

Macdonald in india

[Countries, India](#)



McDonalds entering the Indian market Presented to Dr. Madiha Metawie

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Corporation is the world's largest chain of hamburger fast food restaurants, serving around 64 million customers daily in 119 countries.

Headquartered in the United States, the company began in 1940 as a

barbecue restaurant operated by the eponymous Richard and Maurice

McDonald; in 1948 they reorganized their business as a hamburger stand

using production line principles. Businessman Ray Kroc joined the company

as a franchise agent in 1955. He subsequently purchased the chain from the

McDonald brothers and oversaw its worldwide growth. A McDonald's

restaurant is operated by a franchisee, an affiliate, or the corporation itself.

The corporation's revenues come from the rent, royalties and fees paid by

the franchisees, as well as sales in company-operated restaurants.

McDonald's revenues grew 27 percent over the three years ending in 2007

to \$22. 8 billion, and 9 percent growth in operating income to \$3. 9 billion.

McDonald's primarily sells hamburgers, cheeseburgers, chicken, french-fries,

breakfast items, soft drinks, shakes and desserts. In response to changing

consumer tastes, the company has expanded its menu to include salads,

wraps, smoothies and fruit. Most standalone McDonald's restaurants offer

both counter service and drive-through service, with indoor and sometimes

outdoor seating.

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Drive-Thru, Auto-Mac, Pay and Drive, or " McDrive" as it is known in many countries, often has separate stations for placing, paying for, and picking up orders, though the latter two steps are frequently combined; it was first introduced in Arizona in 1975, following the lead of other fast-food chains. McDonald's Corporation earns revenue as an investor in properties, a franchiser of restaurants, and an operator of restaurants. Approximately 15% of McDonald's restaurants are owned and operated by McDonald's Corporation directly.

The remainder are operated by others through a variety of franchise agreements and joint ventures. The McDonald's Corporation's business model is slightly different from that of most other fast-food chains. In addition to ordinary franchise fees and marketing fees, which are calculated as a percentage of sales, McDonald's may also collect rent, which may also be calculated on the basis of sales. As a condition of many franchise agreements, which vary by contract, age, country, and location, the Corporation may own or lease the properties on which McDonald's franchises are located.

In most, if not all cases, the franchisee does not own the location of its restaurants. Problem definition: When McDonald's entered India in 1996, it came with hopes of a happy meal soon enough. Thirteen years later and around Rs 4000 million of accumulated losses later, the plate seems to be half empty. Delhi-based Connaught Plaza Restaurants, one of the burger chain's two subsidiaries in India, which operates the franchises for the north and east, showed Rs 2114. 1 million of accumulated losses for fiscal 2008.

The company had posted an accumulated loss of Rs 1891. million for the previous fiscal ended March 31 2007. At the same time, Mumbai-based Hard Castle Restaurants, which operates the franchise business in the western and southern markets, had posted an accumulated loss of Rs 1190 million in fiscal 2008 For thousands of years, India's Hindu culture has revered the cow and does not eat the meat of the sacred cow. In addition there are some 140 million Muslims in India, who do not eat pork. However, McDonald's managers noticed that some people never dropped in when they passed by.

Some customers complained that fast food was not as good as their indian cuisine, and that it lacked variety. McDonald's restaurants were almost empty during the traditional celebrations. Literature survey: Marketers are increasingly recognizing the importance of cultural differences within a society. Subcultures are distinctive groups within a society that share common meanings. Subcultures can often be identified based on demographic characteristics, such as geographic location, ethnicity, or age. Subcultures can also be identified based on common lifestyles.

Importantly, identification of lifestyle subcultures, and the corresponding development of an inventory of shared meanings, is typically more difficult than the development of such understanding of subcultures based on observable demographic characteristics. The case here is that MacDonalD's marketers neglected this important issue. There is a huge difference in the American and the Indian culture. This affects the customer attitudes, beliefs and preferences. Culture is part of the external influences that impact the

consumer. That is, culture represents influences that are imposed on the consumer by other individuals.

The definition of culture offered in one textbook is “ That complex whole which includes knowledge, belief, art, morals, custom, and any other capabilities and habits acquired by man person as a member of society. ”

From this definition, we make the following observations: •Culture, as a “ complex whole,” is a system of interdependent components. •Knowledge and beliefs are important parts. In the U. S. , we know and believe that feeding on fast food which isn’t very healthy is ordinary. In other countries, it may be different like in India where they have healthier dieting habits.

- Other issues are relevant.

Art and morality. Notice that what at least some countries view as moral may in fact be highly immoral by the standards of another country. For thousands of years, India's Hindu culture has revered the cow and does not eat the meat of the sacred cow. In addition there are about 140 million Muslims in India, who do not eat pork. •Culture has several important characteristics: (1) Culture is comprehensive. This means that all parts must fit together in some logical fashion. For example, bowing and a strong desire to avoid the loss of face are unified in their manifestation of the importance of respect. 2) Culture is learned rather than being something we are born with. (3) Culture is manifested within boundaries of acceptable behavior. Failure to behave within the prescribed norms may lead to sanctions, ranging from being hauled off by the police for indecent exposure to being laughed at by others for wearing a suit at the beach. (4) Conscious awareness of cultural

standards is limited. One American spy was intercepted by the Germans during World War II simply because of the way he held his knife and fork while eating. (5) Cultures fall somewhere on a continuum between static and dynamic depending on how quickly they accept change.

For example, American culture has changed a great deal since the 1950s, while the culture of India has changed much less. Dealing with culture.

Culture is a problematic issue for many marketers since it is inherently nebulous and often difficult to understand. One may violate the cultural norms of another country without being informed of this. •Humans are inherently social animals, and individuals greatly influence each other.

•Group have a great influence on the individual because an individual uses a relevant group as a standard of reference against which oneself is compared.

Attitudes Introduction.

Consumer attitudes are a composite of a consumer's (1) beliefs about, (2) feelings about, (3) and behavioral intentions toward some object. These components are viewed together since they are highly interdependent and together represent forces that influence how the consumer will react to the object. •Beliefs. The first component is beliefs. A consumer may hold both positive beliefs toward an object (e. g. , burger taste good) as well as negative beliefs (e. g. , burger isn't healthy). In addition, some beliefs may be neutral (coffee is black), and some may be differ in valance depending on the person or the situation (e. . , coffee is hot and stimulates--good on a cold morning, but not good on a hot summer evening when one wants to sleep). Note also that the beliefs that consumers hold need not be accurate (e. g. ,

that pork contains little fat), and some beliefs may, upon closer examination, be contradictory. •Since a consumer holds many beliefs, it may often be difficult to get down to a “ bottom line” overall belief about whether an object such as McDonald’s is overall good or bad. •Affect. Consumers also hold certain feelings toward brands or other objects. Sometimes these feelings are based on the beliefs (e. . , a person feels nauseated when thinking about a hamburger because of the tremendous amount of fat it contains), but there may also be feelings which are relatively independent of beliefs. For example, an extreme environmentalist may believe that cutting down trees is morally wrong, but may have positive affect toward Christmas trees because he or she unconsciously associates these trees with the experience that he or she had at Christmas as a child. Behavioral Intention. The behavioral intention is what the consumer plans to do with respect to the object (e. . , buy or not buy the brand). As with affect, this is sometimes a logical consequence of beliefs (or affect), but may sometimes reflect other circumstances--e. g. , although a consumer does not really like a restaurant, he or she will go there because it is a hangout for his or her friends. In summary, the above discussion suggests that culture orientation may moderate the success of entering a new market with the same products and ideology of the home country. What was needed is a market research to know the preferences of the Indian customers.

Market research is often needed to ensure that we produce what customers really want and not what we think they want. Primary vs. secondary research methods. There are two main approaches to marketing. Secondary research involves using information that others have already put together, in contrast,

is research that you design and conduct yourself. Research will often help us reduce risks associated with entry a new market, but it can't take the risk away entirely. It is also important to ascertain whether the research has been complete. Primary Methods.

Several tools are available to the market researcher—e. g. , mail questionnaires, phone surveys, observation, and focus groups. Surveys are useful for getting a great deal of specific information. Surveys can contain open-ended questions (e. g. , “ In which city and state were you born? _____”) or closed-ended, where the respondent is asked to select answers from a brief list (e. g. , “ __Male __ Female. ” Open ended questions have the advantage that the respondent is not limited to the options listed, and that the respondent is not being influenced by seeing a list of responses.

Surveys come in several different forms mail survey, Phone-surveys,& face-to-face interviews. Focus groups are useful when the marketer wants to launch a new product or modify an existing one. A focus group usually involves having some 8-12 people come together in a room to discuss their consumption preferences and experiences. The group is usually led by a moderator, who will start out talking broadly about topics related broadly to the product without mentioning the product itself. Personal interviews involve in-depth questioning of an individual about his or her interest in or experiences with a product.

The benefit here is that we can get really into depth. Observation of consumers is often a powerful tool. Looking at how consumers select products may yield insights into how they make decisions and what they look

for. Segmentation, Targeting, and Positioning. . Market research helps you " identify" your market. Segmentation lets you " segment" your identified market into more refined groups. In short market research is broader and segmentation is more refined. Also Religion has a huge impact on segmentation since certain religions do not allow the consumption of certain foods.

Like our case of Hinduism religion. The importance of STP. Segmentation is the cornerstone of marketing—almost all marketing efforts in some way relate to decisions on who to serve or how to implement positioning through the different parts of the marketing mix. For example, one’s distribution strategy should consider where one’s target market is most likely to buy the product, and a promotional strategy should consider the target’s media habits and which kinds of messages will be most persuasive. Positioning across markets.

Firms often have to make a tradeoff between adapting their products to the unique demands of a country market or gaining benefits of standardization such as cost savings and the maintenance of a consistent global brand image. marketers at McDonald’s should have used the global brand image as a family place with high quality of food and fast service also they should have considered the unique demand of the Indian market and adapted their products for it. Methods of entry. With rare exceptions, products just don’t emerge in foreign markets overnight—a firm has to build up a market over time.

Several strategies, which differ in aggressiveness, risk, and the amount of control that the firm is able to maintain, are available: •Licensing and franchising are also low exposure methods of entry—you allow someone else to use your trademarks and accumulated expertise. Your partner puts up the money and assumes the risk. Problems here involve the fact that you are training a potential competitor and that you have little control over how the business is operated. •Direct entry strategies, where the firm either acquires a firm or builds operations " from scratch" involve the highest exposure, but also the greatest opportunities for profits.

The firm gains more knowledge about the local market and maintains greater control, but now has a huge investment. In some countries, the government may expropriate assets without compensation, so direct investment entails an additional risk. A variation involves a joint venture, where a local firm puts up some of the money and knowledge about the local market. MacDonald's usually use one of those two methods. In our situation it is the franchising method. Theoretical framework: How to satisfy Indian customer with McDonald's products which is based mainly on meat while they consider cows a god that should be respected?

So as concluded from the literature survey that culture, affects, attitudes, and behavioral intentions direct the consumption of the customer. So they were supposed more considered in the market research to know the customer's needs and adapt the product accordingly. Entering a new market depends mainly on a good market research considering the mentioned topics. So if the market research is executed properly and considered the

culture and beliefs and affects and buying habits of the new market the sales in the new market would have increased, this also goes the other way around like our case.

So we suppose there is a positive relationship between the quality of the research and the success (sales) in entering a new market. Research variables: We can conclude two variables: •New market entry (dependent). •Market research (independent). Success in a new market depends on how well you conducted your market research. Hypothesis development: It's a culture difference & McDonald's must adapt to the Indian culture to gain more customers. If MacDonald's have conducted a good market research then they would have considered the difference of cultures between the United States and India.

Research design: Exploratory study we want to gather data from Indians to understand the food Indians would prefer and their dieting habits. We are trying to make sure whether MacDonald's losses are affected by the Indian culture, beliefs and preferences or not. We will gather information from the population and see what will be the effect of changing the items of the menu on sales. With 1, 210, 000, 000 (1. 21 billion) people, India is currently the world's second largest country. India crossed the one billion mark in the year 2000; one year after the world's population crossed the six billion threshold.

So the sample should be chosen carefully to present the Indian society. The sample should present the difference in religion, beliefs, demographics, income, and all other segments of the Indian society. Data collecting methods: We will gather information about why Indians don't dine at

MacDonald's and their ideas about better menu items using different channels: •We will observe the customers buying habits. This can be helpful to obtain information as they occur also to see the expressions and body language of the customer. •We will interview subjects from our sample face to face and over the phone.

We will use structured interviews with predetermined questions focusing on why Indians don't dine at MacDonald's and what items they would like to have also what items they don't like in MacDonald's menu. •We will also distribute questioners to chosen subjects of the sample will have to consider constructing questioners with short and simple questions to be easily filled by the subjects. Research plan: After making the research and analysis of the answers, the research hypothesis was right. It is a cultural difference. Fast food restaurants like McDonald's are distinct American brands.

Differences between India and

US politics, economics, social development and ideology became obstacles to international enterprises operating in India. Corporate culture could not be understood or accepted there, especially in the restaurant field, where culture plays a crucial role. The recommendations were to change the type of the presented food to be suitable to taste and culture of the Indians.

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