

IF6200 ECONOMÍA DE LA COMPUTACIÓN

Asignación Tarea 1:

Lectura en Inglés, Caso Economía

McDonald Case: Serve fast food around the world.

Ray Kroc opened the first McDonald's restaurant in 1955 in the USA. It offered a limited menu of high quality food at moderate prices, served quickly in an impeccable environment. McDonald's quality, service, cleaning and value (CSLV) system was a success. The chain extended to every state of the nation. By 1983, it had more than 6,000 restaurants in the US and, by 1995, it had more than 18,000 restaurants in 89 countries, located on 6 continents. In 1995 alone, the company built 2,400 restaurants and, in 2007, had more than 31,000 restaurants in 119 countries.

In 1967, McDonald's opened its first restaurant outside the US, in Canada. Since then, its international growth accelerated. In 1995, The "Big Six" countries that contributed around 80% of the international operating income was Canada, Japan, Germany, Australia, France and Great Britain. However, fast food has barely touched many cultures. The opportunities for expansion are great, since 99% of the world's population is not yet a McDonald's customer. For example, in China, with a population of 1.2 billion people, there were only 62 McDonald's restaurants in 1995. McDonald's vision is to be an important player in food services worldwide. In Europe, McDonald's maintains a small percentage of restaurant sales, but demands a strong share of the fast food market. It took the company 14 years of planning before opening a restaurant in Moscow in 1990. But the planning paid off. After the opening, people lined up for up to 2 hours to get a hamburger. It has been said that McDonald's restaurant in Moscow attracts more visitors (on average 27,000 daily) than Lenin's mausoleum (about 9,000 people), which used to be the place to visit. Beijing's opening in 1992 attracted some 40,000 people to China's largest McDonald's restaurant (over 9,000 square meters) in a location where about 800,000 pedestrians pass every day. Food is prepared according to local laws. For example, menus in Arab countries comply with the laws for the preparation of Islamic foods. In 1995, McDonald's opened its first kosher restaurant in Jerusalem, where dairy products are not served. The taste for fast food, the American style, grows faster abroad than at home. McDonald's international

sales have grown by a high percentage every year. Every day more than 33 million people eat at a McDonald's worldwide, 18 million of them in the United States.

Prices vary considerably around the world, ranging from \$ 4.90 in Switzerland to 1.23 in the Philippines for a Big Mac that costs \$ 2.90 in the United States. The Economist magazine even designed a Big Mac index to estimate whether a country's currency is over or undervalued. For example, the Mac China of \$ 1.26 translates into an implicit purchasing power parity of \$ 3.59. The difference is that the Chinese currency is undervalued. Here are other price comparisons for Big Mac of \$ 2.90 in the United States: Chile, 2.18; euro area, 3.28 (heavy average of member countries); Hong Kong 1.59; Japan, 2.33; Mexico, 2.08; Peru, 2.57; Singapore, 1.92, and Thailand, 1.45

The traditional McDonald's menu has been surprisingly successful. People with various eating habits have adopted hamburgers and fries with joy. Before McDonald's introduced Japanese to French fries, potatoes were only used in Japan to make starch. The Germans thought the hamburgers were women from the city of Hamburg. Now McDonald's also serves chicken sausages and salads. Another article, a very different product, is pizza. In Norway, McDonald's serves a grilled salmon sandwich, in the Philippines, pasta in a sauce with sausage pieces and in Uruguay burgers with poached egg. Any new project is risky and can be a very profitable addition, or a very expensive experiment.

Despite worldwide operations, McDonald's keeps in close contact with its customers, who want good taste, fast and friendly service, clean facilities and quality. To achieve quality, the so-called quality assurance centers are located in the United States, Europe and Asia. In addition, training plays an important role in customer service. In addition to daily advice, Hamburger universities in the United States, Germany, Great Britain, Japan and Australia teach the necessary skills in 22 languages with the goal of providing 100% customer satisfaction. It is interesting that McDonald's was one of the first restaurants in Europe to receive families with children. Children are not only welcome, but in many restaurants they are entertained with wax and paper pencils, playground and the clown Ronald McDonald, who speaks 20 languages. With an aging population in general, McDonald's is targeting the adult market. With strong publicity (McDonald's has been said to spend 200 million dollars to promote the new hamburger), the company introduced the Arch Deluxe in a potato flower bread with lettuce, onion, tomato sauce, tomato slices, cheese yellow, granulated mustard and mayonnaise. Although McDonald's considers the hamburger for adults over 50 years of age a great success, a survey conducted after 5 weeks of its introduction showed mixed results.

McDonald's golden arches promise the same basic menu and CSLV in each restaurant. Its products, handling and cooking process, and distribution of the kitchens are standardized and strictly controlled. McDonald's revoked the first French franchise because the franchisee stopped meeting its standards for fast service and cleanliness even though its restaurants were quite profitable. This may have delayed its expansion in France.

McDonald's restaurants are operated by managers and local staff. Owners and managers attend Hamburger University near Chicago or elsewhere in the world to learn how to operate a McDonald's restaurant and maintain its CSLV system. The library of the main facilities and modern electronic classrooms (which include simultaneous translation systems) are the envy of many universities. When McDonald's opened its first restaurant in Moscow, a flat announcement resulted in 30,000 inquiries about jobs; 4,000 were interviewed and about 300 hired. The pay is around 50% higher than the average Soviet salary.

McDonald's guarantees consistent products by controlling each stage of the distribution. Regional distribution centers acquire products and distribute them to individual restaurants. The centers will buy the products from local suppliers if they meet detailed specifications. McDonald's has made some conceptions of product availability. For example, it is difficult to introduce Idaho potato in Europe because of special soil requirements.

In essence, McDonald's uses the same competitive strategy in each country: be the first in the market and establish its brand as quickly as possible by advertising strongly. The new restaurants open with hype and saucer. So many people attended the opening of a Tokyo restaurant, which the police had to close vehicle traffic. The strategy has helped McDonald's develop a strong market share in the fast food business, even when its US competitors and new local competitors enter the market quickly.

McDonald's advertising campaigns are based on local themes and reflect different environments. In Japan, where hamburgers are a snack, McDonald's competes against confectionery and new "fast sushi" restaurants. Many of the charitable causes that McDonald's supports abroad have been recommended by their local restaurants.

McDonald's business structures take a variety of forms, with franchises being 66% of restaurants. Development licenses are similar to franchising, but do not require a McDonald's investment. Joint investments are made when they understand that the local environment is an important extreme. The McDonald's corporation operates about 21% of the restaurants. McDonald's has been willing to give up greater control of its Far Eastern operations, where many restaurants are joint investments with local business owners who own 50% or more of the restaurant.

European and South American restaurants are generally operated by the company or under franchise (although there are many affiliates or joint investments in France). Like American franchises, restaurants abroad are authorized to experiment with their menus. In Japan, hamburgers are smaller because they are considered a snack. The Quarter Pounder (quarter pound) doesn't make much sense to people who use the metric system, so it's called the Double Burger. Some German restaurants serve beer; while in several French they serve wine. Some restaurants in the far east of McDonald's offer oriental noodles. In Canada, the menu includes cheese, vegetables, pepperoni and fancy pizza. However, these new items should not interfere with the existing operation.

Despite its success, McDonald's faces strong competitors such as Burger King Wendy's, Kentucky fried chicken (KFC), and now also Pizza Hut. Moreover, fast food in reheated containers is now also offered in supermarkets, delicatessens, convenience stores and even gas stations. McDonald's has done very well, with a large percentage of its profits from its international operations. For example, McDonald's dominated the Japanese market in 1,860 stores (half of the Japanese market) in 1996, compared to only 43 Burger King restaurants. However, the British food conglomerate Grand Metropolitan PLC, owner of Burger King, has a strong strategy for Asia. Even though McDonald's has been in a very favorable competitive position, since 2001 the level of customer satisfaction has been below its competitors Wendy's and Burger King. In China, KFC is more popular than McDonald's. Some observers suggest that McDonald's has spread very fast and that Burger King and Wendy's have tastier foods. It is the job of Mr. Jack Greenberg (McDonald's general manager) to make things change.

In the last couple of years, McDonald's has created new strategies and business projects to meet the needs of its evolving market and maintain its competitive advantage. Due to the increasing popularity of Starbucks and coffee shops in general, McDonald's introduced McCafé to capitalize on this recent McCafé trend. It is a concept developed by McDonald's Australia in 1993. By the end of 2003, there were more than 600 McCafe worldwide.

In 2006, McDonald's also introduced its "Forever Young" brand (forever young) by redesigning all its restaurants, the first major change since the 1970s. The new design included the traditional yellow and red colors of McDonald's, but the red will be dimmed to terracotta, the yellow will become gold for a more "sunny" appearance and olive and sage tones will be added. To make your appearance warmer, restaurants will have less plastic and more partition and wood, with modern pendant lights to produce a softer shine. Contemporary art or framed photographs will hang on the walls. The new restaurants will present 3 different areas:

The "living" area will offer armchairs, sofas and WiFi connections, a concept introduced by Starbucks.

The "eat and leave" area will feature high bars with banks for customers who eat alone; Plasma TVs will offer news and weather reports.

The "flexible" area will be dedicated to families and will have cubicles with cloth cushions with colorful drawings and flexible seats.

Finally, the company also made an effort to offer a wider range of menu options for health conscious consumers. McDonald's now offers high-quality foods that fit a balanced diet, from salads to wrapped desserts and based on yogurt.

The company is aware of the growing competition of its rivals and changes in consumer trends; Therefore, it is crucial for the company to innovate and introduce new alternatives to retain and attract new McDonald's lovers.

Asignación para el Estudiante:

Conforme lo tratado a la fecha respecto a economía, la producción, la función de todo sistema económico y desarrollo económico, brinde su opinión sobre el éxito de McDonald.

Lo anterior en un documento de texto no menor a una página, escrito en letra Arial tamaño 11 a espacio y medio (1,5) y justificado. (Su respuesta puede ser en español).