A Case Study of “McDonald’s India” with reference to Bangalore City
“One world, One Burger” - McDonald's. Quick Service Restaurant

Dr. Y. Poornima, Professor,
Ramaiah Institute of Management Sciences, Bangalore, Karnataka, India

Abstract:

McDonald's is a wonderful appetizing plant that has been successfully, strategically and advantageously transplanted in the Indian urban soil and for any busy man; it is a godsend center of attraction that is welcome with open arms.

McDonald’s has a special affinity with Garden city, Bangalore and here at Forum mall, Koramangala, its first outlet is flowering like anything. Its products McVeggie, McPuff etc. made tastier by the spices favored by Indians continued to be great crowd pullers. McDonald’s has rightly understood the Indian psyche and so has taken care to avoid Pork and Beef items. It does away with eggs in Soft Serves and McShakes and the outlet has earned a good name for its local vegetarian menu. McDonald’s food chain in Bangalore comprises more than ten outlets with separate production lines for vegetarian and non-vegetarian dishes. McDonald’s has no doubt made untiring efforts for its successful adaptation in India.

But what about the future? Will its global image of a fatty food co. affect its future in India? As for essential components, such as quality and responsibility for a balanced diet, a gap has been revealed. The co. must be very careful in determining the boarders of responsibility, i.e. responsibility to inform its customers on health related issues. It is opined that there is an imbalance between the quality of food and standards maintained by the co. as causing obesity among the youth. Certainly these issues are to be addressed properly. Because customer delight is the sine qua non for any service organization and this can be accomplished by maintaining minimum gaps between the expectations and experiences of the customers. The lesser the gap between the customer expectations and experiences, the more will be the customer satisfaction and loyalty.

Key Words: Eating out; Entry strategy; Fast food retailing; Quick service restaurant (QSR)

The present study focuses on how McDonald’s India managed to survive in its early years to get more in India and how McDonald’s adopted local culture in India, its entry strategy and its quick service. “McDonald's vision is to be the world's best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanliness, and value, so that we make every customer in every restaurant smile.”

Evolution: McDonald's is one of the most popular fast food restaurants in the nation. The menu ranges from iced coffee and eggs to soft drinks and the Big Macs. McDonald's one of the world’s most recognizable logos (the Golden Arches) and spokes character (Ronald McDonald, the clown). It is the world’s leading global foodservice retailer with more than 33,000 locations serving approximately 64
million customers in 118 countries each day, brought its values of quality, service of cleanliness to India. Entered in India in 1996, McDonald's India is a 50 – 50 JV partnership between McDonald’s Corporation (U.S.A) and two Indian businessman Amit Jatia and Vikram Bakshi and operated by independent local men and women. McDonald’s now has a network of over 235 restaurants across the country. In India, McDonald’s does not offer any pork or beef items. In products like McVeggie Pizza McPuff et the spices favored by Indians are used. The soft serves and McShakes are eggless. Happy meals, Mighty Kids Meals, French Fries, Chicken McNuggets, Salads are some of the popular names on the menu card. It has a very good Training Excellence Centre, known as Hamburger University, providing excellent Training facilities to its employees which is a reflection towards good internal marketing system as it is the most important qualities of a good service organization. It’s USP is maintaining the same ambience and environment in all of its outlets.!

1996 …the first McDonald’s restaurant opened on Oct. 13, at BasantLok, VasantVihar, New Delhi. It was also the first restaurant in the world not serving beef on its menu. In 1997…the first Drive –Thru restaurant at Noida, in 1999 the first Mall location restaurant at Ansal Plaza – New Delhi, in 2000 the first highway restaurant at Mathura, in 2001 the first thematic restaurant at Connaught Place, in 2002, the first restaurant in a food court at 3C’s, Lajpat Nagar and the first restaurant at the Delhi Metro Station at Inter State Bus Terminus. The McDonald’s way is beautifully given by the company as below.

Source: Google

Marketing Strategy: McDonald’s has 3 elements in its strategy to be the world’s best quick service restaurant. i.e., people, customers and system growth. It has always been a franchising company and has relied on its franchisees to play a major role in its success. McDonald’s remains committed to franchising as a predominant way of doing business. It offers franchises to poor performing restaurants in order to sustain profitability. It is constantly introducing new products, usually for a limited period of time. This is because the company Management recognizes that consumers like variety as well as a continuation of good products such as Big Macs & Cheese burgers. But recently, as the intake of fast foods growing widely among the youth and children, there is a talk in the crowd that the company has not introduced healthier products in response to growing concerns about obesity. The food usually contains a lot of calories with starch and cholesterol, which ultimately leads to some chronic diseases, is the concern of the day! Despite this negative talk, it is the most loving fast food global chain with its delighted menu card! The company properly analyzed the very pulse of the customers and this can be better quoted with the offer of a coke for even one minute delay of its delivery of the food across the counter at its restaurant to its customers.
CRM in McDonald’s: McDonald’s maintains good customer relationship management. They have a feedback and suggestion form available at each outlet. For the techno savvy Customers they have an online Feedback form. All the upcoming product and related information are posted on their website www.McDonald's.com. Its niche is Cleanliness, speed, Quality and transparency of process!

Progressing with the evolving needs of the customers, on 10th, October, 2011, McDonald’s announced the launch of its Wi-Fi services at restaurants in Delhi NCR in conjunction with O-Zone Networks, one of the leading Wi-Fi ISP hotspot providers in the country. Customers can now enjoy the first 10 minutes free Wi-Fi, as McDonald’s commitment to enhance customer experience at the core of its business. For browsers to continue to stay connected at the restaurant, various packages are also available, which users can buy online. Initially launched in Delhi NCR regions at all the McDonald’s restaurants, the Wi-Fi service will also be rolled out across all other regions in phases (Punjab, Rajasthan, UP, MP, Uttarakand, WB).

McDonald’s organized an “Extempore Speech Competition” for the school children on the occasion of Teachers’ Day in Jodhpur on 5th Sept. 2011. Through the competition, McDonald’s made an attempt to encourage high school students to creatively express how much they honor and value their teachers in shaping their lives. This is an example of its Corporate Social responsibility (CSR).

The term “Glocalization” (Globalization + Localization) aptly suits to this fast food giant as the company completely localized the menu to suit the Indian palate. The globally no.1 company is very much proactive in understanding the socio-cultural effects of the Indian consumers and thereby expanding its frontiers steadily all over India. McDonald’s brand new avatar is seen in the following figure.

Source: Google
The Big Mac concept is very popular and it is the benchmark for exchange rate index. The price of Big Mac burgers of McDonald's is considered for the index for the reason of the presence of fast-food chain across most of the countries and the magazine calls this theory 'Burgernomics'. This index was first compiled in September 1986 and new currencies, including Indian rupee, were added to the list last year to mark its silver jubilee year. According to Burgernomics, the Swiss franc is a meaty 62 per cent overvalued. The exchange rate that would equalize the price of a Swiss Big Mac with an American one is Swiss franc 1.55 to the dollar," as per the latest index. "The cheapest burger is found in India, costing just $ 1.62. Though because Big Macs are not sold in India, we take the price of a Maharaja Mac, which is made with chicken instead of beef," it added. Maharaja Mac is the closest Indian equivalent of Big Mac burgers at the Indian outlets of McDonald's. B S Nagesh, chairperson, Retailers Association of India (RAI), addressing the crowd, mostly comprising retail industry professionals, said, that those in the quick service restaurants (QSR) segment are witnessing the highest growth within the food and beverage industry. Everyone's pick, when not dining at home, has been a KFC or McDonald's outlet at some point. India, says that how chain adjusted menu and market for expansion in our country would be very challenging and establishing a cold chain is very difficult. Getting a Hamburger chain to thrive in a country where eating beef is a taboo, is really a challenge. But McDonald’s is gradually finding its way in India. The global quick service giant has not exactly taken the country by storm. He further adds that the company did research its customers and asked if they found value for the money they spent with it. The Happy Price menu should start at Rs.20. The average check per person is Rs.100 approximately and the best selling items are McVeggie, the McChicken and the Alootikki burgur. (Co. sources)

Regarding skilled labor is concerned, basically the company hired people who have exposure to global processes and put them in advanced leadership development programs. Every one in the Corporate office has to go through an executive development program so there is a possibility of expanding the horizons differently and their performance now is very higher. Every manager has to be graduated at an iconic Hamburger University and for that the training will be given to them in Australia and China. People in India are used to McDonald’s and now starting to rely on it, as it becomes more than just the occasional treat for India’s increasingly affluent middle class.

Thus McDonald’s successfully and easily adapt its global restaurants to appeal to the cultural differences. Now it is the most admired fast food chain globally. It is a community oriented socially responsible company and more conscious of the Green consumerism, taking into consideration, the hygienic and safety aspects of the food supplied to the customers. It is not out of the context here to mention even Bollywood stars are making use of McDonald’s as their promotional too, for example, Sharukh Khan with his movie, Ra One and now Hrithik Roshan with Agnipath movie. Thus the success of McDonald’s in India is due to its very careful and calibrated approach and its adaptive ability.

McDonald’s followed a slow strategy in India when its competitors were going aggressive. With a steady approach, it tapped the Indian market and waited 6 long years even after its initial entry was in 1990.According to Amit Jatia, “the first challenge that McDonald’s faced was the lack of a cold chain facility. The initial years went into setting up a successful cold chain. It has immensely benefited farmers at one end and also enabled customers to get the highest quality food products”. The every day affordable Happy Price Menu platform introduced in 2004 is still a key driver of “value perception” for McDonald’s!

McDonald's goes for costliest revamp to attract more adults: Fifteen years after it entered India, Big Mac is changing colors, literally. The world's largest fast-food chain is shedding its familiar red-and-yellow colors for more muted tones as it goes for its biggest and costliest revamp in the country, in line with its global strategy of attracting more adults. The makeover also involves taking away the iconic mascot, Ronald McDonald, at least from some of its outlets in the country and beefing up its menu
with options that are more likely to appeal to adults. The US-based burger-and-fries chain has already added McSpicy Chicken Burger and McFlurry desserts to its offerings in India. The red-and-yellow company logo will be replaced by white across its 240 restaurants over the next three-four years and the decor will change from neon-yellow and bright-red interiors to pale colors. "The change has already kicked off with one outlet each in New Delhi and Mumbai," said McDonald's India (North & East) MD and joint venture partner Vikram Bakshi. The company hopes to upgrade the consumer's experience, he said, without alienating its younger customers and raising prices. Others are not so confident. "McDonald's core equity, at least in India, lies with kids, mostly in the sub-13-year age group. I am not sure if the move to bring in muted colors and decor would go well with this category of consumers," said Mahesh Chauhan, co-founder of advertising and marketing firm Salt Brand Solutions.

The following diagram gives an account of the SWOT analysis, i.e. strengths, weaknesses, opportunities and threats of McDonald’s. It is quite evident that strengths of McDonald’s outweigh all the other components. This is the very strong brand equity of McDonald’s. Despite this conception, very recently McDonald’s is facing severe criticism against its quality of food that makes people more obese and it is not taking proper precautions in this regard.

Source: Google

Some Nutritional facts of McDonald’s: Potatoes are the staple food ingredient of McDonald’s menu, whether vegetarian or non vegetarian dish. It has been observed that by 2014, McDonald’s India estimates that it would source 50,000 metric tons of Potatoes from McCain Foods Pvt. Ltd. India according to sources. In fact Hamburger is the basic food item of McDonald’s, across the world, but in India, cow is a sacred animal and two thirds of the Indians are vegetarians, it is only burger in India specially to cater to the Indian culture and preferences. This is the most laudable strategy adopted by the fast food giant, McDonald’s India. Its marketing campaign constitutes, “Har choti Khushi Ka Celebration” (celebrate little joys of life) has become very popular. McDonald’s strictly obeys the Indian customer belief of “dine in culture”.

The recent debate in Parliament on foreign direct investment in multi-brand retail has been interesting, to say the least. The highlight was that McDonald's found itself in Sushma Swaraj's line of fire. The fast-food retailer, she thundered, was importing basic inputs like potatoes and was procuring little from...
Indian farmers. "Ask McDonald's about their fries. They never buy potatoes from local Indian farmers, saying the potatoes are too small here," she said.

Her argument was that Indian farmers stand to gain little from the entry of large transnational retailers like Walmart - they will import all their stuff from their existing low-cost suppliers spread across the world, mostly in China. This is the time to analyze the French fries served by McDonald's in India. French fries, and therefore potatoes, are integral to McDonald's business. (Google updates).

Very recently McDonald’s has taken a decision to opening of exclusively vegetarian outlets near pilgrim centers like Amritsar in Punjab and Katra in Jammu & Kashmir to have an edge over its competitors, KFC, Pizza Hut etc… This will be really a boon to the pure vegetarians who opt for a fast food for their convenience. Again this is a reflection of honoring the Indian sentiments and tracking the pulse of pure vegetarians.

McDonald’s operations in western and southern India has got consolidated. Hardcastle Restaurants Pvt Ltd (HRPL), the privately-held franchisee of McDonald’s Restaurants will be merged with its parent Westlife Development Ltd. very shortly. According to Jatia, vice-chairman of Westlife Development said in a statement, “The consolidation of our companies under Westlife Development opens up options for us to accelerate our growth plans for expanding McDonald’s restaurants in west and south India. The consolidation will also open up opportunities for the India market to invest in the growth of the McDonald’s Franchisee, HRPL, through Westlife Development, and we operate in a different segment of food and restaurants”.

McDonald's in Bangalore City: In Bangalore City, the first McDonald’s outlet, the large space at Forum Mall in Koramangala, continues to be a crowd-puller. Mall rats find it the perfect place to park themselves and tuck into a Maharajah Mac or McAlooTikki Burger and Coke after legging it up and down the escalators. This one is hugely popular with kiddies as well. McDonalds frequently announces combos and value-for-money offers that regulars, especially the college set, keep a lookout for. Otherwise, it's not exactly a cheap option for fast food of the most basic kind. They have more than twenty outlets in Bangalore. The total number of outlets in the City are ten as on Feb.2013. Many Bangaloreans opine that it’s a nice place to eat out with a variety of delicious menu and has been rated 3.5 out of five.

Objectives of the study:

- To identify the factors affecting the choice of (Indian youth) consumers for fast foods.
- To study the consumption pattern towards fast foods particularly with respect to the frequency of visits and choice of fast food outlets specifically to McDonald’s.
- To analyze the impact of delivery of the food items and maintenance of its standards on customers’ perception in this regard.

Hypothesis: There is a significant impact of delivery of the food items and maintenance of its standards on consumer perception towards preferring fast food like McDonald’s.

Research Methodology: Comprises collection of data and sample size.

Collection of data: can be done through primary as well as secondary sources. The primary data has been collected through administering a pre tested questionnaire by interviewing 100 respondents who are of 20-40 age group of both male and female of different occupations in Bangalore City. The secondary data has been gleaned from various journals, web sources, company sources etc.

Limitations of the study: The study was limited to Bangalore City only and the age group was confined to 20-40 years of 100 respondents.

Interpretation of the study: After given an account of brief introduction, objectives and profile of the company, the study has been further analyzed and interpreted with the help of the following diagrams based on the questionnaire administered on the 100 sample respondents.
Fig. No. 1: Sources to know about McDonald’s:

![Source Distribution Chart]

Fig. No. 2: Visits to McDonald’s outlets:

![Visits Chart]

Fig. No. 3: Factors influencing to eat at McDonald’s outlets:

![Factors Chart]
Fig. No. 4: Shows the preference towards food:

Fig. No. 5: Ranking of McDonald’s by Respondents:

Fig. No. 6: Change of Preference owing to incentive schemes:
The given hypothesis statement is that “there is a significant impact of delivery of the food items and maintenance of its standards on consumer perception towards preferring fast food like McDonald’s” can be verified with the help of Chi square test. This has been proved in the light of the consumer satisfaction.
perception towards quality of McDonald’s. Though 56% of the respondents reacted positively towards the delivery & standards maintained would have a direct impact on the perception and purchase of the fast food like McDonald’s, 77% of the respondents opined that there would be strong impact of fast food on the health of the customers and therefore caution required.

Chi square test for goodness of fit: After analyzing the hypothesis statement through chi square, the value arrived at was 5.29, at 4% d.f. whereas the table value was 7.78, therefore the given hypothesis is very much valid and acceptable.

FINDINGS & CONCLUSION;

FINDINGS OF THE STUDY:

From the above study, the following findings have been drawn:

- 47% of respondents came to know about fast food from their friends and close ones. 32% of respondents eat fast food to save time and 28% respondents because of price.
- 40% of respondents visit fast food outlets weekly i.e. 4 to 5 times in a month, 20% of respondents visit twice a month, 10% of respondents visit once in a month and 30% very often. 62% of the respondents like fast food no matter how often they visit fast food outlets, 38% respondents like home cooked food but they also visit fast food outlets. All the respondents have a craving for fast food but they do not eat it because of many factors like health consciousness, lack of proper information about menu etc.
- 72% of the respondents are not drawn to fast foods in spite of many incentive schemes and prizes offered. Only 18% of the sample respondents opined that their preference can change if any attractive offer is available.
- It has been observed that 77% of respondents know that fast food can be a reason for their anomalies like ill health, disorders etc... as they take fast food, 12% do not know that fast food can be a reason and 11% of the sample respondents opined negatively.
- The main factors which are affecting the choice of consumer for fast food are word of mouth and influence of friends etc.
- Internet is also a main source of affecting choice of consumer for fast foods through social networking, by displaying advertisements on different sites and sometimes with special effects like pop ups etc...
- Generally some of the consumers go to fast food outlets for taste as well as status.
- Fast food outlets have to put up a lot of effort to change the perception of the customers towards providing quality oriented, hygiene food at reasonable prices.

CONCLUSION:

McDonald’s believe in "Customer is the King" concept and thus the complaints if any, from the customers end are duly addressed and resolved immediately. It’s a globally no. one company and in India too! Amidst of so much uproar in the Indian Parliament regarding FDI issues, so much competition from within, McDonald’s has its own brand image in the hearts of our Indian customers! The majority of the customers, i.e. 56% of the sample respondents’, preferably the youth, felt happy and quite contented with the standards maintained, price, quality, variety and in time delivery of the food supplied by the McDonald’s! Finally the study concludes that the youth is shifting from home cooked food to fast food, though home cooked food is always cheaper and healthy, because of their busy lifestyle or changed food habits etc... The most laudable aspect is that the net profit of HRPL (Hardcastle Restaurants Pvt Ltd) which operates 148 restaurants across west and south India was Rs 425.1 million up 126 per cent in 2011-12.
To be successful in the international marketing, a company needs to be revise its marketing mix i.e., 4Ps (product, price, place & promotion) to suit that market as McDonald’s is doing in India. The basic philosophy, as already mentioned, Glocalization – think global but act local is very much apt to McDonald’s!!!

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