



Explore the Marketing Strategy of McDonald's After Digital Transformation

Hansong Tian

The University of New South Wales Sydney 2600 Australia

**Corresponding author. Email: hansong.tian@student.unsw.edu.au*

ABSTRACT

From 2016 to 2020, with the development and innovation of science and technology, the era of big data is coming in China, and more and more industries choose to combine development with network big data. Among them, McDonald's, one of the representatives of the fried chicken hamburger category head, also took the lead in choosing digital transformation. McDonald's successfully completed the digital transformation in 5 years, continuing to maintain the strong competitiveness of the fried chicken hamburger fast-food industry head enterprise, and attracting more consumers to consume. This paper will deeply explore the marketing strategy adopted by McDonald's after the digital transformation, and make a comparative analysis of the competitive advantages of digital marketing strategy compared with traditional marketing strategy, and then show how McDonald's after the digital transformation solves the pain points in the customer journey. The conclusion of the study is that McDonald's uses big data, network social media and other ways to provide more personalized products and services, increase consumers' engagement and sense of empowerment and thus gain a huge competitive advantage. The close connection between digital processes, personalized products and consumers' mutual benefit is the reason for McDonald's strategy and competitive advantage. In addition, this paper believes that digital transformation is urgent and necessary for China's fried chicken and hamburger fast food industry, only in this way can it occupy a larger market share and gain more competitive advantages in the era of big data.

Keywords: *Mobile apps, Takeout, Hamburger fried chicken, Social media, Big data.*

1. INTRODUCTION

In China, with the development and popularization of science and technology, from 2016 to 2020, more and more industries choose to combine development with network big data, and the fast-food industry is no exception [1]. Fast food industry, which is different from traditional online fast-food companies will choose the digital transformation, offline marketing at the same time, the digital transformation of enterprises gains a lot of Z generation of young consumers, and as time goes on, these consumers more and more viscous, gradually close to the original customer number, become an emerging consumer group cannot be ignored [2]. McDonald's, as one of the representatives of the fast-food industry, has also chosen digital transformation. With its strong customer base, McDonald's quickly walked out of a very innovative road, further enhanced its competitive advantage and maintained its dominant position in China's fried chicken and hamburger fast food. Therefore,

this paper will explore the marketing strategy of McDonald's after the digital transformation, and analyze its competitive advantages and causes after the digital transformation.

2. OVERVIEW

McDonald's is a global large multinational chain restaurant, founded in 1955 in Chicago, the United States, in the world has about 30,000 branches. It mainly sells hamburgers, as well as fast food such as French fries, fried chicken, soda and ice cream [3]. With some 32,000 restaurants in 119 countries on six continents, McDonald's represents an American way of life in many countries. In 1992, McDonald's opened its first restaurant in Beijing, China. According to the 2016 BrandZ Top 100 Most Valuable Brands list, McDonald's ranked 9th with a brand value of \$88.654 billion. In the same year, McDonald's officially began digital transformation and further developed its network platform, mobile app and other functions to further strengthen its relationship with

customers. In April 2020, Baidu's AI digital personage "Xijiajia" became the first virtual recommendation officer of McDonald's products, which was launched on the naked eye 3D large screen in Chengdu and Dalian, symbolizing the further deepening of McDonald's digital transformation. As of April 2020, McDonald's annual revenue reached 21.077 billion US dollars, with nearly 450,000 employees and one of the world's top 500 companies [3].

3. MCDONALD'S MARKETING STRATEGY AFTER DIGITAL TRANSFORMATION

3.1. Product Strategy

In terms of products, McDonald's still focuses on fried chicken burgers and other products. However, different from the fixed products in the past, after the digital transformation, McDonald's has added more DIY products, such as homemade hamburgers and self-selected set meals. The most prominent example is McDonald's DIY product "I Create my taste". Customers can choose bread, meat, vegetables, cheese, sauce and ingredients at one time through six steps, and match a burger according to their own desires [4]. Customers can scan a QR code in a McDonald's restaurant and be redirected to the "I Create My Taste" website, where the guidance program clearly tells customers how to participate in the production of a burger. After ordering and paying through the website, the system asks the customer to scan the QR code next to the table again to determine his or her location, and a waiter will deliver the meal to the table [5]. The purpose of this product is to let customers participate in the production of hamburgers, give customers freedom of operation space, and let customers use different materials to create a unique burger of their own, so as to get satisfaction. Compared with the traditional ordering queue, customers can easily and quickly create their favorite products through websites, mobile apps and other online ways. This is a very successful product after the digital transformation of McDonald's. This product connects customers through the Internet, which greatly enhances customers' sense of participation and makes them more interested in the product itself.

3.2. Price Strategy

After digital transformation, McDonald's has a very clear division of prices. For the traditional fixed products, McDonald's still maintains the same price, and for the new DIY product line, McDonald's will raise the corresponding price to keep the impression of the new products in people's minds. Take the DIY product "I Create my Taste" as an example. Usually, the price of a hamburger is about 49 yuan, while the price of an ordinary hamburger ranges from 15 yuan to 25 yuan [5].

McDonald's further subdivides the consumer groups that buy its products through different charges. Those consumers who are interested in personalized products are willing to pay higher fees to experience McDonald's "I create my taste" products, while traditional hamburger lovers will be retained in the original consumer groups. After digital transformation, McDonald's subdivides its consumer groups through different prices, and introduces more suitable prices for different consumer groups through statistical analysis of big data, which can not only give consumers satisfaction, but also improve the purchase rate of consumers [6].

3.3. Promotion Strategy

In the past, McDonald's would regularly advertise their discount or coupon time through TV ads, but it was a great pity for those consumers who couldn't catch up with the fixed discount time. After the digital transformation, McDonald's more through social media, website, McDonald's exclusive mobile app "McCafé" and other channels, let consumers choose their own time to get coupons. In the McDonald's McCafé app, for example, consumers can redeem points for coupons or free coupons for a limited time and use them for a limited period of time [7]. Alternatively, customers can participate in topic retweets or raffles under McDonald's social media accounts, as well as receive coupons or small gifts [7]. This means that with the digital transformation, McDonald's customers will move from passively receiving promotions to actively seeking them, and consumers will be more active in McDonald's activities because they want to get more discounts. This is exactly the promotional advantage brought by the digital transformation to McDonald's. McDonald's consumers will actively forward the relevant information of McDonald's, presenting a viral spread, so that McDonald's sales continue to rise.

4. COMPARE THE MARKET EVALUATION OF MCDONALD'S BEFORE AND AFTER DIGITAL TRANSFORMATION

4.1. Customer Segmentation

Customer segmentation refers to the categorization of customers according to their attributes, behaviors, needs, preferences, values and other factors in a clear strategic business model and specific market, and the provision of targeted products, services and sales models [8].

In China, McDonald's consumer groups before digital transformation mainly include teenagers, children, parents accompanying children and other groups [8]. Among them, about 55% of teenagers, these teenagers tend to have certain spending power, and prefer McDonald's such as fast food. About 30 percent of them

are children, who are mainly attracted by the indoor slide and other entertainment facilities and the small toys that come with the food. Parents and other groups accompanying their children account for about 15%, and most of these groups say they are not interested in this kind of food themselves, mainly to accompany their children, or to save trouble to eat here.

In China, after digital transformation, McDonald's consumer groups mainly include children, millennials and white-collar workers [8]. About 60% of them are millennials, a group of consumers who are willing to spend money on personalized products and services. They have a natural affinity for the digital world and like to pursue trends and fashion. White-collar workers account for about 25%, and they are generally between 25 and 38 years old. They prefer a more convenient and convenient way to obtain food materials, and McDonald's is their first choice after the digital transformation. Children account for about 15%, a significant drop from before the digital transition.

4.2. Target Market

Before the digital transformation, McDonald's target market mainly focused on children and teenagers. These target customers have more physiological needs, and their consumption level is lower than that of other consumer groups. After meeting their physiological needs, they will not have additional needs to keep in touch with McDonald's. As a result, although McDonald's has a large number of children consumers, but the revenue is not proportional to the number.

In China, after digital transformation, McDonald's target market mainly focuses on millennials and white-collar workers [9]. These consumer groups are more concerned with social needs and self-actualization needs. They are more willing to share their life experience and seek personalized services and products. There is no doubt that this type of consumer group has high consumption power, and due to digital transformation, McDonald's can contact with these consumers all the time. Closer connection means higher loyalty and stickiness, which is the competitive advantage McDonald's has gained after digital transformation.

5. CUSTOMER JOURNEY AND PAIN POINTS BEFORE DIGITAL TRANSFORMATION

Customer journey is the process by which customers understand, consider, evaluate and decide to purchase a new product or service [10].

1) Customers get to know McDonald's

Customers have preliminarily recognized the existence of McDonald's, and they expect to establish their own cognition and impression of McDonald's from

the evaluation information of McDonald's from friends and TV advertisements.

At this point, customers will face such a pain point: the inconsistent evaluation information of McDonald's will cause customers to waste a lot of time sorting out, and may miss the content they really care about.

Customers order/pay at the store

In the decision buying stage, customers want to order without waiting in line. Customers also expect McDonald's service staff to accurately recommend dishes that meet their preferences when they encounter difficulties in ordering food for the first time. They expect a discount on payment.

Customers face the pain point of waiting in line for a long time during peak hours. The dishes recommended by the staff in the store may not be in line with every customer's preference, and some customers are recommended to dishes they totally dislike or even hate. The customer missed the discount package time.

3) Waiting for customers after ordering

When customers check out and wait for their food to arrive, they expect that there will be enough seats in the store to accommodate them while they wait and that their order will be served quickly.

There are pain points: there may be long wait times during peak meal times and there are not enough seats in the store to accommodate all customers.

5.1. McDonald's approach to pain points

First, McDonald's launched the McCafé app to address the pain point of long queues during peak hours. The establishment of the self-service ordering digital platform allows customers to avoid the queue at peak hours and place orders quickly on the network. Customers can order their food online before departure and pick it up when they arrive at McDonald's, which will greatly reduce waiting time for customers.

Then, in view of the pain point that customers could not timely know the information of McDonald's limited-time discount, McDonald's opened the all-channel website and application McCafé push function. Whenever McDonald launched a discount activity, it would timely push the discount information to every consumer through these channels. In addition, McDonald's also offers the McCafé app, which allows customers to redeem coupons at any time they want as long as they have enough points.

In order to recommend dishes, McDonald's proposed the artificial intelligence + personalized menu scheme. McDonald's collects huge amounts of customer data and recommends personalized menus to customers through smart systems that track production and inventory data in

real time. This means that the dishes recommended by different customers are different, and each customer will be recommended to their favorite dishes.

Through digital transformation, McDonald's can provide every consumer with their own consumption experience. These consumers can not only order their OWN DIY products online to avoid long queues, but also can use coupons at any time of consumption and be pushed their favorite dishes and packages. This strengthens customer engagement, satisfies customer consumption experience and keeps in touch with customers, thus achieving the marketing purpose of enhancing customer loyalty and stickiness [11]. When customers receive more and more positive feedback, they will spontaneously promote McDonald's, attract more consumers to join the digital system of McDonald's, and maintain its competitive advantage and sales volume.

6. BRAND IMAGE TRANSFORMATION

With the digital transformation of McDonald's, people's perception of the McDonald's brand has also changed dramatically. In the past, consumers' impression of McDonald's was more: warm, childlike fun.

Now McDonald's brand image is: vibrant, trend, personality. After digital transformation, McDonald's is mainly active among young consumers such as young people and young white-collar workers. In-depth communication and interaction with consumers through various platforms such as social media and applications have formed the impression of McDonald's being vigorous and energetic. At the same time, thanks to the digital transformation, McDonald's products and services can be customized for each consumer, achieving a personalized image. Consumers are giving more and more positive comments on McDonald's after the digital transformation, and finally forming the impression of trendy fast food that everyone agrees with.

7. CONCLUSION

After digital transformation, McDonald's uses more modern technology to connect every McDonald's consumer closely. Through big data, network social media and other methods, McDonald's can accurately provide personalized products and satisfactory services for every consumer. The digital process, the innovative marketing strategies that McDonald's consumers from the original passively receiving information to actively looking for information, greatly improve the consumers' sense of participation and authorization, increased customer loyalty, changed the original McDonald's brand image, it also conforms to the big data era consumer preferences. The above is the marketing strategy of McDonald's after its transformation, and also the reason why McDonald's continues to maintain its competitive advantage.

To sum up, digital transformation is urgent and necessary for China's fried chicken and hamburger fast food industry. The fast-food industry needs to integrate into the era of big data, optimize its overall process and change its marketing strategy in a digital way, so as to achieve mutual benefit with consumers.

ACKNOWLEDGMENTS

This paper received the help and support of Teacher Qiu Kexin, here I would like to express my thanks to Teacher Qiu Kexin.

REFERENCES

- [1] Zhi, W. 2020, 30 years, McDonalds, viewed 13 May 2022, <<https://www.mcdonalds.com.cn/index/McD/mcdonalds-china/MCD-in-China-2>>.
- [2] Yishan, S. 2018, Research on the influencing factors of consumers' online purchasing behavior in the era of big data, CNKI, viewed 13 May 2022, <https://kns.cnki.net/kcms/detail/detail.aspx?dbcode=CJFD&dbname=CJFDLAST2018&filename=ZGSM201822028&uniplatform=NZKPT&v=tqqHVQ0DqUF-mw0Er_LAO-TJDohf0aYPbYCVzaVfjgKtlej3AHY98pAZ85QgsPu3>.
- [3] Tian, X. 2022, Brand introduction, McDonalds, viewed 14 May 2022, <<https://www.mcdonalds.com.cn/index/McD/about/brand-25>>.
- [4] Xiao, X. 2015, Here we go: It's time to make your own burger, McDonalds, viewed 14 May 2022 <<https://www.mcdonalds.com.cn/news/create-your-taste-debuts-in-shanghai>>.
- [5] Xu, C. 2016, Anytime anywhere dining experience, McDonalds, viewed 14 May 2022, <<https://www.mcdonalds.com.cn/index/Services/anytime-anywhere>>.
- [6] Ziming, L. 2006, Analysis of segmentation index of consumer group, CNKI, viewed 15 May 2022, <<https://kns.cnki.net/kcms/detail/detail.aspx?dbcode=CJFD&dbname=CJFD2006&filename=GGDL200601008&uniplatform=NZKPT&v=r2Ey0Nn0i2vo7QfmtWWXLEVYE23iJTDyS53F1yQawIPSILyjnTDyl591d5R3FcDh>>.
- [7] Yi, X. 2022, Membership service, McDonalds, viewed 15 May 2022, <<https://www.mcdonalds.com.cn/index/Services/membership-28/member-benefit>>.
- [8] Lizhu, Z. 2014, Analysis of McDonald's marketing strategy in China, CNKI, viewed 16 May 2022,

<https://kns.cnki.net/kcms/detail/detail.aspx?dbcode=CJFD&dbname=CJFDLAST2015&filename=XZSY201436002&uniplatform=NZKPT&v=ed3T_xvcwX4gsgDjSXHQMrLJilmhNQOpPySFAGBUwQX3-kmH8Pbz1A31_0m7SUHn>.

- [9] Lin, L. 2019, McDonald's market segmentation and customer strategy, viewed 16 May 2022, <<https://wenku.baidu.com/view/84f4a46825c52cc58bd6be8f.html>>.
- [10] Min, Z. 2022, Build a digital customer service system based on customer journey, CNKI, viewed 17 May 2022, <<https://kns.cnki.net/kcms/detail/detail.aspx?dbcode=CJFD&dbname=CJFDAUTO&filename=YDQG202201017&uniplatform=NZKPT&v=hx329LADFHRp6kKD92kRbDaBDPmerLAifVrvjULeMTDV Cmb2IpQFBUPGmIMwM95I>>.
- [11] Jingwen, Z. 2021, The essence of digital transformation is super-convenience for consumers, viewed 17 May 2022, <<https://baijiahao.baidu.com/s?id=1700175373274294434&wfr=spider&for=pc>>.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

