

Golden Arches Across Cultures: Understanding McDonald's Global and Local Consumer Behavior

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Abstract: Amidst globalization, the fast-food industry, notably brands like McDonald's, has attracted significant interest. McDonald's dominates in the U.S. and has seen remarkable success in markets like China. Yet, despite its global image, differences in marketing and consumer behavior exist between these nations. This study aims to dissect the distinctions between McDonald's in China and the U.S., focusing on product adaptability, advertising, and consumer behavior. The intent is to grasp how global brands localize in varied cultural environments. Historically, McDonald's transitioned from a U.S. local brand to a global powerhouse. The U.S. formed its foundational market, while China presents both vast opportunities and challenges. Key questions addressed include McDonald's product adjustments for diverse cultures and whether advertising should be country-specific. To answer these queries, this paper mixes qualitative and quantitative research. Data will be sourced from consumer surveys and interviews, and a thorough analysis of McDonald's advertising in both nations. Secondary data will also be examined for a holistic view. This approach aims to pinpoint McDonald's strategic adaptations and potentially guide other global brands in localization endeavors.

Keywords: brand influence, consumer behavior, globalization and localization, product adaptability

1. Introduction

The concept of globalization regained attention in the 1980s. Especially in the business realm, Harvard Professor Levitt noted that due to technological advancements, the world would come together like a community [1]. Communication and transportation have reached unprecedented levels of ubiquity and convenience. Looking at the current context, the widespread establishment of global companies has become a reality. The foundational business theory of standardizing products and brands has been promoted by numerous successful companies. However, what differentiates these global companies is not just the products and their underlying philosophies, but more so, their marketing strategies. The premise is to meet customer needs, whether in terms of convenience or cost-effectiveness, both of which are foundational to success. Prioritizing localization is a significant component of these marketing strategies. Many company marketers, after hearing a suggestion or collecting some surveys, draw simple conclusions about the needs of local consumers. This is often insufficiently accurate. They falsely presume that marketing means giving customers what they say they want rather than trying to understand exactly what they would like. McDonald's has, since 1955,

relied on its franchisees [2]. This model allows local McDonald's franchisees to manage their establishments by hiring local talent, eliminating excessive concerns about understanding local cultures. James Cantalupo, President of McDonald's International, claims that the goal of McDonald's is to "become as much a part of the local culture as possible." He objects when people call us a multinational. I like to call us multilocal," meaning that McDonald's goes to great lengths to find local suppliers and local partners whenever new branches are opened. This philosophy has been ingrained in McDonald's since its inception [3]. Now, the proportion of McDonald's franchised restaurants has reached as high as 93%, a rarity for companies on a global scale. McDonald's standardization also maintains its resilience, and it hasn't changed much due to local franchisees.

McDonald's brought its standardization and branding to the world, but what valuable experiences have the world brought to McDonald's? Especially for a country like China, which holds immense potential markets for the future, aspects such as digital operations and unique dietary habits are both noteworthy and worth discussing.

2. Product Adaptability

One of the key factors for McDonald's long-term success is its product adaptability, and the constant addition of new products also helps to diversify business risks. When one product or service is negatively affected, the company can rely on other products that are more popular or better suited to market needs to maintain its performance. In the early 21st century, as various research reports and media attention made the link between fast food and unhealthy lifestyles increasingly apparent, McDonald's, being the largest fast-food chain in the world, naturally became the focus of this issue. Faced with this situation, some companies need strategic adjustments to adapt to consumers who are increasingly focused on health and nutrition. McDonald's product adaptability is often based on profound consumer insights. By constantly updating and adjusting its product line, McDonald's can extend its brand to more consumer groups and markets. To expand its product portfolio, McDonald's has invested a significant amount of time and resources in market research and product development. They began collaborating with nutrition experts to develop a range of nutritionally balanced, low-calorie foods. Products like McDonald's "Apple Slices" and various low-fat salads aim to provide healthier options and have brought about significant economic benefits. This has demonstrated McDonald's progressive product adaptability quite effectively. While other brands like KFC have also launched similar products, the concept of healthy food has become a part of McDonald's. It now appears that this has not only increased its market share but also strengthened the brand's diversity and inclusiveness. Such adjustments are undoubtedly meaningful.

Product adaptability is a relatively vague concept, often used to describe a product's ability to adapt to different environments, conditions, or needs. In addition to the product's inherent advantages, better operation and appropriate changes to cater to the market are key to product adaptability. Proper changes themselves also require consideration and involve many factors. Many companies consider costs, market receptivity, competitors' products, or specific things like holidays, religion, etc. A key concept in product adaptability strategy is to make adaptive changes to existing products, retaining most of the reasonable parts of the original product while making appropriate changes to cater to the individual needs of customers in different countries and regions. However, for a highly standardized company like McDonald's, product improvements require very strict market research and study. Imagine an ordinary restaurant, where changes in the content, appearance, packaging, and even the brand name on the menu can impact the existing customer base. McDonald's ability to adopt excellent product adaptability strategies and maintain a competitive advantage under different consumer needs, purchasing power, and technology is valuable. To encourage purchasing behavior, McDonald's prices its products reasonably. McDonald's understands that their customers are extremely price sensitive, so they obtain real-time data to understand customer behavior and accordingly price their products so

that any change in prices does not change consumers' perception [4]. Analyzing the same products and their prices in the Chinese and American markets, as well as purchasing power and consumer needs, can provide better insights into how McDonald's views these two markets. The data for the analysis will all come from the prices and product names on the official McDonald's websites in China and the United States.

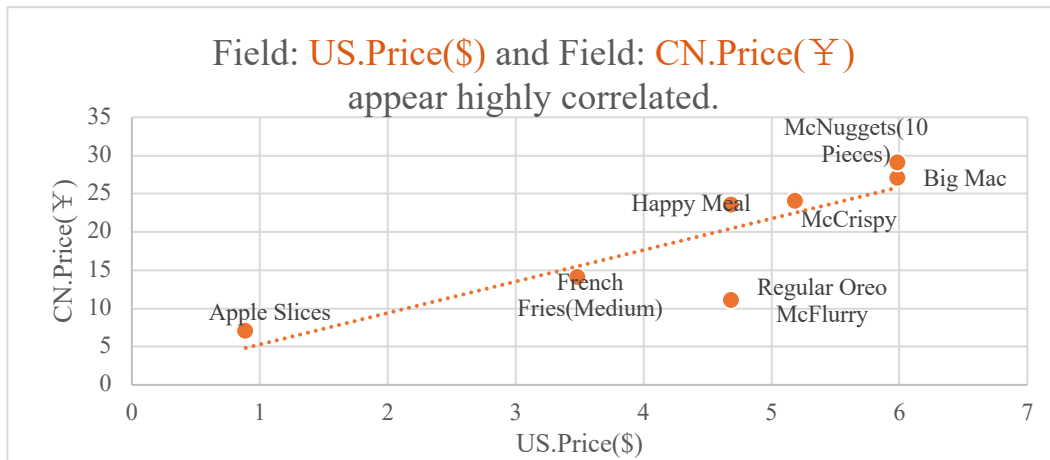


Figure 1: Seven different product prices between the US and China.

In this chart, the vertical axis represents the Renminbi (RMB), and the horizontal axis represents the US dollar. Each point on the chart corresponds to a popular product. It's easy to see that McDonald's has standardized features when it comes to pricing. Whether this pricing standard is influenced by exchange rates or by the raw material market, the core aim is to maintain competitive power in various major markets. Among these key products, only one data point deviates from the trend line. It's McFlurry, and the deviation could be due to one of two reasons: 1. The price is too low in the Chinese market; 2. The price is too high in the American market. From the perspective of the American market, McDonald's McFlurry is undoubtedly a branded, specialty product. Its unique preparation method and taste stand out, unmatched by any other restaurant at scale. On the other hand, in the Chinese market, KFC, McDonald's biggest competitor, also has a similar product called 'K Hurricane.' Such highly similar products have naturally led to price competition. McDonald's once marketed two McFlurrys for 10 RMB (approximately USD 1.37) in June this year. To maintain McFlurry's market share in China, McDonald's has introduced five different flavors, whereas KFC offers more than seven flavors. Regardless of how unique or eye-catching the flavors are, what's most important is that both brands have demonstrated remarkable adaptability for their products.

3. Brand Influence

As a "multilocal" company, McDonald's needs to bring its brand philosophy to various parts of the world. In the face of different cultural environments, McDonald's has to make adjustments to its brand philosophy. A worldwide-affecting brand equity also allows these brands to better conquer new markets [5]. Similarly, a good brand philosophy is also more likely to be accepted by the market in the long run. McDonald's brand image is an important pillar of its ongoing global success, incorporating multiple different elements including speed, convenience, consistency, and family-friendly fun. From its early "Speedee Service System" in the 1950s to the 21st-century global advertising strategy "I'm Lovin' It," the McDonald's brand has undergone many years of adjustments and evolution, always holding fast to the goal of creating a positive and trustworthy brand image.

In the United States, McDonald's primarily positions itself as a family-friendly brand, focusing on value and convenience. According to Light and Kiddon, McDonald's targeted market desires food

that is affordable and convenient in a friendly and clean atmosphere [6]. In other words, the core of McDonald's marketing is tailored to a specific market based on an analysis of consumer buying behavior. According to Ceil, McDonald's has focused its services on baby boomers because they have realized that the buying behavior of small families often gets motivated by children's choices [7]. If the children can be targeted, then the family will also likely indulge in the same products and services. By continuously partnering with other brands to offer interesting children's toys, McDonald's displays its flexibility in catering to consumer preferences.

In the U.S., McDonald's often emphasizes the brand's American roots through marketing activities, using iconic elements like the Golden Arches, Ronald McDonald, and its architectural design as symbols. In China, McDonald's has to some extent altered its brand image to align with local cultural values. While it retains its focus on convenience and consistency, it also leans towards a community aspect, emphasizing family and friend gatherings. McDonald's outlets in China are often seen as social venues for young people, contrasting sharply with its "grab and go" culture promoted in the United States. By observing and collecting short videos or advertisements from major social media platforms in both China and the U.S., the differences in advertising strategies McDonald's employs in these two markets can be understood, thereby gauging their understanding of consumer groups in both markets.

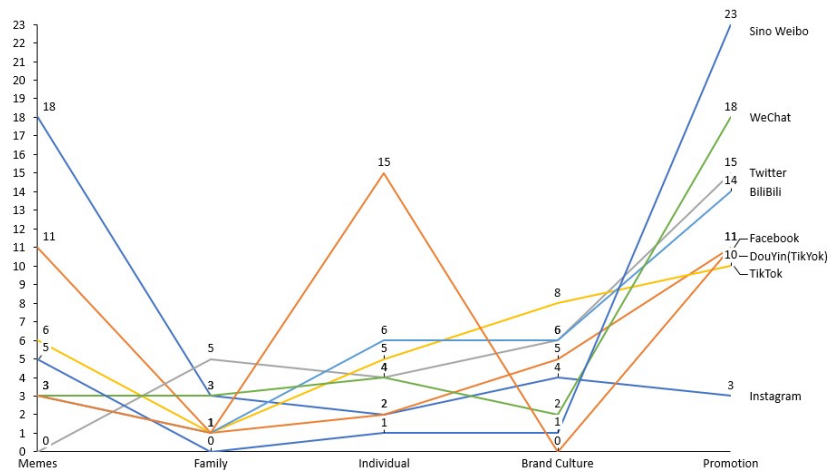


Figure 2: Types of content posted by official McDonald's accounts in social media between the US and China. (US Apps: Twitter, Facebook, TikTok, Instagram; China Apps: Sino Weibo, WeChat, Bilibili, DouYin).

Figure 2 is compiled by researchers from webpage observation. The experiment filters and distinguishes the top 30 posts published by McDonald's to date and sets up five different categories: Memes, Family, Individual, Brand Culture, and Promotion. Memes are a common form of communication on social networks. Family refers to content that has a familial atmosphere and collective emotional tone. Individual refers to content that has individualistic and self-centered themes. Brand Culture refers to content aimed at disseminating brand culture. Promotion refers to content used to promote restaurants, products, and events.

The chart shows that there isn't a significant difference in the ads McDonald's releases in both China and the United States, indicating that McDonald's shows consistency and standardization in its promotional approach. Targeting young users of social media, McDonald's mainly opts for Memes and promotions to market to this group, demonstrating their understanding of it. Memes attract most of the younger audience, and promotions can be indirectly pushed through these memes. The chart also shows an outlier in the Individual category, where half of McDonald's posts on China's DouYin

(TikTok) are focused on individual content. This reflects McDonald's China's attempt to attract this group by advertising from the perspective of young individuals.

McDonald's marketing strategy successfully balances its global brand image with localized strategies, adapting different advertising approaches according to the user demographics of different social media platforms to attract various cultural sensibilities.

On the other hand, the brand conveys convenience. McDonald's has invested heavily in recent years in research and the popularization of automated ordering machines, catering to the general demand for speed. Data shows that online orders now make up the majority of McDonald's revenue in the United States. In America, people rely more on cars, so a large portion of electronic sales comes from drive-throughs. Notably, 2021 Systemwide sales from digital channels exceeded \$18 billion, or over 25% of Systemwide sales in our top six markets (Stocklight). Compared to drive-throughs, emerging electronic payment methods are what McDonald's focuses on and anticipates. The pandemic two years ago has accelerated this layout, and the proportion of electronic sales will be much higher in the future.

Overall, McDonald's customers in the United States come from different demographic backgrounds, but the common factors influencing their choices tend to be speed, affordability, and convenience. Consumers appreciate the brand's consistent quality and frequent promotional activities, such as the "dollar menu" items. McDonald's in the U.S. also faces some criticisms for health issues, leading to measures like adding salad options to the menu. Reasons for visiting McDonald's in China vary; while speed and convenience are valued, the diversity of localized menu options and the atmosphere of the restaurant also affect their choices. The brand is often considered a social gathering destination, especially among young people. Thus, the dining experience is more than just food consumption. This strategic adaptability is crucial for McDonald's to maintain its brand image in vastly different cultural environments. The behavior of consumers in the United States and China towards McDonald's highlights how cultural background shapes brand interaction.

4. Consumer Behavior

Consumer behavior refers to various actions taken by consumers to acquire, use, and dispose of goods or services. These actions are mainly influenced by perceptions, such as lifestyle, consumer views, motives, and other subjective factors. The cultural environment also affects what motivates consumers, how they process information and the kinds of decisions they make. Companies or brands can alter consumer perceptions by analyzing a segment of the consumer group in the market and establishing trust to attract consumers to purchase specific products and services. By understanding the factors that influence consumer behavior, marketers and management can identify and recognize the impact of various factors on consumer choices. If marketing activities are to be successful across cultures, the identification of culturally specific and culturally relevant needs is of paramount importance [8]. They can then attract and retain new consumers by offering products that consumers like and find suitable, thereby increasing the company's profits and sales.

Consumers in China and the United States have some differences at the perception level. These differences are determined by different ages, cultures, social ideas, and life experiences. Through inquiry, it has been found that people aged around 30 or younger consider McDonald's to be fast food, serving to meet some daily life needs. However, those aged 40 and above view McDonald's as junk food and think consumption should be reduced. Such issues have caught public attention in recent years. Concerns about fast-food nutrition intake have led McDonald's to redesign its menu. McDonald's offers various menu options, such as salads, fish, and fruit, to meet consumer needs. Especially in China, McDonald's predominantly uses chicken to make burgers, in which you can often see an overflow of cabbage. On the official McDonald's website in any country, one can find nutritional information for each product, including the most concerning factors like calories, fats,

carbohydrates, and proteins. This provides an effective way for people concerned about health to gather information. The official website clearly shows the changes made to cater to consumers when selling burgers in both China and the U.S., obviously revealing differences in product choices and tastes. These differences not only reflect regional ingredients but also different interpretations of health and nutrition concepts.

Secondly, apart from consumers' perceptions, external factors also have some influence. According to Lee and Ulgado, consumer behavior depends on various factors, and culture and local conditions are important considerations [9]. Culturally, the main factors driving consumer behavior are values, beliefs, and consumption habits. In the U.S., individualism is more popular, so products or services often focus more on individual needs and free choice. In contrast, China's culture is more collectivist, where the needs of the family and the group may be prioritized. Geographically, whether in the U.S. or China, natural environments and taste preferences result in different regional tastes and food choices. By comparing McDonald's outlets on the East and West Coasts of the United States (specifically Seattle, Sacramento, Chicago, and Boston), it can be found that each restaurant offers slightly different sauces for McNuggets. McDonald's on the East Coast provides more hot sauces compared to those on the West Coast [10]. Similarly, in China as early as 1998, McDonald's introduced a limited-time Sichuan spicy sauce to promote the movie "Mulan," which has garnered ongoing attention on the internet. Utilizing the differences in regional tastes coupled with appropriate marketing strategies, consumer attention can be successfully captured.

5. Conclusion

This study delved deeply into the dynamics and complexities of brand influence and consumer behavior across diverse cultural and regional landscapes, using McDonald's as the primary focus. It elucidated how brands maintain global influence through years of adaptation and evolution, specifically in terms of speed, convenience, consistency, and family-friendliness. Additionally, it was understood that consumer behavior is influenced not just by internal perceptions but also by external factors like culture, values, and regional tastes.

McDonald's has successfully established a strong brand image in two distinctly different market environments—the United States and China—by employing flexible global and local marketing strategies. In the United States, McDonald's positions itself mainly as a family-friendly brand that focuses on value and convenience. Conversely, in China, it has shifted towards a more community and family-gathering-oriented marketing model.

What is more noteworthy is how McDonald's sustains its brand position by continually adapting to and meeting the needs and preferences of consumers. For example, following increased public concern about the nutritional intake of fast food, McDonald's revamped its menu to better accommodate a growing health-conscious consumer base.

These findings offer valuable insights not only for other global brands but also are significant for marketers and management. Understanding and identifying the various factors that influence consumer behavior is key to any successful marketing strategy. Especially in today's increasingly globalized world, flexibility and adaptability have become critical elements for brand success.

Lastly, it should be mentioned that consumer needs and preferences are ever-changing and complex, irrespective of the market. Therefore, brands and marketing professionals should continually observe, analyze, and adapt to these changes to maintain their market position and influence. In the long run, only those brands that can understand and adapt to the constantly shifting landscape of global consumer behavior will experience sustained success.

Such research not only helps us understand the complexities of brands and consumer behavior but also spurs further discussions and studies on how to successfully establish and manage brands on a global scale.

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