

An Empirical Study on Effectiveness of Mc Donald TV Advertorials Towards Mounting Consumers in-Store Visits



Management

KEYWORDS : Fast food retail outlets, Advertorials, Effectiveness, Consumer, Perception, In – store visit.

VARALAKSHMI . T

Assistant Professor, Department of MBA, Surana College PG Department Kengeri Satellite Town, Bangalore – 560060, Karnataka, India

DIVYA . D

Lecturer, Department of MBA, Don Bosco Institute of Management Studies Kumbalagodu, Mysore Road, Bangalore – 560074, Karnataka, India

CHAITRA . M. T

Lecturer, Department of MBA, Don Bosco Institute of Management Studies Kumbalagodu, Mysore Road, Bangalore – 560074, Karnataka, India

ABSTRACT

Advertising on the television in today's current scenario can be viewed as a social contract between company and its consumers. Even though convincing & thereby influencing consumers to result in higher repurchase rate has become a very complex and formidable endeavor, given the current food environment, while McDonald's tries its best to adapt its television advertorials to changing consumer tastes & preference.

The present research study is an attempt to understand the impact of TV advertorials on consumers of McDonald fast food retail outlets; furthermore evaluating its effectiveness in establishing brand Patronage among the respondents. The significance of this study is two – fold as the study revolves around the objective of analyzing the efficiency of television advertising on consumer's inflow & the advertising strategies that the McDonald should espouse to in order to result in higher repurchase rate by its consumers.

The research was undertaken for 125 respondents with the usage of comprehensive generalized questionnaire built well in advance to elicit the consumer's perception towards the Mc Donald tv ads & the extent to which they are effective in attracting them towards the Mc Donald fast food retail outlet.

Hence it appears that, it's not only the tv ads of Mc Donald influences the frequency of in-store visit but even the consumer preference, product assortment and taste made available, company's advertising strategy, the uncovered intension therein also determines their in-store visit to the greater extent.

INTRODUCTION

Today fast food retail chains have received greater importance with upward moving trend, as it seems to be highly noticeable that a queue of people patiently waits in line to place their order in fast food retail outlets because of their tendency to have the food outside their home witnessing a high level of variety seeking buying behaviour.

In this increasingly competitive industry, while franchising has become a popular vehicle for the fast food sector's growth and maintaining profitability in the shrinking market share, it also provides target customers with high quality and efficient service.¹

An individual's exposure to the television advertorials of fast food retail outlets determines his access to food stores and fast food restaurants to the foremost extent. Moreover the distinguishing feature for escalating demand of fast food retail chains are its convenience, wide product assortment and variety of foods offered at cheaper price to its consumers.

"Historically the best brand is one whose products always stand for consumer value; and the advertiser who merely make sure that his ads are vivid and it is up to the consumer's advantage".

Michael Schudson

LITERATURE REVIEW

Effectiveness of fast food retail chain commercials and its impact on mounting its consumers in – store visits have been widely studied by Wall Street Journal reporters as well as the marketing researchers. There has been a great deal of effort to generate a set of adjectives, scales or phrases that are uniform across both viewers (consumers) and commercials to measure how will they react to its television advertorials.

Anton Troianovski's (2013) article "The Web-Deprived Study at McDonald's" indicates that - "Students most of the times does their homework at a McDonald's restaurant—not because he is drawn by the burgers, but because the fast-food chain is one of the few places in this southern Alabama city of 4,000 where he can get online access free once the public library closes. Hence Mc D is attracting the youths to its outlet by using internet facility as their new marketing strategy."

Laurie Burkitt article 'McDonald's to tout Quality in China' states that – "Mc D Ad Campaign Taps In to Consumers' Concerns about Food Safety" - "The ads will feature "100% fresh beef" on the chopping block, farmers picking tomatoes from the vine and chickens eating high-quality feed, according to a company spokeswoman.

Ads will air on Chinese TV networks ahead of and during the Summer Olympics in London, of which McDonald's is an official sponsor and expects to make an impression on a high number of Chinese viewers. "We're not out to have the most stores in China, but we want to have the highest quality,"

Lefton (2013) article 'Journal National McDonald's ad is a first take for Stephen A. Smith' – "It was the Mc Donald which was first to go for national TV advertisement featuring basketball talker Stephen A. Smith. This was mainly done ensure good brand familiarity between the sports star & the youth and thereby persuading them to visit Mc D."

Lewis Lazarre article 'McDonald's battles to maintain a wholesome food image' states that – "McDonald's supplier-focused TV ad campaign from DDB/Chicago introduces viewers to some of the people who make the ingredients used in McDonald's menu items. And that is exactly what McDonald's (NYSE: MCD) has done via advertising and online videos, that introduce viewers to some of the people who produce the ingredients that go into products on a McDonald's menu. Eventually Mc Donald made its way into the healthier Happy Meals kids chow down on at McDonald's."

Mc Spotlight article "The issues advertising" indicates that – "McDonald's spend over two billion dollars each year on advertising; the Golden Arches are now more recognized than the Christian Cross. Using collectable toys, television adverts, promotional schemes in schools and figures such as Ronald McDonald the company bombards their main target group: children. Many parents object strongly to the influence this has over their own children."

"Apart from that McDonald's sponsor so many school events and learning programmes."

Navyasurapaneni (2010, 08), article 'Patronizing Fast Food Retail Sector in India' indicates that - "A major food consumption trend in urban parts of developing countries is that more consumers are eating more meals outside of their homes. This is mainly because such fast food retail outlets provide target consumers with high quality and efficient service.

His paper analyzes the behavior of consumers in selecting fast food retail outlet/s.

The findings of his study offer need-oriented types of marketing strategies in India to enable fast food outlets to be more competitive. Based on the study he suggested that for patronizing the fast food retail outlets, the outlets should operate globally but act locally insuring highest quality food at the same time laying emphasis on reach of the outlets."

OBJECTIVES OF THE STUDY

The study was undertaken to meet the following objectives:

- To assess the effectiveness of McDonalds television ads on purchasing behavior of its consumers.
- To investigate the advertising strategy of McDonalds retail outlet.
- To get acquaint with the McDonald's distinctiveness witnessing the higher repurchase rate of its consumers.
- To explore how the consumers would perceive the Mc Donald's TV advertisements.

SIGNIFICANCE OF THE STUDY

This research will be significant in a number of ways:

This study will help the fast food retail chains in creating and implementing effective and attractive advertisements in order to attract the consumers and build their brand awareness as well as equity.

This study will identify what consumers expect from advertisements, how do they perceive the company tv ads and what sorts of advertising strategy appeal them the most.

RESEARCH GAP

With the growth of the competitive business environment, the use of advertisement has increased tremendously in the recent years especially television as the advertising media. Company's invests corers together for its television advertorials with an intension to attract its consumers successfully but even a solitary mistake can collapse the entire efforts undertaken by the company all together.

Hence studying the efficacy of Mc Donald television ads towards mounting its consumers in - store visits has become indispensable.

RESEARCH METHODOLOGY

Methodology: Exploratory research study.

Sample size:

Total of 125 Respondents residing in Bangalore city were chosen to know the efficacy of McDonalds television ads towards increasing its consumers inflow.

Sampling Method: Convenient Sampling Method.

Methods of Data Collection:

The present research study was done using primary data which was collected through a Structured Questionnaire using Google Docs (online survey) & Personal Interview technique.

Sampling Technique:

The perception of the Mc Donald consumers towards its television advertorials were captured and appropriately analysed using the following statistical techniques -

PART - A - Comprehensive generalized statements w.r.t ads were used to elicit the Mc Donald consumer's perception towards its ads & their underlying dimensions, which were further analysed using Karl Pearson's Chi - Squared test to prove the objectivity of the Hypothesis framed so far.

PART - B - Weighted Average Method coupled with Ranking Method was used to know the advertising strategy witnessing the uniqueness of Mc Donald TV advertorials resulting in higher consumer in-store visits.

Table 1 - Demographic profile of the Respondents

Demographic Factors	Category	No. of Respondents	Percentage (%)
Gender	Male	87	69.6
	Female	38	30.4
	Total	125	100
Age	Below 20 yrs	18	14.4
	20 - 25 yrs	52	41.6
	25 - 30 yrs	37	29.6
	30 - 35 yrs	12	9.6
	35 yrs & Above	06	4.8
Marital Status	Married	27	21.6
	Unmarried	98	78.4
	Total	125	100
Occupation	Students	72	57.6
	Self employed	13	10.4
	IT Professionals	37	29.6
	Government Employees	03	2.4
	Total	125	100

Table 1 indicates that - 69.6% of the respondents are male and the rest are female.

Majority of the respondents i.e., 41.6 are between the age group of 20-25 yrs, where as 14.4% fall into the category of below 20 yrs rest 29.6% between 25-30 yrs & remaining are above the age group of 30 yrs.

Nearly 78.4% of the respondents are unmarried and the rest are married.

Among the respondents 57.6% are students, 29.6% are employed IT professionals, 10.4% are private employees and remaining 2.4% are engaged in public sector.

DATA ANALYSIS AND INTERPRETATION

Table 2: Brand familiarity of Mc Donald's

H₀ = Consumers find Mc Donald as an icon of refreshment giving them an opportunity to try out variety of food stuffs.

H₁ = Consumers find Mc Donald very delightful to hang out with their friends.

Parameters	O	E	(O - E)	(O - E) ²	(O - E) ² / E
Gathering with Friends	34	31.25	2.75	7.562	0.2419
Fun/Delightful	53	31.25	21.75	473.06	15.137
Refreshment	17	31.25	-14.25	203.06	6.497
Opportunity to try out different variety of Food stuffs	21	31.25	-10.25	105.06	3.361
Total	ΣO = 125	ΣE = 125			χ ² _{cal} = 25.237

The above table shows that, Consumers find, Mc Donald very delightful to hang out with their friends, as $\chi^2_{cal} > \chi^2_{tab}$ (i.e., 25.237 > 7.815)

Hence, H_1 is accepted at 3 degree of freedom & 0.05 of level of significance.

Table 3: McDonald’s distinctiveness witnessing the higher re-purchase rate of its consumers.

H_0 = It’s the Mc Donald’s Ambience inclusive of its offers & gifts to its consumers made it stand apart from its competitors peculiarly.

H_1 = Mc Donald’s wide array of its product variety & services has made it highly distinctive from among its competitors.

Parameters	O	E	(O - E)	(O - E) ²	(O - E) ² / E
Low price	19	25	- 6	36	1.44
Services	34	25	9	81	3.24
Product variety & taste	54	25	29	841	33.64
Ambience	13	25	-12	144	5.76
Offers & Gifts	5	25	-20	400	16
Total	$\sum O = 125$	$\sum E = 125$			$\chi^2_{cal} = 60.08$

The above table shows that, Mc Donald’s wide array of its product variety & services has made it highly distinctive from among its competitors, as $\chi^2_{cal} > \chi^2_{tab}$ (i.e., 60.08 > 9.488)

Hence, H_0 is rejected at 4 degree of freedom & 0.05 of level of significance.

Table 4: Advertising Strategy of McDonald’s

H_0 = Mc Donald’s broadcast its ads often during TV serials to reach the old age prospects.

H_1 = Reality shows, sports events & News witness high rate of telecasting of Mc D ads to reach the youth along with the IT professionals.

Parameters	O	E	(O - E)	(O - E) ²	(O - E) ² / E
Reality/Fashion shows	28	31.25	- 3.25	10.56	0.338
Sports Events/ Cricket matches	57	31.25	25.75	663.06	21.218
TV serials	11	31.25	- 20.25	410.06	13.122
News	29	31.25	- 2.25	5.06	0.162
Total	$\sum O = 125$	$\sum E = 125$			$\chi^2_{cal} = 34.84$

The above table shows that, Reality shows, sports events & News witness high rate of telecasting of Mc D ads to reach the youth along with the IT professionals, as $\chi^2_{cal} > \chi^2_{tab}$ (i.e., 34.84 > 7.815)

Hence, H_1 is accepted at 3 degree of freedom & 0.05 of level of significance.

Table 5: Key intension of Mc Donald’s behind telecasting its television ads.

H_0 = Mc Donald is highly sales oriented i.e., it concentrates mostly on just selling its products to its consumers by persuading them.

H_1 = Mc Donald predominantly intends to educate its consumers about the products offered & thus create brand awareness among them.

Parameters	O	E	(O - E)	(O - E) ²	(O - E) ² / E
Just trying to sell the product	14	31.25	- 17.25	297.56	9.522
Persuade/ pressurize people to try the product	12	31.25	- 19.25	370.56	11.86
Inform about the products and services offered	62	31.25	30.75	945.56	30.26
Create brand awareness	37	31.25	5.75	33.06	1.058
Total	$\sum O = 125$	$\sum E = 125$			$\chi^2_{cal} = 52.7$

The above table shows that, Mc Donald predominantly intends to educate its consumers about the products offered & thus create brand awareness among them, as $\chi^2_{cal} > \chi^2_{tab}$ (i.e., 52.7 > 7.815)

Hence, H_0 is rejected at 3 degree of freedom & 0.05 of level of significance.

Table 6: Consumer’s Perception towards Mc Donald TV advertisements

H_0 = Mc Donald consumers are pessimistic towards its television ads as they perceive them to be highly misguiding ads.

H_1 = Mc Donald consumers are optimistic towards its television ads as they are appealing & hence fun to watch.

Parameters	Yes	No	Total
Was the ad appealing to your eye?	86	39	125
Was the ad fun to watch?	89	36	125
Would you talk to someone else about this ad?	80	45	125
Did you have the positive reaction to the ad?	78	47	125
Would you like to see similar ads of Mc Donald in the future?	86	39	125
Are you now more likely to purchase the product offered by Mc Donald?	96	29	125
Total	515	235	750

O	E	(O - E)	(O - E) ²	(O - E) ² / E
86	62.5	23.5	552.25	8.836
89	62.5	26.5	702.25	11.236
80	62.5	17.5	306.25	4.9
78	62.5	15.5	240.25	3.844
86	62.5	23.5	552.25	8.836
96	62.5	33.5	1122.25	17.956
39	62.5	23.5	552.25	8.836
36	62.5	26.5	702.25	11.236
45	62.5	17.5	306.25	4.9
47	62.5	15.5	240.25	3.844
39	62.5	23.5	552.25	8.836
29	62.5	33.5	1122.25	17.956
$\sum O = 750$	$\sum E = 750$			$\chi^2_{cal} = 111.216$

The above table shows that, Mc Donald consumers are optimistic towards its television ads as they are appealing & hence fun to watch, as $\chi^2_{cal} > \chi^2_{tab}$ (i.e., 111.216 > 11.070)

Hence, H_0 is rejected at 5 degree of freedom & 0.05 of level of significance.

PART - B

Table 7: Core reasons witnessing the uniqueness of Mc Donald Television Advertorials

H₀ = Consumer's feel that Mc Donald ads are highly misguiding & thus stimulate for higher consumption.

H₁ = There is no significant relationship among the respondents opinion that the Mc Donald ads are infotainment witnessing high creativity.

Parameters	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Total Score	Rank
Is Creative/interesting	42	68	15	00	00	527 (16.28%)	I
Is Informative	22	70	33	00	00	489 (15.10%)	IV
Is Memorable	29	50	31	15	00	498 (15.38%)	III
Is Entertaining	35	56	23	11	00	512 (15.81%)	II
Is Influential / Stimulate to consume more	19	46	42	18	00	441 (13.62%)	V
Is Believable	16	47	40	10	12	420 (12.97%)	VI
Is Misguiding	10	27	36	33	19	351 (10.84%)	VII

Weighted Average Method:

In the above table, diverse reasons witnessing the uniqueness of Mc Donald Television Advertorials were given a weighted average. Starting from Strongly Agree to Strongly Disagree following the weights 5 – 1 respectively.

Ranking Method:

The overall view of the above table indicates that, Creativity & Innovation in Mc Donald ads are the key reasons as to why the consumers prefer to watch its ads as it has the highest ranking with 16.28% followed by 15.81% by Entertaining, Highly memorable as this ads are infotainment oriented stands in third position with 15.38%. While the negative aspects associated with Mc D ads like it is misguiding / stimulate for higher consumption gains least ranking with 10.84%.

Karl Pearson's Chi – Squared Test:

[Calculation of Degree of Freedom: (r-1) (c-1) = (7-1) (5-1) = 24]

The above table shows that, Mc Donald consumers are optimistic towards its television ads as they are appealing & hence fun to watch, as $\chi^2_{cal} > \chi^2_{tab}$ (i.e., 216.87 > 36.415)

Hence, H₀ is rejected at 24 degree of freedom & 0.05 of level of significance.

FINDINGS

Based on the summary of the analysis & interpretation of the above data, the following findings are compiled:

Majority of Mc Donald consumers constitute college students and IT professionals from a young age group of less than 27 yrs frequently visiting the MC D retail outlet.

Television advertorials and WOM communication acts a major source of information about Mc Donald to its consumers.

Fun, gratification & an urge to try out different variety of food stuffs are the major reasons as to why the consumers visit Mc Donald.

Even though Mc D is successfully targeting the youth; somewhere it is still lacking behind in reaching the old age prospects.

McDonald's distinctiveness of product variety & taste to its consumers has witnessed the higher repurchase rate of its products.

Mc Donald's advertising strategy is to telecast its tv ads during sports events & reality shows as the young age consumers love to watch such programmes.

Rather than just being a sales oriented, main intension of Mc D tv ads is to create brand awareness among its consumers.

Consumers often perceive Mc Donald ads as highly appealing and infotainment ads & hence love to watch it.

SUGGESTIONS

Television has always been a very influential medium of communication and it stands still even today in spite of challenges from other sources. On the basis of above research work, the following suggestions are helpful for the Mc Donald to attract large number of consumers through its tv advertorials.

The company should keep on improvising the quality of its ads by making effective use of different advertising appeals like rational appeal, emotional appeal rather than just sticking on only to humorous appeal. As,

“The perception of viewers has a large role to play on the advertiser's selection of various appeals for advertising, and allocation of the advertising budget.”

Mc D has to concentrate even on unreached segment i.e., old age prospects by creating favorable attitudes towards its advertorials & thus making it personally relevant to them by creating brand identity.

News & other infotainment programmes are the best advertising strategy for the company to be followed to reach the old age prospects.

Company can go for ads using local languages to ensure local consumers in-store visit.

Mc Donald has to go for product line expansion by adding more vegetarian food stuffs (other than Mc Aloo Tikki & French Friche) to reach large amount of vegetarian consumers & thereby providing them the best pooled taste of western – cum - Indian foods stuffs.

Mc Donald as a fast food retail outlet can go for ads inclusive of more prizes, premiums, games, offers & price pack products to attract price sensitive consumers as well as the consumers resulting in impulsive buying behavior.

Mc Donald should concentrate more on delivering emotional benefits to its consumers along with functional benefits such as, fun via excitement, a feeling of special family times, admiration of Mc Donald's social involvement such as McDonald's charities etc. to build up a very good brand value proposition.

‘Since a balanced value proposition is the basis for brand choice and customer loyalty, and is critical to the ongoing success of a firm.’

CONCLUSION

Creating a compelling ad to attract and persuade consumers is not easy. Instead of just guessing which ad consumers will find most appealing, companies has to conduct their own market research to find the effectiveness of their existing tv advertorials in resulting higher consumer in – store visits.

Investment in such activities allow the fast food retail chains not only to gain the necessary insight to determine which ads will be most effective, but also helps them not to waste money on publishing unprofitable advertising. They can add graphics, use different ad appeals & advertising strategies to witness higher repurchase rate and in – store visits from its consumers.

Hence, Advertisements generally carry both optimistic & pessimistic image on the minds of the consumers. But its positive impact on them lies only in the hands of the advertiser.

REFERENCE

- Books: | [1] O' Guinn, Allen, Semenik (2011), Advertising Management with Integrated Brand Promotion, Cenagae Learning, 3rd Indian Reprint Edition. | Journal Articles | [2] ANTON TROIANOVSKI article 'The Web-Deprived Study at McDonald's' published in Wall street journal on January 28, 2013 | [3] Laurie Burkitt article 'McDonald's to tout Quality in China' published in Wall street journal on February 29, 2012 | [4] Lefton article 'Journal National McDonald's ad is a first take for Stephen A. Smith' published in Street & Smith Sports Business on March 4-10, 2013 | <https://www.sportsbusinessdaily.com/Journal/Issues/2013/03/04/Marketing-and-Sponsorship/The-Lefton-Report.aspx> | [5] Lewis Lazarre, article 'McDonald's battles to maintain a wholesome food image' published in Chicago Business Journal on Jan 29, 2013 | [6] Navyasurapaneni (2010, 08), article 'Patronizing Fast Food Retail Sector in India', StudyMode.com. Retrieved 08, 2010, from <http://www.studymode.com/essays/Patronizing-Fast-Food-Retail-Sector-In-389139.html> | Websites | [7] Chicago business journal, "McDonald's battles to maintain a wholesome food image" | <http://www.bizjournals.com/chicago/news/2013/01/29/mcdonalds-battles-to-maintain-a.html?page=all> | [8] Mc Spotlight article 'The issues advertising' <http://www.mcspotlight.org/issues/advertising/> | [9] UKEssays.com, article "Tv Advertisement Consumer Buying Behavior Marketing Essay" <http://www.ukessays.com/essays/marketing/tv-advertisement-consumer-buying-behavior-marketing-essay.php> | A