

McDonald's could make up for its exceptionally high up-front costs within a few years of the product's introduction. However, when sales slowed down after the initial promotional efforts had encouraged most pizza consumers to at least try a McPizza, the product attained neither the expected sales volume nor the profitability levels that McDonald's had hoped for.

Place Mix

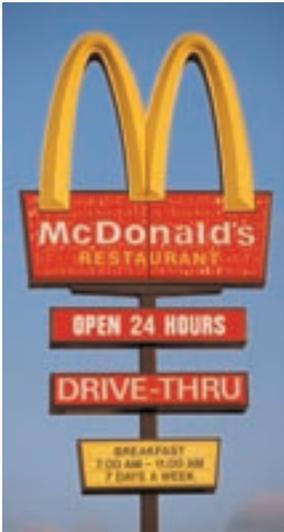
Place mix includes physical distribution, storage, inventory management, and channel selection. Most McDonald's restaurants are small spaces, especially behind the counter in the food preparation area. These areas are designed for efficiency—equipment is placed close together to cut down on wasted movement and energy. It was difficult for the restaurants to find room for the new pizza ovens and the ingredients for the new pizzas. They had to update their supplies inventory and streamline their delivery system to ensure that pizza dough, pepperoni, tomato sauce, and other ingredients were shipped to the stores as effectively as the Big Mac special sauce or the bags of frozen French fries.

Employees were trained in the use of the new pizza ovens, in pizza preparation, and in pizza sales, with the goal of maintaining the usual high standards of customer service McDonald's insists upon. The sales force was ready for the customers.

McDonald's had spent billions of dollars over the course of decades convincing consumers that it was a fast-service hamburger restaurant chain. Customers in "drive-thru" lines were now asked to park their cars for 10 minutes and wait for their pizza. Hamburgers and French fries, delivered in 60 seconds, were cold. The large pizza box didn't fit through the drive-through window of most stores. Families ordering a pizza and a Happy Meal found that their children were finished eating before the pizza arrived. In these and other ways, the introduction of pizza changed the distribution channel, and altered how the consumer perceived McDonald's. In the end, the marketing mix conflicted with what the restaurant had worked so tirelessly to attain. McPizza was dropped from the menu.

However, McDonald's continues to adjust its marketing mix. Today, it uses its franchise distribution system as a central feature of its product and place mix. Local stores are encouraged to develop products for local markets and many are finding some success with them. The McBrat, bratwurst with sauerkraut and onion, is popular in Wisconsin and Minnesota. Similarly, the McLobster sandwich is a popular addition to the menu during tourist season in Atlantic Canada.

McDonald's constantly looks for new products, new pricing strategies, new promotional methods, and new distribution systems. And it still hasn't abandoned the desire to break into the pizza market. Recently, McDonald's Restaurants purchased Donato's Pizza, a 140-store chain based in Columbus, Ohio. McDonald's can now compete in the pizza market without interfering with the marketing mix in its original stores.



What do the "golden arches" mean to you?