

## **CASE 10.1**

### **McDonaldization**

#### **Instructor Notes**

It is understandable why some managers of McDonald's may want to believe that they have a successful formula that they can use to conquer the world. After all, the company has been highly successful in the United States, Europe, and Asia (including the difficult-to-crack Japanese market) in spite of the cultural differences that exist. Some may thus believe that McDonald's has the ability to homogenize consumers' tastes.

The managers' statement represents a careless thought and reflects the big-car syndrome. These American managers, in essence, want to Americanize the world, believing that their American products, reflecting Americans' taste, are superior and that such products should be preferred by foreign consumers. This kind of thinking is dangerous. If this attitude prevails, McDonald's will become less likely to make necessary changes in its products or promotional messages even when foreign markets are clearly different. In effect, it will violate the marketing concept as it tries to force consumers to change their wants to conform to the firm's offerings--rather than to adjust the firm's offerings to fit consumer needs.

It must be pointed out that certain business practices have uniform appeal. Consumers worldwide, as can be expected, prefer friendly and quick service, cleanliness, value, and consistent product quality. Any organizations (including McDonald's) that can meet these criteria are likely to be successful. It is true that McDonald's has done a remarkable job in satisfying these consumer requirements. In this instance, consumers' requirements happen to coincide with McDonald's offerings. But what customers everywhere really want is a good product at a good price--not necessarily McDonald's.

While marketing principles are universal and the marketing process can be standardized, it does not mean that a firm should have only one uniform marketing mix to be utilized in all countries. More often than not, it is unlikely that one marketing method or campaign will be able to effectively satisfy worldwide consumers even when they have uniform requirements. One marketing mix to satisfy the whole world is often woefully inadequate.

Fortunately for McDonald's, the firm, while insisting on consistency, understands the need for flexibility. As a result, it has allowed its U.S. and overseas franchisees some freedom to design their marketing programs. While McDonald's insists on quality, it has also made necessary adaptations. The variations across countries of its product mix are one example. As a matter of fact, the operations in France have been successful and profitable to the point that some of the ideas and methods there have been borrowed and implemented in the United States.

McDonald's has done a good job in maintaining uniform quality. There is a systematic comparison of all outlets in terms of their services, and mystery shoppers are used for this purpose. All outlets are required to have a side-by-side (product cut-up) comparison of their products with the ones (e.g., Big Mac) brought from the United States.

McDonald's is now implementing a strategy that allows customers to customize their burgers. The "Made for You" campaign is based on the idea of mass customization. As soon as a customer specifies how he or she wants a burger done (in terms of what is to be included or excluded), the order will appear on a screen in the kitchen. To speed up the customization process, one person is assigned the task of toasting the buns, while another focuses on the dressings for the burger, and so on.

Franchisees are allowed to create and offer their own innovations as long as the proposed products meet the requirements of McDonald's. Likewise, advertisements are heavily localized, as long as they meet the global criteria of McDonald's (e.g., logo, relevance, etc.).

McDonald's has become geocentric. The headquarters in Oak Brook (Illinois) serves as the restaurant service center. It provides information to outlets all over the world. A franchisee in one country can learn about the successes or failures of another outlet in another country. Franchisees are free to copy each other's idea because the company's philosophy is that shameless copying is fine.