

Increased online food delivery and its Implications for McDonald's Canada

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HOSP8045: Introduction to Global Hospitality Management

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Trend Description

It is a well-known fact that each one of us are in the never before seen times. COVID 19 has changed almost everything around us, and food is no exception to it. Food has been at heart for all of us and

COVID has not been able to change it. But one thing that COVID has changed is that now most of us do not prefer to go out and eat. But what is preferred is that we order food at the comfort of our homes. While the capacity of the restaurants has decreased by around 70 percent in the corona times while the online orders for food has increased by four items. On an overall level, the demand of the food from the restaurants have increased (Food Delivery App Market, 2021).

Implications of trend on McDonald's Canada

While there can be multiple implications of this trend, there are two main implications of this trend which are significantly important for Mc Donalds Canada. The first implications are that Mc Donald may need to expand its food delivery services; it may include not just the quantity of the food but the agents who could deliver the food to the customers.

The next implication is that its sitting space may go unutilized. Hence, it may have to look for an alternative on how it is going to use that space. While the first implications are positive for the Mc Donalds Canada, the second implication is negative, and the company may want to look into to optimize in a better way.

PESTLE Analysis for McDonald's Canada

Political

The political factors which may change due to due this external change:

-Government may have to alter the petrol prices as now a lot of drivers will be commuting from one place to the other to deliver the food. Either the government can increase the prices to make up for the lost taxes due to Corona or give relaxation to boost the delivery of the food.

-The next factor is the taxes levied on the rent. Rent is the income of the owner, and the owner has to pay taxes on it. If the government decides to reduce the taxes on the property, then in turn the owner can reduce the actual rent. This help Mc Donalds as their space is going unutilized due to Corona situation.

Economic

The economic factors which may change due to this external change:

-The delivery cost associated with each order may change due to increase in the demand for the online orders. It will follow the simple logic for demand and supply. More the demand, higher the price.

-Price unit cost of the order is likely to remain changed or may reduce slightly. This is because the number of orders is either likely to remain same or may increase when seen at an overall level. Hence, the cost per order is either likely to remain same or decrease.

Technological

The technological factors which may change due to this external change:

-Firstly, the internet capability needs to be revamped across the entire region. This is due to increase of number of online orders for Mc Donalds. Now a greater connectivity will be required in order to boost and fulfil the online orders (Nandonde, 2019)

-Secondly, another capability may need to be created to track all the orders. The purpose of this entire capability will be to track the current status of the orders. This is going to enhance the customer experience and ensure smooth delivery of all the orders. Also, when the volumes increase, this becomes a must feature.

Legal

The legal factors which may be impacted due to this change are:

-The first one will be regarding the cap between online and offline orders. If there is any cap among the orders, it needs to be revisited seeing these unusual times of the Corona.

-The next thing is that legal aspect needs to come in play regarding the social distancing aspect. In both online as well as offline deliveries, entire care needs to be taken regarding maintaining distance. Also, cap needs to be set up regarding the maximum occupancy that any Mc Donald restaurant can hold.

Environment

The environmental factors which may be impacted due to this change are:

-Firstly, entire mechanism needs to be built around waste disposal system. Due to the online deliveries, the containers used for delivery are going to increase. Now due to that a system needs to be set on disposal of those units.

-Secondly, due to online deliveries, an increased travel can be expected. This will be particularly because individuals will be required to travel from one place to another for the food delivery. Hence, steps need to be taken to ensure that the environment is not harmed from these activities.

Recommendations for McDonald's Canada

Keeping in mind the current trend, the following are the recommendations:

-The very first thing that the Mc Donalds needs to consider this is temporary change. In some time, the Corona situation is going to get better, and this trend may switch back to the normal. Hence, whatever actions are taken, it should be ensured that they are reversible.

- The second recommendation to the Mc Donalds is that always prioritise the customer experience over everything else. While everything else may fall in place, it is very important to give the topmost priority to the customers.

-The third suggestion is that build the technical capability both for the online as well as offline orders. Corona has made many processes shift from offline to online and this is likely to the situation in the future as well. Hence, it is very important to upgrade the technical capabilities accordingly.

-The next suggestion is that take environment along you. It is the responsibility of each one of us to protect the environment to the extend possible. Hence, it must be ensured that in this entire process there is no harm to the environment.

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