Analysis of McDonald's Development Strategy in China

Research background and significance

1.1 Research background (441)

McDonald's is the largest transnational fast food chain in the world. It has more than 30000 stores in 121 different countries and regions across six continents. Its annual turnover in 2021 will reach 23.223 billion dollars. It is a world food and beverage industry giant with only fewer stores than Subway, and has become the most valuable brand in the global food and beverage industry [1]. With the deepening development of economic globalization and China's accession to the WTO, McDonald's entered the Chinese market in 1990. So far, more than 4000 chain restaurants have been scattered in more than 450 major cities and towns in China, becoming the leader of Chinese fast food chain enterprises [2]. However, its market share and brand attraction in China are far less than its global influence, and its competitive development and market development status in China are not optimistic. It can never surpass KFC, its largest competitor, and their performance is far from each other. Therefore, enterprises need to consider how to quickly achieve brand expansion and transcendence, and reshape their brand image in China, so they need to formulate a series of important strategies [3].

1.2 research meaning

Through in-depth research on McDonald's, this paper comprehensively grasps the development trend of the catering industry, accurately evaluates the development status of the enterprise, determines the future development direction and goals, summarizes experience and lessons from its development process, provides the correct path and countermeasures for the development of catering industry, strengthens the core competitiveness of China's catering market and the international catering market, and lays a theoretical foundation for China's catering industry to promote to the international catering market [4].

2. The Development Status and Existing Problems of McDonald's

2.1 Development status of McDonald's (1231)

2.1.1 Store distribution

In March 1990, McDonald's set up its first restaurant in China in Shenzhen. It adopted a follow-up strategy in store location selection. It often appeared in the same place as KFC, its largest competitor. This practice won the time for McDonald's to expand rapidly, but also intensified the competition between the two enterprises.

2.1.2 Brand competition

McDonald's competition is mainly the competition between Chinese food and Western food. KFC is the largest competitor in western food, both of which have sound management systems, brand advantages and overlapping customer groups. Secondly, many western food brands have also emerged in China, posing a competitive threat to McDonald's. Compared with western fast food, the consumer group of Chinese fast food is not large, but the low price of Chinese fast food is more consistent with the consumption habits of ordinary consumers. In the long run, Chinese fast food will also attract a part of McDonald's consumer groups.

2.1.3 Infrastructure

In China, McDonald's enterprises have their own unified store design, clear and bright colors, standardized food processing processes, unified food purchasing standards and scientific staff training system, experienced product research and development teams, perfect distribution system and product supply chain management. These infrastructures have improved the operating efficiency of McDonald's enterprises and reduced operating costs.

2.1.4 Business Mode

In 2011, McDonald's officially launched its regional franchise strategy to rapidly expand and break through the number of stores. In terms of product categories, we always adhere to the principle of standardization. For the promotion of products, we are lack of innovation and can not keep pace with the times, which leads to the fact that the menus of every restaurant that customers see are almost the same, and the food categories are single and relatively slow to update.

2.1.5 Human resource structure

McDonald's scientific employee training system ensures the professional quality of employees. But McDonald's also faces the problem of lack of key talents. In order to attract, motivate, reward and retain talents, McDonald's has a strong health, insurance, salary and reward plan in the industry.

2.1.6 Corporate culture

McDonald's is committed to creating a relaxed, happy and harmonious corporate culture atmosphere; There is no hierarchy between colleagues. They call each other's names directly, which makes them feel like a family. They are very relaxed and willing to tolerate employees'

mistakes. It focuses on training and educating employees, but rarely punishes or criticizes them. In addition, McDonald's is also very good at discovering the strengths of each employee and advocating experience sharing. At the same time, McDonald's also passed on the warm family atmosphere to every customer.

2.2 Problems McDonald's faces in its development and strategic management

2.2.1 Problems in business development strategy

As a global fast food giant, McDonald's is sought after by consumers all over the world. The localization degree of McDonald's product positioning is not enough in the implementation of globalization strategy. Although the development of products with local characteristics has directly added ingredients with Chinese characteristics, such as preserved egg and chicken porridge, salted egg yolk and other traditional foods, its food processing method of prefabrication rather than fresh cooking has been criticized by many consumers. McDonald's consistent highly stylized food processing method runs counter to the Chinese consumers' habit of doing what they are doing now, and ultimately failed to attract more consumers.

2.2.2 Problems in organizational structure management

McDonald's lacks innovative management philosophy and maintains a single recipe, which is the fundamental reason for its market share reduction. Under the guidance of this concept, employees are more focused on obeying orders, lacking the strategic challenge thinking of active innovation and pioneering, which also makes McDonald's lag behind KFC in adapting to Chinese localization, affecting the stability of customers.

2.2.3 Problems in human resource management strategy

McDonald's pays attention to employee training, but it also faces the problem of lack of key talents. Most of the persons in charge of key positions in the company have relatively low educational level; While the new employees recruited are young and highly educated, they are unable to be competent for relevant important work due to lack of work experience.

3. External environment analysis of McDonald's (3150)

3.1.1 PEST analysis

1. Political and legal environment

In recent years, the central government has put forward eight provisions to improve the work style: to strictly practice thrift and honesty, and issued an important instruction: to eliminate the widespread waste on the table and resolutely oppose food consumption. Governments at all levels and the people have also gradually attached importance to the widespread waste in the catering industry. In this case, the turnover of many catering industries has been affected. Some enterprises have even abandoned the catering industry and switched to other fields, which has brought certain opportunities to McDonald's in the fast-food industry. However, McDonald's did not seize this opportunity in the early stage, instead, it made KFC develop rapidly and stabilized McDonald's.2.economic environment

In recent years, China's economy has continued to grow. With the deepening of economic integration, frequent international exchanges, the formation of interconnected and interdependent organisms, and the trend of integration of different food cultures, McDonald's has created huge development potential for the transnational economy and brought business opportunities. Fast food and fast-paced life adapt, so people are increasingly dependent on the fast food industry.

3.social environment

From the social perspective, with the continuous improvement of the living standard of the Chinese people, people pay more and more attention to the consumption of catering. Before the reform and opening up, the Chinese people believed that dining out was a luxury. As the society becomes more and more diversified, the open mind and fast-paced living habits change, fast food is accepted by more and more people. People not only began to pay attention to food health, consumption environment, catering services and brand awareness of catering enterprises.

4.Technical environment

People can understand the development of the catering industry through the statistics and analysis of big data. McDonald's continues to adjust and improve its supply chain and product chain. McDonald's employees have improved their professional skills in all aspects. Its ability to develop new products and new businesses has been strengthened. With technical improvement, it can provide customers with better dining experience. Continuous innovation of equipment can update the production technology of products.

3.1.2 Porter's Five Forces Model Analysis

Competitiveness of existing competitors

KFC is the largest existing competitor of McDonald's, and they face similar customer groups, which aggravates the competition between enterprises. Secondly, Chinese fast food is also a strong competitor of McDonald's. To sum up, McDonald's should consider the threat of the development of western fast food and Chinese fast food at the same time when formulating its development strategy, so as to adjust its strategic choice.

Ability of potential competitors to enter

With the promotion of marketization, the competition McDonald's faces tends to be diversified and intense. Fast food enterprises have low barriers to entry and low requirements for capital. The way of chain franchise also creates convenient conditions for operators. With the transformation of catering methods, the high profits of the catering industry have also attracted many emerging enterprises. To this end, McDonald's focuses on building brand culture, food and service quality.

3. Substitution ability of substitutes

There are many products that can replace McDonald's, such as Chinese fast food such as Real Kung Fu, Mengziyuan, Dongdong Bao, etc. McDonald's has absolute competitive advantage, chain operation mode, large scale, systematic management system, good brand image, etc. The competitive advantage of substitutes lies in their high cost performance ratio, which is more in line with the Chinese consumption concept. Therefore, McDonald's should actively promote localization and regionalization to reduce the threat of other alternatives.

4. Bargaining ability of suppliers

McDonald's adopts a global procurement model and chooses a procurement scheme with good quality and reasonable price to reduce costs, which improves McDonald's bargaining power. When selecting suppliers, the conditions are very strict. Suppliers are required to have corresponding qualifications in software and hardware. McDonald's has established a long-term, stable and good partnership with suppliers, thus establishing an effective supplier management system, which provides favorable conditions for McDonald's to maintain product quality, establish brand image, and achieve sustainable development of the enterprise.

5. Buyer's bargaining power

For chain enterprises, there is generally no bargaining due to standardized pricing. The alternative enterprises of McDonald's can use the price advantage to attract more customers. If McDonald's does not make timely adjustments to its business strategy, regular customers will choose restaurants with higher cost performance, which improves the bargaining power of buyers.

3.2 Analysis of McDonald's internal environment

3.2.1 Resource analysis

Analysis of tangible assets

1. Financial resources

By 2016, according to relevant data, McDonald's had 37520 restaurants in the world, with a total revenue of $86.767 billion. McDonald's restaurants currently cover 140 countries and regions around the world, with more than 1800 restaurants in China.

2. Organizational resources

McDonald's has a sound management system and standardized service specifications. It is an independent catering brand image that allows consumers to feel its products and services with good taste, cleanliness, thoughtfulness and value for money.

3. Production resources

The opening of any restaurant should ensure the continuous and effective operation of the restaurant, which is inseparable from the effective management and operation of the store and the logistical support of the store. In McDonald's supply chain management, each raw material supplier should not only ensure the food hygiene and safety of the products supplied, but also ensure that there is no delivery risk at any time. This requires McDonald's supply chain management to confirm whether the product quality meets the standards in all aspects of the supply chain process. The effective operation of the supply chain management system based on restaurant operation ensures the continuous and effective operation of McDonald's restaurants.

Intangible assets analysis

1. Brand value

McDonald's "happiness" is the core value of the brand. The core concept of the brand includes nine features: high quality and low price, no burden on consumers, quality assurance, food safety, child health care, comfortable, clean and safe dining environment, smile to meet and serve customers, provide food quickly and conveniently, maximize customer convenience, feed back the society, and provide diversified and personalized services. Ensure that the corporate culture and brand concept are deeply rooted in people's hearts [5].

2. Human resources

The biggest advantage of McDonald's human resources is to retain talents through the system, and improve talent management ability through the company's own management and training system. On the other hand, in the market, McDonald's main business is related to McDonald's human resource demand structure. In the current competitive environment of high human resources recruitment costs, McDonald's human resources integration advantages ensure the continuous and effective operation of McDonald's market.

3. Corporate culture

McDonald's unique personnel management system has formed a cohesive corporate culture. In the McDonald's store operation system, the store manager and the person in charge who does not belong to the management are the coordinator. In the internal management of McDonald's, the key is to promote employees to understand each other and encourage employees to communicate with each other. At the same time, McDonald's will effectively implement the internal promotion mechanism to facilitate the training of personnel to take over the management role.

4. SWOT analysis of McDonald's strategic choice

4.1 Advantage analysis

4.1.1 Strong brand awareness

McDonald's is a world-famous fast food giant. It has very strict and meticulous requirements for food quality and safety, purchasing standards and processes of ingredients, excellent service requirements and comfortable, clean and clean dining environment. As a result, McDonald's has been recognized and trusted by more and more consumers. In addition, McDonald's high-quality brand image and good and stable cooperative relationship with suppliers lay a good foundation for McDonald's global development.

4.1.2 Product safety is guaranteed

In order to ensure the quality and safety of products, McDonald's Company uses a perfect food traceability system, so that it can trace back to the source supplier of each batch of purchased products, and accurately locate each responsible person, effectively avoiding the occurrence of food safety crisis. The system includes HACCP and GMP certification.

4.1.3 Experienced product development team

With the further opening of the international market, McDonald's realized the importance of new product research and development, and established an experienced research and development team. According to the characteristics of regional food culture, it developed product flavors suitable for different groups of people to attract more consumers.

4.1.4 Standardized product supply chain system

McDonald's has a standardized distribution system and a complete supply chain system. In the standardized distribution system, McDonald's has standardized control over the quality of raw materials, and has extremely strict and standardized requirements for every production and transportation link of suppliers. McDonald's also uses the emergency system of the information network to control the quality of the supply chain. If food quality problems are found in the system supply, McDonald's can trace back to the source and quickly take emergency remedial measures.

4.2 Disadvantage analysis

4.2.1 Product Pricing

From the current product pricing of McDonald's, the price is relatively high, especially compared with Chinese fast food, it does not have a price advantage. The price of a lunch set meal at McDonald's ranges from 30 to 50 yuan, while the Chinese lunch box costs only 12 to 20 yuan. The price of McDonald's food is more than twice that of ordinary Chinese fast food. Low income people prefer to choose Chinese fast food, and McDonald's has lost this part of the consumer group.

4.2.2 Product nutrition structure

McDonald's recipes mainly focus on hamburgers and use frying and baking techniques, while Chinese food culture believes in health preservation by list, supplemented by meat. McDonald's recipes and cooking methods do not conform to the dietary habits of Chinese people, and long-term consumption will cause harm to people's health. More and more consumers pay attention to healthy diet. If McDonald's does not change its cooking technology, it will weaken its market share.

4.2.3 Follow up strategy
McDonald's often adopts the follow-up strategy when choosing the store address, and often appears in the same place as KFC's store. This practice has won the time for McDonald's to expand rapidly, but the competition between the two enterprises has also intensified. Volatile consumers are more able to make choices, leading to the loss of customers.
4.2.4 Management system
McDonald's adheres to the service concept of customer first, providing consumers with high standards of service, quality, cleanliness and value. In order to ensure that all franchise stores can achieve standardized services, McDonald's will regularly organize strict inspection and supervision, so that problems can be found at any time and continuous quality improvement can be carried out. Secondly, McDonald's has also set up an advertising fund. It will unite the strength of several franchise stores to raise rich advertising funds to vigorously promote the McDonald's brand. In addition, the real estate business strategy industry of McDonald's, which focuses on leasing, is very unique and successful, which not only solves the problem of economic tension for franchisees to open stores, but also increases the company's income.
4.3 Opportunity analysis
4.3.1 Economic development
With the general improvement of per capita consumption capacity, more people can choose to eat in McDonald's restaurants and enjoy high-quality services and products. With the promotion of urban-rural integration, McDonald's will gradually expand its consumption share in the third and fourth tier cities.
4.3.3 Taste development
The biggest disadvantage of McDonald's is that the fast food menu is too simple, mainly hamburgers, and most of them are cooked by frying, baking, etc., which cannot meet the taste needs of most Chinese people. McDonald's can attract young consumers by increasing staple food categories and making innovations in tastes.
4.4 Threat analysis
4.4.1 Threats in the industry
KFC is the largest competitor of McDonald's in the same industry. Both enterprises have high brand awareness, sound quality management system and standardized service process. At the same time, other brands in the industry, such as Subway and Wallace, are eroding McDonald's existing market share, increasing the difficulty of competition between enterprises.
4.4.2 Threat of alternative products
Fast food restaurants that can provide convenience and cheapness have many categories, rich products, and customers have very large choices, while McDonald's does not have unique irreplaceable, which will affect the sales of McDonald's to a certain extent.
4.3.3 Change of dietary health concept
With the continuous improvement of people's living standards, people pay more attention to the quality of life and pursue healthy diet. More people realize that fresh meat and vegetables are more beneficial to health than fried prepared food. If McDonald's wants to continue to develop under this background, it must adopt strategies such as improving its nutritional structure and cooking methods to meet the modern people's pursuit of food health and improve its market competitiveness.
The Choice and Implementation of McDonald's Development Strategy
5.1 Strategic design of McDonald's
5.1.1 Strategic principles
First, adhere to the principle of market orientation: take the market as the center, innovate the mechanism, and optimize the allocation of resources;
Second, adhere to the principle of moderate advance: on the basis of national macroeconomic trends and industrial development trends, we should be realistic and moderately advanced;
Third, adhere to the principle of innovation driven: take innovation as the core strategy of the enterprise, make the enterprise truly become the main body of innovation, and turn the enterprise development to the track of innovation driven and endogenous growth;
Fourth, we should adhere to the principle of overall consideration: we should not only take the overall situation into account, but also make scientific plans to achieve coordinated development in an overall and all-round way, and break through the key points by combining reality.
5.1.2 Strategic thinking
With customers as the center, pay close attention to product quality, constantly optimize enterprise services, strengthen brand building, adjust healthy nutrition structure, strengthen

personnel training, and use scientific operation management mode to achieve efficient, scientific and all-round enterprise strategic management.

5.1.3 Strategic objectives

We will continue to promote the transnational development of McDonald's, focus on building independent product features, implement the key links of raw material quality, and take scientific and technological progress as the main support to promote leapfrog development. Build McDonald's into an international first-class fast food enterprise.

5.1.4 Strategic positioning

According to the SWOT analysis, in order to enable McDonald's to develop rapidly in China, McDonald's must formulate effective strategies based on China's unique regional culture and food needs. For example, Chinese diners like fresh vegetables, and McDonald's can launch a series of vegetable salad; For another example, Lingnan's food culture emphasizes light and healthy food. McDonald's has the habit of eating porridge and soup before breakfast. McDonald's can expand its food category and launch porridge products and soup drinks series to attract more consumers of different ages and increase its market share. In this way, McDonald's, an international brand with local characteristics, is an indispensable catering enterprise.

5.2 Implementation of development strategy

5.2.1 Product strategy

1. Product quality management

In order to better expand its market share in China, McDonald's always puts product quality management in an important strategic position. For each raw material, McDonald's follows strict raw material standards. At the same time, McDonald's should set up a special large-scale food breeding and processing plant in China to ensure the supply of raw materials such as fresh meat and vegetables. This standardized food quality production process and strict product quality management system ensure that the size, size, and even taste of the meals provided by the store are indistinguishable.

2. Promote product localization

It takes time to develop the eating habits. Facing China, a country with a complex population structure and huge cultural differences, McDonald's must realize the diversification of product tastes while making product innovation. On the basis of maintaining the global unity of the tastes of the main foods, it is necessary to fully combine the characteristics of local food culture and people's eating habits to introduce food that meets the tastes of local consumers. For McDonald's, it is an important strategy for its sustainable development in China to promote product localization while ensuring its own product characteristics.

3. Development of new products

The constant introduction of new products will help improve the attractiveness of products, satisfy the curiosity of existing customers and attract new consumer groups. Enterprises can master consumers' consumption preferences through early market research, and develop new product categories or tastes based on consumers' needs; It is also possible to adjust new R&D programs by collecting consumer feedback on new products. In the whole process of new products, we will actively interact with consumers, so that consumers can participate in the development of new products. Only in this way can we ensure that the new product is loved and welcomed by consumers.

4. Improve product image

With the continuous improvement of people's living standards, people pay more attention to the quality of life and pursue healthy diet. Since ancient times, fast food has been labeled as junk food by people, questioning fried food, hamburgers and other products. McDonald's should cater to the change of consumer taste and consumption concept in a timely manner, change the nutritional composition of its products, change the traditional menu dominated by hamburgers and fried food, and introduce healthy packages focusing on people's health. Sugar free drinks, organic milk and other products can be considered, so as to change the inherent negative perception of Chinese people on foreign fast food and make the enterprise obtain a new healthy image.

5.2.2 Price strategy

In the early days, McDonald's focused on creating high-quality and inexpensive products, which were sought after by many consumers and laid the customer foundation of the brand. As McDonald's continues to expand its international market, it is facing a more complex and diversified consumer group structure, forcing McDonald's to adjust its price strategy in a timely manner. While adjusting the price strategy, we should focus on the regional environment, peer reactions and customer needs and other factors. On this basis, McDonald's can launch packages

at different prices for different consumption levels and different consumers. Free discount coupons, point exchange, monthly card recharging, holiday promotions, etc. are all price strategies that can effectively attract customers, while avoiding vicious price competition with peers.

5.2.3 Promotion strategy

1. The main consumers of McDonald's are young people, who can stimulate children's purchase desire by creating cute cartoon images and using lively and bright color menus. In terms of advertising form, McDonald's can seize the opportunity of the festival and stimulate consumers' consumption desire while playing up the festival atmosphere by decorating the physical stores. (9)

2. McDonald's can focus on introducing the personnel marketing mode. When customers order meals, the clerk can introduce relevant packages to customers and make reasonable recommendations after understanding their main needs; If the customer has no specific requirements for the required products, the clerk can recommend the products by himself. In a word, under the premise of satisfying consumers, shop assistants can conduct certain purchase inducements.

3. Membership promotion. McDonald's should establish a reasonable membership management system. For members, they can send SMS to inform members when launching activities, and can selectively recommend some product promotion activities to members according to their usual consumption types, or they can regularly issue coupons for some products to members, so as to achieve certain promotion results.

4. "Joint Branding" Promotion. For some important festivals, such as Valentine's Day, you can set different consumption discounts for singles and couples, or hold some holiday related games to increase the number of consumers. For some important activities, such as the holding of sports games and the World Cup, food packaging can be changed to attract more consumers; We can also organize some preferential measures with other large enterprises to form a win-win situation.

5. Public relations promotion. McDonald's has a good sense of social responsibility and can help people in need by setting up more special charitable funds. While giving back to the society, it also consolidated its high-quality brand image, increased the business income of the enterprise, thus realizing a win-win situation in the real sense.

5.2.4 Human resource strategy

1. Talent selection

After McDonald's entered the Chinese market, it provided numerous employment opportunities for the society. In terms of talent selection, McDonald's can adhere to the principle of localization and at the same time adhere to talent diversification. Diversity means that when selecting talents, the first factor to be considered is not necessarily having restaurant work experience. It encourages people with different backgrounds, different fields and different industries to join McDonald's family and form a family of diversified development to fully mobilize the enthusiasm of all people, Continuously inject fresh blood into the development of the company.

According to the characteristics of the enterprise itself, the selection of talents can be more inclined to personal ability, rather than focusing on the educational background.

2. Promotion system

For the selection of high-level talents, they can be directly promoted by internal personnel, or Seek more suitable talents in the external market. For McDonald's, the internal promotion system can be selected to become more familiar with the job functions. Promoted people can train their successors in advance, which helps to form a virtuous talent cycle mechanism; If there is no suitable candidate internally, the selection can be carried out from the external talent market, which will help to find more suitable employees and prevent the formation of bad atmosphere within the enterprise.

3. Staff training

McDonald's attaches great importance to employee training. It has a perfect talent management and training system. The company will provide professional training for employees in different positions. For example, when new employees enter the company, the company will provide them with primary admission training to enable them to master the skills required for the position through tracking evaluation; The company will formulate corresponding training guidelines for different groups. This will help employees better combine their career planning with the company's development, and reserve talents for McDonald's development.

4. Welfare system

The welfare plan of McDonald's aims to attract, motivate, reward and retain talents, enable employees to achieve outstanding performance, and improve the leading position of the

enterprise, which relies on a strong welfare plan. McDonald's can motivate employees by purchasing social security, setting reasonable salary and reward and punishment system.

6. Summary and Outlook

As a world-famous multinational fast food chain giant, McDonald's early strategy was mainly aimed at the marketing and development of European and American markets. With the rapid growth of China's economy, McDonald's has found a strong market potential in China with its keen market sense. In addition, the Chinese government also welcomes the entry of foreign enterprises, and has introduced a series of supportive and favorable policies, such as reducing the tax rate of enterprises and using government land at low prices. With policy support and the help of domestic market resources, McDonald's will be able to continuously expand its business territory and market influence in major cities in China. This article starts from the overall development background of McDonald's, introduces the basic situation of the enterprise, and emphatically analyzes the external competitive environment of McDonald's, combining its own advantages and disadvantages, external opportunities and challenges, so as to design a development strategy suitable for McDonald's: respect the laws of local objective development, do a good job of innovative development on the basis of maintaining the quality of products and services, and achieve the optimization of development strategies. However, in the process of its development in China, McDonald's has exposed many problems: for example, the product structure is single and the localization is insufficient; High quality management personnel in key positions are scarce. Therefore, the development strategy of McDonald's needs to be adjusted with the dynamic development of the enterprise. This study is under the specific background of the times. Although there are certain limitations, it is hoped that it can be a reference for similar enterprises to formulate development and strategic plans.