

McDonalds in india assignment



BACKGROUND American restaurant chains have been opening their doors more and more during the last five years. Wherever you go, if you are traveling in your car in Caracas City, you can see McDonalds, Bennigan's, Chili's, Pizza Hut and Burger King. McDonald's is one of the world's biggest food service retailers which every day serves 50 million customers in 119 countries across the world through 30, 000 restaurant outlets. McDonald's opened its door in India in October 1996 in Vasant Vihar a colony of New Delhi.

From 1996 till today McDonald's has successfully a total of 58 restaurants and is also planning to add another 90 new restaurants within the next three years. THE TRADITIONAL INDIAN FOOD AND RESTURENT AVAILABILITY India is a country of tradition and culture, its tradition and culture is like a pearl necklace where every beautifully white pearl represents customs like respecting elders, joint family tradition, and strong religious perspective that even extends to their food habit.

The Indian people are mostly fond of their own regional foods such as samosa, kababs, chola bhatura, pakoda, aloo-paratha, poori-bhaji, dosa, and sambar vada are popular among Indian consumers and are available in both specialty and multi-cuisine restaurants throughout India. Home - cooked foods are not only a preference but are also a matter of pride for most Indians. There are approximately 22, 000 registered restaurants in India.

In addition, there are more than 100, 000 dhabas (small roadside food stalls) that sell a variety of foods in cities and on highways. By 1998, there were approximately 1, 568 registered hotels in India, half of which have their own

restaurants. In addition, large to medium-range canteens serve the food needs of various institutions such as hospitals, prisons, defense establishments, schools, colleges and universities, railways, airlines, government establishments, and private companies. EXPLOSION IN THE FAST FOOD BAZAAR

A noticeable increase in the India's food service sales in the early 1990s has changed the whole scenario. Several factors like growing income, percentage increase in urban population, dual income households and a shift in the traditional Indian food habits have increased the processed and fast food sales. INCREASING INCOME INCREASES SPENDING ON FAST FOOD It is due to India's decade long liberalization of economic policies that the GDP growth rate increased to 6% from 1992 to 2002 and is likely to reach 7% by 2010.

If this rate is maintained then GDP per person will double in only 18 years. However this rise in economic growth is mainly enjoyed by the fastest - growing states like Delhi, Maharashtra, Karnataka, West Bengal, and Gujrat. Moreover 20% of the richest Indians share more than 40% of the national income The growth in incomes in the top band has been experienced by both urban and rural households, both of which have roughly doubled as a share of the total population over the 1990s.

SPEEDS UP SPENDING ON FAST FOOD IN URBAN AREA From 1975 to 2004 the percentage of urban population has increased from 21% to 28% and is likely to increase to 36% by 2025. As the urban areas like Mumbai, Delhi, Kolkata, Pune, Chennai, Hyderabad, Bangalore, Ahmedabad, Ludhiana, and

Nagpur are mainly populated by high income Indians and the number of The number of dual income households, where both husband and wife work, is slowly increasing in urban areas.

Nowadays packaged rice, prepared yoghurt, packets of flour, frozen chickens, and marinated mutton (goat or lamb meat) are fast replacing curdling, grinding, and handling of market-bought fowls and haunches of mutton. A SHIFT IN THE TRADITIONAL INDIAN FOOD HABITS In today's fast life and due to globalization the world has become pretty small people from different countries are now familiar with their neighboring countries and also other countries culture to some extent.

High-income urban dwellers are seeking variety in their choice of foods and are willing to spend more on international cuisine, including fast foods.

Consequently, a growing number of domestic fast food outlets, home delivery, take-away restaurants, and American restaurant chains, such as Kentucky Fried Chicken (KFC), TGI Friday's, Domino's Pizza, Pizza Hut, McDonald's, and Baskin Robbins, have opened in the last few years.

SWADESHI MANTRA As India was controlled and dominated by the British government so after its independence in 1947 Indian political leaders propounded vigorously the swadeshi mantra. At the same time they put into action the policies of economic nationalism in which heavy state intervention in economic matters and preference for domestic companies continued until the late 1980s. India's sensitivity to cultural imperialism, the so-called Western cultural domination over Indian values, traditions, religious beliefs, customs, and food habits, made the entry of foreign multinational corporations (MNCs), particularly in the food industry, difficult.

PROTECTIVE GOVERNMENT BEFORE 1990S In the late 1980s the government took control over the economy by means of protective trade policies; price control; licensing requirements for companies to relocate existing facilities, establish new plants, expand production, and introduce new technology or new product lines; severe constraints on the in-flow of foreign capital and technology; and extensive regulatory intervention on market activities.

Government - fixed exchange rate were imposed on companies causing a huge loss thus slowing down the Indian economy.

Moreover India started borrowing money heavily from the commercial sources, World Bank and Asian Development Bank to finance its growing budget deficits. This very deficit arose due to the failure of the government to control the public sector employment, subsidies, military expenditure, and interest payments. By 1990, India's economic situation was in a critical

stage. **CREATING A MARKET- FRIENDLY ENVIRONMENT PULLED THE MNCS AND FDI** It is only due to the flexibility of the economic system that lead to the market friendly environment which attracted the MNCs and FDI. Whereas

a number of U. S. based fast food chains like KFC and Pizza Hut rushed to the Indian market in the early 1990s as result of the Indian government's liberalization policies, McDonald's did not enter the Indian market until 1996

as they took six years in order to plan and went through a deep research regarding Indian consumer tastes, product development and supply chain arrangement. **AN INTRICATE DESIGN FOR MCDONALD'S** Every organization

has its own style and techniques of achieving their goal. Organizations thrive to meet their goal but actually meeting it takes a lot of hard work, teamwork, tactics, techniques, unique ideas and many more.

Customer satisfaction, employee loyalty, profit are some of the scales based on which a company can conclude whether that very organization is performing well or not. MCDONALD'S - A GLOBAL COMPANY ACTING LOCAL McDonald's India is a joint-venture company managed by Indians. It is a 50-50 joint venture partnership between McDonald's and two Indian business men from Mumbai and Delhi respectively. Through their knowledge that revolves around the core of Indian business and their good relationship with the government. In Western India, Amit Jatia's company, Hardcastle Restaurants Private Limited owns and manages McDonald's restaurants.

In Northern India, McDonald's Restaurants are owned and managed by Vikram Bakshi's Connaught Plaza Restaurants Private Limited. ' COMPLETE NO - NO' - BEEF AND PORK In order to avoid any conflict with the government and respecting the religion culture of the Hindus and Muslims McDonald's does not offer any beef and pork item in their restaurants in India. They only allow chicken, fish and vegetable products. Moreover they have re formulated some of their products using Indian spices. They offer items like ' Maharaja Mac' McAloo Tikki Burger (breaded potato and pea pattie)—were added to the menu to lure India's middle class.

Approximately 75% of the menu available in McDonald's. A STEPPING STONE FOR MCDONALDS - EMPLOYMENT OPPORTUNITY One of the main important reasons for such flexibility is the employment opportunity that McDonald's provide to the local people of India. McDonald's restaurant in India employs more than 100 people in all kinds of positions— cashiers, cooks managers, etc. Besides, every expansion also brings additional income and employment

opportunities to India's agricultural work force, which is very pleasing to government officials. COUNTER NEGATIVE ATTACKS - GREEN SENSITIVITY

According to this group's campaign, junk food chains like McDonald's and KFC destroy ecological balance and cause severe behavioral disorders because of their fatty and unhealthy foods, which have excessive levels of monosodium glutamate (MSG). Moreover their target is only the rich kids. In order to counter such negative attacks McDonalds came up with several initiatives called Green movement containing, " We love green", " Keep your city clean"—to promote environmental consciousness, " Olympic Day Run" - to increase awareness for an active and healthy lifestyle, McCurry Pan - baked health food.

GIVING BACK IS GOOD BUSINESS McDonald's believes in giving back to the community it serves. Wherever McDonald's goes, it becomes a part of the community it operates in and contributes towards the development of the locality. McDonald's has introduced the concept of projects that mainly revolves around children containing •McDonald's Spotlight •World Children's Week •Blue Dot initiative •Pulse Polio program •Millennium Pune Festival and Millennium Dreamers Global Recognition program PRICING STRATEGY

Thus McDonald's came up with several lucrative offers like Veg Surprise (a veggie burger) for Rs 17, Happy Price menu under which it sells four of its burger products at Rs20 each. This has led to a 25% increase in customers. Moreover McDonald's has also been offering value meals in a range of prices —Rs 29, Rs 39, Rs 49, Rs 59, Rs 79, and Rs 89. Another strategy that seems to have gone well with Indian customers is what the company calls the 80-20

menu board—80% visual and 20% descriptive this is a form of value ladder that McDonald's uses in its pricing strategy to attract all class of customers.

The main objective of the company is to make it easier for customers to understand what the 29, 39, 49, 59, 79, and 89 rupee options are. Coupled with the pricing range, McDonald's quick service, convenience, and no-tips environment have attracted many school- and college-going customers, as well as young middle-class families. VALUE MAXIMIZATION - INTERNATIONAL STANDARDS, COLD CHAIN QUALITY, SERVICE, CLEANLINESS AND VALUE INTERNATIONAL STANDARDS McDonald's in India only imports the process control equipment that allows it to dish out burgers and other orders within its super-fast time frames.

The company, however, sources 95% of its raw materials from 38 local suppliers. These local suppliers provide McDonald's with the highest quality, freshest ingredients. They also maintain complete adherence to the Indian government regulations on food, health and hygiene while maintains their own international standards. SERVICE McDonald's restaurant in India employs more than 100 people in all kinds of positions— cashiers, cooks managers, etc. Besides, every expansion also brings additional income and employment opportunities to India's agricultural work force, which is very pleasing to government officials.

CLEANLINESS AND VALUE McDonald's prices its products in such a way that a very large cross section of the Indian population can afford it. McDonald's does not sacrifice quality for value rather McDonald's leverages economies of scale to minimize costs while maximizing value to customers. Customers

in McDonald's get quality products in a clean and pleasant environment; and all at a fair price. QUICK SERVICE RESTAURANT (QSR) BUSINESS As a part of its Quick Service Restaurant (QSR) business, McDonald's has initially decided to open its outlets only within a 500-km radius of its main distribution centers in Delhi and Mumbai.

This is the reason why McDonald's has not opened a single outlet in metropolitan cities like Kolkata in the eastern part of India, despite the city's huge urban and cosmopolitan character. Besides Delhi and Mumbai, other places where McDonald's has opened up restaurants are satellite cities located near Delhi (such as Noida, Gurgaon, and Faridabad), or Mumbai (such as Pune); places with tourist appeal (such as Jaipur, Mathura, and Shimla); and cities with an eating-out culture (such as Ahmedabad, Chandigarh, and Bangalore).

The McDonald's outlet in Ahmedabad in the state of Gujrat is an interesting case. Ahmedabad is largely a vegetarian city. But, like other metropolitan Indian cities, Ahmedabad has a significant number of eating-out customers. Given long lines of people at the counter, it seems that McDonald's well-balanced menus of vegetarian and nonvegetarian items has provided enough choice and space for customers of this city. PARTNERSHIP WITH STATE-OWNED OIL COMPANY, RAILWAY STATION AND BUS STATION STATE-OWNED OIL COMPANY

BPCL is the leading petroleum retailer in India and has the largest number of petroleum stations in and around Delhi. It is important to note the shift in government attitude toward MNCs that led to a successful partnership

between McDonald's and the largest state-owned company. RAILWAY STATION AND BUS STATION In order to hit the lower middle-class Indians, McDonald's has partnered with a railway station and bus station in Delhi to open its outlets. Two drive-through outlets on the Delhi-Agra and Mumbai-Pune highways have proven to be successful. RESPECTING THE CUSTOMER'S CULTURE

In India, McDonald's opened with a beef-less and pork-less menu and special product formulations to accommodate Indian culture and palate. Amit Jatia, the joint-venture partner for McDonald's India (western region), says, "McDonald's has spent considerable amount of time to understand Indian culture". The menu consists of chicken, fish and vegetarian products that include milkshakes, soft serves and the world-famous French fries. French fries in India are not flavored with beef tallow, as is the case in the United States and elsewhere. Even the mayonnaise and ice cream contain no eggs. MCDONALD'S - A CHILD FAMILY RESTAURANT

McDonald's more often known as "McDonald's Family Restaurants," provide a clean, comfortable, and stress-free environment especially suited for working families. In weekends it becomes an attractive place for working and busy young parents on weekdays. McDonald's targets children as their main clientele in India by containing, •Children's parade - along the popular Marine Drive, led by McDonald's mascot, Ronald, who was accompanied by a 40-foot long float depicting the various tourist destinations in Mumbai. •Fun Zones—appeal to children and their parents, because they are considered safe, reliable, hygienic, and kid-friendly.

PROMOTIONAL OFFERS IN MCDONALD'S MUSIC MEAL This is launched in April 2005 in association with Coca-Cola India and Universal Music India—became extremely popular with young men and women. Through this promotional campaign, young people were offered free tickets to an exclusive hugely popular Bombay Vikings show upon collection of four McDonald's mini-CDs, which come with a large meal combo order. **COLD KIOSKS** Cold Kiosks, which are located either inside the main outlet or adjacent to the McDonald's outlet, offer customers an innovative range of cold desserts such as ice creams with unusual flavors like bubble gum, green apple, and peach.

KARMA -LUCKY ITCH These prizes have become enormously popular for the fate-driven Indian psyche, i. e. , “ if you are lucky, you are successful and win big. ” **CHALLENGES THAT ARE YET TO MEET** It's been nine years that McDonalds first set up in India; the burger giant has yet to make any net profit. McDonald's strategy of positioning itself as a family restaurant with an emphasis on local menus and local values seems to be working well in India. But to what extent McDonald's can continue its growth in India remains uncertain.

They need to expand more but due to poor transportation new transportation technologies should be built up which would add to the cost of its products. Despite these challenges McDonald's definition of value is broader than most restaurants of its kind - it is more than even the price. Value at McDonald's is the sum of the total McDonald's experience: quality food; fast, friendly service; a clean and pleasant environment and products priced for the largest segment of Indian consumers possible. That is value at McDonald's.

CONTROLABLE FACTORS OF MCDONALD'S IN INDIA INDIAN'S NEWLY FORMED GOVERNMENT'S ECONOMIC LIBERALIZATION POLICIES CREATE A MARKET FRIENDLY ENVIRONMENT TO ATTRACT FOREIGN DIRECT INVESTMENT. In response to this severe macroeconomic crisis, India's newly formed government introduced a series of economic reforms designed to decrease government control in the economy and move toward an increasingly market-based economy. India's economic liberalization policies were designed to create a market-friendly environment to attract MNCs and foreign direct investment.

As Indian government has abolished industrial licensing, control over capacity expansion, reduced income taxes, it will attract more and more investment. As a result of that there would be more job opening and unemployment rate will decrease as well. At the same time, McDonald's will also enjoying the same benefits because of such liberalization. THE HIGH QUALITY STANDARDS IN CLEANLINESS AND DATA LOGS MANAGEMENT MAINTAINED BY RADHAKRISHNA FOOD LAND As the core of McDonald's success is their unending desire and lust for perfection.

They believe that perfection is earned by means of customer satisfaction and by means of their efficient supply chain and in case of McDonald they made it possible. Radhakrishna Foodland distribution center maintains high-quality standards in cleanliness, including personal hygiene for the drivers, packing, and checking temperatures of the food it transports to various restaurants. The company maintains detailed data logs to track the movement of each batch of food items. In case of a complaint about a food item at any

McDonald's restaurants, the data logs help the company to identify the batch from which the particular food item came.

Then the company issues a warning or decides to discontinue the batch from which the food item came. THE PARTNERSHIP BETWEEN MCDONALD'S AND THE STATE-OWNED OIL COMPANY, BHARAT PETROLEUM CORPORATION LTD. (BPCL) McDonald's has partnered with the state-owned oil company, Bharat Petroleum Corporation Ltd. (BPCL), to set up restaurants at the latter's petrol stations in and around Delhi to make it more convenient for automobile-driving consumers. BPCL is the leading petroleum retailer in India and has the largest number of petroleum stations in and around Delhi.

Every day a huge variety of people from different state travels and stops in these petrol stations and McDonald being situated in these places will now be able to earn customer satisfaction of a greater number and variety of customers. This successful expansion of McDonald's means more profit which ultimately would end up benefiting the existing workers and would also lead to more employee opportunity. THE CONCEPT OF ' PURCHASING POWER PRICING" THAT LEAD TO GOOD INCREASE IN SALES VOLUME.

McDonald's throughout the world has achieved success by tapping middle-class households. But in India, while

McDonald's has been able to get a larger share of rich and upper-middleclass population, it has not been as successful at effectively tapping the middle-class and lower middle-class segments which lead to the model called " purchasing power pricing". Thus McDonald's came up with several lucrative offers like Veg Surprise (a veggie burger) for Rs 17, Happy Price menu under

which it sells four of its burger products at Rs20 each. This has led to a 40% and 25% increase in customers. Moreover McDonald's has also been offering value meals in a range of prices-Rs 29, Rs 39, Rs 49, Rs 59, Rs 79, and Rs 89.

Thus being able to increase its sales volume even making its products available at an affordable price. DISTRIBUTION CENTRE – RADHAKRISHNA FOODLAND TO SET UP A TRUCKING FLEET IN ORDER TO DELIVER MULTIPLE ITEMS McDonald's believes in mutual benefit; they believe if they benefit their suppliers they will get benefit in return i. e. it is a two way street. The distribution centre of McDonald's i. e. Radhakrishna foodland have focused all their resources to meet McDonald's expectation of ' Cold, Clean, and On-Time Delivery' and plays a very vital role in maintaining the integrity of the products throughout the entire ' cold chain'.

In order to enhance their efficiency McDonald's has helped to set up a trucking fleet to move supplies to restaurants at short notice. Each of the company's delivery trucks has three degrees of refrigeration—a freezer section for meats, a cold refrigerator section for vegetables, and a nonrefrigerated section for paper cups, napkins, and plastic cutlery.

CREATING OPPORTUNITIES TO INDIAN LABOR MARKET There was a time when the Indian government was not at all interested to let the MNCs enter into India whereas today they encourage every expansion move of McDonald's in India.

One of the main reasons for such change in attitude is that McDonald's around the world traditionally operates with local partners or local management. In India too, McDonald's purchases form local suppliers.

McDonald's hires local personnel for all positions within the restaurants and contributes a portion of its success to communities. In India McDonald's employs more than 100 people in all kinds of positions— cashiers, cooks, managers, etc. Besides, every expansion also brings additional income and employment opportunities to India's agricultural work force thus reduces the unemployment to a great extent at the same time building a goodwill in the government eyes; thus unlike KFC, McDonald's to a great extent is free from being in any political problem which itself is a huge profit for them. QSC&V (QUALITY, SERVICE, CLEANLINESS AND VALUE) It is QSC&V (Quality, Service, Cleanliness and Value) with which the meshwork of success of McDonald's is made. It is important to understand that delivering highest quality doesn't come easily. Customers, who walk into a McDonald's restaurant, expect to be served food that is hot and fresh, made from the highest quality ingredients, served within minutes of placing their order and at a price, which is affordable.

And this is achieved through the McDonald's unique cold chain network which ensures that food products move from farms to restaurants absolutely fresh, at the lowest possible cost and the unconditional and tips free service that the employees of McDonald's provide their customers. Thus leading to the expansion of restaurant numbers to improve convenience and large scale investment in supplier development, training and people. GROWING AVERAGE ANNUAL GROWTH IN GDP HAS CREATED MORE OPPORTUNITY FOR MCDONALD'S The long-term growth trend in India is improving.

The past three decades have seen a steady acceleration. Average annual growth in GDP per head climbed from 1.2% in the 1970s to 3% in the 1980s

and 4% in the 1990s. The growth rate climbed to 6% from 1992-2002 and is likely to reach 7% by 2010. If this rate is maintained, GDP per person will double in only 18 years. High GDP refers to more income and consumers are able to spend more, so it shows strong business potentiality in India.

McDonald's might enjoy smooth expansion because of increase GDP.

And at the same time, McDonald's will require a large number of skill labors to expand in the country which also shows a good opportunity for the labor force of India as well.

INVOLVEMENT IN MANY COMMUNITY RELATED PROJECTS AND CREATING MARKET POSITION ADVANTAGE The executives of McDonald's understand it well that giving back to society is not just a one-way street. It is also a critical element of a company's brand and reputation. Thus, as a part of its corporate citizenship strategy, McDonald's has been involved in many community-related projects in India. Most of its projects are, however, directed toward children.

Giving back to the community brings benefits that far exceed any costs, whether it's in terms of strengthening the brand name or generating positive political capital that is helpful for expansion strategy. McDonald's such strategy will create a positive among Indians and will be helpful for further expansion in India. AS MCDONALD'S IS ASSISTING ITS SUPPLIERS, THEIR BUSINESS IS EXPANDING AND WHICH IS HAVING A POSITIVE IMPACT IN INDIAN ECONOMY AS WELL. In some cases, Indian companies like Dynamix Dairies had the technology but no market for their milk derivative products.

By associating with McDonald's, Dynamix Dairies has seen a regularly growing expansion of its market. Now, it not only supplies products to

McDonald's restaurants in India, but also has an export order of approximately US\$12 million per year. As McDonald's assist its suppliers with necessary technology and training to offer better service to the customers, suppliers are also becoming more competitive and their efficiency is increasing as well. Competitors are learning from them and as a result of that whole infrastructure are changing.

New jobs are opening as more investments are going on because of established infrastructure. PARTNERSHIP WITH A RAILWAY STATION AND BUS STATION, AND SHOPPING MALL TO ATTRACT LOWER MIDDLE CLASS INDIANS, WHICH SHOWS HUGE POTENTIAL AS WELL. Keeping an eye on the huge potential for eating out venues for lower middle-class Indians, McDonald's has partnered with a railway station and bus station in Delhi to open its outlets: Delhi Metro Rail Corporation, and the overcrowded Delhi's Inter-State Bus Terminus, where thousands of people pass through daily on their way to different destinations.

More importantly, to tap the automobile- driving consumers, business travelers, and tourists, McDonald's has set up drive-through outlets in Delhi and along national highways. McDonald's has already successfully captured the High income segments in Indian market and now focusing on lower middle income segment. Because this segments is dominating the market currently. To attract them and make McDonald's service reliable, they are focusing on community service. GROWING ACCEPTANCE OF AMERICAN CULTURE AMONG YOUNG GENERATION In India's metropolitan cities, the young and rich have embraced the spirit of American culture.

This growing acceptance corresponds to the big impact of the American influence on Indian business, education, and entertainment. The growing popularity of Western pop culture, MTV, Hollywood movies, and American-type fast food are all a part of this new social acceptance of the urban-based Indian rich and middle class. McDonald's is becoming more popular among the young generation who can easily adopt with changes and this young generation is creating a positive image to other consumers' as well. Young generations are also working for the promotion of McDonalds, so more opportunities are being creating regularly.

CULTURAL AND RELIGIOUS FESTIVAL SEASONS Indians typically spend more money on eating out and purchasing new products during festival seasons. Some of the major and popular religious festivals in India during September and, in September 2001, achieving an impressive sales figure 40% higher than what the company expected. Likewise, Paneer Salsa, a vegetarian wrap, was introduced in 2003. Given its growing popularity, this product is likely to be adopted by McDonald's in global markets soon. During festivals, the consumption rate for Indians increase and to attract consumers on that time McDonald's is taking different initiatives.

At the same time, number of employment increases to meet the demand and showing more potentiality in the economy of employment as well.

CAPITAL INVESTMENT BY OUTSIDE COUNTRY AND STOCKHOLDER Foreign Exchange Regulation Act (FERA) was amended to make it easier for foreign firms to take more than 40% stake in Indian firm. Foreign institutional investor such as pension funds and mutual funds were allowed to invest in Indian capital market after registering with the independent authority called

security and exchange board of India (SEBI). Indian firms were allowed to raise debt and equity in global capital market.

It is no longer necessary to purchase raw materials and capital goods at government fixed exchange rates. UNCONTROLLABLE FACTORS OF MCDONALD'S IN INDIA DIVERSE POPULATION WITH THEIR DISTINCT FOOD TRADITIONS AND PREFERENCES With more than five thousand ethnic communities represented, India has a very diverse population. Each region and subregion in India has distinct food traditions and preferences. The Indian people are mostly fond of their own regional foods such as samosa, kababs, chola bhatura, pakoda, aloo-paratha, poori-bhaji, dosa, and sambar vada are popular among Indian consumers and are available in both specialty and multi-cuisine restaurants throughout India. Most Indians prefer to eat home-cooked foods and take immense pride in the varieties of food cooked at home. Moreover most of the people in India are vegetarian and even the non vegetarian people do not eat beef and McDonald's being a popular hamburger chain it was quite a challenge for them to establish themselves in the heart of these Indian peoples. COMPETITION WITH NUMBERS OF RESTAURANTS AND DHABAS THAT SELL A VARIETY OF FOODS IN CITIES AND ON HIGHWAYS. There are approximately 22, 000 registered restaurants in India.

In addition, there are more than 100, 000 dhabas that sell a variety of foods in cities and on highways. By 1998, there were approximately 1, 568 registered hotels in India, half of which have their own restaurants. Having an image of multinational organization, not only they have to struggle to acquire a position in the heart of Indian people but also fight with the local

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food and beverage companies. McDonald's also has to be concern about the price as local restaurant are providing food at a very cheap price and Indians are very price sensitive.

GOVERNMENT CONTROL OVER ECONOMY AND PROTECTED TRADE POLICIES WAS A GREAT CONCERN FOR MCDONALD'S TO ENTER INTO INDIAN MARKET.

Government control over the economy was maintained through protective trade policies; price control; establish new plants, expand production, and introduce new technology or new product lines; severe constraints on the in-flow of foreign capital and technology; and extensive regulatory intervention on market activities. Companies were forced to import at the government-fixed exchange rate.

Because of such political barriers very few foreign companies were interested to invest in India. McDonald's being the first food company will face more difficulties as government will always keep an eye on their activities. If government imposes such barriers, decision making process also delayed which ultimately result in low productivity. THE ENTRANCE OF MCDONALD'S HAD BEEN OPPOSED BY A VOCAL GROUP OF ENVIRONMENTAL AND ANIMAL ACTIVITIES. In India, there is a vocal group of environmental and animal activists who oppose the entry of fast-food chains like KFC and McDonald's.

According to this group's campaign, junk food chains like McDonald's and KFC destroy ecological balance and cause severe behavioral disorders because of their fatty and unhealthy foods, which have excessive levels of monosodium glutamate (MSG). Besides, they also campaign that these food

chains are anti-poor and cater only to the rich segment of the Indian society. Such anti-McDonald's activities might happen any time in future and if happen they will face real difficulty to operate in India. Still they have the image that McDonald's foods are expensive even though they are trying to offer economy food items for middle class segments.

INDIA'S RELATIVELY HIGHER IMPORT DUTIES AND FOREIGN EXCHANGE FLUCTUATIONS, MCDONALD'S HAD TO DEPEND ON LOCAL SUPPLIERS WHICH WERE A GREAT CHALLENGE FOR THEM. McDonald's often uses an outsourcing model in all its markets. In some cases, it also actively imports. But given India's relatively higher import duties and foreign exchange fluctuations, McDonald's decided early on to source its raw materials from the local suppliers to the maximum extent possible. Currently, McDonald's only imports the process control equipment that allows it to dish out burgers and other orders within its super-fast time frames.

As McDonald's is totally depending on local suppliers, they impose a great threat to the production of the company. Because if any conflict arises between supplies and manufacturer or suppliers increase their demand, ultimate suffers will be McDonald's. Depending highly on suppliers also make it difficult to control quality as well. EXPENSIVE TERMS OF PROCESS CONTROL EQUIPMENT AND OTHER BARRIERS ARE DELAYING TO REACH BREAKEVEN POINT WHICH MIGHT BE RISKY. It is too early to say that McDonald's has succeeded in India. Nine years after McDonald's first set up in India, the burger giant has yet to make any net profit.

According to McDonald's management, each McDonald's store in India takes about five to seven years to break even. Part of the reason for this long break-even period has to do with the investments required per store in terms of expensive process control equipment. Whenever McDonald's wants to open a new store, they have to invest not only for equipments but also to build a efficient supply chain which requires huge investment and this is why it took more time to reach to break even. But it might risk in some cases because new competitors are coming and things might changes in future.

INSUFFICIENT FOOD CHAIN BETWEEN FARMERS AND CONSUMERS IS ONE OF THE MAJOR WEAKNESSES WHICH HAMPER THE GROWTH OF FOOD INDUSTRIES. India's food imports have been growing more than 37% per year. Half of India's food imports are agricultural items such as cereals, vegetables, fruits, wheat, and nuts. One of the significant problems of the Indian food industry is an inefficient food chain between farmers and consumers. About 20% of India's food production is wasted because of too many intermediaries, poor infrastructure, and poor transportation facilities.

Even though other industries wanted to invest in India, they would face difficulty as India does not have an established distribution channel. Because of that not only farmers but also consumers are suffering a lot. Considerable inefficiency in the food distribution system cuts farmers' income while raising consumer food prices. INDIA'S TRANSPORTATION AND STORAGE INFRASTRUCTURE WAS POOR AND ALSO AGRICULTURAL PRODUCTS WERE LOWER QUALITY. Setting up a well-coordinated supply chain was not easy, given India's poor transportation and storage infrastructure, as well as its lower-quality agricultural products.

Thus, six years prior to the opening of its first restaurant in India, McDonald's and its international suppliers worked together with local Indian companies to develop products that meet the rigorous quality standards McDonald's demands. Because of poor transportation and storage infrastructure, McDonald's cannot collect its necessary ingredients on time and another problem was that because of lack of advanced knowledge agricultural products are not up to standard. Because of such negative concerns, McDonald's cannot maintain its standard quality in India.

MCDONALD'S COULD NOT OPEN ANY OUTLET IN METROPOLITAN CITIES LIKE KOLKATA IN THE EASTERN PART OF INDIA, BECAUSE OF LACK OF LOGISTICS SUPPORT. Logistics play a critical role in McDonald's location strategy. As a part of its Quick Service Restaurant (QSR) business, McDonald's has initially decided to open its outlets only within a 500-km radius of its main distribution centers in Delhi and Mumbai. This is the reason why McDonald's has not opened a single outlet in metropolitan cities like Kolkata in the eastern part of India, despite the city's huge urban and cosmopolitan character.

If McDonald's open an outlet in a crowded city like Kolkata, it would fail to maintain its standard as would not be successful with its home delivery service on time because of traffic congestion. Though cities like Kolkata have high potentiality but companies are afraid either they would face difficulties to maintain the standards only because of lack of logistic support.

MCDONALD'S USE BEEF EXTRACT ON FRENCH FRIES OVER US, EVEN THOUGH THEY DO NOT USE IT IN INDIA BUT IT MIGHT BE DISTRUSTFUL AMONG HINDUS.

McDonald's outlets in Delhi and Thane have been the targets of violent protests from the Hindu militant groups after the company was sued in the United States over the use of beef extract on its French fries. McDonald's public assurance that it does not use any animal extract in vegetarian foods in India and the clearance certificate the company got from the government agency. As once it had happened, it might happen again, this is what most of the people in India might be thinking.

Beef is strongly prohibited in India and McDonald's is modifying its products according to the needs of the Indian People but after that incident it would be difficult to gain trust of most of the people in India. DEVELOPING NEW PRODUCTS ADDS COMPLEXITY AND INCREASES COST AND RISK. McDonald's is likely to face constant pressure to increase its product range. Until now, the company has responded well to varying customers' tastes and preferences by introducing new products. McDonald's needs to develop new products on a regular basis.

Moreover, it will be difficult for the company to meet the range of different competitors, mostly other homegrown restaurants, which offer a variety of products at reasonable prices. As time passes, consumers' choice and preferences also changes. To increase the consumption rate, they have to introduce different food items in certain interval. If McDonald's does not do it on a regular basis, the company's popularity will be short-lived. But developing new products adds complexity and cost and raises the risk of error to its service level.

AS MCDONALD'S IS DEPENDING ON ITS PROCESSING AND DISTRIBUTION CENTERS, IT CANNOT EXPAND TO OTHER CITIES. For expansion to succeed, McDonald's can no longer depend on its processing and distribution centers in and around Delhi and Mumbai. Given India's poor transportation and road facilities, the logistical bottleneck of transporting food items from one place to another will add to the cost of its products. It needs to build new processing and distribution centers in other cities for operational efficiency. This requires additional investment, and the cost cannot be easily passed on to the consumers.

McDonald's is depending on its own supply chain but if they want to extent their outlet in other part of the country, they also have to invest for efficient distribution channel which will increase price as well. By increasing production cost, McDonald's will not be able to attract average consumers in India. ? VARIABLES AFFECTING IHRM APPROACHES APPROACH TO STAFFING REGIOCENTRIC: In regiocentric staffing approach, recruitment is done on a regional basis. In October 1996; McDonald's opened its first Indian outlet in Vasant Vihar, an affluent residential colony in India's capital, New Delhi.

As of November 2004, McDonald's has opened a total of 58 restaurants, mostly in the northern and western part of India. While McDonald's opened 34 restaurants in five years (by 2001), 58 restaurants in eight years (by 2004), it is now planning to add more than 90 new restaurants in the next three years. 2 Although the initial scenes of crowds lining up for days outside the McDonald's restaurants in Delhi and Mumbai are no longer seen, Indian consumer response to McDonald's products still remains very strong.

McDonald's in India is a locally owned and managed company run by Indians, employing local staff, procures from local suppliers to serve its customers.

McDonald's is one of the world's biggest food service retailers which every day serves 50 million customers in 119 countries across the world through 30,000 restaurant outlets. McDonald's India opened its first family

restaurant at Basant Lok in Oct, 1996; today it has 169 Restaurants across

India. This vibrant decade has seen McDonald's evolve Indian menus. FIRM-

SPECIFIC ISSUES

STAGE IN INTERNATIONALIZATION: McDonald's in India only imports the process control equipment that allows it to dish out burgers and other orders

within its super-fast time frames. The company, however, sources 95% of its raw materials from 38 local suppliers. These local suppliers provide

McDonald's with the highest quality, freshest ingredients. They also maintain

complete adherence to the Indian government regulations on food, health and hygiene while maintains their own international standards. TYPE OF

INDUSTRY:

This is a food service industry which is totally public limited company.

McDonald's decided to set up two joint ventures on a 50:50 basis with two local entrepreneurs in Mumbai and Delhi. In Mumbai, Amit Jatia's company,

Hardcastle Restaurants Private Limited, was selected to own and manage

McDonald's restaurants in the western region. In Delhi, Vikram Bakshi's

Connaught Plaza Restaurants Private Limited was chosen to own and

manage McDonald's restaurants in the northern region. Both Vikram Bakshi

and Amit Jatia are responsible for running McDonald's in India.

McDonald's decided to set up this food industry in India because with more than five thousand ethnic communities represented, India has a very diverse population. Each region and subregion in India has distinct food traditions and preferences. Indian consumers typically maintain their distinct food habits even after migrating to different parts of the country. EXECUTIVE ATTITUDES: The office executives are having totally conflict free organization system which is a key point to succeed. Executives have good understanding with their colleagues. Executives at McDonald's were aware of India's deep suspicion of foreign companies.

After all, India's colonization by the British for over three centuries started with the East India Company's trade linkages. India's sensitivity to cultural imperialism, the so-called Western cultural domination over Indian values, traditions, religious beliefs, customs, and food habits, made the entry of foreign multinational corporations (MNCs), particularly in the food industry, difficult. STRATEGY: In the beginning, McDonald's was faced with two challenges of the Indian market: (1) how to avoid hurting religious sensibilities of Indian consumers; and (2) how to avoid political confrontation with Indian government and political activists.

McDonald's managers were well aware of the fact that political activists can create trouble for foreign-based fast food chains, as demonstrated in the case of politically organized agitation against KFC in Bangalore in January 1996. With two local managing directors (Bakshi and Jatia) playing critical roles, McDonald's took a series of politically correct strategies to deal with the initial challenges of the Indian market. Since India's majority Hindus (80% of India's population) revere cows as sacred and 150 million of Indian

Muslims do not eat pork, beef and pork have been a “ complete no-no” from the start.

Instead, McDonald’s introduced a mutton-based “ Maharaja Mac” in India, as opposed to its flagship beef-based Big Mac elsewhere. HANDLING THE SOCIAL AND CULTURAL ACTIVITY In India, there is a vocal group of environmental and animal activists who oppose the entry of fast-food chains like KFC and McDonald’s. Maneka Gandhi, former environment minister in the central government, and Dr. Vandana Shiva, director of the Research Foundation for Science, Technology and Ecology, are the prominent leaders of this group.

According to this group’s campaign, junk food chains like McDonald’s and KFC destroy ecological balance and cause severe behavioral disorders because of their fatty and unhealthy foods, which have excessive levels of monosodium glutamate (MSG). Besides, they also campaign that these food chains are anti-poor and cater only to the rich segment of the Indian society. It sponsors various community- related activities—such as “ KEEP YOUR CITY CLEAN”—TO PROMOTE ENVIRONMENTAL CONSCIOUSNESS. In some of its restaurants in Delhi’s residential areas like Vasant Vihar and Noida, McDonald’s has put up pro-environment advertisements like “ WE LOVE GREEN. As a part of its attempt to increase awareness for an active and healthy lifestyle, McDonald’s has sponsored and promoted several highly visible sports related activities, including the recently concluded and very well attended “ OLYMPIC DAY RUN”. McDonald’s is currently focusing on fine tuning its fast food image by adding health food options to its product lists in terms of offering more baked or toasted options as opposed to fried patties.

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McDonald's has been participating in World Children's Day on November 20 that coincides with United Nations' Universal Children's Day.

On this day, McDonald's restaurants all over the world come together to raise funds for a charity of their choice. Since India has already been celebrating Children's Day on November 14 (that coincides with the birthday of India's first Prime Minister, Jawaharlal Nehru), McDonald's thought it appropriate to link these two days in India to create what is known AS WORLD CHILDREN'S WEEK. One such popular initiative by McDonald's in Mumbai is known as the BLUE DOT initiative that supports educational programs for the girl-child.

In the Indian society, where the girl-child is always less favored than a boy, such an initiative by McDonald's has generated a lot of goodwill among Mumbai's politicians and community organizations that are working toward improving the status of the girl-child. McDonald's is the PULSE POLIO PROGRAM that aims to make India polio-free by the year 2005.

ORGANIZATIONAL CULTURE: The organizational culture of McDonald is very friendly and free of conflict. A well planned and systematic departmental co-ordination works to materialize the philosophy of the company.

India's sensitivity to cultural imperialism, the so-called Western cultural domination over Indian values, traditions, religious beliefs, customs, and food habits, made the entry of foreign multinational corporations (MNCs), particularly in the food industry, difficult. But at last, In October 1996

Whenever we think about McDonald's, first thing come into our mind is, it is an American company and it might serve American dishes as well. It also

carries a symbol of American cultural imperialism. They fail to remove such image, their expansion in India would be uncertain.

Organizational culture is the manner that the totality of the company operates according to a set of established values. McDonalds operates according to four values: quality, service, convenience and value (1995).

Organizational culture is part of the knowledge and information transmitted by McDonalds to the franchisees in India such that there is a uniform quality of food and service wherever the branch is located. The good reputation of the company and the expectation of an excellent service no matter which branch people eat constitute the McDonalds company culture.

Despite this basic standard, the company expects the different stores to adapt to the needs of the local market by managing their stores in a manner that makes the employer-employee relations, customer service and the food products served acceptable and satisfying to the local community.

SITUATION VARIABLES STAFFING COMPLEXITY McDonald's India is an employer of opportunity, providing quality employment and long-term careers to the Indian people. The average McDonald's restaurant employs, on an average, 60-80 people from crew to restaurant manager. Not only McDonald's will employ people from local area but also train them to get the best output from them and maintain their world class service level quality. This will open employment opportunity for local young generation. The more outlets McDonald's will open, the more employees they need and that will be constructive news for job market in India. At the same time, if McDonald's offer part time employment to students that will also help needy students to

run their studies as well. Moreover, these employees will be able to use their experience to other place and might be able to get better jobs in future.

Because while working in good working environment in a multinational company, they will earn many experiences and that will be added qualification for them. McDonald's cannot outsource for required employees as India still do not have sufficient skill labors required for McDonald's, so McDonald's is providing extensive training to its newly employed employees. As India has very high potentiality for investment and in future more competitors come here seeing the success of McDonald's, then skill labor force will be the main differentiating elements among the competitors.

As the demand for efficient workers are increasing, it is a good opportunity for those who are having required qualification. Efficient training program might be helpful to meet the demand in future. **NEED FOR CONTROL:** In general, control is the process by which one entity influences the behavior and output of another, and a wide range of bureaucratic, cultural and informal mechanisms. In cases where full-ownership is not feasible, other less formal forms of control may be necessary to ensure successful performance. Such informal forms of control include participation in the planning process, reporting relationships, and staffing.

Control is very important for a company. McDonalds has putted Indian employees in every level in the company to control. **LOCATION OF ASSIGNMENT** The initial openings of McDonald's outlets in Delhi and Mumbai were driven by affordability and brand recognition factors. Given the metropolitan culture and wide Western exposure of these two large cities,

where most of India's rich and upper middle-class population live and are aware of McDonald's foods, it was logical for the company to open its initial outlets in these two cities.

Besides, the inhabitants of both Mumbai and Delhi love to experiment with a wide variety of foods. This obviously suited McDonald's brand of foods. In addition, McDonald's has two large distribution centers in these two metros. Needless to say, opening up restaurants in these two cities would drive down the opportunity and transaction costs. Logistics play a critical role in McDonald's location strategy. As a part of its Quick Service Restaurant (QSR) business, McDonald's has initially decided to open its outlets only within a 500-km radius of its main distribution centers in Delhi and Mumbai.

This is the reason why McDonald's has not opened a single outlet in metropolitan cities like Kolkata in the eastern part of India, despite the city's huge urban and cosmopolitan character. Besides Delhi and Mumbai, other places where McDonald's has opened up restaurants are satellite cities located near Delhi (such as Noida, Gurgaon, and Faridabad), or Mumbai (such as Pune); places with tourist appeal (such as Jaipur, Mathura, and Shimla); and cities with an eating-out culture (such as Ahmedabad, Chandigarh, and Bangalore). The McDonald's outlet in Ahmedabad in the state of Gujrat is an interesting case.

Ahmedabad is largely a vegetarian city. But, like other metropolitan Indian cities, Ahmedabad has a significant number of eating-out customers. Given long lines of people at the counter, it seems that McDonald's well-balanced menus of vegetarian and nonvegetarian items has provided enough choice

and space for customers of this city. CONTEXTUAL ISSUES LEGAL SYSTEM: McDonald's carefully planned entry and expansion strategy in accordance with India's changing political, Legal, economic, and cultural landscape in the 1990s. While a number of U. S. based fast food chains like KFC and Pizza Hut rushed to the Indian market in the early 1990s as result of the Indian government's liberalization policies, McDonald's did not enter the Indian market until 1996. Instead, it spent about six years in planning, extensively researching Indian consumer tastes, product development, and supply chain arrangement before opening its first outlet in 1996. In response to this severe macroeconomic crisis, India's newly formed government introduced a series of economic reforms designed to decrease government control in the economy and move toward an increasingly market-based economy.

India's economic liberalization policies were designed to create a market-friendly environment to attract MNCs and foreign direct investment. As Indian government has abolished industrial licensing, control over capacity expansion, reduced income taxes, it will attract more and more investment. As a result of that there would be more job opening and unemployment rate will decrease as well. At the same time, McDonald's will also enjoying the same benefits because of such liberalization. CULTURAL ENVIRONMENT: Since the mid-1980s, Indian society has undergone a dramatic shift in social values.

The traditional caste-defined view of Indian life, which undervalues social and economic mobility, and the dominance of the Brahmanical culture's disdain toward commerce have been challenged by the middle class in contemporary Indian society. Getting rich and enjoying a good life has

become the new mantra of social existence for the Indian middle class. With more income and more purchasing power, the status-conscious Indian middle class now seek to buy good quality consumer products and spend more money on food and entertainment.

In metropolitan cities, extensive foreign media exposure and the Internet revolution have contributed to the emergence of a new social attitude which accepts Western values and culture. The contemporary Indian society can be understood on the basis of a 70/30 dynamic. While 70% of Indians are still traditional, poor, and live in rural areas, 30% of Indians (more than 300 million people) have emerged as rich, modern, Western-exposed, English-speaking, urban dwellers. In India's metropolitan cities, the young and rich have embraced the spirit of American culture.

America has come to be associated with success, productivity, and a good life. This growing acceptance corresponds to the big impact of the American influence on Indian business, education, and entertainment. In India, McDonald's opened with a beef-less and pork-less menu and special product formulations to accommodate Indian culture and palate. Amit Jatia, the joint-venture partner for McDonald's India (western region), says, " McDonald's has spent considerable amount of time to understand Indian culture. The menu consists of chicken, fish and vegetarian products that include milkshakes, soft serves and the world-famous French fries.

French fries in India are not flavored with beef tallow, as is the case in the United States and elsewhere. Even the mayonnaise and ice cream contain no eggs. Some of the major and popular religious festivals in India during

September and November are Navratras, Dussehra, and Diwali, when even nonvegetarian Hindus turn vegetarian. Given this dynamic, McDonald's decided to launch a new product called Veg Surprise, a vegetable burger laced with Indian spices, in September 2001, achieving an impressive sales figure 40% higher than what the company expected.

Likewise, INTERNATIONAL HR ISSUES With increased globalization of organizations, there is an increased proliferation of research in international human resource management (IHRM). However, understanding and addressing methodological issues in IHRM research is critical and must take priority over the rush to embrace IHRM studies and the associated findings. McDonald's is one of the world's biggest food service retailers which every day serves 50 million customers in 119 countries across the world through 30, 000 restaurant outlets.

McDonald's more often known as " McDonald's Family Restaurants," provide a clean, comfortable, and stress-free environment especially suited for working families. With India's changing family system in metropolitan cities, where the extended family is no longer the preferred way of living, McDonald's has become an attractive place for working and busy young parents on weekdays. In the midst of cultural significant cultural differences in India, McDonalds is operating along with other MNC that have taken the opportunity of a recently liberalized Indian economy.

In the name of ' Globalization' many companies specially food companies like KFC, TGI, Domino's Pizza, and Pizza Hut haunted the economy and the food market like anything. But McDonald's took much time to judge before

entering into the Indian market. The IHR issues they were able to stand out according to the given scenario have been exercised in the below: A 50: 50 JOINT VENTURE WITH VIRAM BAKSH AND AMIT JATIA OF MCDONALD'S : INDIAN MARKET & GOVERNMENT RELATIONSHIP McDonalds chose Viram Baksh and Amit Jatia on a 50: 50 joint venture and it as advantageous to the company because they offered their years of experience in operating in the Indian market and their relationship with the government. McDonlad's entered the Indian market after many other MNCs availed the deregulation of the Indian trade barriers. McDonalds came into the market on 1996 at that time the first thing that they must have looked for was good political relations. Ultimately they go it by going into a joint venture of 50: 50 with two Indian businessmen Vikram Baksh and Amit Jatia who were politically well connected.

Until today they have be advantaged by the political strings that the partners hold and on top of that McDonalds is gaining the support of the government by crating job opportunities for the agricultural workers who remain at the far end of their supply chain, through their market expansion. If we consider the fact that India is actually allowing more and more MNCs to enter the market and at the same time attracting them with their lucrative policies for them. So in McDonald's quest to expand further might be more politically viable that it seems.

GDP GROWTH AVERAGED 3. 5% A YEAR, THE SO CALLED ' HINDU RATE OF GROWTH' BUT GROWTH WAS CONFINED TO ONLY THE FEW SATES WITH COASTAL ACCESS AND HIGH LEVEL OF URBANIZATION. THIS FACT IMPLIES THAT LABOR COST MIGHT VARY FROM REGION TO REGION. If we look at the <https://assignbuster.com/mcdonalds-in-india-assignment/>

growth rate we will notice that it is confined to certain regions of India.

Therefore, if we look at this fact from an income point of view it will mean that not everywhere a certain class of people would be earning the same wage rate.

So this opens new frontier for McDonalds as they would now have the opportunity of hiring cheaper labor from cities where there has been low level of urbanization and those that are far from the coastal areas. The plan of McDonalds to expand their operation could be planned to first enter those cities that have lower labor wage rate and then go further towards the metropolitan cities. THE PARTNERSHIP BETWEEN MCDONALD'S AND THE STATE-OWNED OIL COMPANY, BHARAT PETROLEUM CORPORATION LTD. (BPCL), AND RAILWAY & BUS STATION. McDonald's has partnered with the state-owned oil company, Bharat Petroleum Corporation Ltd. BPCL), to set up restaurants at the latter's petrol stations in and around Delhi to make it more convenient for automobile-driving consumers. BPCL is the leading petroleum retailer in India and has the largest number of petroleum stations in and around Delhi. In order to hit the lower middle-class Indians, McDonald's has partnered with a railway station and bus station in Delhi to open its outlets: Delhi Metro Rail Corporation, and the overcrowded Delhi's Inter-State Bus Terminus, where thousands of people pass through daily on their way to different destinations.

More importantly, to tap the automobile- driving consumers, business travelers, and tourists, McDonald's has set up drive-through outlets in Delhi and along national highways. Two drive-through outlets on the Delhi-Agra and Mumbai-Pune highways have proven to be successful. Every day a huge

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variety of people from different state travels and stops in these petrol stations and McDonald being situated in these places will now be able to earn customer satisfaction of a greater number and variety of customers.

This successful expansion of McDonald's means more profit which ultimately would end up benefiting the existing workers and would also lead to more employee opportunity. MCDONALD'S IS CREATING EMPLOYMENT

OPPORTUNITY IN THE NAME OF GLOBALIZATION McDonalds every expansion brings in additional employment opportunity for the agricultural sectors and they are already providing 100 workers on the average in various positions like cashiers, waiters and the like. McDonalds is already building their firm roots into the soil of India and integrating its blood, which is the people, into their business successfully.

Many Indian think tanks prefer to think that Americans and that includes the American companies as well, take a more imperialistic approach to everything and its business is no exception. These critiques spoke when McDonalds first decided to enter the Indian markets and they might speak again whenever McDonalds will start to achieve a high rate of growth. One reason that they will speak then is that the expansion of McDonalds will mean that the local restaurants are being over run by the Bigmacization. So this is one of the issues that McDonalds might have to face.

In order to expand deep into the market and at the same time have the above mentioned issue covered, they are taking an approach of adaptation of the Indian culture and at the same time start contributing to the Indian economy. In fact they are doing just that as their expansion is bringing in

more work not only for the city workers but also the agricultural sector by creating more supply chains with them for the delivery of the raw materials into the McDonalds kitchen. In addition to that McDonalds is employing 100 employees on an average in all their outlets in India.

THE SUPPORT THAT THEY ARE GIVING TO THE LOWER END SUPPLY CHAIN PARTNERS IS ACTUALLY CAUSING MORE AND MORE WORKERS AT EVERY LEVEL TO BE ASSOCIATED TO THE MCDONALDS FAMILY CREATING AN ABUNDANCE OF POTENTIAL EMPLOYEES FOR MCDONALDS. McDonald's India has established close relationships with local suppliers who provide McDonald's with the highest quality, freshest ingredients to make its products. The fact that McDonalds is creating job opportunities even in the root level of the company's operation is actually creating goodwill of the company within the labor force.

Trikaya Agriculture successfully grows iceberg lettuces and has refrigerated truck for transportation. Dynamix Dairies has fully automatic international standard processing facility. Now, it not only supplies products to McDonald's restaurants in India, but also has an export order of approximately US\$12 million per year. Radhakrishna Food land responsible for getting products from various suppliers and delivering products to various McDonald's outlets, has earned an excellent reputation in maintaining a tight " delivery-on-time" schedule.

Vista International supplies the pies, nuggets, and vegetable and chicken patties, built a new facility in 1996 with help from McDonald's. Vista International has obtained American Institute of Bakers an Hazard Analysis

Critical Control Points (HACCP) certification for quality standards. This goodwill might be the shield that protects McDonalds if ever the finger is pointed at them for being guilty of spreading cultural imperialism among that very tradit