Fast food industry and its internationalization marketing essay

Ritzer, (2000) as cited by Matejowsky (2010) mentioned that he far-ranging influence of corporate fast food has emerged as one of the most conspicuous, if not defining, feature of global modernity; and few contemporary societies remain beyond the transformative sway of this highly adaptable and multifarious retail form. Houston, (2005) and Watson, (1997) as cited by Matejowsky (2010) emphasized that for more than 30 years, McDonald’s and other transnational brands have made significant inroads in diverse market settings around the world. The authors emphasized that the presence of corporate fast food nowadays, have become effectively indigenized at the local level. That is, they are largely removed from their Western origins, sometimes bearing merely a superficial resemblance to their U. S. and European counterparts in specific areas of fast food production and consumption).

The likes of the different authors such as: Gill (2006); and Hawkes, (2002) mentioned that sophisticated marketing campaigns, glossy aesthetics, and the development of select products to better suit native palates have been at the forefront of industry efforts to attract and maintain consumer followings in countries outside of North America and in Europe (London amongst others). This spread has profoundly and subtly transformed dietary, health, and consumption patterns among local populations in towns and cities across different continents (Matejowsky, 2010).

Hawkes, (2002) as cited by Matejowsky, (2010) said that the influx of Western quick-service eateries in developing markets has generated growing awareness of new styles of cuisine among local populations; and it has also given rise to numerous homegrown chains that increasingly challenge the hegemony of multinational brands. Examples included: Jamaica's Island Grill, Guatemala's Pollo Campero, Brazil's Bob's, and the Philippines' Jollibee represent some of today's more recognizable and profitable indigenous fast food outfits globally.

Rai, (2005) as cited by the same author recognized that these domestic restaurant chains resemble their transnational competitors in fundamental ways, especially as nearly all follow the basic production and service techniques pioneered in the western area years ago, however, they are much less similar with regard to the flavors and ingredients defining their respective bills of fare. The differences as explained by Rai (2005) are expounded as most native firms operate with a keen understanding of the nuances that inform traditional dining preferences and tastes. Certainly, McDonald's and other industry giants have struggled to realign their operations in overseas markets as these enterprising domestic players assert more control over local fast food scenes.

2. 2 Overview of customer practices and perception on fast-food eating at McDonald's

According to Matejowsky (2007-2009), with the competition between national and multinational restaurant chains intensifying globally, new types of consumer practices and perceptions begin to emerge at the community level. Fast food attitudes and experiences manifest themselves locally in myriad ways, influenced directly and indirectly by various considerations. He reiterated that among other things, these perceptions are shaped by immediate concerns involving matters of hunger, convenience, and/or disposable income.

This assumption was supported by Atkins & Bowler, (2001), as they have justified that at a deeper level, such perceptions are filtered through numerous mediating factors including those related to age, diet, ethnicity, education, household composition, religion, and socioeconomic status.

Ibrahim et al (2005) revealed models have been developed within the field of consumer behavior and have also been developed for specific contexts, such as for family decision-making (Sheth, 2004; Ibrahim et al., 2005) and information processing (Bettman, 1979; Ibrahim et al., 2005). According to the same author which cited the study of Williams (2002) these models vary in their approach and utility, and, all have been subjected to modification and improvement since their introduction.

Raju, (2005) as cited by Ibrahim et al (2005) mentioned that the complexity of these models and difficulties inherent in the operationalization of the numerous concepts have made their application in international con text especially difficult. There has been very little academic research on the fast food sector in the developing countries, so little is known about the fast food consumer in these countries. The authors illustrated that McDonalds, for example, claim to serve 45 million customers every day in 30, 000 restaurants in 121 countries around the world. Consumer behaviour is likely to be somewhat different in developing countries since it is largely influenced by social, political and economic conditions (Raju, 1995). It could be argued that the consumers of the less developed countries have a different concept of fast food and fast food restaurants and their perceptions and attitudes towards international fast food restaurants are different from that of the international markets in the industrialized (more developed) countries (Ibrahim et al, 2005).

According to Wook-Hong (2008) McDonald’s, has come to represent the image of a leading new cultural lifestyle and business practice. Ritzer (2002) as cited by the same author mentioned and defined the concept “ McDonaldization” as the process by which the principles of the fast-food restaurant are coming to dominate more and more sectors of American society as well as of the rest of the world. Ritzer (2002) argued that “ McDonald’s” is the basis of one of the most influential developments in contemporary society with bringing more rational modes of thinking with giving up traditional ways in some social practice.

With McDonald’s huge success in business, there have also been a number of criticisms from selling unhealthy food to exploiting children and labour and destroying environment, such as the documentary film “ Super Size Me” (Spurlock 2004), Fast Food Nation (Schlosser 2001) and the London Greenpeaceâ€Ÿs leaflet ‘ What’s Wrong with McDonald’s?’ (1986). According to the same author, these have to a large extent created a negative image, connected with its bringing a variety of dysfunctions to modern lifestyle.

2. 3 Overview of fast food marketing strategies

In Mill’s opinion (2002) as cited by Wu et al (2010), the importance of the food service industry, like the McDonald’s Foods Industry, can be seen from the following: (a)The restaurant industry provides work,(b) The customers’ food dollar goes to meals and snacks prepared away from home, (c)various franchised locations offering food service in the United States,(d) the restaurant industry employs more than

10 million people.

According to Acevedo (2010), the successful marketing of food products translates into increased sales, faster turnover and higher profits. Food marketing can apply to products found at grocery stores, restaurants or quick marts; and in Choosing the right strategy entails a review of the current competition, product details and long-term marketing objectives. The most beneficial marketing strategies allow for immediate customer recognition and matches consumer preferences, thus increasing satisfaction and patronage.

According to Zhang Ting (2009), when choosing the international marketing strategy of a specific food service business, one of the factors that should be considered seriously is the culture difference because culture is a significant factor in influencing the consumer market and shopping behavior (Subramanian and Bala, 2001; Zhang Ting 2009).

Zhang Ting (2009), mentioned that most researchers agree that cultural differences lead to different consumer responses across countries (Herrmann and Heitmann, 2006; Zhang Ting, 2009). The same author verified that a lot of cases proved that, the marketing strategy will be influenced by the local cultural environment of the specific country and region. Thus, today’s body of knowledge suggests that international marketing managers should at the very least, be cautious about ensuring they understand the cultural differences when developing marketing activities (Herrmann and Heitmann, 2006; Zhang Ting, 2009).

According to Jones et al., (2002) as cited by Ibrahim et al (2005), mentioned that the contemporary fast food revolution essentially had its origins in the US in the mid 1950’s and this style of catering has continued to grow there and to spread to most of the rest of the world. Ritzer (2002) and Schlosser (2002) argue that fast food can be seen as a powerful symbol of globalization and post-modern society and few countries of the world seem immune to its apparent attractions (Ibrahim et al, 2005).

Clark, (2000) as cited by Ibrahim et al (2005) mentioned that international fast food chains marketing strategies in overseas countries need to be aware of the distinct consumer expectations and perceptions in each country they enter. Lee and Ulgado (1997) state that ‘ what fast food restaurants are to US consumers may not be what they should be to foreign customers if they are to be successful’ (Ibrahim et al., 2005).

Nowadays, with the increasingly globalized economy, and increasingly blending culture, multinational companies should pay even more attention to analyzing the cultural environment, identifying the differences between values, and also establishing the strategy of cross-marketing accordingly (Zhang Ting, 2009).

2. 4 Overview on the determinants of level of customer satisfaction in fast-food services and marketing trends

According to Miguel (2010), since the 90’s many service companies have pursued to enhance their performance and effectiveness in search of achieving differentiation in the market. The author reiterated that an example of that is the attempt to convince customers that their quality is superior to the competitors. He added that, the importance of service sector has sharply increased at both developed and developing countries.

Gupta and Chen, (2005); and Parasuraman et al., (2004) as cited by Miguel (2010) mentioned that research on services; academics and practitioners alike have exhibited considerable interest in the issues that surround the measurement of service quality. Service quality is one of the major issues facing operations managers but it is an area characterized by debate concerning the need for assessing customer expectations and service quality assessment.

According to Han et al (2010) People who are eating out more often, are increasingly putting a premium on saving time and eating healthy in better eating environments. As a result, the new quick-casual segment has emerged as a growth category in the foodservice industry. This new category fills a restaurant niche between fast-food and full-service. Although service is minimal, quick-casual restaurants offer menus and décor more reflective of casual dining restaurants. These restaurants tend to do their highest sales volume during lunch and generate a check average of between $6 and $9, which is slightly higher than checks at standard limited-service restaurants. The clientele are generally adult customers with middle to upper incomes (Tillotson, 2003; Han et al., 2010). In the quick-casual segment of the restaurant industry, the attractiveness of restaurant facilities, exceptional food, and acceptable level of service quality can affect customer satisfaction.

Service quality and customer satisfaction are inarguably the two core concepts in marketing theory and practice (Spreng & Mackoy, 2006; Han et al., 2010). In today's world of intense competition, the key to sustainable competitive advantage lies in delivering high-quality service that will in turn lead to satisfied customers (Shemwell et al., 2008; Han et al., 2010). Customer satisfaction has become one of the most critical marketing priorities because it is generally assumed to be a significant determinant of repeat sales, positive word-of-mouth, and customer loyalty. Total foodservice in the restaurant industry encompasses both tangible (food and physical facilities) and intangible (employee-customer interaction) components. A proper combination of the tangible and intangible aspects should result in a customer's perception of high restaurant service quality, which in turn should lead to attaining customer satisfaction and positive behavioral intention in the restaurant industry (Han et al., 2010).

According to Reichheld and Sasser, (2000) as cited by Omachonu et al (2008), customer satisfaction (CS) is increasingly becoming a corporate strategy. The author reiterated that under the rubrics of defensive marketing strategy, the importance of CS has been underscored by business practitioners. Empirically, recent research supports the notion that there is a positive relationship between CS and corporate financial performance (Omachonu et al, 2008)

Authors such as Hogan et al., (2003); Reichheld and Sasser, (2000) suggested that higher levels of customer retention rates can be achieved through higher levels of customer satisfaction rates, which in turn leads to increased corporate economic performance in a number of firms in different industries (Omachonu et al, 2008) . However, despite this, the extant knowledge of the variables that mediate the link between CS and corporate profitability remains scanty (Szymanski and Henard, 2001; Omachonu et al, 2008).

Jones and Sasser, (2005) as cited by the same author, conclude that the interrelationships among these intangible constructs have received inadequate empirical attention. Some studies find that higher levels of CS lead to higher levels of customer loyalty (Anderson and Sullivan, 2003; Fornell, 2002; Omachonu et al, 2008).

Price has been considered a significant component in explaining consumer behaviors. Perceived price can be described as " the customer's judgment about a serviceâ€Ÿs average price in comparison to its competitors" (Chen, Gupta, & Rom, 2004, Han et al., 2010). The concept of perceived price is based on the nature of the competitive-oriented pricing approach. This approach focuses on customers concerns about whether they are being charged more than or about the same as charged by competitors. Although many researchers have agreed that perceived price is an important determinant of customers post-purchase behaviors and emphasized the importance of perceived value, which is highly related to perceived price, in explaining customer behaviors, little empirical research has investigated the influence of perceived price on consumer behaviors in the service industry. Deruyter et al. (2007) as cited by Han et al (2010) found that increases in service quality levels lead to an increase in satisfaction level, and pointed out that low perceived quality may also result in high service satisfaction. They insisted that customers may not necessarily buy the highest level of quality service. That is, price, convenience, and availability may increase customer satisfaction without actually influencing customer perceptions of service quality (Han et al, 2010).