

The Cultural Communication Strategies of Western Fast-Food Brand McDonald in China

Yuhe Yang^{1,*}

¹ Communication, Hong Kong Baptist University, Hong Kong, 999077, China

*Corresponding author: 20217153@life.hkbu.edu.hk

Abstract. Innovation in the products of fast-food companies is of paramount importance. With fierce competition under the epidemic, the American multinational fast-food company McDonald's must attract the attention and satisfaction of a wide range of customers through consumer stimulation. Since high substitution products make the industry highly competitive, high frequency differentiation strategy is needed to meet the freshness of consumers. McDonald's, one of the world's most well-known fast-food brands, has also made enormous changes in the process of entering China. Because local culture and in-depth communication are the embodiment of brand value and the integration of localization, this paper analyzes McDonald's cultural strategies in four areas: product, marketing, people management and production, and provides some suggestions for sustainable development. Cultural exchange is used and respected in all these important aspects, which is a big reason for shaping the uniqueness of different regional brands. Overall, McDonald's has done a successful job in product development and localization in China, which is an exemplary case among fast food brands and can bring many suggestions and implications to other familiar brands.

Keywords: Cultural communication, Social media, Food, Branding.

1. Introduction

McDonald's is a famous global chain restaurant with approximately 30,000 locations worldwide and was founded in 1955 in Chicago, USA. It mainly sells hamburgers, as well as fried chicken, French fries, soda drinks, ice cream, salads, soup, and other highly accepted fast-food items. Although in many regions, McDonald's mainly represents an American way of life, different restaurants under the company around the world will adapt their meals and organizational communication to the local tastes and culture. "The customer always comes first", with this golden rule, all McDonald's products comply the highest standards of service delivery with best Quality, Service, Cleanliness and Value [1].

In the 1930s, during the world economic crisis, the U.S. economy was in a state of great depression, and the drive-through restaurant business was on the rise in Southern California, with full-service restaurants taking a big hit. As a contrast, the chain restaurant reduced the service, lowered the price and shortened the mealtime, so gradually emerged in this period, of which the drive-through restaurant is a typical representative of the business. In 1937, Maurice McDonald and Richard McDonald started a drive-in restaurant in the small town of San Bernardino, California, called Dick and Mac McDonald, specializing in barbecue (Bar-B-Que). This restaurant's annual revenue is up to \$200,000. Based on their long experience in the business, the McDonald brothers attributed the high percentage of burger sales to "low prices and fast-food service," and based on this characteristic, they streamlined the menu from 25 items to 9 items and introduced their signature 15-cent premium burger. At the same time, the company transformed itself into a "fast food" restaurant by introducing an assembly line and a fully transparent kitchen, taking cues from fast food pioneers such as White Castle. The model was so successful that it was copied by a large number of competitors in the San Bernardino area. The fast-food format reduced service investment by cultivating the consumer's "self-service" habits of ordering, picking up, and disposing of meals, and greatly increased the speed of serving by reforming the line to prepare meals transparently and reducing menu items. After reducing the cost of meal preparation and service costs, fast food at the same time with the "fast" and "cheap" qualities.

The first McDonald's store in China's interior opened in 1990 on Jiefang Road in Shenzhen, setting a record for single store turnover in a single day on the opening day, when McDonald's Corporation had to deploy staff from the Hong Kong area. In China's open socialization environment, McDonald's, as a representative of Western-style fast food, quickly achieved impressive results, although it entered the Chinese market three years later than KFC.

With the continuously development of China's economy, McDonald's market in mainland China has also expanded rapidly. McDonald's has 670 restaurants in 108 sub-administrative regions spanning 25 provinces, cities and municipalities in China. McDonald's values the China market and will continue to expand brands' restaurant chain on the basis of maximizing return on investment and employ more than 55,000 people, 99.9% of whom are Chinese. Its supplier system in China also recruits more than 15,000 people and has a total investment of over \$500 million. Throughout the first half of 2022, McDonald's achieved revenue of \$11.384 billion dollars [2].

This hamburger giant makes changes continuously, which is aimed at enhancing its market share worldwide. For example, in September 2018, the chain eliminated artificial toppings from seven of its classic burgers. However, it faces enormous competition from other similar quick-service brands such as KFC, Subway, Burger King and Taco Bell. With more and more development in different food and beverage types, fast casual restaurants are also close competitors with names such as Chipotle Mexican Grill (CMG) and Panera Bread Company. Starbucks (Starbucks) is a specialty quick service brand that has overlap with McDonald's for some of its products. For instance, Burger King had more than 17,000 locations in more than 100 countries and averaged about 11 million daily visitors worldwide by the end of 2018. Almost all of these restaurants are owned by independent franchisees. Once a publicly traded company, Burger King became a private company when it was acquired by 3G Capital for \$3.3 billion in 2010.

2. Literature review

McDonald's has made a significant change in its overall strategy for China compared to the West. Through face negotiation theory, because of cultural differences, people from different countries will have individualistic and collectivistic thinking differences in dealing with people [3]. China as a representative of collectivist thinking, they will pay much attention to other people's ideas and group attitudes. Therefore, in China's food culture, people also pay extra attention to the "multi-person dining" style and decent dining environment, and McDonald's has abandoned the "drive-through" restaurant, which was used on a large scale in the United States and used a large area with sophisticated design and multi-person seating in mainland. The offline dining restaurants also provide multi-person dining facilities for families and children, such as toy playgrounds, to ensure their enjoyment of food and communalism.

About Asian food and beverage branding strategies, Asia is undoubtedly the most populous continent for food consumption. Asia has become the world's largest food market, with market share growing from 42% in 2014 to 50% by 2020. Consumer spending on food will increase by \$4.4 trillion over the next 10 years as massive demographic shifts and changing consumer needs drive demand for larger quantities and higher quality foods. McDonald's is also seizing the high popularity and development trend of the Asian market and attaches great importance to the promotion strategy and localization of corporate culture in China.

Macroeconomic trends, such as rapid population growth and rising food prices, are driving food consumption patterns in Asia. Studies show that \$2 trillion of the \$4.4 trillion in new food consumption in Asia by 2030 will come from these factors. However, the strongest consumer driver is the new Asian consumer, who's rapidly evolving food choices deserve people's attention and further study. Approximately 55% of incremental food spending (\$2.4 trillion) will be actively driven by consumer conscious behavior. Consumers will buy more food over the next 10 years, and this will further drive growth in this category of food spending. Moreover, consumers will demand more from the products and services they consume. They will insist on healthier, safer, or more sustainable food

choices, greater convenience (e.g., ready-to-eat meals and online food purchases), and more modern channels (e.g., supermarkets and convenience stores, rather than fresh markets). This consumer-driven choice will be the most important contributor to Asia's 7% compound annual growth rate (CAGR) in food spending from 2019 to 2030 [4].

To sum up, Asian restaurant brands have developed from simple price and product quality competition to product, corporate brand and cultural communication competing. In addition, Asian consumers will make conscious decisions and be willing to pay extra value for the foods they prefer. In line with this trend, McDonald's has placed extra emphasis on other cultural export and promotional strategies in addition to product quality.

While there are many studies in the field of media studies that analyze cultural differences and marketing strategies for McDonald's and Asian fast-food brands, there are relatively few that analyze culture and marketing together. In a time when restaurant brands are becoming more diverse and nationalized, studying the added cultural value and localization of brands can provide suggestions for sustainability and increase customer brand loyalty and preference. This paper will analyze the reasons why McDonald's has become a successful business case in the field of cultural communication through observation, media analysis and field research, and discuss potential drawbacks.

3. Methodology

This paper will mainly study McDonald's cultural communication strategy through observation and content analysis, mainly using major news platforms, McDonald's official website, Tiktok and Weibo for text data collection. In addition to online user reviews and brand news, the author will also visit three McDonald's stores in Wuhan to analyze the characteristics of Chinese restaurant design and operations and the impact of cultural differences between China and the West.

4. Results

In the restaurant industry, McDonald's has always had the title of "marketing genius". From the early series of creative advertising to the recent years according to the development of different markets marketing strategy. McDonald's advertising and marketing strategy focuses on the strategy of "integration and differentiation" [5]. It can be understood that the general direction of McDonald's advertising is basically the same worldwide, but for different regions, it will be changed according to the local cultural customs as the corresponding differentiation. "It doesn't matter whether you get a red envelope or not, or whether you can catch the Spring Festival dinner, but you can never be without you." This ad copy is from McDonald's "We are good together" ad before the Spring Festival Gala. Since 2016, McDonald's has been releasing short commercials before the Chinese New Year. This is actually McDonald's differentiated advertising strategy for China. The ad does not show any McDonald's product words, but it well captures the mood of the Chinese people's desire for family reunion before the Spring Festival, achieving a win-win situation from both commercial and emotional perspectives.

With the observation in three Wuhan's offline McDonald's stores, unlike the U.S., where a large number of drive-through restaurants are built, there are more McDonald's fast-food restaurants in China that are beautifully designed and offer many seats, because Chinese people are more family-oriented and have the eating habit of enjoying food for a long time. As the functions of fast-food restaurants are becoming more and more diversified, consumers go to restaurants have not only the single demand of eating, but also may be for business negotiation, friends gathering, birthday party or family gathering and so on. In addition to the continuous development of meals to suit consumers' tastes, McDonald's has launched the MC Cafe coffee brand and dessert stations using brand extension, with diverse regional limited products.

Therefore, in terms of culture and internal and external communication, McDonald's has made tremendous improvements and localization in China, mainly in four areas: product, marketing,

personnel management and production, integrating culture and being close to the local community. This paper believes that every aspect of a brand's design, production and organizational communication from production to sales is grounded and permeated by culture.

The first is product localization, developing products with local characteristics to enhance the market competitiveness and attractiveness. McDonald's product localization path is divided into two main types, one is to directly add Chinese special ingredients to the products, for example, there are McDonald's regional limited breakfast series, including traditional specialties preserved egg and chicken porridge and soybean milk [6]. Western specialties, apple pie, which is prevalent in the United States, is replaced by Chinese taro pie; buns on burgers are replaced by Chinese buns; spicy oil ice cream and McDonald's signature meat bun, these highly creative East-meets-West combinations have created one after another Chinese limited pop-ups, becoming a very successful attempt to promote the localization of McDonald's products in the Chinese market. Another path of McDonald's product localization is the in-depth integration with Chinese culture. Traditional Chinese culture is used as the material and inspiration for naming products, and some of them are also co-branded with celebrities, hit variety shows and other hot spots to cater to the preferences of domestic consumers. This year, the latest Lunar New Year launched three special limited products, with ancient Chinese historical stories as the background, from the naming of the products to the promotion, can make consumers feel McDonald's unique novelty in integrating local elements.

Additionally, the other communication strategy is the localization of marketing. With the advent of the micro-media era, in which Tiktok and Weibo are the main media, traditional advertising-based marketing is gradually falling out of fashion, and online marketing, which is less costly and more effective, gains higher popularity [7]. McDonald's has effectively used the Chinese microblogging platform to interact with its fans through activities such as charades, comment draws and anecdote sharing, thereby enhancing its brand image. As of 2021, McDonald's official Weibo has reached 1.5 million followers. Once McDonald's launches a new product in China, consumers will be the first to know about it through Weibo and enjoy the related special offers. In October 2017 McDonald's official account publicly announced that it had changed its name to "Golden Arches" due to business needs. This simple name change stirred up a thousand waves on micro media, once pushing McDonald's into the Weibo hot search and becoming an argumentative topic of discussion among many Chinese netizens, triggering an online marketing frenzy involving all people. Chinese netizens have been calling the Golden Arches "rustic", which illustrates that the name change allows this foreign brand to be greatly accepted, familiar and loved by the public. During the name change event, several McDonald's stores were crowded with customers lining up to spend money and product sales increased significantly [8]. According to the face negotiation theory from Griffin, the difference between Chinese and Western cultures leads to different ways of thinking, with the Chinese favoring more socialist collective thoughts [9]. Therefore, McDonald's will pay more attention to the emphasis on family and reunion in its poster design, restaurant design and offline promotion, and will offer holiday and household packages for customers to choose from.

Localization of procurement and production also can effectively reduce logistics and transportation costs and enhance credibility. To improve the localization of production, McDonald's has launched supply chain layout in China. For example, in 2003, McDonald's and Simplot introduced advanced potato cultivation technology from the U.S. and established a potato cultivation base in Xilinhot, Inner Mongolia [10], which solved the supply problem of fries in the Chinese market. McDonald's products are processed and produced locally, which is conducive to the taste of the products being closer to the preferences of local consumers, ensuring that the ingredients as well as the products are fresh enough to win the trust and favor of customers, as the ingredients come from the agricultural regions that make the Chinese people love and proud. These materials, which bring local customers closer together, have also been used many times in promotional content.

In terms of communication within the organization, McDonald's has also implemented localization of talent and management to reduce culture clashes and deepen brand loyalty. KFC's regional managers, operations managers and restaurant managers in China are all from mainland China.

Chinese Kyung-Shi Su became president of China in 1998 and vice chairman of the board in 2008. Strict quantitative standards, uniform sayings, and standardized demeanor have high standardization requirements for McDonald's restaurant service staff. Facing the severe employment situation in China, McDonald's insists on localization of talents, not only carries out regular training, but also invests heavily in education. 2010 McDonald's established the Hamburger University in Shanghai, China, aiming to become the "Harvard Business School" in China's corporate world, and has provided professional training for more than 20,000 employees.

5. Discussion

First of all, McDonald's has added Chinese cultural thinking to the design and innovation of its products. The main reason for this initiative is to cater to local preferences and trust, keeping some traditional products and adopting Asian flavors to give customers more choices. The core product of fast food is food and beverages cooked and prepared on site. McDonald's has always offered its customers with not only hamburgers, French fries, ice cream and soft drinks as its core products, but also some regional limited products which had been improved according to the differences in eating habits and cultures of consumers in different countries. This has also greatly accelerated the speed of Chinese people's acceptance of fast-food tastes and dining styles, allowing McDonald's to quickly take over competitiveness and superb popularity and sales.

However, not all Western-style fast food localized products can meet the stomach of consumers, some failure cases also let consumers see the "world of mixed". For instance, McDonald's meat sandwich bun launched last year is one of them. Many purchasers found that the meat bun, which was full of meat on the promotional map, could only be considered a "bun with meat" with small amount of contains. Even though McDonald's has increased the amount of meat since then, it has not been able to stop consumers from complaining. "In fact, many Western fast food brands have contributed to the heritage of local food culture." Liu Yuchi, executive vice president of the Beijing Culinary Association, encouraged brands to be faithful to the original taste and inherit the classics while daring to innovate and break through to pass on traditional Chinese food culture. In the opinion of Danpeng Zhu, an analyst of China's food industry, the combination of Chinese and Western, foreign for Chinese and Chinese for foreign, is a very important development trend in the catering industry [11].

Secondly, McDonald's is also very mature in terms of cultural integration and localization of marketing. Most marketing strategies are aimed at increasing awareness and social reputation, creating a positive and visible positive public image, promoting sales of products and building public trust.

By contrast, if the marketing is overly pursuing novelty and beyond the scope of consumer acceptance, it will be counterproductive and cause consumer resentment. At present, the fierce competition in China's food and beverage market has led multinational food and beverage brands to blindly hype and blindly pursue hotness in the process of localized marketing in order to increase consumer attention, ignoring consumers' feelings. In April 2020, McDonald's launched its "5G new product", McMuffin Crispy Chicken, with a copywriting imitating Apple, and held the world premiere of McDonald's "5G new product" on the Chinese Bilibili video website. This series of operations made consumers confused. This series of operations left consumers bewildered and once led people to believe that McDonald's was going to get involved in the technology industry. However, the actual McDonald's is using the harmonics of Chinese language and writing to rub the heat of the 5G topic, which is excessive marketing, the effect is not ideal, and even has a suspicion of false propaganda.

The purpose of marketing localization is to explore potential needs and meet existing needs, rather than just attracting attention. Marketing is about creativity, but also need to put consumer characteristics into consideration. Marketing needs high-quality content as a support, through the

content reflects the core highlights of the product, so as to trigger the resonance of consumers, to achieve the effect of spontaneous dissemination.

In addition, the purpose of using local talents in personnel management and product production is also to improve the management efficiency of the brand and to shape the local corporate culture. With the high popularity of the Internet and avatars, this study suggests that McDonald's could also set up online virtual stores with computerized salespeople designed to reduce offline staffing costs and increase online shopping engagement. At the stage of rapid development of the game industry, McDonald's can also produce related phone games to allow customers to become "salesclerks" and immerse themselves in the fun of making burgers and selling goods, and also indirectly demonstrate the high quality of products and standard production model.

6. Conclusion

This paper summarizes McDonald's strategies for cultural communication and localization in four areas: product, marketing, people management and product production, through field observations and Internet analysis. Culture is included in the strategy, arrangement and communication of every marketing process and is a solid foundation for all actions. Overall, McDonald's cultural marketing strategy has been a huge success in China in terms of sales, reputation and corporate culture. With increasing competition in the daily restaurant industry in recent years, and with restaurants in the same industry promoting their own unique products, there is still a need for effective adjustments in the pricing strategies of multinational fast-food companies. The combination of eastern and western culture is a very important development trend in the catering industry, which is also a good addition to the overall operation of the brand. Behind the accelerated localization of Western fast-food brands, there is also a deep sense of crisis. Affected by the epidemic, the global restaurant industry has been hit. China is the first to recover from the epidemic, in order to seize a larger market, Western fast food will certainly rack their brains. No matter what type of restaurant brand, the taste and texture of the product is always the greatest hard power. The future test for Western fast food is not only the product gimmick, but the "Chinese stomach" consumer experience and "Chinese taste" value resonance, which will also be the key way for Western fast food to continue to win the Chinese market.

References

- [1] A. Tikkanen, McDonald's American corporation. Corporation Early History, 8(13), 1–5, 2022.
- [2] D. Zhan, McDonald's: Q2 net profit plunges, negative same-store sales growth in China, Nandu Weekly, 2022.6.2. Retrieved August 30, 2022, from <https://www.163.com/dy/article/HDDDTETP0512863C.html>.
- [3] PwC, PwC food industry research: Asian food market challenges, understanding new consumer groups in Asia, Future Think Tank, 2021.
- [4] E. Griffin, A First Look at Communication Theory and Face-Negotiation, Theory of Stella Ting-Toomey, 407–420, 2012.
- [5] L. Doole, R. Lowe, International Marketing Strategy (5 th edition), London: South-Western Cengage Learning, 2008.
- [6] McDonald, Chinese McDonald's breakfast, Lovin in breakfast taste, 2022.8.29. Retrieved August 30, 2022, from <https://www.Mcdonalds.Com.Cn/Index/Food/Menu/Breakfast>.
- [7] S. Bostanshirin, Online marketing: Challenges and opportunities, SOCIOINT14, 2014.
- [8] McDonald, McDonald's Food Safety and McDonald's Global, 2022.8.29, Retrieved August 30, 2022, from <https://www.mcdonalds.com.cn/index/Food/food-safety-7>.
- [9] E. Griffin, A First Look at Communication Theory. Face-Negotiation Theory of Stella Ting-Toomey, 407–420, 2012.
- [10] Pengpai News official account, McDonald's China name change inside story: the U.S. side does not allow the original name changed into the Golden Arches, Pengpai News, 2018.

- [11] K. Fong, Western fast food localization: innovation “Chinese taste” to meet the “Chinese stomach.”
Xinhua, 2022.