations. "In January 2010, McDonald's in Singapore introduced a Chinese zodiac toys promotion that led to a press advertisement apologizing for offending their customers" (Quek). The company replaced the original pig toy because they did not want to offend their Muslim customers since the pig is sacred. McDonalds's Chinese customers did not see a problem in having the pig toy since Muslim people simply do not consume meat. There is nothing against Muslim religion stating they cannot purchase a pig toy. In their efforts to please Muslim customers, McDonalds had a problem with the Chinese customers. In the end,

McDonalds apologized for the incident. (Quek) The company tries their best to keep everyone happy, and show great customer service.

Another problem McDonalds encountered with their customers involves advertising for the McRib. The poster McDonalds used states, "It's real pork." According to some customers, "the ad suggests that McDonald's thinks that its customers have pathetically low expectations about the chain's raw materials" (Segal). There was a controversy about the ad because customers felt like McDonalds did not have to say, "it's real pork," and instead they should have just said, "it's pork." Other customers think McDonalds's advertisement was fine. "One reader said he thought McDonald's might simply be trying to alert people who don't eat pork — Muslims and kosher-observant Jews, for instance" (Segal). Some people believed McDonalds wasn't trying to speak down about their customers, and instead they were being courteous because ribs can be made from any meat necessarily.

At times, McDonalds encountered problems involving their customer service since the company began to grow. When companies get larger, it becomes harder to keep track of which small restaurant or store is enforcing great service. "McDonald's continued opening new restaurants at a ferocious pace, as many as 2,000 a year. The new stores helped sales, but customer service and cleanliness declined because the company couldn't hire and train good workers fast enough" (Martin). Opening many restaurants helped boost their sales, but if the customer service isn't up to standards, then McDonalds can actually start losing customers and losing money.

Going off of customer service, McDonalds also is involved in helping the community. Customer service can be within the restaurant chain, as well as outside of it. McDonalds has created the Ronald McDonald House Charities program where they help families in need. "In addition to the "Give A Hand" fundraiser, McDonald's supports Ronald McDonald House Charities year-round through donations from Happy Meal or Mighty Kids Meal sales, in-restaurant Ronald McDonald House Charities Donation Boxes and various local initiatives" (PR Newswire). Throughout the year, McDonalds tries to give back to the community and their customers. Some of the customers they receive donate to the RMHC, while others are receiving the funds and are able to better their family life.

In order to get more people involved in helping, McDonalds offers incentives to their customers. "The Family Togetherness Photo Contest invites families to upload a photo that demonstrates what family togetherness means to them. Families who enter will have the chance to win prizes including a family vacation, prizes from Snapfish by HP, and more" (PR Newswire). McDonalds is offering a contest for the families that donate to the RMHC. This way, even their customers have something specific to work towards by donating.

According to their website, McDonalds states "Across the globe, we seek to make a difference through four primary avenues: our support of Ronald McDonald's House Charities and their children's programs; our local, regional and global partnerships and sponsorships; involvement by our owner/operators in their local communities; and disaster relief" (McDonalds). These are the different ways McDonalds gives back to the community. Their customers help with donating to their charities, McDonalds partners with other companies to help offer funding to children and families in need, and McDonalds's volunteers help with disaster relief.

“Our charity of choice, Ronald McDonald House Charities (RMHC), creates, finds and supports programs that provide stability and resources to families so they can get and keep their children healthy and happy” (McDonalds). Even though some people say McDonalds is unhealthy, they do believe in creating a healthy and happy environment for children and their families that are in need of help. “McDonald’s Corporation provides free use of facilities, equipment, materials and a portion of general and administrative costs for the global office of RMHC” (McDonalds). This really helps the corporation to give back to the community. The money they save by offering free facilities, equipment, and materials can then go to the communities in order to help families in need.

As part of the disaster relief, McDonalds donates their time, effort, and money to those communities experiencing a natural disaster. “Over the last several years, our System has provided food and other assistance to victims of such disasters as the 9/11 tragedy in New York City, Pennsylvania and Washington, DC in 2001, the tsunami in Southeast Asia in 2004, the destructive 2005 and 2008 hurricane seasons and, most recently, the devastating earthquake in Haiti in January 2010 (McDonalds). On McDonalds’s website, they have a video showing how they took part in helping the families in the community. The video shows their efforts after Hurricane Katrina.

McDonalds also sponsors worldwide to expand their influence in different communities across the world. “Our continued sponsorships of the Olympic Games and the FIFA World Cup are compelling examples of programs that help to enrich the lives of children and adults alike through once-in-a-lifetime opportunities and bring the spirit of these events to life for our consumers in our restaurants worldwide” (McDonalds).

Finally, McDonalds gives back to the community through their employees. “McDonald’s will match donations dollar for dollar up to \$5,000 for McDonald’s corporate employees and up to \$10,000 for McDonald’s Officers and Board of Directors of qualified contributions in a calendar year” (McDonalds). The money they raise then go to charities specifically helping low-income families within different communities. McDonalds tries to get everyone involved to help these people live better lives.

McDonalds does well with customer service. They know in order to be successful a company needs to offer great customer service. This could be within the individual restaurants, or by helping out in the community.

I recommend Burger Joint should focus on customer service and getting involved. People will see many advertisements from your company, but they will always trust a person who has already been to your restaurant before. One bad experience could have your restaurant lose a lot of customers. Within the restaurant customer service includes convenience, quick food, free services to customers, etc.

A restaurant should always focus on quality over quantity. McDonalds made the mistake of opening about 2,000 new restaurants, but didn’t train their employees on customer service as well as they should have. From the companies perspective it is great to expand and open more restaurants so they can market to different areas and people to make more money. The problem

is, customers focus on the quality of their closest restaurant not how many restaurants there are. So there isn't a point in opening a lot of restaurants if the customer service isn't great because there's a possibility of losing customers that way.

Another aspect of customer service outside of the restaurant involves giving back to the community and your customers. People like to help others and are willing to eat at a place that supports a charity and allows their customers to help. McDonalds focused on helping children and low-income families by giving donations of food, money, playgrounds, etc. Burger Joint can look into different charities and organizations to support and help out with. If Burger Joint get their customers involved, you can raise more money, or give back more to the community that helped your sales.

Burger Joint can become successful like McDonalds. It just takes time and a lot of effort. The main focus for any company is customer service. A restaurant's success greatly depends on customer service and what the customers' experience was. This also ties into charity and giving back to the community. A successful company is willing to help give back to those that helped them become successful.

Annotated Bibliography

Brandau, Mark. *Targeting Loyalty*. Business Source Premier, 2014.

McDonalds is one of the many companies listed in the article. There is a section on the McDonalds's loyalty program. The company is looking into mobile ordering and mobile payments. The idea is to make things easier for McDonalds's customers. They are also trying to get mobile coupons in the app that offers customers free food and loyalty redemption options.

Goodman, John A. *Strategic Customer Service: Managing The Customer Experience To Increase Positive Word Of Mouth, Build Loyalty, And Maximize Profits*. New York: AMACOM, 2009.

In order for a company to be successful, they need great customer service. Customer service can affect sales revenue and the amount of customers coming through. Bad news travels fast and if a customer has a bad experience then they will tell their friends and people will be less likely to come to the company resulting in a drop of sales. If there is great customer service, the customers will remain loyal to the company.

Martin, Andrew. *At McDonald's, the Happiest Meal Is Hot Profits*. New York: The New York Times, 2009.

Some customers stopped going to McDonalds because they thought it wasn't healthy, or they weren't satisfied with the menu. Now, these old customers are coming back because of the changes McDonalds has made. The newly renovated McDonalds offers new items on the menu, as well as flat screen televisions and videogames that kids can play. As other companies are struggling to meet goals, McDonalds has found ways of keeping customers happy and raising sales.

"Home :: McDonalds.com." *Home :: McDonalds.com*. N.p., n.d. Web. 15 Apr. 2014.

The McDonald's website has many things available from the nutritional value of their food, to the charities they promote like the Ronald McDonald House Charities. All of the current promotions can be easily found in their own section. Also the interesting story of how the company first started is on the site.

Nir, Sarah Maslin. *The Food May Be Fast, but These Customers Won't Be Rushed*. New York: The New York Times, 2014.

Since McDonalds has offered free WIFI to their customers, they have had trouble getting people to leave the restaurant. A McDonalds in Flushing, Queens had to put a thirty-minute limit for customers consuming food. This specific McDonalds receives a lot of traffic with customers so in order to satisfy everyone, they needed to put out a loitering warning.

PR Newswire. *Southern California McDonald's Kicks Off Annual Ronald McDonald House Charities 'Give A Hand' Fundraiser To Raise Money For Families In Need*. California: PR Newswire US, 2013.

Ronald McDonald House Charities helps low-income families year round by including donation boxes at their registers. This charity helps to better a child's family life. Another charity a customer can participate in is the Give a Hand fundraiser. A customer purchases a paper hand with a donation and the hands go on display. McDonalds also tries to find other ways of getting customers involved and want to help the community and other families out by using incentives like contests.

Quek, Guan Cheng. *McDonald's apology over a pig toy: A cultural territorial clash*. Australasian Marketing Journal, 2013.

There were issues at a McDonalds in Singapore over the Happy Meal toy. McDonalds tried promoting the Chinese New Year by including the Chinese zodiac as the Happy Meal toys. They did replace the traditional pig zodiac symbol with a cupid toy because the New Year fell on Valentine's Day and McDonalds did not want to upset their Muslim customers since the pig is sacred. This is why the whole idea was controversial.

Segal, David. *When Customer Service Is a Dead-End Street*. New York: The New York Times, 2013.

A problem occurred with poster McDonalds was using to advertise for the McRib. The ad stated, "It's real pork!" The problem is most customers felt offended by the ad because people saw the subtext as meaning; the customers weren't smart enough to understand the McRib contains real pork. Other people believed McDonald used this ad to alert their customers, who don't eat pork, the McRib is made of pork.

Wong, Venessa. "Ready to Swap those McDonald's Fries for Side Salads?" Business week Sep 2013: 1. ProQuest. Web. 31 Mar. 2014

McDonald's in the past years has been promoting healthier to their customers, and also to their employees. In early 2014, the company should have a side salad available to customers in every store. This item can be purchased by itself, but also can be part of a meal instead of the usual fries. Also customers can also choose from a side of fruit and

vegetable. The company now has a healthier variety of beverages to choose from, like water, milk or juice.

Falit, Ben. "Fast Food Fighters Fall Flat: Plaintiffs Fail to Establish that McDonalds should be Liable for Obesity-Related Illnesses." *The Journal of Law, Medicine & Ethics* 31.4 (2003): 725-9. ProQuest. Web. 31 Mar. 2014.

It is said that nearly 300,000 Americans die every year from obesity-related causes. The fast chain McDonald's has a supersized Big Mac meal with 1620 calories and 62 grams of fat all in one single meal. Every 3,500 calories is equivalent to one pound of fat, if eating this calorie filled meal as an extra meal every week that person would gain an average of 24 pounds in a year. Obviously gaining that kind of weight and not paying attention to someone's health can cause major problems in the future. This can lead to more frequent doctor's visits and can lead to health complications.

Winkles, E. Devon. "WEIGHING THE VALUE OF INFORMATION: WHY THE FEDERAL GOVERNMENT SHOULD REQUIRE NUTRITION LABELING FOR FOOD SERVED IN RESTAURANTS." *Emory Law Journal* 59.2 (2009): 549-84. ProQuest. Web. 31 Mar. 2014.

Obesity has become a growing concern in the United States, such a problem that the federal government has stepped in. It all started when a 14 year old, over weight child sued the company for not knowing it was bad for her overall health. When this was brought to court the case was simply dismissed, they thought people already knew the obvious that having fast food is bad for you. Later it came out that people claimed to actually not know of this information and were appalled when they found out what they were actually eating sometimes on a daily basis.

Pawlowski, A. "TODAY Health." *TODAY*. N.p., 7 Mar. 2014. Web. 04 Apr. 2014.

Many people have claimed that fast food has made them gain excess weight, but a high school teacher from Iowa has proved that theory wrong. He ate nothing but the fast food chain McDonalds for six months and ended up losing 56 pounds. This was possible because he followed a strict diet. His students were responsible for planning his meals according to the amount of calories he was allowed each day. He also incorporated exercise into his every day routine. He would walk an hour every single day and from the results he is glad he did it.

Brady, Diane. "At McDonald's, You'll Know When the Fat Hits the Fryer." *Bloomberg Business Week*. Bloomberg, 12 Sept. 2012. Web. 05 Apr. 2014.

Writer from BloomberyBusinessweek, Brady and her friend witnessed when the restaurant Qdoba in New York City added the nutritional value to the food menu in 2008. When her and all the other customers waiting in line seen this chance many left astonished by how bad some of the foods actually were for you. Those that choose to stay seemed to be ordering the healthier options and choosing to skip on the sour cream, Brady herself even noticed herself making healthier options. Now all fast food restaurants in the country have to have the nutritional value available on the menu, some people who were not even worried about calories before now notice more due to it the information being on menus.

Burkeman, Oliver. "Your Liver Is Turning into Pate" *The Guardian*. Guardian News and Media, 16 July 2004. Web. 17 Apr. 2014.

The popular documentary 'Super Size Me' changed the way people viewed the fast food chain McDonald's. The producer, Morgan Spurlock, consumed nothing but McDonald's for 30 straight days. While conducting this experiment Spurlock experienced weight gain, depression, feeling sick, and pressure on his chest. At the beginning Spurlock's doctors thought this experiment was a joke, but after all these new health issues appeared they recommended him to stop the experiment immediately.

Jacques, Renee. "These Disturbing Fast Food Truths Will Make You Reconsider Your Lunch."

The Huffington Post. TheHuffingtonPost.com, 20 Nov. 2013. Web. 15 Apr. 2014.

The food people consume at fast food restaurants daily, do not have the slightest idea of what they are actually eating. Some of the foods include products that make soap, shaving cream, and antifreeze. Also when the food arrives at the restaurant from the company's warehouse most of the food is frozen. Not only do people think that fast food is already bad for them, but now they see all the unnecessary chemicals they are putting into their bodies when they choose to eat fast food.

Budd, Jennifer. "McDonald's McDouble Is Cheap but Far From Nutritious." *Yahoo! News*.

Yahoo!, 29 July 2013. Web. 17 Apr. 2014.

Most that eat at fast food restaurants are those struggling with money and looking for a cheap calorie filled meal. Unhealthy food has been proven to be cheaper than the healthier food options. Having one McDouble can make up one-third of a person's recommended intake of sodium and fat, but eating too many of these can cause high blood pressure. The health problems linked to consuming fast food daily will end up costing more in medical expenses than if someone chose to eat the more expensive healthier foods from the beginning.

Smith, Klye. "The Greatest Food in Human history." *New York Post The Greatest Food in*

Humanhistory Comments. N.p., 28 July 2013. Web. 17 Apr. 2014.