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The Strengths, Weaknesses, Opportunities, and Threats Facing McDonald's Today


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Posted by [Grewal Levy Marketing](#) in [Chapter 02: Developing Marketing Strategies](#), [Chapter 09: Segmentation, Targeting and Positioning](#)

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According to the most recent reports, the slump McDonald's is experiencing currently is not only the worst in a decade, but it also seems likely to persist. Even for such a well-established, well-known firm, such a situation demands a new assessment of its strengths, weaknesses, opportunities, and threats (SWOT).  [McDonald's restaurant in Paris, France](#)

- **Strengths:** McDonald's remains among the best known brands in the world. For many consumers, it invokes nostalgia and a sense of security. Thus, it continues to serve approximately 27 million people every day, and it maintains more than 14,000 locations in the United States alone. Worldwide, more than 35,000 McDonald's restaurants are available, many of them in excellent locations.
- **Weaknesses:** Sales have fallen consistently each month for more than a year, and its stock prices have fallen during the same period. In China, once one of its most promising markets, authorities recently accused McDonald's of selling expired meat. Unrest in Russia has created additional problems for franchises in this emerging market. Furthermore, commentators suggest McDonald's has lost relevance for consumers, due to its overcrowded menu, poor service quality, and comparatively lower product quality. In a survey, consumers ranked the taste of McDonald's burgers dead last in a group of 20 different fast food options.
- **Opportunities:** In its new "learning lab" restaurant, McDonald's is seeking insights into what customers want. It also is experimenting with more customizable burgers and believes that its menu expansions into healthier options, such as McWraps, represent a way to bring Millennials back through its doors. Tests of mobile ordering and payment technologies also seek ways to appeal to tech-savvy young consumers.
- **Threats:** Fast casual chains, such as Panera and Chipotle, are issuing far stronger appeals to young consumers who seek more variety, better quality, and the promise of more organic or natural sourcing policies. This industry segment is growing far faster than McDonald's, increasing to approximately 21,000 stores across the United States. Such growth is proportionate with data that report where Millennial consumers purchase their convenient food options: Trends clearly show that diners between the ages of 20 and 30 years are defecting away from McDonald's and toward options such as Five Guys or Chipotle.

SOURCE: Julie Jargon, "McDonald's Faces 'Millennial' Challenge," *The Wall Street Journal*, August 24, 2014, <http://online.wsj.com>

Discussion Question

On the basis of this brief SWOT analysis, what would you recommend McDonald's next steps should be?

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