

Evaluating the Factors behind McDonald's Strategy to Serve Vegetarian Food

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Abstract: The chosen organization for this paper is McDonald's. McDonald's is one of the largest fast-food brands operating in the global market today. This review paper examined the most plausible reasons behind its strategy to serve vegetarian food to its customers. This research focused on evaluating existing researches. In this technique, the researcher reviewing the information through detailed interaction with existing research. These findings reveal three main reasons behind McDonald's serving vegetarian food to the customers: the customers' needs or eating habits, adaptation strategy followed by the company ever since its inception, and pressure from the social groups and institutions. Further, it is recommended that the company should now focus on introducing vegan food in the global market. This is primarily because many customers have turned towards the vegan diet because of its health benefits. Many customers who earlier preferred non-vegetarian food have also shifted to a vegan diet now. Thus, this target segment can prove to be very lucrative for the company.

1. Introduction

Incorporated in 1955, McDonald's is one of the most renowned and credible organizations operating in the fast-food industry [1]. The organization sells a huge assortment of fast-food products to the customers and ensures that they are happy and satisfied with the overall experience. Ever since its inception, organizational leaders have believed that people eat with their eyes first. Hence, all the strategies undertaken by the organization focus on providing an exquisite experience to the customers. The organization also focuses on relationship marketing as one of its major marketing strategies. This strategy helps the organization enhance customer satisfaction which builds brand loyalty [2]. In addition, the organization undertakes attractive promotional activities and ensures that it reaches out to the people with its advertisements and digital marketing strategies that help attract and persuade them.

Research works have been conducted in the past on the factors behind McDonald's success. Most of these works have focused on the successful strategies the fast-food brand has employed. For instance, Rajawat et al. conducted a study to investigate the factors behind McDonald's performance [3]. The study assessed the strategies employed by the fast-food brand in the Indian and Malaysian markets. A similar study was conducted by Miles et al., who investigated customer and brand loyalty as success strategies for the organization and its global expansion [4]. However, none of these studies have focused on the success of the organization's strategy to offer vegan food as part of its products. This is the knowledge gap that this research intends to fill. This research work focuses on understanding and analyzing the factors that influenced McDonald's to meet the needs of its vegetarian customers. The company was mostly preparing non-vegetarian food, and hence it was targeting a different target segment altogether. However, this strategy has changed significantly in the last two decades as the company is also targeting vegetarian customers. The main research question that this research will answer is "Why did McDonald's start serving vegetarian food in the global market? This research work seeks to find the most plausible reasons behind the change in this strategy. The motivation behind conducting this research is the need to understand how the fast-food brand penetrated the fast-food market by introducing a unique product that most of its competitors were not offering. The findings of this research will assist other brands intending to penetrate and

command a significant market share with unique products and services.

This article comprises four main sections, the introduction, literature review, results and discussion, and the conclusion. The introduction has introduced the background of the research and the case study organization together with the research question and study motivations. The literature review will provide theoretical knowledge on McDonald's strategies for success and performance. The research will rely on existing scholarly works for this section and will mainly be derived from a systematic literature review. The section will also present applicable theories concerning the topic. This section will further assist in the identification of the knowledge gap that the research intends to fill. The results and discussion section will present and discuss the results in relation to the literature review. Lastly, the conclusion section will summarize the research, highlight its implication and contribution, and provide direction for future research.

2. literature review

2.1 Backgrounds

McDonald's is one of the most renowned brands operating in the global market. It is known for providing tasty food to customers at competitive prices. Ever since its inception, the organization has followed a penetration pricing strategy [5]. This is a strategy under which the organization provides its product at affordable prices to gain a considerable market share. The strategy involves an organization offering its products or services at a lower price than its competitors to develop a reliable customer base. Afterward, the pricing is adjusted accordingly by considering other aspects such as marketing and production costs. However, it is worth noting that even though the prices are low enough to attract customers, they are not too low as this can make consumers think their quality is compromised. In addition, relevant discounts, offers, and combos were also given to the target audience to retain them for a long time. This strategy worked for the company, and it became one of the largest fast-food brands in the global markets [1].

In reference to product strategy, McDonald's mainly prepared non-vegetarian food in its outlets. The main reason behind this strategy was the demand for the target market. A vast majority of consumers in countries such as the United States, United Kingdom, many parts of Europe, China, and many more were non-vegetarian and were inclined towards these products [6]. This influenced the company to keep almost 90 percent of non-vegetarian products on its menu. This strategy worked for the company, and it was able to attract a high number of customers to its outlets, thus increasing its market share. By preparing tasty food and providing a wide assortment to the target audience, McDonald's was considered one of the industry's most superior brands.

2.2 Multinational Sale

In the 1980s, many countries opened their economy for multinational companies, indicating that they allowed multinational companies to enter their markets and start selling products to their customers. This was the era of liberalization, privatization, and globalization. McDonald's took full advantage of this strategy and started entering many foreign countries such as Vietnam, India, Nepal, Sri Lanka, and many more. According to Wood, the internationalization strategy of McDonald's was desirable because it targeted different countries that had high potential [7]. This was the rise of McDonald's in the global market as it started to serve the global consumers and become a large multinational brand. However, it became difficult for the company to expand in so many countries one after the other and serve a huge number of customers [7].

To serve global consumers, McDonald's undertook a well-planned approach. According to Kerin & Hartley, McDonald's launched a franchise strategy to expand globally [2]. This is a strategy under which a company gives rights to use its intellectual property such as brand name, product portfolio, technology, and others to an individual or firm in lieu of a royalty payment and profit-sharing amount month [5]. This strategy allowed the company to open numerous outlets in the global markets and serve many customers. Besides, through the franchising strategy, the company expected to gain a considerable market share and become more dominant globally. However, it was unable to attract

customers towards its outlets despite undertaking diverse strategies for the same. Once again, the company had failed in its approach and could not attract the target audience in most countries it expanded in its expansion.

2.3 Evaluating

The company started evaluating its business strategies in the global markets. The findings revealed that the company mainly served non-vegetarian food to its target market, which had different consumer needs. Thus, the company was only catering to the non-vegetarian market niche and leaving the other niches to be exploited by its competitors, which gave them a competitive advantage. However, the consumer needs were different, and the company was unable to meet them. The company observed that more than 50 percent population in many host countries was vegetarian, and hence they were not much interested in coming to its outlets. This was directly affecting the sales and profits of the company in many markets. For instance, McDonald's entered the Indian market in 1996, and within one year of operation, it was on the verge of failure in the country. It conducted detailed research in India and then found that numerous social groups have boycotted the company and its products. The main reason was that McDonald's was selling an entirely non-vegetarian menu in India, just like the other countries. In addition, it was also selling its most popular beef burger in the Indian market. However, eating beef is prohibited in the Indian market because of religious reasons [8]. This resulted in a huge agitation, and the customers went against the company. There was a similar situation in many other countries where almost 50 to 60 percent of the population was vegetarian [8]. This limited the footfall of the company and also its sales.

After researching the reasons behind its lack of success in many countries, the company soon revamped its menu. It introduced many vegetarian products to target the set of vegetarian customers in their eating habits. For instance, it introduced the 'Aloo ticki' burger or the potato patty burger in the Indian market at a very affordable price. This attracted the customers towards the brand and led to its success in the market [5]. Thus, the research reveals that the eating habits of the consumers, religious beliefs, and cultural norms influenced the company to serve vegetarian customers as well.

It should also be mentioned here that the company also regularly introduced new products in different countries to make sure that the customers are not bored with the existing menu items and are attracted towards the company. Also, the company has maintained a different product portfolio in different countries. The company's menu is strictly maintained as per the needs and eating habits of the customers in that country [9]. This assists in proficiently serving the target audience. Further, the company also took regular feedback from the consumers, which assisted in evaluating their satisfaction level. High customer satisfaction directly implied that the company might build a long-term relationship with them [8]. On the other hand, a low satisfaction level mainly focused on the fact that the company needs to undertake corrective actions.

3. Results and discussion

3.1 Summary of Reviews

Upon all the research reviewed, it was observed that almost whole market agreed that McDonald's is the biggest and most popular fast-food brand operating in the global market today. The research also agreed that there are many other renowned fast-food brands as well. However, McDonald's is considered the biggest by the customers because of its huge legacy and ability to understand customer needs efficiently. It should also be mentioned that one respondent was of a viewpoint that McDonald's has lost its market share in the last decade. This is because it has got into conflicts with many franchisors in some countries like India [8]. It should work on reviving these relationships to gain sustained growth in the long future.

Many writers also gave credit to the company's strategic management, while others emphasized its efficient marketing mix. Some paper mentioned that the company had created an efficient combination of product, price, promotion, and place to effectively serve the customers. For instance, in reference to its place strategy, the company has opened numerous outlets with the help of a

franchise format. This has enabled it to target the customers efficiently. Similarly, its promotional strategy is also very efficient and constantly interacts with the target audience to persuade and attract them towards its outlets. Thus, the company's efficient strategic management and marketing mix was discovered as the main reason for the company's success in the global market [10].

For the menu products of McDonald's. Most of the paper mentioned that McDonald's traditional strategy was to serve non-vegetarian food to its customers. This is because the consumers in the home country were highly attracted to the non-vegetarian food. The company undertook the same strategy in other countries on an assumption basis. This strategy was highly successful in many countries, and McDonald's could make a mark in these countries. However, it had to face a tough time in many other host countries. Considering the entire situation, McDonald's has now created a mix of vegetarian and non-vegetarian food items in its menu in all the countries, the writer mentioned. Thus, some of the paper mentioned that the strategy of serving only non-vegetarian food has changed for the company now.

3.2 General Idea

In the review, the main question is why and how this change in company strategy and why it has started selling vegetarian food to the target audience. Three main reasons were identified for this change in strategy. Following is a brief description of the same-

1) The company changed its strategy because of changing consumer needs in the international market. When it entered many foreign markets, it faced problems in attracting customers and enhancing its profits. The company started evaluating its business strategies in the global markets. It was found that the company is mainly serving non-vegetarian food to its target audience. However, the customer needs were different, and the company was unable to meet them. The company observed that more than 50 percent population in many host countries was vegetarian, and hence they were not much interested in coming to its outlets. This was directly affecting the sales and profits of the company in many markets. Looking at the customer needs, the company introduced vegetarian products as well.

2) McDonald's also introduced vegetarian food because the company has always believed in the adaptability theory of international marketing. This is a theory under which an organization is willing to change its business strategies as per the needs and wants of the business environment in different countries. McDonald's realized that its present strategy was not working, and hence it adapted and undertook a new strategy. This resulted in the creation of a menu that comprised of vegetarian as well as non-vegetarian food items. Also, the company has been very adaptable with its menu in different countries, and it regularly introduces new products for customers in different countries. For instance, it introduced egg burgers in China to serve the target audience's breakfast needs.

3) During the research, it was also found that the company introduced vegetarian products because it was facing consistent criticism from many social institutions and groups that work towards animal rights. They mentioned about the unethical working of the company because it kills animals for its profit motive. This was becoming a major hurdle in the positive branding of the company. Hence, it introduced vegetarian food items that helped it reduce the criticism to a major extent. Also, it diverted many customers from the non-vegetarian products to vegetarian products without affecting the company's sales.

The above reviews of the clearly show that there were three main reasons behind McDonald's serving vegetarian food to the customers that include the need or eating habits of the customers, adaptation strategy followed by the company ever since its inception, and pressure from the social groups and institutions. The literature review also highlighted that the company started selling vegetarian food to the target audience because it efficiently served global consumers. Besides this, two other major reasons were found behind the company strategy.

The strategy for the company has also been evaluated. It was found that all the writers believed that this strategy has been very successful for the company. McDonald's has always been very focused on gaining high market share and penetrating the global market. This has always been the key objective of the company. This changed strategy of the company assisted in attaining this target.

This is mainly because the organization can serve a bigger target segment now. This has increased the organization's profits and has also assisted it in enhancing its market share.

4. Conclusion

McDonald's is known for providing tasty food to customers at competitive prices. Ever since its inception, the organization has followed a penetration pricing strategy [5]. This is a strategy under which the organization provides its product at affordable prices to gain a high market share. In addition, relevant discounts, offers, and combos were also given to the target audience to retain them for a long time.

In the 1980s and 1990s, the company expanded in leaps and bounds. However, it was unable to attract customers. The company started evaluating its business strategies in the global markets. It was found that the company is mainly serving non-vegetarian food to its target audience. However, the customer needs were different, and the company was unable to meet them. The company observed that a majority of customers in many host countries were vegetarian, and hence they were not much interested in coming to its outlets. The Indian market emerged as a case study for the company, which also helped it undertake the most appropriate approach in the other countries of operation.

Thus, the research identified the needs of the consumers as the most plausible reason for introducing vegetarian food in the global market. It was found that there were three main reasons behind McDonald's serving vegetarian food to the customers: need or eating habits, adaptation strategy followed by the company ever since its inception, and pressure from the social groups and institutions. The literature review also highlighted that the company started selling vegetarian food to the target audience because it efficiently served global consumers. Besides this, two other major reasons were found behind the company strategy.

It is recommended that the company should now focus on introducing vegan food in the global market. This is primarily because a big set of customers have turned towards the vegan diet because of its health benefits. Many customers who earlier preferred non-vegetarian food have also shifted to a vegan diet now. Thus, this target segment can prove to be very lucrative for the company.

Acknowledgements

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