

McDonalds marketing campaigns and glocalisation marketing essay



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McDonald's Corporation is the world's largest chain of hamburger fast food restaurants, serving more than 58 million customers daily (McDonalds-company history). The company came into existence in 1940 by two brother's Richard and Maurice McDonald in San Berdardino, California. The corporation was the pioneer in introducing " Speedee Service System" in 1948, which is now known as fast food. The present corporation dates its founding to the opening of a franchised restaurant by Ray Kroc in Des Plaines, Illinois on April 15, 1955. Kroc later on went to purchase the McDonald's brother equity from the company. The use of aggressive businesses practices is what defined him as an individual (www. wikipedia.com). One of the main factors for McDonald's immense growth over the years came from Glocalization, where they started entering new markets by either offering a franchisee, an affiliate or the corporation itself. The corporation's revenues came from rent, royalties and fees paid by the franchisees as well as sales generated from the company owned outlets. Glocalisation (or glocalization) is a combination of globalization and localization. By definition, the term " glocal" refers to an individual, group, division, unit, organisation, and community which are willing and able to " think globally and act locally" (ABC's Social Media, September 18th 2008). McDonald's have spread their business to many other countries and rely heavily upon the importance of thinking global and acting local in order to suit the tastes and preferences of cultures of various countries. Kroc believed the corporation could make more money if it appealed to children and went onto sponsoring a kids TV show called " bozo the clown" (www. bbc. co. uk, A brief history of McDonald's). McDonald's continued to grow as a chain over the USA. Having covered the states, McDonald's first overseas restaurant <https://assignbuster.com/mcdonalds-marketing-campaigns-and-glocalisation-marketing-essay/>

was in Australia in 1971. The company made its presence felt in most of the European countries. However, the corporation noticed an immense demand and a young vibrant market in the Indian sub-continent. McDonald's first entered India in October 1996 by establishing a joint venture in New Delhi managed by 2 Indians Amit Jatia the managing director of Hardcastle Restaurants spearheaded McDonald's in west and south India while McDonald's in North and East of India are owned and managed by Vikram Bakshi the entrepreneur of Connaught plaza restaurants (www.mcdonaldsindia.com). McDonald's has won several awards in consecutive years from 2001-07. It has built a strong relation with more than 2.75 lakh customers who place their trust in the brand everyday by providing them the highest quality of food and at a great value.

OBJECTIVES OF MCDONALDS (company perspective)-

McDonald's underwent a lot of changes in order to adapt to the Indian market. As mentioned by McDonald's management in their Indian website- "Our strategy is to achieve best value by enhancing experience (offering best quality), while keeping prices low".

The objectives of the corporation remain unchanged as they follow the same procedure which defines their global standard. Their main emphasis is on providing food that is served hot and fresh, made from the highest quality ingredients, served within minutes of placing the order (www.mcdonaldsindia.com).

However, the companies' main objectives in order to ensure consumers have a truly Indian experience is-

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Local sourcing is the key for truly Indian products- the corporation has developed local Indian businesses, which supply them the highest quality products required for their Indian operations.

Respect for Indian customs and culture- McDonald's worldwide is well known for the high degree of respect to local culture. In line with its respect for local culture, India is the first country where the corporation does not offer any pork or beef.

An employer of opportunity- an employer of opportunity, providing long term careers and quality employment to the Indian population.

Quality, service, cleanliness and value- this is McDonald's USP to provide high quality products, served quickly with a smile and in a clean and pleasant environment.

Community partnerships- the corporation believes in giving back to the community it serves.

Source- (Mcdonaldsindia)

PROMOTION

From a marketer's point of view, the corporation underwent a huge change in order to market its products in India. Since most of the western nations nearly share the same taste and culture, the corporation uses the theory of standardization since there is hardly any difference in the cultural aspect. However, entering the Indian subcontinent, which differs significantly from

the west and also other Asian countries, the corporation got involved in in-depth research before entering the market.

Press coverage

Media advertisements and tag lines- Media for children- McDonald's advertised their kids' meal on cartoon channels by showing a free toy with the purchase of a burger, which attracted a lot of attention to young children.

Community work- community work always catches the eyes of the press. The corporation has participated in several fields which contribute to the community as a whole. Example- the mayor's marathon for cleanliness, the BMC-McDonald's (Bombay municipal corporation) health seminar, housing charities, supporting pulse polio etc.

Source- (<http://www.mcdonaldsindia.com/mediacenter.html>)

This brings me to discussing what this research would conduct. The main subject this research would be contributing towards is whether by thinking global and acting local and the corporations marketing objectives help McDonald's attain a profitable and positive consumer base in the Indian subcontinent.

OBJECTIVES OF THE STUDY

Marketing campaigns- eagerness of individuals to participate in marketing campaigns. Example- during a festival, are consumers aware of the chance to win a free iPod or to dine in with a celebrity.

Marketing mix- how has McDonald's used the marketing mix to adapt itself to the Indian Market.

Cultural difference- to identify till what extent has McDonald's gone to culturally adapt itself to the market.

Promotional and penetrating strategies adopted by McDonald's with regard to expansion plans and market dominance.

Purpose- why do consumers chose McDonald's. This field would encompass the practical idea of cost conscious consumers, society's influence of purchasing patterns, influence of the west, consistency provided by the corporation, influence of children in choosing McDonald's, relaxed environment and advertisement campaigns/social campaigns.

New concepts- asking individuals how McDonald's can serve their customers better. This might be in the form of having more location, introducing a concept such a drive thru in more locations, adding more to their existing menu in order to avoid repetitive purchase and stagnancy.

LIMITATION

This research survey would be targeted towards gaining information on consumers in India and their perception over McDonald's marketing objectives and how well has their Glocalization (thinking global and acting local) campaign help individuals develop loyalty towards the brand. From a companies' perspective, the research would help understand and identify the corporations marketing activities but however would not give an insight into the budget that is allocated for them to carry out their tasks.

Chapter one: introduction to the study

Introduction

Objectives of the study

Scope of the study

Chapter two: global marketing

2. 1 The paradoxes of globalization

2. 2 The globalization process

2. 3 The positioning of Global brands

2. 4 Global brands- The cobnsumer point of view

2. 5 Global market entry strategies

2. 6 Configuring the global marketing mix

2. 7 The product

2. 8 The price

2. 9 The distribution channels

2. 10 The promotion

Chapter three: methodology

3. 1 Introduction

3. 2 The case study method

3. 3 Applying the exploratory case study method

3. 4 The interviewees

3. 5 The interviews focus

Chapter four: Mcdonalds: the globalization process

The make-Up world market

Product categories

Segmentation of the market

The value of the market

The expansion strategy

New market development

The marketing mix

Chapter five: conclusions

Introduction

Implemented strategies analysis

Problem identification

Recommendations

Culture and competitive advantage

Effective international division structure

Future managerial applications

Abstract

The exploratory research helps identify and examine how McDonald's corporation manages its marketing strategies based on the concept of Globalization. It helps examine and explore how the American fast food giant has adapted to the local taste and preferences of individuals in the Indian Sub-continent.

Based on the concept of globalization and entering international markets,

this research identifies the marketing strategies used by McDonald's

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corporation with respect to the marketing mix, buyer behavior based on consumer perception, cultural adaptation and promotional tools for further business expansion

Qualitative research used in this research encompasses interviewing branch managers of McDonald's in selected location in India. The research also focuses on the perception and buying behavior of individuals who dine in McDonald's. The information obtained defines detailed description of various responses from the individuals interviewed, which eventually led to the completion of the research of how the corporation has used globalization and its tools for its marketing strategies in the Indian Sub-continent.

Since globalization is a broad concept, the only limitation that this research faces is the clash of cultures, which can be defined as the main driver for problems associated with globalization. The problem identified in the research is based both on basis of society and the organization. This study is based solely on the concept of globalization used by McDonald's for its marketing strategies in the Indian sub-continent and there is no mentioning of comparisons to McDonald's outlets in different countries since the cross cultural analysis would be very limited and would result in the research being incomplete.

Eventually, recommendations in the conclusion column is mentioned to address the future strategies that can help McDonald's achieve a more profound and effective approach for achieving a higher market growth.

CHAPTER TWO: LITERATURE REVIEW

INTRODUCTION

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Globalization describes the process by which regional economies, societies and cultures have become integrated through a global network of communication, transportation and trade. However, there are several limitations associated with globalization from, the main factor being cross cultural analysis. This is where a new concept emerged, the term “Glocalization”, meaning “think global by acting local”. McDonald’s have spread their business to many other countries and rely heavily upon the importance of thinking global and acting local in order to suit the tastes and preferences of cultures of various countries. Emphasising on this factor has helped the corporation build effective marketing strategies which have led to a profitable consumer base in India.

In order to identify and the marketing objectives of the corporation and the perception that individuals have of the global brand, quantitative research can help establish a base/platform for identifying how these factors contribute to the success of McDonald’s in India.

To help identify the major objectives of the research, the following forms of secondary research are used-

Internal company data

Surveys

Journals

Web articles

Computerized databases

METHODOLOGY

Secondary research can be helpful in identifying the current problem but does not guarantee any solution to the problem at hand. The McDonald's corporation has entered the market only to be welcomed. Years of research have led the corporation to a thorough understanding of the culture and sentiments of the public. The globalization process helps us understand that the buying process does not adhere to the product itself but is associated with fundamental cultural attributes/values which McDonald's understand and values. According to McDonald's senior management (www.mcdonaldsindia.com), standardization of their product is the main phenomena behind their company objectives. However, one key drawback to standardization is that it refers to a product rather than a consumer. A standardized product might be a failure when the cultural aspect comes into question. Hence the adaptation strategy used by McDonald's emphasizes on the consumer more than the product that they offer. (Cateora, 1993) mentions marketers must be made aware of the diverse cultures present in other countries if they intend on having a profitable international expansion.

Applying qualitative research in the form of journal articles, web articles and internal data helps formulate an appropriate research design (Naresh k Malhotra, Marketing research, page 96). Using the corporation's internal data, the research identifies what types of entry and adaptation strategies have McDonald's used in India to give its product a definite Indian touch.

Before entering the market, McDonald's had to understand the nature and consumption patterns on the Indian fast food industry. The staple fast food

diet of individuals before the introduction of McDonald's was- pizza, burgers, chaat (traditional), vada pav (traditional), pani puri (traditional) etc. the leading fast food joints in this sector were Nirulas for pizza's and hot dogs (www.nirulas.com), Wimpy's for its burgers, pizza corner, Haladirams for traditional and global fast food cuisine and several other local competitors. The corporation realized and understood the potential for growth in this sector. According to the Government of India website (http://business.gov.in/Industry_services/retailing.php), India is one of the most attractive markets for retail investment. Many national and global players have been investing in the retail segment and have ambitious plans for further expansion. The vast middle class with rising purchasing power are attracting global retail giants into the almost untapped retail industry. Some of the international players already present in the Indian market include fast food chains like McDonalds and Pizza Huts; Dominos; Levis; Lee; Nike; Adidas; Benetton; Sony; Sharp; Kodak; etc. The investment opportunities in the domestic retail industry lay in most of the product categories particularly food and grocery (the largest category).

According to (McDonald's India), the company invested four years to develop its unique cold chain, which has brought about a veritable revolution in food handling, immensely benefitting the farmers at one end and enabling customers to get the highest quality food products, absolutely fresh and at a great value. By using the theory penetration pricing, McDonald's priced its products at rates fairly less in comparison to its global locations. Example- a Mc chicken meal in London costs a person 3.5 GBP. The same meal in India

would cost an individual \$ 1. Its exclusive vegetarian burgers cost less than 30 pence.

Another interesting factor that revolves around the taste a quality that differs from region to region in McDonald's products in order to serve the local taste that consumers prefer, the corporation decided to outsource their supplies to local supplier, hence keeping costs down which eventually benefits both consumers and the corporation. With regards to globalization, the corporation has set its objectives to offering their customers a complete Indian experience, which suits their culture.

From a consumers perspective, branding plays an important role when it comes to choosing a product. As mentioned by (), the spending patterns of the Indian consumers has evolved over time. The maximum they tend to spend is on food. Since trade and commerce is growing in the country, the consumers are more aware of international brands entering the market and being bombarded with several advertisements which catches their attention and sentiments.

POSITIONING OF MCDONALDS

The corporate strategy of every multi-national corporation is to enter international markets. According to Keegan (1999), there are three product categories in the local-to-global continuum: national, international and global. However with regards to McDonald's, the research would only compare the differences in a national product and a global product.

A national product is the one that, in a context of a particular company is offered in a single national market. Sometimes national products appear when a global company caters to the needs and preferences of countries sharing similar cultures. Example- McDonald's has its standardized product which it sells the world over " Mc Aloo Tikki". Since the majority of the population in India are vegetarian, the corporation introduced its first vegetarian burger which suits the tastes and preferences of the local population and the major share of sales for McDonald's in India is derived from its vegetarian products. (www.mcdonaldsindia.com)

A global product is offered in global markets. They are international and multi-regional. Example- McDonald's serves its " Mc chicken" burger in America, Europe, Asia, South East Asia, Australia and NewZealand. This is because the nature of the product suits the tastes and preferences of most cultures.

By consulting web articles from (), the research identifies approach adopted by McDonald's to advertise its products in India. This would help the research identify the marketing mix adopted by the corporation to suit the Indian sub-continent. Since McDonald's is a global brand, its marketing mix varies from region to region catering to the difference in consumer taste and preferences as well as perception. Perception is what holds the key to positioning a brand. According to Trout and Ries, " positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. That is, you position (place) the product in the mind of the prospect". Since that time in marketing, positioning is the technique in which marketers try to create an image or identity for a product, brand, or company in the perception of the <https://assignbuster.com/mcdonalds-marketing-campaigns-and-glocalisation-marketing-essay/>

target market. What matter is how potential buyers see the product? It is expressed relative to the position of the competitors.

Another factor that proves to be a factor which effects globalization is communication. Globalization does bring the world together but however, sharing of cultures and languages of different regions can be a strenuous task not resulting in productivity at times. However the concept of glocalization questions this statement. Having a thorough knowledge of any market can only be possible if there is a local citizen belonging to that region working with you. Hence, having tie-ups and the concept of franchising has helped McDonald's corporation overcome this dilemma and grow in a country where language would have been the main barrier.

Quantitative research has helped the research identify how McDonald's promotes its product in a country consisting of a vast social diversity. As mentioned by a web article by (DR. Amit Rangnekar), India as a country has 20 different languages, 800 + dialects and 8 languages for national launch, can make a new product launch for any multi-national company risky and difficult by not choosing the right medium.

Extensive use of the media helped capture the attention of several audiences. The corporation understood the sentiments of the population, which helped them, establish a proper communication network to address the needs of the consumers in all major languages spoken. Focussing on the Indian population, the corporation has gone to the extent of creating advertisements which capture the attention of the audience. Example- Leo Burnett's advertisement and taglines for McDonald's India- for the happy

meal which was introduced in 1997 “ what your bahaana is?” meaning “ what is your excuse”. “ purane zamaane ka daam, bees mein full dhamaal”- meaning (prices so low that would attract your ancestors, enjoy a blast by paying only Rs 20) and recently “ I’m loving it”.

McDonald’s has undergone a lot of press coverage. As quoted by (The Hindu Business Line)- “ happy to go McDesi” covers how McDonald’s besides adapting to Indian tastes is offering a range of touch points for customers on the go. It is focussed on having its presence felt in all spheres right from petrol pumps to kiosks to drive thru and home delivery. (<http://www.mcdonaldsindia.com/mediacenter.html>)

With reference to these advertisements and slogans, the research identifies the significant impact a thoroughly understood marketing campaign has on individuals. The brand has positioned itself to suit pockets of nearly all individuals. With my personal experience, the product that is priced the cheapest in McDonald’s India, can suit the pocket of a Labour, who own \$ 10/day. Understanding the value and sentiments of individuals has the corporation develop a profound and trustworthy consumer base.

According to Dr. Amit Rangnekar of NMIMS, McDonald’s strategy is based on 5 key drivers of exceptional consumer experiences- People + the 4 P’s and founded on the belief of 3 success components-

Operational

Leadership marketing

Innovation

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The intent of delivering an exceptional experience to almost 2.75 lakh people a day who place their trust in the brand and offering better efficiency and speed of service is what differentiates McDonald's from local counterparts in India. The efficiency with which they use their resources and the use of technology helps them retain their brand essence.

Consumer perception associated with global brands has evolved over the years. According to a survey conducted by (KSA Technopak), the sector for eating out is growing tremendously, since consumer spending is increasing. The Urban fast food sector is growing at a rate of 20% and quotes "McDonald's is just not a substitute for Indian food, its just one more option for people to exercise".

Indians want a taste of America but not on a regular basis as quoted by survey conducted by KSA Technopak and Dr. Amit Rangnekar. Inflexibility in the product mix could be their undoing. However, innovation has led to the introduction of products which has resulted in increased footfall of consumers eating at McDonald's and growth in the number of outlets nationwide.

Concentrating on the marketing mix of McDonald's, quantitative data has helped the research identify-

Pricing strategy

Promotional strategy