

A Comparison Between Strategy at Mcdonald'S and Burger King

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Abstract. This paper will compare the strategic analysis of McDonald's and Burger King. This is mainly achieved by conducting a more detailed comparison of variables such as market strategy analysis, internal corporate structure, consumer preferences, and market expansion. Make side-by-side comparisons of marketing advertisements, price plans, marketing tactics, business structures, and other factors. The majority of people consider McDonald's to be the industry leader in fast food. McDonald's was established earlier and has more advanced technology than Burger King. According to preliminary investigation, McDonald's possesses technological and marketing resources that are comparatively complete, and also has relatively humanized employee benefits. For instance, McDonald's will offer flexible work schedules to its employees and will encourage recent graduates to seek for high-level positions, providing chances for young people. In addition, allowing female employees to work while taking care of their family is incredibly humane for them. Work. One of the reasons Burger King lags behind McDonald's in most marketing methods could be that the company has gone bankrupt and is currently dealing with considerable staff unrest. In order to appeal to consumers' psyche, McDonald's frequently introduces specials, follows the most recent fashions, and finishes them with \$0.99. Burger King and McDonald's have various positionings in their respective industries, according to preliminary investigation and comparison. McDonald's, which came on the scene before Burger King, is comparable to a leader in the fast food sector. Additionally, Burger King is comparable to a rival in the fast food sector. However, Burger King has also seized numerous commercial chances with its audacious advertising strategies.

Keywords: Promotion; management; leadership.

1. Introduction

McDonald's is one of the biggest supermarkets, serving more than 58 million customers each day. The business was started in 1940 by the MacDonalld brothers, Richard and Maurice. By opening new restaurants in nations including Costa Rica, Canada, Japan, Panama, Germany, France, El Salvador, and Sweden, the company has increased its revenue. The first location started operating in London's Woolwich in 1974. Additionally, McDonald's goes by the moniker "Golden Arches." [1] McDonald's and Burger King are both of the same sort of business; however, Burger King has had a harder time staying in business. Burger King is a global network of hamburger fast food restaurants with its corporate headquarters in the US. The business, which has its headquarters in Miami-Dade County, Florida, was originally established in 1953 as the Jacksonville, Florida-based restaurant franchise Insta-Burger King. In 1959, David Edgerton and James McLamore, two Miami-based franchisees of Insta-Burger King, acquired the company and changed its name to Burger King when it experienced financial difficulties. The business was sold four times in the ensuing fifty years [2].

2. Marketing Strategy

2.1. Perspective of McDonald's

From the start, the company wanted to build strong brand recognition and market penetration to help facilitate its growing franchise business. [2] The organization conducts more research on demographics that will help them target customers more effectively as their customer base expands. McDonald's marketing plan incorporates both online and offline sales strategies, distributing its

concise, brand-focused message to a large audience and leveraging additional platforms like its dedicated mobile app to target and retain devoted customers. [2] Advertising is the mainstay of McDonald's marketing strategy and what makes it successful. The company uses print, online, radio, television, and radio to advertise. [2] To draw more customers to the restaurant division of the company, offer promotions. However, use specials to get more customers to your business. For instance, McDonald's offers freebies and discount coupons for particular products and product bundles in order to draw in more customers. In addition to having an excellent marketing strategy, McDonald's price strategy is also advantageous. McDonald's pricing strategy is divided into two categories: psychological pricing strategy and bundled pricing strategy. McDonald's uses bundle pricing to sell meals and other products at a lower cost than buying each item individually. For example, consumers can purchase Happy Meals or Value Meals to maximize cost and product value. Instead of rounding to the nearest dollar, the company uses prices that sound more reasonable, such as \$5.99 for a dinner, with all prices ending in 0.99. This pricing approach may increase the psychological motivation of customers to patronize businesses to buy food on the basis of affordability. Through influencer marketing and numerous social media platforms, McDonald's also keeps a strong online presence. It uses these platforms to interact with customers and stay relevant. [3] Their commitment to social and environmental causes shows their sense of corporate responsibility, and their customer loyalty program encourages repeat business. In order to consistently deliver high-quality service across all of its locations, McDonald's also makes investments in employee training and development. Additionally, it uses strategic location planning to ensure the best possible visibility and accessibility.

2.2. Perspective of Burger King

Burger King has created a distinctive marketing strategy that has helped it forge a distinct place in the fast-food business. Marketing strategies are essential to the success of a company. Basically, The three main pillars of Burger King's marketing strategy are product innovation and distinctiveness, audacious and thought-provoking advertising, and participation in popular culture.[4] First off, Burger King often introduces new menu items and limited-time deals to keep its selections exciting and its customers happy. The brand has been able to generate awareness about its products and adapt to shifting consumer tastes thanks to this technique. [5] For instance, Burger King introduced the plant-based Impossible Whopper to show its dedication to giving customers who want animal substitute choices. In addition to bringing in new clients, this creative strategy elevated Burger King to the top of its sector. Second, Burger King is renowned for its daring and controversial advertising strategies that aim to stand out from the crowd and set the company apart from rivals. The business is not hesitant to take chances and push the limits of communications, using sarcasm, humor, and occasionally controversy to pique interest and engage customers. [4] For instance, The fast-food juggernaut elevated the latter attempt in December 2018 with the "Whopper Detour" experiment, which used geolocation to reroute customers away from McDonald's and highlighted Burger King's freshly updated app's order-ahead function. People who walk within 600 feet of the majority of McDonald's outlets between December 4 and December 12 will receive a cellphone notification offering a Whopper for one penny each. The app instructs them to leave McDonald's and travel to the closest Burger King outlet to pick up their food after they place their order. [6] In addition, As part of its marketing plan, Burger King promotes value pricing and promotions to draw in budget-conscious customers and boost restaurant traffic. In order to give clients affordable options while retaining profitability, the company offers a variety of fantastically priced meals, combo packages, and discounts. Thirdly, Burger King frequently uses pop culture references in its marketing campaigns to connect with its target market. Burger King uses social media platforms to engage with people and start brand-related conversations. To provide hilarious and thought-provoking content, answer consumer questions, and conduct promotions, the business uses social media sites like Twitter, Instagram, and Facebook. On social media, the business regularly interacts with other brands and influencers, starting discussions and expanding its audience.[4] Additionally, Burger King

understands the need of localizing marketing initiatives to accommodate various market and cultural preferences. The business customizes its menus and messages to suit regional tastes and inclinations, ensuring that it stays current and appealing to consumers around the world. [4] For instance, Burger King's "Whopper Wednesday" promotion in Singapore is an example of the brand's localization strategy, where customers can enjoy a discounted Whopper burger every Wednesday. By tailoring promotions to specific markets, Burger King has enhanced its appeal and connected with customers on a more personal level [7].

2.3. Comparison

Burger King and McDonald's have comparable items; however, they are positioned differently in the market. McDonald's, a pioneer in the sector, is continuing to grow gradually. It also has a distinctive pricing strategy and is a leader in some thinking advancements. [2] Burger King is a formidable competitor in the industry, particularly when it comes to their advertising strategy. Additionally, Burger King introduced "The Moldy Whopper" to inform customers that preservatives are not used to their burgers. It must be acknowledged that Burger King uses strong advertising [8].

3. Company Structure

3.1. Approaches and Staffing (McDonald's)

There are McDonald's restaurants in 120 different countries. Additionally, these eateries serve 50 million meals each day. More than 1.5 million individuals work for this vast network of more than 30,000 restaurants. The major drivers of the business' success are its personnel' effectiveness, expertise, and superior customer service [9].

The managerial task of acquiring and developing human resources to carry out organizational tasks is known as staffing. It includes all employee-related processes. These procedures include determining the needs of the labor force, developing recruitment strategies, doing real hiring, and training and developing employees. Given that it also entails decisions regarding retention or layoffs, salary, and performance evaluation, this job is in fact a crucial one of human resource management. [5] In addition, the fairness of McDonald's is yet another positive trait. Although McDonald's is open to young individuals fresh out of high school, it also depends on these affluent professionals to run efficiently. In contrast to other businesses, McDonald's recruitment and retention strategy prioritizes flexible work. Flexibility in scheduling allows workers to contribute their talents outside of regular business hours when done properly. Because it enables workers, especially women, to remain involved while taking care of their families, flexible working is appealing to burnt-out, sustainable staff [5].

3.2. Approaches and Staffing (Burger King)

Since entering the market again in 2013, Burger King has grown rapidly, building hundreds of stores throughout France. The three Burger King franchisees in France, Jérôme Perrin, Benoit Rondet, and Cédric Langeron, collectively own twelve eateries and more than 700 staff members. The company's franchisees are distinguished by their clearly defined procedures, adherence to corporate policies and labor laws, and high standards of quality. The business concept Hamburger has been using is MAPAL Workforce. Management of the restaurant's whole back-office cycle, including human resource management, planning, attendance, variable salary management, etc., is made possible by workforce. [10] A 360-degree perspective of the business is provided, the procedure is sped up, and time is saved by combining these several procedures into a single instrument. However, it is the Workforce's optimization techniques that really set it apart. It was created and is maintained by MAPAL's own mathematicians and determines the best staffing plan depending on the requirements of each restaurant and the contractual restrictions of each employee.

3.3. Management (McDonald's)

The leadership style at McDonald's restaurants is authoritarian, so the crew does not participate in any decisions. This leadership style does have advantages and disadvantages, though. [11] When it comes to strengths, the first one enables quick decision-making, particularly under pressure, the second one offers a clear chain of command or insight, the third one excels when strong, directive leadership is needed, and the fourth one prevents individuals, teams, or groups from missing crucial (crew show) deadlines. Furthermore, this leadership approach also has a lot of drawbacks from a negative perspective. The first damages morale and breeds animosity, the second encourages possible abuse by overbearing individuals, the third can stifle open communication between leaders and followers, and the fourth overlooks or undermines the knowledge and creative ideas of followers [12].

3.4. Management (Burger King)

The leadership style of Burger King is Free Rein Leadership style. It is sometimes referred to as a "letting go" method, and it basically means that the boss defers to the workers' decisions while yet holding them responsible. The staff of Burger King possesses a high level of training, knowledge, and education. Employees are driven to complete their work successfully and independently because they take joy in it [8].

3.5. Comparison

Major players in the fast-food sector Burger King and McDonald's have long-running rivalries. Every one of them offers the same fast, inexpensive cuisine. Their business cultures, specifically operational management, set McDonald's and Burger King apart from one another. Burger King uses the "do it consumer's way" production strategy, whereas McDonald's uses the "do it all for consumer" strategy. The "make-to-stock" technique employed by McDonald's is based on product inventories, with a focus on standard-size patties that are prepared ahead of time. With a variety of product selections based on client preferences, Burger King's "build-to-order" strategy involves an assemble-to-order method. Each order is put together at a "steam station" at Burger King. Because Whoppers and burgers come in various sizes and require pre-assembled buns and patties, the "build-to-order" method depends on stocks of partially produced goods. Burgers and sandwiches are constructed, placed on the steam table, and allowed to sit there for up to 10 minutes before being thrown out if they aren't sold. Although this manufacturing step at Burger King sometimes results in lost items, it upholds the company's primary principle of "whatever you want" [8].

4. Motivation

4.1. Motivation of McDonald's

Motivation is essential to both a group and an organization. In the eyes of the leaders of the McDonald's organization, empowering and motivating employees to do their best at work, they have the ability to help create job satisfaction, McDonald's employs five main benefits of employee motivation: first, increased productivity, second, more How high is the service or product quality, the third saves money, the fourth better employee retention, and the fifth a pleasant working environment. In conclusion, people McDonald's employs Marlowe's hierarchy theory [6]. Employee service at McDonald's is also excellent. From a financial perspective, McDonald's has set up performance bonuses and provided staff with free meals and snacks. Employees can also take advantage of job training and 50% employee discounts concurrently. Additionally, McDonald's matches all employee contributions in full. In addition to offering excellent economic benefits, McDonald's has also improved the conditions for employees. The first is having flexible hours. And then, vacation and paid time off come next, followed by McDonald's parental leave and family medical leave [13].

4.2. Motivation of Burger King

Burger King considers their workforce to be their most valuable asset. This is so that staff may interact with clients, create things, and sell them to them. Burger King employs three incentive strategies: monetary rewards, non-monetary rewards, and social policies. Burger King's executives are known for their unique incentive system. For example, they use an assembly-line process when making their burgers to ensure optimum quality and high performance. The main advantage of this mode of production is that it allows workers to acquire specialization, which increases productivity by leaps and bounds [10].

5. Economic Influence

5.1. Perspective of McDonald's

Changes in foreign exchange rates have a particularly significant influence on stated revenue for McDonald's because of its global operations. A sizable amount of McDonald's operating income is generated outside of the United States, and around 36% of its total debt is held in foreign currencies. Furthermore, international markets account for around 61% of the fast-food giant's overall income. Exchange rate changes therefore have a significant impact on the reported profit amount. McDonald's income is significantly impacted by fluctuations in the U.S. dollar's exchange rate, particularly when compared to the euro, British pound, Australian dollar, and Canadian dollar. [13] Another significant element that directly impacts McDonald's business is the inflation rate. Inflation is partly to blame for the estimated roughly 40% increase in the price of a Big Mac over the past ten years. In fact, because a Big Mac's price reflects a variety of economic factors, many people use it to gauge the rate of inflation. Additionally, McDonald's claims that the business is profiting from inflation. It has been observed that the cost of groceries increases more quickly than the cost of fast food due to inflation. In particular, while the cost of beef in supermarkets will rise by 16% in 2021, the price of McDonald's will rise by 8% in the US.

5.2. Perspective of Burger King

Burger King's parent business has its headquarters in Canada; thus, it pays a lower corporation tax rate on its overseas profits. The federal tax regulations of the United States require tax repatriation, which also results in double taxation, on Burger King's offshore profits. Burger King currently benefits from tax reductions as a result. The company keeps growing its storefronts in Asian nations including China and India. Burger King is subject to changes in interest rates and foreign currencies because it is a worldwide corporation. Through geographic diversification and the use of derivatives, which may not always be totally effective and may have an impact on business performance, the company works to reduce these risks. It requires a lot of labor because it operates under a franchise-led business model [14].

6. Conclusion

The two brands are obviously marketed extremely differently, even though they fundamentally share the same product category in the fast-food industry. The famous golden arches of McDonald's are recognizable all over the world. In terms of brand value and actual market share, Burger King may compete with McDonald's, which is widely regarded as the pioneer of the fast-food industry. Each restaurant offers a unique menu item. A Whopper sandwich is offered by Burger King, and Big Macs and quarter-pounders are available at the counter at McDonald's. Two of the all-time best-selling burgers are the Whopper and the Big Mac. In 2002, Burger King sold 1.7 billion Whoppers. The Big Mac at McDonald's achieved the same quantity in 2017. Each business is also keeping up with efforts to expand internationally, though with varying degrees of success. Cultural factors are among the causes. For instance, a lot of Europeans believe that fast food is a uniquely American

tradition. Burger King and McDonald's have occasionally had trouble attracting customers from abroad, which has led to underdeveloped international marketplaces, particularly in the Asia-Pacific region. Burger King definitely took more marketing risks than McDonald's, which adopted a different strategy by maintaining warmth and empathy in the majority of its advertisements. The Burger King brand may not be all that well-known yet, but with innovative and daring marketing tactics, they are certain to build a name for themselves. In fact, according to Burger King's chief marketing officer, the brand's competitive advantage is originality. Perhaps adopting this mindset will enable them to make a lasting impression on customers and contribute to the development of their current brand. McDonald's is one of the top 10 brands most loved by online audiences today. McDonald's is aware of this, and by keeping a careful eye on the activity, they are able to profit from it. In a time when it's getting harder and harder to connect with customers, this straightforward notion is a terrific approach to achieve it. In the final days of May, scenes of anarchy broke out as drive-thru restaurants reopened, with hundreds of people lining up around the nation to get service at McDonald's. It serves as evidence of the company's devoted clientele. This model is also quite impressive because it exhibits McDonald's industry trends. Burger King is overhauling its franchise model in significant ways. Burger King aims to tighten its requirements for expansion to favor only better operators with fewer locations while encouraging franchisees who don't meet brand standards to sell their units to other operators as part of its increased efforts to improve restaurant operations. Two high-profile bankruptcies of the brand's franchisees have been filed in recent years due to poor sales mixed with rising food and labor expenses, and numerous chain outlets have shuttered recently. McDonald's is more well-liked by customers and has a stronger capital base than McDonald's. Additionally, McDonald's has a proprietary production technique known as the "speedee system" that is only used by them. However, Burger King is committed to changing things. A franchisee's capacity to grow will be based on how well it performs on operational criteria. Executives announced that only franchisees with a four-point rating of "A" or "B" will be permitted to construct new locations or buy out existing eateries. One must perform at an A or B level to be entitled to advancement. There is little doubt that this has a significant effect on operational performance. Meaningful investment in Burger King and McDonald's typically entails purchasing and running a new franchise location. Because every business operates on a global scale and no two markets are exactly comparable, comparing franchise opportunities is made simple by consulting the Franchise Disclosure Document (FDD). The first investment for a McDonald's franchise is between US\$1.3 million and US\$2.3 million, according to McDonald's 2020 FDD. The business also levies a \$45,000 initial franchise fee. Franchises for Burger King will need to make a similar investment. The 2020 Burger King FDD lists an initial franchise fee of up to \$50,000 and a total initial investment between \$333,100 to \$3.4 million, excluding real estate acquisition and remodeling expenditures.

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