

MCDONALD'S CORPORATION EXPANSION DECISION



McDonald's Corporation

McDonald's is looking to expand its presence Southeastern Pennsylvania. The franchise manager in this region has identified six towns where McDonald's currently does not operate or lease any franchises. All six are well-established towns and support a strong retail business base and offer varying degrees of growth in population and consumer spending. The franchise manager needs help determining which towns are the best fit for McDonald's expansion and has compiled a series of demographic descriptors from local census data to help rank the potential locations.

Local Census Data

	Hatboro	Horsham	Newton	Richboro	Warminster	Warwick
Population	20,000	25,000	30,000	35,000	40,000	10,000
Retail Outlets	100	350	400	450	600	250
Average Family Income	\$35,000	\$25,000	\$70,000	\$40,000	\$60,000	\$55,000
Competition	2	1	1	0	3	2
Start-up Cost	\$300,000	\$350,000	\$400,000	\$400,000	\$500,000	\$450,000
Taxes	High	Low	Low	Low	High	Moderate
Average Family Size	2.5	3	2	2.5	1.5	2
No. of Major Roads	1	4	3	4	4	2

A copy of this spreadsheet can be downloaded from: <http://tavana.us/mcdonald.xls>