

McDonald's: Global Marketing

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Abstract

McDonald's is a multinational corporation, is one of the leading fast food restaurant chains in the whole nation. In 1965, McDonald's turned into public limited company and entered into international market by joint ventures and franchising where only 15% is owned by the company and rest 85% is owned by joint ventures and franchises. McDonald's is entering into and globally expanding into multiple nations in different markets as a result of globalization. Localization is key to ensuring that a global company adapts to the local market. It is important to have good communications. It is recommended that McDonald's follow this strategy, i.e.: focus its attention simultaneously on business aspects that involve international standardization and regional sensitivity aspects. Processes should be streamlined where applicable, however, working on local markets requires retaining the required local flexibility. Mostly, McDonalds is moving towards standardization in their marketing strategy in order to retain a similar identity globally, so that anyone should be able to recognize McDonalds regardless of where they are in the world. But due to cultural differences, McDonalds had to adapt its products to suit local tastes, which is also common among international food retailers in general. A global brand such as McDonald's will effectively achieve global adaptation by recruiting the best people for the job. To ensure full business and customer awareness, comprehensive market research, systematic and unbiased evaluation and preparation should go hand in hand.

Keywords: Marketing strategy, international standardization, customer awareness, local market

Introduction

McDonald's is a multinational corporation, is one of the leading fast food restaurant chains in the whole nation. This corporation came into existence in 1954 as a follower of Kentucky Fried Chicken (KFC) in the fast food restaurant industry. In 1965, McDonald's turned into public limited company and entered into international market by joint ventures and franchising where only 15% is owned by the company and rest 85% is owned by joint ventures and franchises. McDonald's is entering into and globally expanding into multiple nations in different markets as a result of globalization. It serves more than 58 million customers day to day with business in approximately 120 countries across the world. It is one of the most well-known and popular brands in the world. And, it also has a leading share of informal eating-out market in virtually every country in which it operates in the internationally distributed rapid service restaurant segment. "Think global, act local" is the concept developed by McDonald's which relates to glocalization marketing strategy (Vignali, 2001).

As a result of glocalization marketing strategy, McDonald's produces unique products depending on the nation for each country by using local assets, local goods and services (Vrontis & Pavlou, 2008). As we know that McDonald's Corporation is doing an international market business, so in this paper the international marketing strategies of the company will be discussed. This paper examines the global marketing strategy of McDonald's Corporation and its effective growth. The objective of the paper is to analyze and identify the key for its branding and success strategy in multiple nations. The study is focused on different marketing strategies implemented by McDonald's. It will look at the strategies by analyzing the following countries: United States, Japan, China, Germany, Indonesia, India, Morocco, Switzerland and Turkey. The research found

that McDonald's has adopted different techniques in their international marketing on both globalization and localization approaches.

History

Two brothers named Dick and Mac McDonald's start McDonald's. They opened a Bar-B-Q restaurant on San Bernardino, California's Fourteenth and E streets in 1940. During this time, a wide menu was created with car hop service with drive-in option. The brothers shut down the Bar-B-Q restaurant just three months later after eight years due to the improvements (The McDonald's History, n.d.). We reopened the restaurant in December 1948 and launched a self-service restaurant featuring drive-in. The wide menu was drastically reduced to nine items, with a hamburger of 15 cents being the lowest price item. In 1949 on the McDonald's menu, French Fries and Triple Thick Milkshakes came into being.

Ray Kroc, a multimixer salesman, was fascinated by the McDonald's operation in 1954 and was suggested to have a McDonald's brothers franchise offer. With this, on April 15, 1955, Kroc opened his first Illinois restaurant, where profits for the first day were \$366.12. The University of Hamburg was later opened in 1961 with a Bachelor in Hamburgology from McDonald's restaurant. On January 31, 1990, the first international McDonald's restaurant was opened in Moscow, serving about 30,000 customers on the opening day. And in Melbourne, Australia, opened the world's first McCafe in 1993. Many sweets from McFlurry have been introduced to the menu of McDonald's Canada. On September 2, 2003 in Munich, Germany, the first international ad campaign "I'm lovin' it" was released. In aid of McDelivery with UberEATS. McDonald's also launched Global McDelivery Day on July 26, 2017. Given the enormous success that McDonald's brand has become, the food chain is expanding throughout the world to almost every major city in the world. The company's success rate cannot be doubted as it is cost-effective and user friendly.

Marketing Strategy

McDonald's corporate vision is *"to move with velocity to drive profitable growth and become an even better McDonald's serving more customers delicious food each day around the world."* This declaration toward the company's growth strategy was adopted in 2017. From the McDonald's vision statement, it can be understood that it wants to serve the most delicious food every day and become the world's favorite fast food brand. A business-level approach must be selected with due care in order to achieve this dream. A company's marketing policy can be calculated on the basis of: 1) Marketing philosophy, 2) Time of entrance in and, 3) Nature market served (Azim & Azim, 2012). McDonald's marketing strategy and its effectiveness is discussed in detail below.

Marketing Philosophy: In theory, marketing ideologies are the principles under which organizations design and implementing their marketing strategies. There are various marketing philosophies which are based on the concepts of production, product, selling, marketing and social marketing as well as pull strategy and push strategy. Since its formation, McDonald's has been implementing pull strategy and no strategic change was made by the McDonald's in 2004 when marketing strategy was evaluated in this aspect. Throughout 2004, McDonald's not only modified the design of their menus and services throughout various countries, but also changed the pattern of their advertising campaign. In short, we can reach to the conclusion that McDonald's changed the entire framework of marketing efforts, however, the core advertising approach was the same despite it.

Time of Entrance: As mentioned above, McDonald's company was founded in 1954 as a Kentucky Fried Chicken (KFC) follower in the fast food industry. In 1965, McDonald's became a public limited company. McDonald's entered the international market through franchising and

joint ventures after gaining a prominent position in the USA with present statistics as 15 percent of the total restaurants on their own and the rest 85 percent operate on franchises and joint ventures.

Nature Market Served: Since its inception, McDonald's has been a fast food chain and has been chasing the KFC on the market to compete with the same. Our aim here is to identify the techniques that have led to the returns of McDonald's. Today McDonald's holds the title of the biggest restaurants in fast food by serving 58 million customers across 120 countries around the world.

McDonald's Growth Marketing Strategy

McDonald's ' pre-2004 growth marketing strategy was a frontal attack as McDonald's also tried to capture significant repeat sales from existing customers of the company by providing more attractive features in existing products at the time. McDonald's changed in 2004 to change its marketing strategy from a frontal attack to a sales growth plan for leapfrogs. The McDonald's tactical change is due to changing people's needs and patterns from rich and nutritious food to safe and diet food. McDonald's was pointed out with people's issue of rising obesity. Several NGOs have proclaimed McDonald's to be responsible for the children's growing obesity. McDonald's reacted by revolutionizing its menu from safe and diet food to rich and nutritious food in different countries. Not only did McDonald's alter the style of his menu, but it also modified the design of its ad campaigns. McDonald's has launched its sports advertising campaigns and services. The slogan for Healthy and Active Life Style was introduced by McDonald's. Under the slogan of Healthy and Active Life Style, McDonald's began many other initiatives to improve its market position and keep the business. McDonald's was the first to launch low-fat cheese burgers, diet ice creams, healthy shakes, low-fat milk jugs, fresh fruit juices. Such types of changes are made according to the culture and tradition of these countries in the personalized menus of the different

countries. McDonald's, along with its various food packs, have included the balanced truth. These McDonald's efforts trapped customers who were health conscious in a very healthy manner.

International Marketing Strategy

McDonald's Healthy and Active Life Style marketing strategy is regional in nature, but it is also introduced nationally. This means that McDonald's marketing efforts shifted their focus from rich fast food to safe fast food but in different countries in different personalized ways. Menus and services have been revolutionized, but focused on current country custom menus. There is also a need to address the change in the 2004 McDonald's international marketing mix which is also known as 4Ps. This 4Ps is a collection of marketing tools used by the organization to achieve its target marketing goals which refers to Product, Price, Promotion and Place (Kolmakova, 2017).

McDonald's followed to develop a country specific product since its origination because of having highly customized menu and services in different countries. McDonald's takes the strategy of price skimming in selling their products. Initially, McDonald's charged high prices for newly introduced goods and then started offering discounts to make the product affordable to the country's middle and upper middle class. Depending on the country's economic conditions it offers different rates in different countries. McDonald's is putting its restaurants in the targeted area's best places where many are in the world's urban and semi-urban areas. McDonald's target market is the upper and upper middle classes, and most McDonald's are clustered around the world in the urban regions. McDonald's marketing policy throughout the world is not uniform. When creating any advertising campaign for individual countries, McDonald's recognizes the economic, social and religious values of the countries. In 2004, McDonald's introduced a global slogan of Healthy and Active Life in its advertising campaigns by perceiving an ever-increasing trend for wellness

among people around the world (Azim & Azim, 2012). The campaign sought a huge market share for McDonald's and left the record for the year 2004 with the highest ever revenue growth.

Global Branding Success

In order to discover effective global branding strategies employed by the company, McDonald's continued success is worth examining. Their uniformity is the first key to McDonald's success. Whatever country you're visiting in a McDonald's, the same performance, service, and food are guaranteed which is standardization. Consumers depend on reliability, regardless of location, admiring the equal value. A cultural awareness is the second key to McDonald's global success. McDonald's did their research explicitly before entering a foreign market (Kirk, 2018). Although traditional American foods like the "Big Mac" appear on the menu, they adapt to their menus locally. In Thailand, for instance, McDonald's offers a unique "Samurai Pork Burger." Another example is the Croatian "Tzatziki wrap." According to the regional tastes of the customers they serve, McDonald's developed variations in almost all the countries they entered.

Strategic market segmentation is another key factor for the multinational brand's popularity known as McDonald's. McDonald's are aware of their biggest players and consumers' audiences. In the United States, the brand's largest market, McDonald's fulfill the children's needs with "Happy Meals," play cards, and even the happy clown's brand image "Ronald McDonald." Their adaptability is the fourth major factor contributing to McDonald's global success (Kirk, 2018). McDonald's keeps up with cultural trends and adapts its menus to fit with the local trends in a cohesive manner which requires higher communication and production costs. For starters, McDonald's added healthy options such as salads and fruit to their menus when the health epidemic swept the United States. This ability to recognize differences in culture and trends and change thus enables the company to thrive as a global brand.

McDonald's in Several Countries

As a global business brand, McDonald's strategies employ strategic marketing tactics, such as segmentation and experimental / product testing. Comparing strategies for different markets in the world will make a big difference (Racoma, 2019). Some of the countries are discussed below.

United States: McDonald's spends the largest part of its budget. In its home country, where it has the largest audience, the company conducts most new product trials and developments. The company's marketing is usually geared to kids in the United States, where McDonald's produces about 250 commercials annually. For a limited time, McDonald's provides McRib's.

Japan: The Japanese advertisements concentrate on both adults and kids, with features special to the local environment. Japanese food from the rest of the world is very distinct. McDonald's kept the menu for the U.S. market in the initial stage in Japan. But it slowly replaced and added menu items to match the tastes of Japan. Green Tea ice cream, Rice Burger, Seaweed Shaker and Teriyaki Burger have been launched by the brand (Racoma, 2019). Shrimp burgers, shrimp nuggets, milkshakes flavored with green tea and breakfast meal with hotdogs, mustard, ketchup and enjoyment were also introduced to the Japanese McDonald's franchise. Because the Japanese's appetite varies from the rest of the nation, the burgers, fries and drinks serving sizes in Japan are smaller.

China: For McDonald's, China is a big market, considering that it has 2,700 outlets in China. It adjusted to regional tastes and preferences in typical fashion. Instead of chicken breast meat, McDonald's uses chicken thigh meat in his chicken burgers because it is the choice of the local people. Grilled Chicken Burger is a Chinese New Year meal eaten with curly fries and the 12 animal signs of the Chinese horoscope. In addition to regular sauces like Honey Mustard, Sweet

and Sour and BBQ, Chicken McNuggets from McDonald's China also have Chili Garlic Sauce. In 2001, soups such as Corn Soup and Seafood Soup and Vegetable were introduced.

Germany: Since Germans love eating food, their burgers blend sausages from Nürnberger with beef. And it is understood that Germans enjoy their beer with meat, so beer is also served by McDonald's outlets in Germany.

Indonesia: Most of Indonesia's population is Muslim, and McDonald's is tailored to the population's eating needs by replacing pork with fish. Throughout Indonesia, McDonald's outlets are Halal, and since Indonesians prefer rice over bread, they often serve rice along with some spicy meals that local people prefer.

India: India has a very large consumer base and McDonald's has tailored its menu to fit the tastes and preferences of the locals. Beef is substituted for chicken. The Maharaja Mac is the standard Big Mac's local version. In India, McDonald's offers Masala Grilled Veggie Burger, McAllo Tikki and McVeggie to cater to vegetarian customers. The company opened its first vegetarian restaurant in 2013 to serve local vegetarian customers.

Morocco: Sandwiches for pita bread are available in Morocco. Common spices like coriander and cumin are also used by the media. McDonald's presents Ramadan's special menu. They call it f'tor and the meal is a Big Mac, milk, dates and common Moroccan soup.

Switzerland: The McRaclette is only sold in Switzerland's McDonald stores. It is a raclette cheese beef sandwich, special raclette sauce, onions and pickles of gherkin.

Turkey: The "Only in Turkey" products of McDonald's are interestingly burger related products. McDonald's Turkey serve Köfte Burger, Mangal Burger, Leziz Etli Burger, Leziz Tavuk Burger, Acılı Tavuk Burger, Double Köfte Burger, Ayran and Turkish Breakfast Plate (Kolmakova, 2017).

Conclusion

Localization is key to ensuring that a global company adapts to the local market. It is important to have good communications. To ensure accurate translation of documents, including advertising and marketing slogans and menus, a global company will partner with a skilled translation service provider. It is recommended that McDonald's follow this strategy, i.e.: focus its attention simultaneously on business aspects that involve international standardization and regional sensitivity aspects. Processes should be streamlined where applicable, however, working on local markets requires retaining the required local flexibility.

Mostly, McDonalds is moving towards standardization in their marketing strategy in order to retain a similar identity globally, so that anyone should be able to recognize McDonalds regardless of where they are in the world. But due to cultural differences, McDonalds had to adapt its products to suit local tastes, which is also common among international food retailers in general.

A global brand such as McDonald's will effectively achieve global adaptation by recruiting the best people for the job. To ensure full business and customer awareness, comprehensive market research, systematic and unbiased evaluation and preparation should go hand in hand. Potential demand, analysis of different issues from social, financial, legal, work practices and guidelines for imports should be present. McDonald's should take into account social costs and social benefits rather than just internal costs or internal benefits such as the effect of their policies on the environment or on the public when opening their stores in other countries. Their policies should not interfere with customs, practices or religious beliefs of the host countries. With their marketing strategies they have to be very alert, different signs with various cultures and societies have different connotations. In other nations, what is nice and appropriate in the US may be very offensive.

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