



## CASE 1-2

### KEEPING WITH THE TIMES—MCDONALD'S, I'M LOVIN' IT!

McDonald's, the world's largest restaurant chain with over 30,000 outlets in more than 115 countries, brings to mind many terms: golden arches, Big Macs, McNuggets, affordable meals, brand value, and American capitalism, to name just a few. How did McDonald's become one of the world's best-known brands? Needless to say, being in the food industry entails different menus for different parts of the world based on varying tastes and preferences. At the time, McDonald's made its foray into foreign markets it was almost impossible to have a mass marketing or global strategy in terms of McDonald's menu items. Therefore, the company adopted a strategy to appeal to those different preferences. According to the company, the secret to its successful brand is a type of multidomestic strategy, which the company used successfully by being able to offer different menus in different countries.

Previously, McDonald's even extended this strategy to marketing for its restaurants in foreign markets. Remember the yellow and red-garbed clown that attracted kids to McDonald's? McDonald's had maintained the same image for years and by the start of the twenty-first century, it was not working anymore. Additionally, the growing health consciousness among consumers the world over caused the restaurant chain to suffer decreasing profitability. Nevertheless, by 2005, the year that marked its fiftieth anniversary, McDonald's was on its way to regaining its stardom.

With time, it is necessary for companies to keep abreast of the changes that are taking place in the environment. Today, many firms are shifting from a multidomestic or multinational strategy to a more global one. It is believed that one reason for this is the growing convergence in consumer behavior, especially for food and apparel. For example, consumers all over the world are moving toward a healthy lifestyle that includes a healthy diet and exercise. For firms, a global strategy allows them to minimize overall costs, and specifically marketing costs, by repeating commercials with few alterations, justifying high advertising expenditure to release a perfect ad. McDonald's is one of several companies that have adopted a global

marketing strategy. McDonald's has had to revive its global business over the past five years, one of the ways to do it being to replace its previous shoddy image with a hip new one.

In the year 2003, the company launched its first truly global marketing campaign called "I'm lovin' it." The new promotion effort aimed at changing the company's image in markets all over the world sends the same message to its global consumers with small changes for local tastes and preferences. Thus, even though there is still a significant divergence in McDonald's menus, the new global marketing campaign instilled a distinct global brand value in the minds of consumers. McDonald's invested heavily in the campaign, employing celebrities, such as singer Justin Timberlake and popular music group Destiny's Child who draw a global audience, to appear in its advertisements. In addition, McDonald's introduced more healthy foods in its menus such as salads. The "I'm lovin' it" marketing campaign was targeted at consumers in all age groups from kids and young adults to seniors. The conceptualization of the ad was also global. It was the brainchild of a Germany-based firm Heye and Partner; the company settled on this agency after consulting with several marketing agencies in many different countries. The campaign has been one of the most successful of its time. The strategy worked, and in just one year, the company's revenues were up by more than 10 percent. As for the novel marketing drive, the company won *Advertising Age* magazine's Marketer of the Year Award for 2004. As for its recent comeback, McDonald's is truly lovin' it.

#### DISCUSSION QUESTIONS

1. Why do firms such as McDonald's need to have a global marketing strategy even though its national menus are localized?
2. What alternative strategy could McDonald's have used to regain its market?
3. For the future, how should McDonald's tap into the convergence among global consumers?

#### FURTHER READING

- "A Survey of Globalization: Globalization and Its Critics," *Economist*, September 29, 2001: 1–30.
- Bhagwati, Jagdish, "The Globalization Guru," *Finance & Development*, 42, September 2005, pp. 4–7.
- Clark, Terry, Monica Hodis, and Paul D'Angelo, "The Ancient Road: An Overview of Globalization," in Masaaki Kotabe and Kristiaan Helsen, ed., *The SAGE Handbook of International Marketing*, London: Sage Publications, 2009, pp. 15–35.
- de La Torre, José, and Richard W. Moxon, "Introduction to the Symposium E-Commerce and Global Business: The Impact

of the Information and Communication Technology Revolution on the Conduct of International Business," *Journal of International Business Studies*, 32(4th Quarter, 2001): 617–639.

Dunning, John H., ed., *Making Globalization Good: The Moral Challenges of Global Capitalism*, New York: Oxford University Press, 2003.

Eden, Lorraine and Stefanie Lenway, "The Janus Face of Globalization," *Journal of International Business Studies*, 32(Third Quarter, 2001): 383–400.