



Keio Business School

McDonald's Japan (A) 5

“Winner takes all.” — Den Fujita Did he win or lose?

10

In December 1994, Den Fujita, president of McDonald's Japan, delivered a statement, “Mission Space Battleship McDonald's,” to its employees and franchisees. 15

Compared to the previous financial results, no matter what may have been the case on the ground, we exceedingly regret the number of our sales and profits in the fiscal year of 1994. We, as a result, have decided to change our marketing plan for the fiscal year of 1995, and to adopt the concept of value and price destruction to achieve glorious success the next fiscal year. 20

We, McDonald's Japan, hereby declare to start massive attacks by way of price destruction, and ask you all to be engaged in a mortal combat in the competitive Japanese restaurant industry. 25

My fellow employees and franchisees, follow the course of our actions!

Den Fujita thought that the deflation of the Japanese economy would continue in the long-term, and decided to implement a price destruction strategy to survive in the competitive Japanese restaurant market. In 1995, McDonald's Japan announced to increase its system wide sales^[1] from 250 billion Yen in 1995 to 500 billion Yen by 2000, the numbers of its restaurants from 1,400 in 1995 to 5,000 by 2000, and to increase its system wide sales to 1 trillion Yen by 2005. 35

The original version of this case was prepared by Satoshi Sekita, Noriko Kojima, Keiko Komiyama and Akira Nonami (former students, Graduate School of Business Administration, Keio University), under supervision of Takuro Yoda (professor, Graduate School of Business Administration, Keio University), as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. The English version was translated by Satoshi Sekita and Christopher McHale (former student, Graduate School of Business Administration, Keio University) under supervision of Takuro Yoda.

This case is published by Keio Business School. Inquiries about reproducing the case should be referred to Keio Business School (4-1-1 Hiyoshi, Kouhoku-ku, Yokohama-shi, Kanagawa-ken, 223-8526; phone +81-45-564-2444; e-mail case@kbs.keio.ac.jp). To order copies of the case, go to <http://www.kbs.keio.ac.jp/>

No part of this case may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of Keio Business School.

Copyright ©Takuro Yoda, Satoshi Sekita, Noriko Kojima, Keiko Komiyama, Akira Nonami, Christopher McHale (created October 2010).

[1] the total of company store sales and franchise store sales