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11x2

Business

Criterion 1

Ms

Spreadbury

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Criterion 1

McDonalds

CRITERIA 1F - McDonalds.

In this section of criteria 1 I will be describing McDonalds main activities, their aims and objectives and what type of ownership McDonalds is. I will also explain what factors influence where McDonalds restaurants are located

Main activities of McDonalds:

McDonalds is one of the world's most popular fast food chains. More than 26,500 McDonalds restaurants in have been opened in 119 countries worldwide and every day McDonalds serves 39 million customers on average. McDonalds carries out many activities but the one most would say they are world famous for is selling fast food.

To carry out this task the first thing they need to do is purchase supplies from nearby suppliers, they can then begin preparing food we all love to indulge in. A meal in McDonalds would consist of a burger, fries and a drink and if you were to purchase a "happy meal" you would also get a kids toy free with your meal. McDonalds need to advertise; Advertisements are put on T.V, radio, billboards, newspapers, booklets, and magazines. They also have their own website, www.mcdonalds.com, which advertises new products. They also use clever ideas to advertise, such as getting famous faces such as Justin Timberlake to endorse their products.

Another one of McDonalds main activities is employing staff, they employ millions of people to work in McDonalds restaurants and prepare and serve food to customers. McDonalds restaurants are sold to individuals, selling them are another one of there important activities.

McDonalds aims and objectives:

Aim (goal or target)	Objective (more specific)
Working together for the success of the company.	Commitment to franchising, maintaining a good relationship with the franchisees, and also making franchising decisions based on what's best for the customers.
To make a profit	To maximize sales by serving more than 2.5 million customers every day.
To be environmentally friendly.	support the communities in which it operates.
Taking responsibility to enhance and protect the McDonalds brand.	Dedication in providing customers with good quality service and value to keep them satisfied and happy.

What type of ownership is McDonalds?

McDonalds is in both the secondary and tertiary sectors this is due to the fact that cook the food on the premises and they also provide a service and sell their products. McDonalds is split into two sections: a PLC and franchise- over 70% of McDonalds restaurants are run by independent franchisees.

. McDonalds is the world's largest and most successful franchising chain; over 70% of McDonalds restaurants are run by

Advantages of being a McDonalds franchise:

- McDonalds is already well known worldwide so people are familiar with them and therefore trust the brand. This means customers are more likely to buy food from you if they've tried a similar franchise before.
- National advertising is paid for by the franchisor.
- It is easier to loan money from banks to buy a franchise.
- Appropriate equipment is provided for the franchiser so that they are able to carry out there job well.

Disadvantages of being a McDonalds franchise:

- To become a McDonalds franchisee you must be alone- no partnerships or groups.
- You have to make a personal commitment the business day in day out for the minimum of 20 years.
- The individual looking to become a McDonalds franchisee must not have any other business interests.
- You must follow what is instructed by the franchisor, it is not as flexible as a sole trader where many things can be changed in regards to your liking.

Advantages of being a PLC (public limited company):

- Shares can be sold to general public.
- Large amount of profit can be made through the sale of shares.
- They are able to produce goods at lower cost.
- Goods can be borrowed at a cheaper price.

Disadvantages of being a PLC:

- Costly and complicated to set up as a PLC
- Certain information must be made available for public.
- There is a possibility of someone buying enough shares to take over McDonalds completely.
- Impossible to control other shares.

Factors influencing location of a McDonalds restaurant:

There are many factors, which influence the decision on where to locate a McDonalds restaurant:

1) Cost of premises

The cost of land varies from place to place; the cost of the premises will affect McDonalds income. For example land in London is extremely high, this is due to the fact that land in London is very much in demand. This means that if McDonalds were to locate a restaurant in London they would need to spend a large amount of money to buy land this will lead to decreased profit. On the other hand if they were looking to locate a McDonalds restaurant in Birmingham, they could purchase the same amount of land but it would cost much less this is because demand for land in Birmingham is

not so high. However more McDonalds restaurants tend to be situated in London as it is a busy area and therefore more people are likely to visit the restaurants.

2) Where the customers are.

In order to be successful you need to be situated in a busy place, so that more people can see that you are there, therefore you will get more customers. This is why McDonalds are located in shopping centers such as Hounslow. If a McDonalds restaurant is situated someplace where there are a lot of potential customers, they will be attracting a larger crowd, meaning, they will be making more sales, resulting in a larger profit. On the other hand somewhere quiet, it will mean that it doesn't appeal to as many customers as it could be appealing to, this will result in fewer customers and a smaller income.

3) Labour.

Wherever you go, you will find that you will get a higher wage in some places. This means you have to pay your workers more. The average wage varies from place to place. If you were to go to India and work in a McDonalds restaurant, you would be paid a significant amount less than if you were working in a McDonalds restaurant in London, although you would be expected to do the same type of work for the same amount of time. This is another factor that is taken into consideration when looking for an area to situate a McDonalds restaurant, because it will affect the overall income. If you have to pay your workers more, you may make little profit.

McDonalds also needs to take into account whether or not there are people available to work in their restaurants. For example, in Southall unemployment is fairly high and therefore there will be people who are jobless and willing to work at a McDonalds restaurant- this may be something that influenced McDonalds to situate a restaurant in Southall.

5) Where the competitors are?

If there are many other eateries, near where a McDonalds restaurant is situated, it will mean more competition; this will affect the business they get. It may result in fewer customers. So while deciding where to place a McDonalds, you must see what competition you have and whether it will affect the business in a positive or negative way. Wherever you go, you will find McDonalds, Burger Kings and KFC's, they are all constantly competing with one another to quality products and a better service. This helps make McDonalds more determined to improve their services.

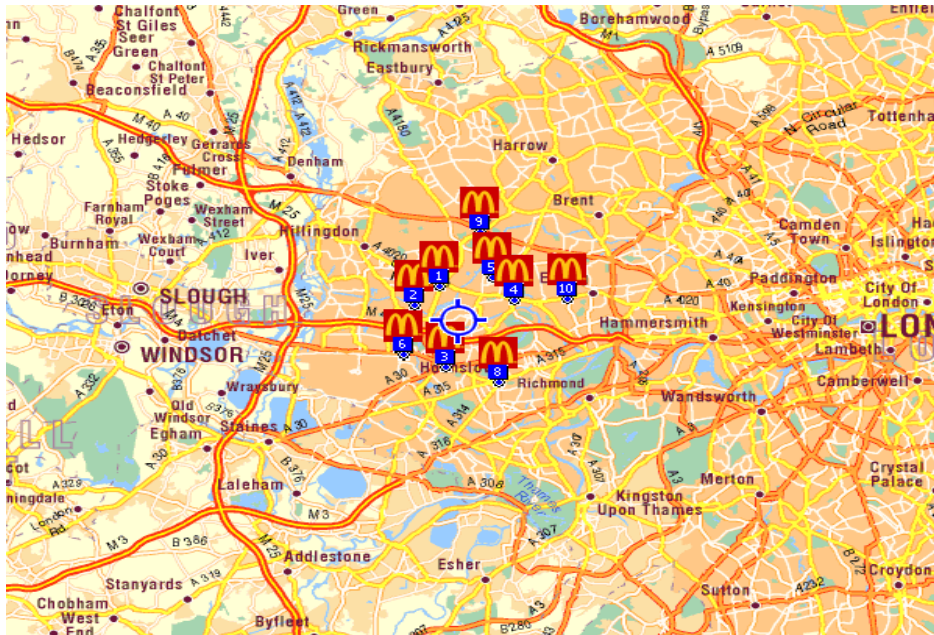
4) Accessibility

When looking at where to locate a McDonalds restaurant, it is essential to make sure that there are suppliers nearby and there is easy access to motorways. McDonalds do not want to spend too much on transporting goods therefore if there is easy access to the restaurant then they can be transported at a cheaper cost this will result in an increased profit. Also if your food suppliers are close, the food will be fresh, whereas if they are far away the food will not be as fresh as possible and this is good for both McDonalds and there customers.

The McDonalds restaurants must be located next to good transport links so there are easy ways for suppliers to get to the restaurant; also it must be a place easily accessible for customers. For example if a McDonalds restaurant was at the top of a tall hill with no roads going up it, it would be very hard for suppliers and customers to get there

There are many McDonalds restaurants located in and around Southall- below are a few examples:

- 1) Lombardy Retail Park
Hayes
UB3 3EX
- 2) 22-24 Station Road
Hayes
UB3 4DD
- 3) Iron Road
Uxbridge Road
Southall
UB1 3EG
- 4) Bath Road
Hounslow
TW6 2AA
- 5) 200 High Street
Hounslow
TW3 1HE



This map above shows all the McDonalds restaurants surrounding the Southall area.

McDonalds UK headquarters are located:

McDonald's Restaurants Ltd.
11 - 59 High Road
East Finchley
London N2 8AW

Criteria 1C

In criterion 1C I will be explaining how McDonalds main activities, there type of ownership and location help them to achieve their aims and objectives.

Features	How they help McDonalds to achieve their aims and objectives.
McDonalds main activities	<p>One of McDonalds main activities is to advertise their products; this will help to attract more customers. This will also help them to make a larger profit- their main aim.</p> <p>McDonalds employ a large number of staff this helps them to give customers a fast and efficient service. This will mean customers are happy and satisfied with the service they are being provided for by McDonalds meaning they have fulfilled one of their main objectives.</p> <p>McDonalds staff are also responsible for making sure that the premises is kept looking clean and presentable at all times. Another activity staff at McDonalds have began doing is cleaning up the area surrounding any McDonalds area- this will help them get one step closer to having an environmentally friendly image and therefore achieving another one of there aims.</p> <p>Supplies need to be bought from nearby suppliers, meaning they are fresh and of the best possible quality. The better the quality of the food they are selling the more likely it is that McDonalds will become the world's largest fast food supplier.</p> <p>All food is prepared on the premises- this means it is extremely fresh and therefore tastes much better. If the food tastes good then when people taste it they will be more likely to tell there friends about there experience and revisit McDonalds. This will help to increase sales within McDonalds and therefore profit.</p>
McDonalds being a PLC and a franchise.	<p>The profit a franchisee of McDonalds makes will be dependent on the amount of sales their restaurant is making as the franchisee gets a percentage of the profit. If the restaurant does well, the franchisee will be making more money, on the other hand if the restaurant doesn't do well, the franchisee will make little money. This means that the franchisee will be concerned with how well the business is doing- this will motivate them to</p>

	<p>improve the service they are providing this may be done by improving the quality of their food and customer service, which is one of McDonalds objectives. If these things are improved customers will leave McDonalds feeling happy and therefore more likely to return. This will in turn increase sales and therefore profit which is one of their main aims.</p> <p>McDonalds is well known worldwide, so if someone were to see the McDonalds name, they would instantly familiarise with it. Because they are familiar to it, they trust the name and brand, which is what persuades them to go in and eat there. This will help them to maximize sales within McDonalds – one of there objectives.</p> <p>Shares from public limited company's can be sold to the general public; a large amount of profit is made from share issue. Because so many people are involved in the business, more individuals are willing to invest in the business, meaning that McDonalds can invest in more restaurants, this will to enhance the McDonalds name another of there aims, it will also help to increase profit. If McDonalds is making more money they can afford to sell products at a lower price helping to make them more competitive.</p> <p>One of the advantages of being a PLC is that they can produce their food at a lower cost and they can borrow things for a cheaper price. This means that at the end of the day their profit will have gone up.</p> <p>All of these things help to increase profit- if McDonalds profit increases then in theory they have more money to spend on trying to become more environmentally friendly. Some of the profit could be put towards setting up an environmental group to help keep young children educated about the importance of keeping our environment clean.</p> <p>If there is a customer of McDonalds who regularly visits a specific store they will become familiar with staff operating at that branch, as it is a franchise. This will persuade them to continue visiting McDonalds on a regular basis and therefore sales will increase along with profit.</p>
<p>Location of McDonalds restaurants.</p>	<p>If McDonalds decide to locate somewhere where the price of land is fairly low then it would be very beneficial for the business. This is because it would mean they are spending less money on buying the property and therefore are able to spend more money on improving the service or quality of food. It will mean that they are more appealing to</p>

people meaning more people will dine at McDonalds- increasing sales and profit.

The need for a business to locate where customers are is strong because it will increase customers visiting McDonalds by a large amount. If it is close to where large amounts of people stay then more people are able to visit the restaurant quickly and conveniently. This convenience will leave the customer feeling content with there visit so McDonalds would've met one of there main aims.

McDonalds employees play a large role in there success- without them many things would not be possible. For this reason McDonalds restaurants must locate in an area where people are able to work, if there are residential areas located closely this will help as people living there would be able to work in the restaurants. Cost of labour is also an important factor: if cost of labour is high then they will have increased expenditures and a smaller income. This is why they should look to locate in an area where cost of labour is low. This will help them to achieve their goal of making a profit.

McDonalds could potentially benefit from being located close to strong competitors such as KFC and Burger King because having competition should motivate staff to work harder to make McDonalds service more competitive by providing better customer service and meeting one of there many aims. However, on the other hand it could be a disadvantage as some customers may decide to go to KFC rather than McDonalds- this would mean sales decrease.

Locating in an accessible area can save a lot of money. If there are motorway and road links close to the restaurant then petrol money can be saved leaving McDonalds with a larger profit.

An accessible place would also mean convenience for customers- if more customers are able to visit McDonalds conveniently then McDonalds should make a larger profit.

Criteria 1A

Over the years McDonalds have made many changes. When beanie toys were first introduced in the happy meals, sales of happy meals rose phenomenally. In just 10 days sales went from 10 million to 100 million. This was great for McDonalds as if children want to go to McDonalds, parents are having to with them too, and the parents were more likely to purchase something. By attracting kids to come and eat at McDonalds, parents are also being encouraged to eat there too.

I believe this was a very beneficial move for McDonalds in the short term as they provided customers with what they wanted resulting in an increase in sales, however in the long term people became increasingly concerned that young children were indulging too much in unhealthy, fast food. There was much pressure of McDonalds to stop targeting young vulnerable children so much. Although this really helped McDonalds as a business, I believe that morally it is wrong for them to encourage young children to live this way. McDonalds have added a more healthy option to the happy meals- in my opinion this is very good as young children are very much influenced by McDonalds and so will be more likely to eat healthy foods at home.

Recently, things haven't been going so well for McDonalds, sales have plummeted, in 2004, the sales went down by 71%. This is due to a lot of media attention on the contents of the food sold in the restaurants and the amount of fat content. A film was made called super size me focusing on a man who ate nothing but McDonalds meals for a month. At the end of the month his health was very bad. I believe this is what led to McDonalds downfall. It's caused them to change their menu to try and encourage people that their food is now healthy. They've introduced a breakfast menu consisting of toast, coffee, muffins, porridge, yogurts, bagels and a fruit bag. They've also introduced a range of salads; this idea has worked well in the US, where sales have begun to increase again. In the kid's happy meal you now get a fruit bag and the fries have reduced amounts of salt put in.

Changes have also been made to the way the restaurants are presented, to make them look more modern as McDonalds is no longer considered a "cool" place to go for teenagers. In some restaurants TV and Internet is available, to try and encourage teenagers to come in. personally, I believe that this was a good step for McDonalds to take as it would help them to detach McDonalds from there former frowned upon selves and help them to get a new, improved image. It also means that the restaurant appeals to a larger range of people.

The golden arch has now been changed to a question mark. I think this was done because once the golden arch was what McDonalds was associated with, but they want to let go of everything from before and make a complete change. This has all been done in a bid to win their customers back. This seems to have worked as sales have began slowly increasing again.

Although McDonalds have made many drastic changes in the recent years, there is still much that they could do to improve their image. One of the activities that they have carried which has been extremely controversial is the retrieval of meat from the Amazonian rainforest, which was derived by cattle ranching. To compensate for this, they could perhaps start a small organization whereby individuals from

McDonalds make regular visits to local schools and educate young children about the need to have a healthy, balanced diet and why it is essential for the environment to be kept clean and litter free. They should carry out fun activities with the children meaning they stay interested. They must teach them the consequences of unhealthy eating and what will eventually happen if the environment carries on being treated in the way that it is being now. On a larger scale McDonalds could even make trips to the Amazon rainforest and educate locals about alternative ways of living rather than logging, cattle ranching, etc. I believe that McDonalds should make teaching young children about the drawbacks of unhealthy eating and destroying the environment a priority and it should become another of their aims.

Criterion 1

Sole trader

“Sandhu

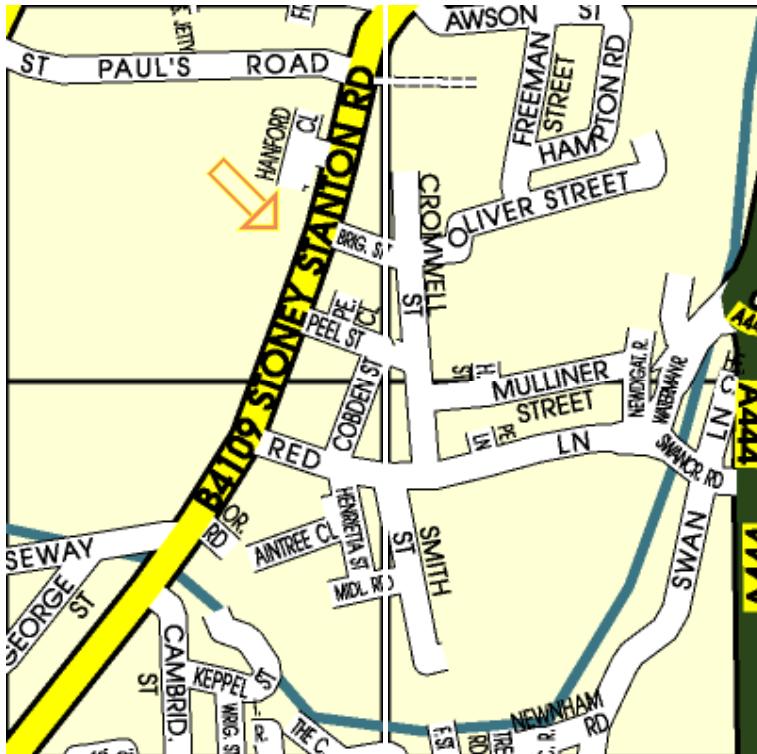
Wines”

Criterion 1F

For my portfolio I will be looking into Sandhu Wines an off license. For criterion 1F I will be describing its main activities and their aims and objectives.

Sandhu Wines is in the tertiary sector as they sell ready-made goods onto customers. Their main activities are to run the business day in, day out. Mr. Sandhu, the owner of Sandhu Wines purchases and transports products from a cash and carry situated close to them although bread and milk is delivered to the shop every other day. Due to stiff competition, Mr Sandhu relies on customer loyalty, meaning he must interact with customers on a daily basis.

Sandhu Wines is situated on 219 Stoney Stanton Road; there are many reasons as to why Mr Sandhu decided to buy a shop in such a location. At the time of purchase there was no competition nearby from other off licenses, meaning they would make a lot of sales. There is a pub located next door to Sandhu Wines; this would encourage punters to buy something from the shop. There is also a block of flats and other residential areas close to the shop meaning that residents would regularly visit the shop. Sandhu Wines is located on a main road, so it there is easy access for customers and is visible to more people. When the shop was bought land wasn't as expensive as it is now, this means that when Mr Sandhu decides to sell up, they will make a profit due to the rise in price.



The arrow on the above graph shows the location of Sandhu Wines.

Aims that Sandhu Wines aspire towards:

- To make enough profit to provide a good life for family.
- Provide a very competitive service.
- Stay in business and perhaps expand in the future and begin sell more products.

Objectives to help them achieve their aims:

- They wish to provide a good, friendly and efficient service whereby customers are satisfied.
- They want to continue communicating with customers on a personal level.
- Attract customers into their shop using special offers and cheap products.

Sandhu wines is a sole trader, there are benefits and drawbacks of being a sole trader.

Advantages:

- You provide your own service, the way you want.
- You make your own decisions regarding the future of your business.
- There is little legal paperwork to be carried out.
- You form a bond with regular customers, which encourages them to come back again and also mean your business is advertised by word- of- mouth.

Disadvantages:

- Unlimited liability meaning the owner must pay off any debts and they could lose personal belongings.
- Because it is your business, you work 7 days a week.
- The capital the owner invests in the business may have come from their savings.
- Owner needs previously developed business skills.
- Business ends on owner's death

Criterion 1

In this section of Criterion 1 I will be explaining how where Sandhu wines is located, Mr Sandhu's main activities and the fact that Sandhu Wines is a sole trader help the business to achieve its aims and objectives.

Aims and objectives	Types of ownership	Location	Main activities
Make a profit.	Being a sole trader allows the Mr Sandhu to make his own decisions, such as opening and closing times. This means that they can sell alcohol in the afternoon when there is a higher demand, which helps them make a larger profit.	As Sandhu Wines is located next door to a pub, the pub owners and visitors will see that there is a shop next door and may decide to pick up some alcohol on the way home. This will help increase sales, therefore profit.	They sell a wide range of products; sweets, alcohol, newspapers, freezer food, etc. This helps them to attract a range of people, from young school children looking for sweets, to newspapers and alcohol to attract older people.
Provide a highly competitive service.	Because they are a sole trader they will be running the business seven days a week so they will form a bond with regular customers, meaning they are more likely to come back again. This will result in an increase in customer satisfaction	Because they are located close to suppliers, they can spend less money transporting products, meaning they can keep products at a minimum price, making them more competitive towards Londis, a shop with very competitive prices situated close to Sandhu Wines.	Because Sandhu Wines is the only off licence on the road, they will be the main shop that locals will visit if they wish to purchase alcohol. This will help to increase sales along with profit.
In the future, to expand as a business	If Mr Sandhu did decide to expand, they could perhaps become part of a franchising chain such as Costcutters, because Sandhu Wines is doing well at the moment so it is likely that they will gain permission to sell other company's products.	As Sandhu Wines is located in a busy place with many residential areas, there is a large demand for larger shops such as supermarkets. If they expand it is likely that they will make large sales as prices normally decrease, as the shop becomes bigger and better known.	They could continue selling alcohol, ensuring that their shop will always be in demand.
Provide a good, friendly	As Mr Sandhu runs	Because Sandhu	Mr Sandhu finds his

<p>service, whereby customers are satisfied.</p>	<p>the shop, he will be entitled to use any technique he feels will make sure that customers are satisfied</p>	<p>Wines is located in an area easily accessed for a large number of people customers are more likely to leave the store feeling satisfied.</p>	<p>own suppliers; if he feels his current ones are not offering value for money he can look around to find cheaper suppliers. This means than they can then reduce prices of products, to satisfy customers.</p>
<p>Attract customers with cheap products and special offers.</p>	<p>Being a sole trader, Mr. Sandhu has the right to provide customers with special offers of his choice, which may help him to make his shop become more competitive.</p>	<p>Because they are situated on a busy road, whilst people are walking or driving in cars, they will see Sandhu Wines and the special offers which they have put up on the windows, this may encourage them to come in and purchase something.</p>	<p>Because Mr. Sandhu personally transports goods from the suppliers to the shop, he is able to save money, as it is cheaper to collect goods yourself rather than having them delivered. This means he can sell products cheaper than perhaps other shops.</p>
<p>Communicate with many customers on a one to one basis.</p>	<p>Because Mr. Sandhu runs Sandhu Wines seven days a week he will know many customers well, so he can address and communicate with them on a one to one basis.</p>	<p>Sandhu Wines is located close to flats and other residential areas, the same customers are likely to visit the shop more than once, so they can communicate with them regularly and they may become friends. As Mr Sandhu works and lives at the same address he may already know some customers which is good because they are then more likely to visit the shop regularly.</p>	<p>It is normally Mr Sandhu who works on the shop floor providing customer service. This means that customers will eventually familiarize with him and therefore he will have an advantage over other shops located in the area- making his shop more competitive.</p>

