## horizontal line



**McDonald’s New Self Serve Technology**

Introduction to E-Business Project

Alexandra Iacurto and Isabella Longhi

Table of Contents

Presentation of the Business Page 3

Description the Technology Page 4

Challenges involving the Technology Page 5

Comparison of the Before and After Page 6

Conclusion Page 7

References Page 8

Appendix Page 9

## Presentation of the Business

The business we have decided to work on is McDonald’s. McDonald’s is the world’s biggest fast food chain. They have over 36,000 locations in 119 countries across the world and serve an average of 68 million customers every day. Each McDonald’s restaurant is either operated by a franchise, affiliate or the corporation. McDonald’s is the largest retailer in the food industry, generating around $25.4 billion (US) annually. They primarily sell hamburgers, French fries, soft drinks, chicken and more, expanding their menu to include salads, fish, wraps, etc.

McDonald’s mission statement as of 2013 is, “McDonald's brand mission is to be our customer's' favorite place and way to eat and drink. Our worldwide operations are aligned around a global strategy called the Plan to Win, which center on an exceptional customer experience – People, Products, Place, Price and Promotion. We are committed to continuously improving our operations and enhancing our customers' experience.” In other words, McDonald’s focuses greatly on making sure their customers are always happy and have the best food experience when eating at their restaurants. They take their mission very seriously and are constantly adapting their restaurants and menus to satisfy the needs of their customers. One important fact is that their menus vary by country in order to please customers in each area and abide by food taboos or make certain foods available, according to factors like religion and culture. For example, they do not include beef in their menus in India as it is prohibited by their religion and they include rice and fish in countries like Indonesia and Japan. They also have different types of restaurants in order to meet the needs of customers. They include counter service as well as drive-through service in their restaurants to provide options for their customers. Other types of restaurants include the “McDrive,” the “McCafe” and the “McExpress”.

McDonald’s business strategy is to identify and implement ideas that meet the needs and preferences of customers, which are constantly changing. The McDonald’s business model is different from most fast-food chains as they earn revenue from several areas including franchise fees, marketing fees and rent. The corporation owns all of its worldwide property and even directly operates some of its restaurants. This model allows them to provide proper restaurant experiences to customers in different locations. Their overall goal is to constantly evolve the brand and always meet and exceed customer expectations.

## Description of the Technology

McDonald's has recently implemented a new technology in their constantly evolving brand. This new technology consists of digital self-serve kiosks in which customers can place their orders through a touchscreen. This is a technology that will change the future of McDonald’s forever because of its creativeness and effectiveness. With these self-serve kiosks, customers can easily and rapidly place their order as well as customize their burgers. The kiosks allow customers to specify exactly what they want in their meal, which size they want and what extras they want to order such as fries and drinks. They are also able to pay directly at the kiosk by simply swiping or inserting their credit card into the electronic payment terminal. Once their order is processed, they receive an order number and take a seat at a table. In less than 10 minutes, their meal is served to them at their table by a hostess.

With the new ability to customize your burger at the kiosk, McDonalds has also included new topping options such as guacamole, jalapenos and grilled mushrooms. Customers will no longer need to wait for service in excessively long lines as they now have control over placing their order. McDonald’s CEO John Betts says the company wants to change the way their business is done and give consumers more options. Services that provide personalized experiences have become increasingly popular amongst modern customers of today and McDonald’s wants to take part in that.

In addition to placing orders through the kiosks, customers who use these self-ordering systems can have their orders delivered right to their table, which also eliminates the waiting in line time. As a result, restaurants will need to hire more workers including servers to deliver orders and clean tables and more chefs to quickly prepare the personalized orders. This plan allows for the creation of 15,000 new jobs across Canada and more around the world once the technologies are implemented in more restaurants.

This new self-serve kiosk program will be carried out in the 1400 locations across Canada. This program will not raise the current prices of McDonald's’ meals and products. According to Bruce Winder, a retail consultant, “Waiting in line is a big issue right now with any retailer who doesn’t manage their queuing practices intelligently. Because customers will leave, they will not wait.” This is why he believes modern consumers of today will be very attracted to the idea of the kiosks because they will love the fact that they do not need to be stuck in line. He thinks it will be particularly popular amongst families who struggle with ordering for their children and keeping them patient in line in the midst of growing amounts of customers.

## Challenges Involving the Technology

McDonald’s’ growing competition, the success of other fast food brands and new trends made an impact on their sales levels. A survey conducted by former Janney Capital Markets analyst Mark Kalinowski showed the worst levels since 12 years. Across the US many franchisees were on the edge of closing. However, the new technology will bring more customers and change how we see fast food chains, and perhaps even restaurants.

The technology is still on trial and was introduced to 100 stores in the UK in 2015. Their idea was to compete against the gourmet burger restaurants. You can choose what you want in your burger on a digital board, pay it, and it will be delivered to you on your table, having the staff there to help you with anything. They also offer tablets on the table for you to check your email and social media accounts while you wait or eat.

In Canada the new boards are being implemented across the country and creating 15,000 jobs. The cashiers may reduce in numbers, however there are new jobs being created to help in the new process of food chain inside the restaurant. McDonalds will need 20 to 25 employees to run their restaurants, meaning they need to hire between 10 to 15 people to maintain their new process. However, to implement the new technology, it will cost around $120,000 to $160,000 for each franchisee.

Having the newest technology in your franchisee is not only an investment for the business, but also for the surroundings, creating more jobs and attracting more customers. The new menus have more than 30 options with new ingredients. The customers will be able to buy their meal on their own time, which is convenient for families with kids or individuals who would like to try a different burger. They can even order from their mobiles with the app and receive their meal on the table, introducing table service.

## Comparison Before and After the Technology

Before, going to McDonalds was just a fast way to eat cheap, but now their service and model have changed. People can still choose to have a BigMac or any other burger from the chain, but now they have more options. The option to change your burger, the option to create your own, to add an exotic ingredient, the choice to be served on the table, or to have your meal packed to go. Going to McDonald’s can now be like going to a restaurant or a burger gourmet place, but for a cheaper price.

Not all the restaurants have changed yet, for this is a process that will take time and money. The franchisee located near Guy-Concordia has not changed yet, however, the franchisee located on Atwater has already started using the new tech. First it was the new digital menu boards, where you could order any chain burger and add or take any ingredient from the regular menu. Weeks after, they implemented a new one which is a board where you can order your gourmet burger. They also have new staff positions. They now have two boards where you can buy burgers from the regular menu or make your own gourmet burger.

The technology does not stop there, there is also a new board that can detect the temperature outside and change its propaganda accordingly. Its programmed to change its cover for the product that sells more in the current weather conditions (ex: rain or snow). It would change to ice-cream when it’s warm and can also change when it's breakfast time and lunch time. The store can change the prices, make promotions and show the specials with just a few clicks.

## Conclusion

In conclusion, we believe that McDonald's’ digital self-serve kiosks are an excellent new technology to implement in their business. With the immense popularity of the business, their restaurants are always full with customers which causes for long lines at the main ordering counter and slower service. With these self-serve kiosks, they will be able to serve themselves and take as quick as they need to without having to wait in the super long lines. We believe this makes their business a whole lot better and will lead to a very positive reaction from the public. Based on their business model, McDonald's aims to constantly please their customers and provide them with services that improve their experience in their restaurants, which is exactly what they have done with the self-serve kiosks. We believe that this new technology fits perfectly with their business strategy and reflects their brand extremely well because it proves they are ahead of the game and creating services that no other restaurant business has.

What we learned from this project is that it is important to implement new services in your business in order to stand out and attract customers. In our world of today, with the increasing presence of technology, it is smart to apply and include new technologies into your business because it makes for a quicker and more enjoyable experience for your customers. We also learned that the consumers of your business’ product or service are always the most important people to please, and you must always aim to provide them with nothing but the best in order to satisfy their needs. Also, tailoring to the needs and preferences of populations in different countries like McDonald's does is an excellent idea because it shows that you respect different cultures, which will help you gain customers.

We recommend to anyone who enjoys a satisfying food experience to visit a McDonald's that has the self-serve kiosks and use them in order to truly see their effectiveness. We can almost guarantee that you will not be disappointed by their advanced, quick and appealing service. We would recommend to McDonalds to continue making improvements to their self-serve kiosks and adding them to more restaurants around the world because we strongly believe that they will be extremely successful and admired by the public.

## Sources

* <http://www.aboutmcdonalds.com/content/mcd/investors/company-overview/company-overview-segment-information.html>
* [https://en.wikipedia.org/wiki/McDonald%27s#Business\_model](https://en.wikipedia.org/wiki/McDonald%27s)
* <http://www.thestar.com/business/2015/09/30/mcdonalds-canada-introduces-self-serve-ordering.html>
* <http://www.torontosun.com/2015/09/30/mcdonalds-canada-introducing-new-self-serve-options-and-table-service>
* <http://www.businessinsider.com/mcdonalds-self-service-kiosk-fast-food-automated-2015-10>
* <http://fortune.com/2015/08/25/mcdonalds-self-service-kiosk-problem/>
* <http://www.huffingtonpost.ca/2015/08/25/mcdonalds-self-serve-canada_n_8038486.html>
* <http://www.businessinsider.com/mcdonalds-franchisees-are-terrified-for-the-future-2015-7>
* <http://edmonton.ctvnews.ca/mobile/video?clipId=723456>
* <http://www.dailymail.co.uk/news/article-3283415/Touchscreens-smartphone-charging-table-service.html>
* <https://consumerist.com/2015/11/11/mcdonalds-switching-to-digital-menu-boards-that-suggest-meals-based-on-the-weather/>

Appendix

 

 