

Research on the Localization Marketing Strategies of Multinational Catering Enterprises in China-Taking McDonald's as an Example

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Abstract. In the context of globalization, more and more multinational chain catering enterprises are entering the Chinese market, aiming to take advantage of China's huge population base and abundant resources to explore this market with broad prospects. To adapt to the Chinese market, adopting a localized development strategy has become a necessary choice for multinational catering enterprises to enter and stabilize their target markets quickly. McDonald's has been developing in China for more than thirty years, and although it has occupied a relatively stable status in China, it still has some deficiencies in localized marketing strategies. This paper will take McDonald's as an example to analyze the localization development strategy of multinational catering enterprises in China. It compares and analyzes the current situation of McDonald's development in China and further analyzes the marketing strategy of McDonald's development in China and its problems and challenges in localization development in China. The research in this paper not only contributes to an in-depth understanding of McDonald's localization development strategy in China but also provides a useful reference for other multinational catering enterprises to expand in the Chinese market.

Keywords: Localization strategy, McDonald's, multinational restaurants.

1. Introduction

Background of the study: the development, status quo, and trend of multinational catering enterprises in the context of globalization, the main points and challenges of McDonald's success in China as a representative of multinational catering enterprises. Research Objectives: The purpose of this paper is to explore the impact of McDonald's localized marketing strategy on the Chinese market, and to provide a reference for other multinational catering enterprises.

With the accelerating process of globalization, more and more multinational enterprises enter the Chinese market. In almost all the countries in the world, the representative enterprises of other countries can be found. While enjoying the benefits of economic globalization, multinational enterprises need to pay close attention to the cultural differences between countries. They need to flexibly adopt adaptable localized competitive strategies based on the differences in economic conditions, political systems, values, and consumption habits of different countries. McDonald's, at the top of the fast-food industry, has a strong brand appeal and market share, and its business strategy and model have become the model strategy reference guidelines for most of the chain restaurant enterprises. McDonald's has a high global popularity and many loyal fans. In 2024 McDonald's ranked second in the list of the top 25 global restaurant brands with a brand value of \$37.993 billion. McDonald's officially entered the Chinese market in 1990, opening its first McDonald's restaurant in Shenzhen. As of 2023, McDonald's has close to 6,000 restaurants in mainland China, the successful development of McDonald's is closely related to its marketing strategy, McDonald's since entering the Chinese mainland market, always focused on Chinese consumers, and actively responding to changes in China's market environment and consumer preferences, in terms of products, prices, channels, promotions and other aspects of the localization of transformation, with its effective localization marketing strategy, successful in the Chinese market, and the development of the Chinese market. With its effective localized marketing strategy, McDonald's has successfully established a firm foothold in the Chinese market and achieved success. However, McDonald's still faces several

challenges in its competitive development and market development in China. Given this, the company needs to think deeply about how to rapidly realize brand expansion and transcendence and reshape its brand image in the Chinese market. To this end, it is important to develop and implement a series of critical strategic initiatives.

This paper, based on relevant literature at home and abroad, explains the theory of localization of multinational food and beverage enterprises and combines the localization strategy of McDonald's Corporation in China with the implementation of the history of its localization strategy, in-depth analysis of its localization in the sales process of how to develop a corresponding strategic development model guided by the trends of China's market, the market environment, and consumer demand. The consumption of customers in McDonald's enterprises will be studied, and the domestic consumers' recognition of McDonald's Corporation's marketing localization strategy will be deeply researched. The key to the success of McDonald's as a representative of multinational catering enterprises in developing in China and the challenges it may face in the future will be explored. The purpose of this paper is to explore McDonald's localized marketing strategy in China, analyze its successes and shortcomings, and provide reference and inspiration for multinational enterprises with slow development in China to carry out overseas activities.

2. Analysis of the Market Environment of Multinational Catering Enterprises in China

2.1. Characteristics of the Chinese Catering Market

First, China's catering market is huge and shows a trend of continuous growth. Since ancient times, the Chinese people have believed in the concept that "food is the paramount necessity of the people" and, that food as an indispensable part of life, in promoting economic development, the catering industry has made a particularly significant contribution. 2023 China's catering revenue exceeds 5 trillion yuan, amounting to 5,289 billion yuan, a year-on-year increase of 20.4% [1], as of December 21, 2023, the catering industry has made a significant contribution to economic development. December 21, 2023, a total of 3,109,900 catering-related enterprises were registered, 476,000 more than the same period last year. In 2023, China's catering market presented three main features. First, the industry is recovering rapidly. As the social economy continues to rebound and improve, the catering market is recovering rapidly, and a small peak in catering consumption is ushered in during the holiday season. Second, the concept of nutrition and health is deeply rooted in people's hearts. Many catering enterprises actively practicing "low-oil", "low-salt", "low-sugar" and other nutrition and health concepts, launch new healthy eating menus. Third, the trend of digitalization is obvious. In the context of the rapid development of the Internet, big data, and other new-generation information technology, digitalization has become an important support for catering enterprises to increase revenue, reduce costs, and improve efficiency. Some catering enterprises are deeply plowing online and offline "double home field", to explore the potential of catering consumption.

2.2. Social and Cultural Environment

China has thousands of years of history and culture, and its food culture has a long history. With the rapid development of the economy, people's lives have entered a fast-paced era, the standard of living is also increasing, consumption habits have begun to change, and the number of meals out has increased significantly. As consumption upgrades have brought about diversified consumer demands, including higher food quality, better dining atmosphere, better service, social needs, and leisure needs, consumers are more willing to eat out, be treated to delicious food, and experience meticulous dining services in restaurants, which are more convenient and have a better ambiance compared to home kitchens. In the last decade, the Internet has developed rapidly, and the convenience of the experience has made people more willing to consume online, and "Internet +" dining has become the theme of today's restaurants. Especially during the 2020 epidemic, the contactless online consumption of

takeaway platforms was more recognized, and the continuity of people's online consumption habits in the post-epidemic period created new opportunities for the development of the restaurant industry. 2021 China Restaurant Big Data White Paper statistics found that consumers valued cost-effectiveness and word-of-mouth recommendations when choosing a restaurant and preferred to look for professional restaurant platforms, which are more cost-effective. platforms to view online reviews or recommendations, short videos, and live broadcasts have become the most used tools for young people to obtain information, catering enterprises should effectively use these new media tools to accurately reach consumers [2].

3. McDonald's Development History and Current Situation in China

3.1. Development History and Market Positioning

In 1990, McDonald's opened China's first McDonald's in Shenzhen, China, officially entering the Chinese market [3]. In 2024, McDonald's 37.993 billion U.S. dollars topped the British brand evaluation agency Brand Finance released the "Global Food and beverage brand value of the Top 25" list of the top 25 global food and beverage brand value of second place, is the world's largest fast-food brands. McDonald's also has a large market scale in China. As of September 30, 2024, McDonald's has 6,543 stores in China, which is a spectacular development. KFC and McDonald's entered the Chinese market for the first time in the face of a completely unfamiliar market environment and the Chinese people who did not have a complete understanding of foreign fast food at that time, chose to operate in the early stage of the product line configuration is very conservative, the number of products is very small, so the difference between the North American market in China was diluted. In the early stage of entering the Chinese market, McDonald's chose to aim at the children's market. 0-14 year olds accounted for about 25% of China's population at the end of the 1990s. Combined with the country's population base, this is quite a large market, and the most important thing is that the children themselves can't consume, and their consumption needs need to be borne by their parents, which binds another group of consumers in, further expanding the target group. This binds in another group of consumers, further expanding the target group. In the first decade of the 21st century, McDonald's centered its activities around children. For example, the toys that came with the McDonald's kid's meal were all designed to attract children's attention. Children's needs could only be met by their parents, and in meeting children's needs, parents would also buy McDonald's products for themselves, thus making children's parents McDonald's consumers as well.

Since 2010, with the growth of children, who were previously the target customer group, as well as the demographic changes in China and the rapid development of the Internet, McDonald's will re-adjust their target market and start to aim at young people. McDonald's proposed a store upgrade program in 2010, and in 2012 completed 80% of the store remodeling, so that the overall style of the store is more fashionable and simpler, at the same time they updated their product line, McDonald's began to introduce a large number of McCafe series, in addition, increase the investment in desserts, the development of more related products. generation Z (refers to people born between 1995 and 2009) As a newly rising consumer group, they are sensitive to new things on the Internet, good at and happy to use all kinds of social media, and focus on the presentation of emotional experience and emotional value [4]. Together with McDonald's, they have created the "McDonald's" craze and established an organization called "McMen" (take McDonald's as faith), which further enriches the consumer experience and forms a closer relationship with McDonald's. This unique communication phenomenon not only makes McDonald's more attractive to consumers but also makes it more popular. This unique communication phenomenon not only makes McDonald's become the focus of public attention again but also attracts more and more people to join the "McMen" [5]. Most McDonald's customers are loyal customers, the frequency and amount of purchases are high, supporters of the McDonald's brand and they will take the initiative to promote.

3.2. Problems and Challenges of McDonald's Competition in the Chinese Market

First, determine the appropriate localized product strategy. For multinational restaurant chains, a good, localized product can help its branding and gain the emotional and rational support of Chinese consumers, which is a process that needs to be repeatedly explored. McDonald's develops new products every year in response to changes in consumer tastes, but very few of them end up staying on its fixed menu [6]. Second, food safety issues, 2024 McDonald's China into the "expired ingredients" storm. Recently, according to an investigation by the New Beijing News, McDonald's Zhengzhou Excellence Nonglian restaurant and McDonald's Jinan University restaurant, both tampered with the shelf-life labeling of food, used expired ingredients, sold food after the shelf life, and cut corners. McDonald's Zhengzhou Excellence Nonglian Restaurant, there are also fried oil quality exceeds the standard [7]. As early as 2010 McDonald's because of the "all white meat" McNuggets incident caused a storm, and food safety issues directly affected the multinational chain restaurant enterprises' products and marketing localization. Third, ignoring the market in underdeveloped cities. Multinational Catering enterprises, such as McDonald's stores are too concentrated in the number of South China, and East China's coastal areas, leading to the development of the coastal areas of the food and beverage market gradually becoming saturated, and store expansion costs increase. Multinational food and beverage companies should turn the development momentum to more promising inland areas. Due to the affluence of consumers, spending power, purchasing habits, and other large differences, international catering stores mainly focus on the economic strength of Beijing, Shanghai, and other first-tier cities, resulting in multinational catering brands at all levels of urban expansion divergence, and uneven development. First-tier cities catering market competition is fierce, the market segments are in a saturated state, and multinational catering enterprises if they continue to expand all over the world, will inevitably increase the risk of business operations, affecting the effectiveness of the brand] should gradually shift to the development of three or four-tier cities [8].

4. Research on McDonald's Localization Marketing Strategy in China

4.1. Product Localization Strategy

Under the premise of maintaining the uniformity of basic food types, McDonald's has implemented flexible food type adjustment and innovation strategies for different countries and regions to achieve deep localization of the brand. In Japan, McDonald's has launched the Sakura Burger, Matcha Latte, and other products with Japanese cultural characteristics. Cherry blossom is the national flower of Japan, cherry blossom burgers not only satisfy consumers' taste buds but also psychologically establish a deep local emotional connection with consumers, thus winning wide market recognition. Since entering the Chinese market, McDonald's has been upholding the concept of localization and actively innovating to meet the unique needs of Chinese consumers. For example, McDonald's "McSpicy Chicken Filet Burger", launched in 1999, is a classic dish crafted by the local R&D team to meet the tastes of Chinese people and has since been promoted to the global market. In addition, McDonald's has also introduced staple foods and porridges that suit Chinese tastes, such as Crispy Fried Dough Sticks, Old Beijing Chicken Rolls, and Chicken Congee with Snow Vegetables and Pickled Bamboo Shoots, which have been highly sought after by Chinese consumers. During certain festivals such as the Chinese New Year, McDonald's also launched the "Fu" burger, closely integrating the brand with traditional Chinese culture. In 2024, McDonald's and the Sanxingdui Museum jointly launched the hot pot-flavored McSpicy Chicken Thigh Burger, which not only integrates Sichuan characteristics into the taste but also cleverly extracts the typical shape of the Sanxingdui Bronze Ware in the outer package and uses the color green, which represents the color of Sanxingdui, to create a unique Chinese flavor for the burger. using the green color representing the color of Sanxingdui, so that consumers can feel the charm of ancient Shu civilization while tasting the food [9].

4.2. Marketing Localization Strategy

First, put more Chinese elements in marketing advertisements. Before McDonald's entered the Chinese market, it conducted in-depth market research and drew on the experience of the Singaporean market, which is similar to the Chinese market [10]. 2023 Dragon Boat Festival McDonald's launched three posters in the Chinese painting style, on the poster, the french fries turned into the paddles of the dragon boat, the chicken nuggets turned into the paper kites flying in the sky, and the brand's product fun in the paintings, so that its products are well integrated with the traditional Chinese culture [11]. The second is that the marketing channels follow the consumers' needs.] Second, the marketing channel follows the trend of consumers. 2023 McDonald's opened the "BFF (Best Friends Forever) Friendship McYears" trend culture and art exhibition, the main exhibition area tells the story of McDonald's 33 years in China, leading the Chinese consumers to review different time and space and the brand of the friendship years, online also through a variety of social platforms to quickly and efficiently. Online, the campaign was also publicized through a variety of social media platforms to expand exposure. Consumers could also interact with McDonald's in designated areas to strengthen the emotional resonance between users and the brand during the exhibition, and this type of activity was a good way to arouse the interest of McDonald's main consumer group, "Generation Z". The exhibition also laid the foundation for McDonald's youthful and trendy brand image [12]. Thirdly, the promotion and products are in line with the market changes promptly. With the improvement of Chinese people's health awareness and the change in consumption concepts, the light food market shows a rapid growth trend, low-calorie, low-oil, and low-sugar and other healthy diets have become a trend, and it is very likely to maintain a sustained growth momentum in the future [13]. McDonald's has seized the opportunity to publicize its 0-oil-added chicken drumstick burger in 2023, which has won the hearts of Chinese consumers. McDonald's also has a 500-calorie set meal, which helps consumers plan their calorie intake while having a wide range of food choices.

5. Conclusion

In the context of globalization, the localization strategy of multinational catering enterprises has become the key to their victory. However, due to the large differences in culture, history, economic conditions, and market environment among different countries, how to successfully implement the localization strategy will be challenging at the same time. When McDonald's entered the Chinese market, it accurately grasped the needs of Chinese consumers through in-depth market research and advertising marketing. In terms of product localization, McDonald's has skillfully incorporated Chinese dietary preferences based on retaining brand characteristics. At the same time, McDonald's also focuses on food safety and store expansion strategies, responding to changing market demand and making corresponding adjustments to products and promotions. In the future, "Generation Z" will become the main consumer group of McDonald's. Therefore, McDonald's needs to reshape its brand value, communication method, and marketing strategy to realize the brand's youthfulness and trendiness, and to effectively build a strong link with the youth of "Generation Z", thus winning their favor and recognition. This will effectively build a strong link with the "Generation Z" youth, thus winning their favor and recognition and achieving sustainable economic growth in the future. Successful implementation of a localization strategy cannot be achieved only by investing money and imitating the marketing tactics of peers, but also by truly integrating into the local culture and understanding local dietary needs. The research in this paper also provides insights for Chinese local enterprises: in the era of catering supply exceeding demand, technological innovation and product development are the fundamental driving forces for enterprise development, and only by responding to consumer demand promptly can they be invincible in the fierce market competition.

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