Research on the Adaptability of Organizational Management in McDonald's "Sinicization" Operation

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Abstract. Chinese fast food businesses have grown quickly in recent years, but they still have a far smaller market share and profit margin than Western fast food businesses like McDonald's and KFC. McDonald's outperforms Chinese fast food firms by 160 times when it comes to average shop turnover. More than one-third of the fast-food market in China is now made up of businesses with a Westernized aesthetic. We cannot disregard the challenges in service marketing related to service quality, method, pricing, physical proof, and others, for a variety of reasons. Additionally, the daily schedules in North and South China vary, as do the service delivery methods. I selected a region's McDonald's shops as the subject of the analysis to make the proposal more focused. This essay will examine the factors that contributed to McDonald's success in China and provide recommendations.

Keywords: Chinese fast food; McDonald's; marketing strategies.

1. Introduction

Since its founding in California in 1954, McDonald's has grown to be one of the most well-known and admired brands in the world [1]. Successes include the launch of more than 30,000 franchisees in 119 countries, providing services to over 47 million customers daily, and bringing in almost $15 billion in yearly income. In addition, McDonald's constantly improves the perception of its brand by sponsoring various social gatherings. Reader's Digest carried the first national advertisement for McDonald's in 1963 [2]. The business didn't have its first indoor marketing apartment until 1967. As a result, the marketing approach of McDonald's is grabbing our attention more and more. How did McDonald's become a key sponsor of both England's Champions League from 1996 to 2000 and the World Cup from 1994? We may examine their formula for success using a variety of formulation methodologies, such as Porter's Five Forces Model. McDonald's must choose the best approach if it is to succeed. collectively, particularly given that they live in a very complicated and dynamic environment. "Analyzers aim to innovate at the periphery while keeping a stable business," according to Miles and Snow's definition. It seems to be positioned between defenders and prospectors. Some items will be aimed toward a steady environment where efficiency measures are used to keep current clients. Others will seek fresh, exciting workplaces with room for growth. (R. L. Daft) Think about how McDonald's uses these tactics and how they connect to them. Another crucial aspect of corporate structure is how it interacts with the outside world.

2. McDonald's business model and business pain points in China

2.1 Current situation of the fast food industry in China and the prospect of McDonald's operation in China

China established its fast food sector very recently. The KFC fast food business entered the Chinese market in April 1987, paving the way for the growth of contemporary fast food in China [3]. Since its start, China's fast food business has continued to develop quickly. The catering sector has seen significant growth in terms of size and organizational structure as a result of China's fast expansion, which has also fundamentally altered China's economic shape and resident consumption patterns. The status of chain restaurants in China that are larger than the permitted size has been a part of the "Professional Data of the National Bureau of Statistics of China" since 2002 [4]. The fundamental status quo of China's chain fast food sector may be ascertained via data analysis.

2.1.1 Existing Competitors

KFC, Wallace, Dicos, and other Western-style fast food chains compete with McDonald's as its major rival in mainland China. Both McDonald's and KFC are American brands. KFC is far smaller than McDonald's in the US. With a global store count of over 30,000 and annual revenue of over 40 billion US dollars, McDonald's outpaces KFC, which only has roughly 11,000 locations [5]. KFC, on the other hand, had a far greater geographic footprint in China than McDonald's and had entered the market there first. KFC has 3,000 restaurants countrywide, whereas McDonald's only has 1,500. After 2004, KFC expanded quickly. In June 2010, KFC China In Shanghai, the 3000th restaurant opened. While McDonald's continued to expand at a 25% pace after 2004, it picked up speed in 2007 and has already surpassed 1,100 locations. By the end of 2013, it hopes to have more than 2,000. The high requirements for the experience environment are a major factor in McDonald's expansion in the market. McDonald's sells the atmosphere and experience rather than goods. With slogans like "Make space for happiness," "McDonald's is not just a restaurant," and "24-hour restaurant," McDonald's has succeeded in the market thanks to standardized management, standardized product quality, and the capacity to grow with a significant competitive advantage [6].

2.1.2 Potential Competitors

The competitiveness in the sector is significantly influenced by potential new entrants. The majority of these new competitors have increased production capacity and other essential resources, and they anticipate gaining a competitive advantage that might result in their sharing raw materials with rival businesses. The fight for market share will ultimately result in a decline in the profitability of current industry players, and in extreme situations, it may even put these businesses' futures in jeopardy. The level of incumbent businesses' counterattacks and the entrance obstacles to the sector determine the threat status of prospective newcomers. Contrarily, there is a danger. The extent of entry barriers is primarily influenced by economies of scale, product differentiation, capital requirements, and switching costs. Using McDonald's as an example, the majority of the current fast food outlets in my nation are modest in size, making this a sector with low entry barriers owing to the size of the Chinese market and the low entry capital, cost, and technology needs. As a result, there are many possible new competitors in the market. Its potential entrance group is enormous due to the ongoing appearance of snack bars with various cuisine themes in daily life. It is simple to distinguish between various types of snack bars that concentrate on regional specialties, excel in terms of flavor, and succeed commercially. Whatever stage of life they are in, they all affect how McDonald's runs.

2.1.3 Supplier

McDonald's is no different from other Western-style fast food establishments in its pursuit of economies of scale. Even more important, however, are the quality criteria. and carry out the duties of improving cost-effectiveness and quality control. In order to increase the value of the supply chain and strengthen competitive advantage, McDonald's also insists on a vertical division of labor in employment integration, knowledge and experience sharing, mutual trust, the development of new products, new technologies, and the growth of the company and suppliers. The "expired beef" incident momentarily delayed the supply of several McDonald's raw materials. As of late August 2014, all McDonald's China locations have gradually started selling meat, according to the company. It will take some time until the supply of vegetables is restored since McDonald's will temporarily import lettuce from Golden State Foods in Australia. Vegetable supplies are expected to gradually resume starting in early September. After the third week of September, McDonald's restaurants throughout the country will once again have access to their usual vegetable supply.

2.1.4 Purchaser

McDonald's tasty cuisine creates children's aftertastes, such as fresh fried chicken, soft burgers, crunchy French fries, refreshing beverages, and so forth, to attract youngsters and young children. As a result of the fact that kids are more interested in toys and entertainment options than actual meals, McDonald's has also sometimes introduced new items, such as whole play sets. Children are drawn to the complimentary toys included with McDonald's Happy Meals, which include Disney movie character figurines. McDonald's caters to the demands of youthful customers by offering quick, easy, and convenient meal options in a laid-back, friendly restaurant setting. In many situations, young people like the eating atmosphere. In McDonald's restaurants, young people often purchase a drink and a bag of chips, sit down, relax, or speak with friends while enjoying the restaurant's clean tables and chairs, bright lighting, lovely music, and stylish décor. It offers young people the perfect location for recreation, dating, and socializing. McDonald's has put in place several measures to ensure the quality of hygiene from the perspective of health to draw in middle-aged customers between the ages of 35 and 45. These measures include the service life of frying oil, the effective time of food, the speed of cleaning tableware, and the inspection time of restrooms.

2.1.5 Substitute Goods

One of the McDonald's alternatives in China is Yonghe King. A nationwide network of fast food restaurants is called Yonghe King. Its offerings include soy milk, fried dough sticks, several types of porridge, and Chinese snacks designed to appeal to Chinese consumers. The shop operates round-the-clock, with a dedicated website, an online order inbox, and a phone delivery hotline, much like McDonald's. Yonghe King and the massive Philippine fast-food chain Jollibee Restaurant Group successfully merged in February 2004. Yonghe King will work to establish itself as the leading Chinese fast food brand by offering clients scrumptious and worthwhile goods. The company has more than 25 years of successful experience in the fast food sector of the Jollibee Group. KFC chicken leads the list of the top ten internationally recognized brands that Chinese consumers like, according to a recent poll by an international information business in mainland China. Coca-Cola and McDonald's are only ranked fourth and fifth, respectively. The study demonstrates that multinational firms are more likely to succeed in the mainland consumer market if they appropriately localize their marketing methods the closer they are to China's cultural norms. KFC is the most well-known international brand in China, according to the findings of 16,677 surveys that were distributed across 30 Chinese cities, according to an early article in "Lianhe Zaobao." The Chinese people's love of food is the main factor. Fried chicken is KFC's primary offering. Chinese people naturally choose chicken over hamburgers from McDonald's.

2.2 Business Pain Point

McDonald's is one of the industry leaders in China's fast food sector today with more than 1,200 stores and more than 60,000 employees. Even with this success, McDonald's struggles to maintain its composure. When compared to its rival, KFC, which is also from an entirely another continent, KFC is still not McDonald's biggest rival. KFC has surpassed McDonald's by a wide margin in the Chinese market. Statistics show that KFC has more than 2,600 locations in the Chinese market, more than twice as many as McDonald's. At the same time, McDonald's is significantly outperformed by KFC in the Chinese market in terms of single-store competition. At the same time, McDonald's is seeing some healthy competition from the quickly expanding local fast food chains represented by Zhen Kung Fu. All of these have placed the global fast-food industry leader McDonald's, which dominates, under significant pressure.

3. The Secret of Success

3.1 Company culture

the outside Customers may see the McDonald's culture, which includes the smiling staff, the golden arches, the clean restaurant, the friendly McDonald's uncle, and other elements. Uncle McDonald is a picture of coziness, humor, and harmony. He often sports red and white striped socks, big red shoes, yellow gloves, and yellow jumpsuits to resemble a traditional circus clown [7]. He trails Santa Claus in popularity among children in the United States between the ages of 4 and 9. He supports the notion that everyone will always be welcomed at McDonald's. The corporate logo for

McDonald's is an arc-shaped "M," with yellow serving as the primary color and a slightly deeper red serving as the auxiliary color. Yellow is extremely visible in all conditions and conjures up thoughts of inexpensive costs. powerful. People are strongly compelled to enter the shop by the softly curving "M" letter, which complements the appearance of the business entrance.

3.2 Products

McDonald's has created several nearly brutal signs to guarantee the distinct taste and freshness of the dish. Before entering the shop, all raw materials must pass several quality examinations. Among these, there are more than 40 inspection indications for beef patties, a maximum temperature of 4 °C for milk syrup, the 40-day shelf life for cheese, and two-year shelf life for other foods [8]. The product will be put in the holding cabinet with the timecard and rejected if it exceeds these indications; french fries are discarded after 7 minutes and burgers are discarded after 10 minutes.

3.3 Advertising

The three main objectives of McDonald's advertising are to make people aware of an item, make them feel good about it, and make them remember it. The correct message must be delivered to the right audience through the right channel. Some of the ways McDonald's promotes include on television, on billboards, and in bus shelters. They run print ads, and television programmers are a key conduit for marketing and promotion. The M shape from the corporate emblem and other visual elements from a well-known brand is commonly used as creative advertising techniques. The advertisements are filled with personal touches and use everyday Chinese people as their major protagonists. Furthermore, McDonald's places a strong emphasis on delicious food in their visual advertising strategy, presenting it to consumers in a visually attractive manner to grab their attention and arouse their desire to make a purchase [9]. Placing the product in front of customers, expressing to consumers the information companies want to communicate, and assisting consumers in remembering the brand are all benefits of employing posters and television advertisements to market new items. The second step in achieving the sales promotion aim is to rekindle the customer's hunger by stimulating their taste nerve via visual stimulation.

3.4 Staff management

1. Standardized management: McDonald's adheres to high standard management in every step from purchasing, and production, to baking. McDonald's uses CNC to allow employees to complete their work simply and efficiently. It only takes a few minutes for customers to order from order to receipt, thanks to McDonald's integrated management platform. 2. Training system: McDonald's training system can ensure that everyone can become a useful talent at McDonald's. Becoming a McDonald's restaurant manager requires at least millions of investments and more than 450 hours of training. 3. Reward system: McDonald's needs to go through self-recommendation, public evaluation, goal setting, regular evaluation, fair competition, and superior salary to attract a large number of talents when raising salary or promotion.

4. Application and suggestions based on the theory of organizational behavior

4.1 Appropriate decentralization

Avoid restricting the flow of information due to excessive centralization, stifling subordinates' creativity and enthusiasm, granting franchised stores, branches, etc. certain rights, outlining responsibilities and restrictions, expanding the market, and allowing stores in various cities to operate freely within a certain range. Independently adapting to local customer demands, encouraging inventiveness, and accelerating product development. Reduce the capital investment required of franchisees, offer specific financial support, broaden the channels for joining, carefully choose the businesses to join, and concentrate on assessing the overall quality of franchisees. Lower the threshold for franchise chain stores in second-and third-tier cities. Increase the number of stores in second and third-tier cities.

4.2 Product Innovation

McDonald's has to focus on creating new items, be demand-driven, aggressively perform market research, avoid copying rival brands' products, do research and analysis on local Chinese culture, and include more features that are distinctive to its brand into localized designs. Create a strategic plan that takes into account the various demands of Chinese customers and incorporates Chinese culture into your goods. The concept of healthy eating should be incorporated into product design, the food menu should be enriched, and a variety of new products suitable for the Chinese market should be developed to appeal to a wider range of consumers, by the lifestyle and consumption habits of Chinese consumers.

4.3 Recruit highly qualified and highly educated employees

Recruit highly qualified and highly educated employees. It is necessary to carry out strict training for employees, improve basic wages and employee benefits, and formulate a rigorous system of reward and punishment, evaluation, and promotion. It is also necessary to train employees to improve their sales skills. Each employee must have affinity and serve customers with a smile. When customers have no clear goals, they can actively recommend seasonal products or try new products to customers to attract customers' attention. Employees should try to encourage customers to order matching products and increase the overall amount of points customers can consume at one time.

4.4 Improve the nutritional value of products

High-fat hamburgers and fried items dominate the fast food market, thus the shift in customer perceptions is sure to have an effect on them. McDonald's should mandate that staff members closely follow defrosting processes, destroy food that has beyond its shelf life, and enforce quality management requirements. Each meal should be labeled with its energy and nutritional content. Customers can confidently enjoy the food since they can easily comprehend the nutritional content and energy distribution of the meal thanks to this label [10]. To achieve nutritional balance, McDonald's must tightly regulate the choice of raw materials, limit the use of food additives and preservatives, and pay close attention to the nutritional compatibility of the food on the menu.

5. Conclusion

In conclusion, the goal of establishing a marketing plan is to improve potential buyers' perceptions of the product. McDonald's respects the market and works hard on the four areas of its marketing strategy: commodities, distribution, advertising, and localization. The firm needs to plan out its numerous business operations in advance by consumer wants, purchasing power, demand data, and industry expectations. To accomplish the corporate objectives, McDonald's implements a coordinated distribution plan, advertising strategy, localization strategy, and merchandising strategy to supply consumers with adequate goods and services. After achieving the aforementioned goals, McDonald's will undoubtedly have a greater future in the fast food industry, not just in China but also globally. The goal of McDonald's strategy should be to increase the number of new consumers it draws in, nudge repeat customers to come in more often, foster brand loyalty and eventually generate long-term profitable development for the business.

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