

Aligning New Products to Strategy

Your task in this activity is to generate some potential new product ideas/concepts that would logically fit with McDonald's overall strategy.

As we know, new products should not be introduced in isolation, or just to take advantage of a market opportunity. New products should be introduced to help implement and deliver the firm's overall strategy.

McDonald's Strategic Direction

The following assumed example is based upon McDonald's apparent strategic direction in recent years.

1. There has been a significant social trend towards healthier eating options. Issues of poor health and obesity are receiving greater coverage in the media. Additionally, in the legal environment, various governments are considering bans on advertising to young children, and some individuals have even attempted litigation against McDonald's.
2. Due to the increasing "time-poor" lifestyles of our target markets, many consumers have shifted from consuming fast food on an occasional basis to fast food options becoming a more regular alternative to home cooking. More than 1/3rd of all meals are consumed outside the home. This requires the development of a more diverse menu to provide more "acceptable" daily food choices.
3. New competitors are growing in strength. They provide consumers with a wider food choice as compared to traditional fast-food competitors.

All new menu items (new products) should:

- Be perceived as generally healthy by at least 50% of the market
- Utilize ingredient branding with "healthy" suppliers wherever possible
- Have a maximum cost per meal of \$2.
- Utilize ingredients that have at least a 7-day storage capacity
- Utilize ingredients from existing suppliers (wherever possible)
- Be able to be fully prepared within a maximum of 4 minutes
- Be able to be fully prepared by using existing kitchen facilities
- Be generally unique, as compared to our traditional competitors

Student Discussion Questions

1. How helpful, do you think, that the above summary new products strategy and requirements statement would be for those managers responsible for developing new products at McDonald's?
2. Brainstorm 5-10 new menu items (products) that could possibly fit their stated requirements.
3. From your list, pick 2-3 of the products that you would recommend that they should develop and launch. How well would these new products contribute to their overall strategy?