

## McDonald's: Customer-centric Product Innovation

*Customer-centric product development process brings more innovation into products*

McDonald's has shifted its focus from 'operation, distribution, and cost' to 'customer' to unleash innovation in market growth. By listening to customer, McDonald's is able to generate innovative thoughts at all the touch points such as corporate offices, internal departments, and restaurants.

McDonald's has started an innovation strategy called 'Think Big, Start Small, Scale Fast' to bring innovation across all the restaurants including owner-operated franchisees. It has started a new Innovation Center, Innovation Council and Strategic Innovation Process to enliven the entrepreneurial spirit across the chain.

**Product development process** is a multi-stage process of bringing new products into market. Companies organize their product development process with the help of product managers, product committees, product departments and product venture teams

The Innovation Center is a giant warehouse where several model kitchens experiment on various ideas for innovative product development. Kitchen equipment is also replaced based on the new product development. Product testing is done in the innovation centre and test marketing is done at 50-100 restaurants for fast prototyping. For example the new products such as 'Angus snack wrap' calls for 40 seconds of assembly and juicy Angus Third Pounder burgers have to be stick them in a soft flour tortilla to make them appetizing products.

Innovation council with all stakeholder members questions the status quo and pushes everyone to understand customer dormant needs before customers ask. All the 13,000 restaurants launch new products to the customers such as spicy chicken or new breakfast menu.

Topics	Course
Product Development Process: New product development: Unit 13.4	Marketing Management

**Source:** *Link Innovation with Strategic Intent, Business Standard, January 20, 2014.*