

Global effects of mcdonald's essay examples

[Business](#), [Company](#)



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Introduction

“ McDonald’s is Chinese,” retort Bong Lee, a resident of China, regarding the international franchise. Some view McDonald’s as local part of their culture and no longer view the company as “ American.” For other, the company screams “ American” as the firm capitalizes on its fast service, high productivity, abundance of restaurants, and low cost. With the increasing competition in the marketplace, several American restaurant chains are attempting to enter international markets. as competition intensifies in the US, McDonald’s looks outside its borders for the majority of its profits. This papers looks into the global effects of McDonald’ s.

Currently, McDonald’s owns more than 1. 5 million franchises in the US, with more than half of the total franchises outside the US in 120 countries (Ritzer, 2000). The company’s fast food has become a routine part of our daily lives. Swiss Rail offers McDonald’s food in some of their car meal, and United flights to Orlando offers Children’s Happy Meals (Ritzer, 2000). Amidst all the fortune and fame of McDonald’s, there are growing concerns over how the

spread of standardization of the franchise is affecting attitudes, cultures, and the environment.

Business model

McDonald's restaurants and franchisee restaurants operate under direct and indirect supervision McDonald's Corporation. McDonald's company supervises about eight thousand restaurants by itself, while franchisees control about eighteen restaurants (McDonald's, 2012). The remaining restaurants operate only as affiliates. The company generates its revenues through two main sources: sales from restaurants directly controlled by McDonalds and fees and rent from franchisees and affiliates of the company. The company operates 20 percent of its food chains while 80 percent of the chains are owned through franchise. The franchisees operate under a twenty-year renewable contract. Each franchisee pays a fee of not less than \$300. About 59 percent of the total restaurants are conventional franchisees while 21 percent are licensed to foreign affiliate or developmental licenses. McDonald's purchases raw materials from various outlets, which allows it to access quality suppliers. The company collaborates with a diverse pool of suppliers in each location in which it operates. The company does not operate any factory that manufacturers the ingredients used making the fast foods. Individual suppliers are able to apply for supplying McDonald's with raw materials. In 2011, McDonalds purchase nearly \$6. 7 billion in goods and services. This is an indication that the company provides good business potential to local firm that supply raw materials. The company source most of its raw materials locally. For example, in Turkey, McDonalds source 98 percent of its raw materials from local manufacturers of raw materials such

as bread, ice cream, ayran, meat, cooking fat, salad, and source. The remaining 2 percent come from Germany, England, France, and Far East.

Business strategies

McDonalds has been successful in the global competitive landscape due its strategy of thinking global, acting locally, and selling like a retailers. The delight of many Americans and to the dismay of many others, the golden arches of McDonald's appears in almost every location around the world. The menu items vary greatly, with foods made using local ingredients according to the local tastes. The company's greatest strength was creating a brand image in the mind of consumers and introducing them to fast-food culture. Customer care, delivery speed, and cleanliness are the company's core strengths on which it established its empire (Singer, et al., 2011).

McDonald's offers clean food at affordable prices to its customers that consequently find it convenient to visit the restaurant again. The company has also positioned itself as a socially responsible company by engaging in environmental protection initiatives and ensuring that its employees come from the local communities in which it operates. In addition, McDonald's support several charitable activities through its Ronald McDonald House Charities.

McDonald's success also comes from its advertisements campaigns that target children. Each restaurant features a friendly and fun environment that can accommodate both children and adults. In addition the company operate with a franchise business model that enables its members, shareholders, and management to share the rewards and risks from exploration and discovery of new business opportunities (Blake, 2010). The company's promotional

strategy is to “ Get them in. Trade them up. Get them back.” McDonalds achieves this by offering quality food at affordable prices in a friendly atmosphere thereby allowing it to provide good returns to its stakeholders. McDonald’s promotional activities affect 93 percent of the target population. There has been increase in the number of people visiting fast food chains such as McDonalds following the influx of promotional activities making people believe that eating fast food is a trendy thing. According to market research, 20 percent of McDonald’s customers visit their premises once in a week, 24 percent visit twice a week, 24 percent once in a month, while 14 percent rarely visit McDonalds.

People are increasingly consuming junk food available from these fast food chains, which has an adverse impact on their health. Health issues are continuously becoming a major problem to the fast-food industry because consumers believe that fast foods contribute to health problems such as obesity and diabetes because these foods have high calories and fats. Fast foods contain extra salt that is added to add taste and preserve it.

Consuming large amount of salt can cause heart disease and high blood pressure. Additionally, the portion size of fast foods encourage over-eating, which can lead to obesity and other serious health problems. These foods also contain additives such as sweeteners and colorant, which may extremely harm health.

McDonalds was the first fast food chain to pursue a successful global strategy. Its success in the global market paved the way for many other fast food chains like KFC. The increasing number of fast food chains around the globe has come with benefits including improving the lives of citizens as well

as the world itself.

The increase in the number of fast food chains has resulted into changes in eating habits. Currently, many people prefer eating out rather than cook.

This encourages a culture of laziness as people use the excuse of busy lifestyle to avoid cooking healthy food at home. In addition, many youths prefer eating junk food because they are cheap and convenient. This has resulted into unhealthy eating habits that result into health problems.

The new generation has grown up with those fast food cultures. According to a research, exposing people to fast food advertisement makes them more impulsive (Blake, 2010). Today's generation become obese because of the abundance of unhealthy, heavily advertised, low-price food. This new culture has resulted into impulse buying and over-eating among the new generation. In addition, since they have grown with these foods, the new generation finds it hard to control the habit of eating fast foods.

According to the latest on the effects of branding on children, the lure of McDonald's golden arches may take hold at an astonishingly early age (Park, 2007). In Turkey, 60 percent of children between the 3-6 years old know the logo of McDonalds. Forty four percent of this awareness comes from toys, thirty-four percent from food packages, and twenty two percent from playgrounds. McDonalds stands as one of the largest distributors of toys in America. In addition, in 2006, 19 percent of middle schools and 24 percent of high schools offered on-site brand name fast foods. Child advocacy and parents have held the notion that advertising aimed at children are harmful, because children are not able to distinguish truth from advertising. Yet, these advertisements aimed at children continue to take toll on their eating

habits increasing the number of obese children all over the world.

In conclusion, McDonalds has brought with it both positive and negatives impacts in the regions in which it operates. However, many agree that the negative impacts outweigh the benefits of McDonald's. The company sells cheap, unhealthy food to unsuspecting consumers who have increasingly grown obese and experience multitude of health problems. It is worth noting that globalization of McDonald's has brought with it economic gains to local population through employment and supply of raw materials.

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