

Globalization and Glocalization Marketing of McDonald's

Anne Keziah William

(Faculty of Management & Information Technology, University Sultan Azlan Shah, Malaysia)

ABSTRACT: *Marketing is indeed one of the most important management functions because it helps international firms to keep on focusing to the needs of customers particularly in global international business. Quoting Peter Drucker's famous marketing mantra "The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself", this case study focused on McDonald's as the company attempts to anticipate and satisfy its global customers while wadding off its rival.*

Keywords: *adaptation, global marketing strategy, marketing mix, McDonald's, standardization*

I. INTRODUCTION

Global marketing is an art of identifying, measuring and pursuing opportunities that lies ahead in the global marketplace. In other word, global marketing enables its players to recognize their potential customers so that they could design their marketing strategies based on the diversity nature of global marketplace. Normally, a global marketplace is segmented by the following characteristics:-

1. Demographic characteristic which takes into account the aspects of gender, ethnic, religion, education background, income, household size and etc.;
2. Psychographic characteristic such as values, beliefs, opinions, interest and attitudes;
3. Behaviouristic character namely brand loyalty, product usage length and benefits they seek out of usage; and
4. Geographic characteristic such as market size, climate, regional etc.

The above segmentation of global customers will help the global firms to position themselves in foreign markets by creating competitive advantages to outshine their competitors. This will also help global firms to decide and determine which customer segments are going to be targeted. This strategy also guides the firms to determine the extent of standardization and adaptation aka glocalization in their marketing programme elements.

Standardization refers to the harmonized efforts of a firm's marketing mix for every one of its customers. Basically, a standardization of global marketing strategy consists of components such as identical brand names, uniform packaging, standardized products and coordinated sales campaigns, advertising messages, product introduction as well as pricing. Such standardization not only harmonized its market but also allows the firms to gain benefits such as lower production costs through economics of scales, more efficient planning and control activities as well as the ability to maintain a strong global brand.

However as the global marketplace began to establish itself as a single market, glocalization or adaptation is seen as the sole key to a successful single borderless market. Glocalization urge the global firms to customize their marketing strategies based on cultural, regional and national differences of specific targeted markets. Glocalization is also supported by Czinkota and Ronnenken (1995) as they were quoted as "Altering and adjusting the marketing mix determinants are essential and vital to suit local tastes, meet special needs and consumer's non-identical requirements". Since the glocalization allows adaptation based on local market's taste and preferences, it indeed helps the global firms to gain local's responsive behaviours. Such act could create sense of belongingness that leads to customer's loyalty in the long run. The following are the benefits of glocalization or adaptation:-

1. Fulfilling local consumer's needs by producing tailor made products based on local requirements;
2. Creation of unique products which is also seen as an advantage compared to other players in the same industry;
3. Enriching firm's corporate image as they comply to local government's requirements; and
4. Creates adventurers opportunities that boost the R&D activities in their new product's development.

II. MCDONALD'S GLOBALIZATION AND GLOCALIZATION MARKETING

As the world may know, McDonald's is indeed one of the best well-known brands worldwide as at 31'st December 2015, the firm successfully established 36,525 franchising restaurants in 119 countries while employing 420,000 people worldwide. With a tagline as simple and catchy as "I'm Lovin it" and Ronald McDonald as their famous mascot, the is no turning back for McDonald's from the day McDonald's first international venture in Canada operates, as the firm firmly believes in "think global, act local" business mantra.

By using the 7Ps of marketing mix, McDonald's globalization and glocalization marketing will be analysed in this case study. The seven(7) variables used to the marketing mix of McDonald's are product (physical features as well as quality), place (number of outlets as well as their location), price (what are the determinants as well as strategies), promotion (advertising and sales activities), people (the quality, quantity as well as training of its employees), process (planning and controlling activities) and physical (decoration and cleanliness of the outlet as well as the ambience of the service).

2.1 Product

Although McDonald's is a staunch believer in product standardization so that it's product taste the same whether in United Kingdom, Malaysia or South Korea as it has proven to be more cost saving, the firm also permits adaptation due to customer's preferences as well as laws or customs. The following are few examples of glocalization done by McDonald's to suit its host country's religious laws and customs as well as to develop new products in the market:-

1. McDonald's in India serves Vegetable McNuggets (instead of chicken base) and Mutton based Maharaja Mac (instead of beef base Big Mac) due to religious laws that prohibited Hindus to eat beef as well as to cater the needs of vegetarian consumers;
2. Special limited time menus such as Prosperity Burger during Chinese New Year (in Malaysia), FoldoverLazeezChicken and FoldoverMashwi Beef during the Muslim's fasting month (in Malaysia);
3. Variety of customized beverages according to region such as guava juice in tropical countries, beer in Germany, chilled yogurt drink in Turkey as well as espresso in Italy; and
4. Variety of new menus such as Teriyaki Burgers (in Japan), McSpaghetti (in Philippines), McLaks or grilled salmon sandwich (in Norway), McLobster (in Canada), McHuevo or poached egg hamburger (in Uruguay) as well as Samurai Pork Burger in Thailand.

On top of that, McDonald's Quality Assurance teams also make sure all parties involved in their supply chain are responsible to maintain the quality of their products. This is done through continuous inspections, visits and audits to all its production facilities, distribution centres as well as dining outlets. This ensures everyone involved follows a tight specification and procedures assigned to them by the firm. In Islamic counties, McDonald's undergoes a stringent inspection by Muslim clerics to be rewarded with a "Halal" that indicates the absence of pork products.

2.2 Place

As an element of the marketing mix, place for McDonald's is not merely a physical location of its global supply chain but also the management of processes involved to bring their products to the end consumers. This is reflected by McDonald's pride of hiring locals as well as franchising its ventures among local entrepreneurs. Indeed this tactic reaps abundantly as McDonald's franchise rose to 36,525 covering 119 countries worldwide.

2.3 Price

It is a common knowledge that consumer's perception of value is the major determinant of any price charged. Based on readings, it is clear that McDonald's uses a rigorous pricing process that consists of: (1) price objective selection, (2) demand determination, (3) cost elimination, (4) competitor's cost, prices and offers analysis, (5) pricing method selection; and (6) final price selection to increase market share. Since demands serves as a barometer for setting price, McDonalds again turn to glocalization to set its price, this explains why the price of Big Mac varies slightly among countries. For instance, according to www.statista.com, price of a single unit of Big Mac is USD6.59 in Switzerland, USD3.94 in Britain, USD2.82 in Philippines and USD1.99 in Malaysia. The above difference of pricing clearly indicates the purchasing power of the individual economy which was cleverly manipulated by McDonald's.

2.4 Promotion

The firm also employs adaptation in its marketing communication strategies through promotional attributes to challenge the differences in individual market. The elements commonly used are consumer's attitude towards its product, usage patterns, ethics, religious and moral consideration that justifies a consumer's purchasing power. This explains why in United Kingdom, the firm uses Alan Shearer, the famous England Captain to promote their hamburgers where else in France, FabianBarthez was used for promotions. McDonald's also garnered world's attention by pairing Ronald McDonald with a female counterpart known as Aunt McDonald in its Beijing restaurants. McDonald's also ventured out with Walt Disney to produce toys in their happy meals sets based on movies produced by the film giant. Few notable toys that clearly cheered hearts of children throughout the world are figurines based on characters in the movies A Bug's Life, Tarzan and of

course, Toy Story. Moreover, McDonald's also portrays itself as champion in public welfare by advocating on behalf of under-privileged children by setting up Ronald McDonald's House Charities. With a vision "Thinking globally, acting locally to provide resources for children and their families" this charity programme since 1974 houses families with sick children in a premise closer to the hospitals to enable the parents to stay close to their hospitalised child. By adding human touch to its promotion agenda, McDonald's surely is a hit among all its consumers regardless of age, gender, or even location.

2.5 People

It is said that a new McDonald's opens somewhere every day making people element as one of the main catalyst for McDonald's global growth. As at 31st December 2015, McDonald's employees 420,000 people worldwide and as the firm strongly commits to employ local people and promoting them to the management post. Since McDonald's is a customer centric firm, by staffing local people, it has restaurant managers who truly understand both local and corporate culture. The whole process of job designing, interviewing and hiring also been standardized all over the world. McDonald's determination in producing top notch human resource goes way back in 1961 when Hamburger University was set up in Elk Grove Village, Illinois. This university focus solely on restaurant operation procedures, service, quality and cleanliness and now it has become the firm's global centre of excellence for McDonald's operation training and leadership development. It is said that the university provides training in 22 languages and course module that suits the operation worldwide. Besides Illinois, there are also additional training centres few major cities such as Munich, Tokyo, London, Sydney and mainland China.

2.6 Process

With a total of 36, 525 restaurants worldwide, one can bet that food making procedures as well as the kitchen layout is same in each one of them. As a champion of standardization, McDonald's has set the specification for the suppliers such as one out of two fries must measure 75mm, buns are 9.5 to 9.8cm in diameter and 6cm high and so on. Any suppliers who can't meet these requirements are sworn off from the supply chain to the extend in the event of failure to get such supplier, McDonald's simply set up their own source of supply, as what had occurred in Russia. Understanding its constraint over language problems in its global marketing, McDonald's minimizes this problem by using pictographs instead of words. This system allows McDonald's to overcome language transition problem while boasting sales worldwide.

2.7 Physical

McDonald's message in every franchise throughout the world conveys the following "To focus on consistent delivery of quality, service and cleanliness through excellence in our restaurant". The dining experiences and environment that singled out family values is also a push factor in this marketing tool. Every outlet comes with a standardized play area for children and at McDonald's a kid's meal always comes with a toy. On top of that, McDonald's also ensure that their services are always accompanied with a smile. This level of comfort and family value attraction is indeed proven to works best for McDonald's branding worldwide.

III. CONCLUSION

Through this case study, it is very clear that McDonald's brilliantly balanced its globalization (standardization) and glocalization (adaptation) marketing strategy in its worldwide operations. It's only fair to conclude that McDonald's successfully identified which market segmentation is driven globally and which could be managed locally. By understanding the local market's needs and preferences, McDonald's managed to develop a collaborative approach that enables it to reap its benefits abundantly.

REFERENCES

- [1] Jing Han, The Business Strategy of McDonald's, *International Journal of Business and Management*, Vol. 3, No. 11, November 2008
- [2] Bahaudin G. Mujtaba, Bina Patel, McDonald's Success Strategy and Global Expansion Through Customer and Brand Loyalty, *Journal of Business Case Studies*, Third Quarter 2007, Volume 3, Number 3.
- [3] Czinkota and Ronneken (1995). *International Marketing*. 2nd ed. Dryden Press
- [4] FarizaHashim, Abdul Rahim Abu Bakar, AsmatNizam Abdul Talib (2010) *International Business*, Second Edition : Oxford
- [5] Kotler, P., & Keller, K. L. (2016). *Marketing management*. Harlow: Pearson
- [6] McDonald's Annual Review 2015
- [7] <http://www.mcdonalds.com>
- [8] <http://www.statista.com>