

Strategies Implemented by Mcdonald's to Fulfill Customers' Demand Around Asia

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ABSTRACT

One of the notably popular and well-known fast-food franchises in the known universe is McDonald's. In addition to its renowned golden arches emblem, it is also recognized because of its hamburgers, potato chips, as well as other options. Nevertheless, the goal of this analysis is to investigate the viability of the tactics used by McDonald's to satisfy consumer demands and contentment across Asia. So, in this case study, the research uses an efficient method which is a survey questionnaire to accumulate useful information of 150 Mcdonald's customers to know more about their satisfactions towards McDonald's. The result of the findings shows that perceived usefulness, social influence, perceived innovativeness, and corporate image affect the customer's satisfaction with McDonald's. The report's findings will assist the McDonald's corporation in the coming years as they work to enhance their productivity, particularly as it relates to increasing client happiness.

Keywords: McDonald's, Asia, Culture, Strategies, Customers' Demand

INTRODUCTION

In San Bernardino, California, United States, the McDonald's Organization was established in 1940 as a business run by Richard and Maurice McDonald. Their business was renamed to a hamburger kiosk, and it was subsequently turned into a restaurant chain. The Golden Arches symbol initially appeared to be utilized in a Phoenix, Arizona fast food joint in 1953. In 1955, entrepreneur Ray Kroc became a franchise operative for the company before proceeding on to purchase the brand from both the McDonald siblings. Around June 2018, McDonald's moved its worldwide head offices from Oak Brook, Illinois, to Chicago.

McDonald is the biggest fast food company in the world by sales, continued to serve more than 69 million people each day across well over 100 nations via more than 40,000 locations in 2021. McDonald's is primarily renowned mostly for burgers, cheeseburgers, and french fries, yet they also have other items on their tables, such as chicken, fish, fruit, and salads. Perhaps some very well-trademarked meals are the Big Mac as well as their own French fries. The company has received criticism for the subpar meals they serve. The McDonald's Organization receives its money from rental, licenses, and other services provided by franchisees in addition to from earnings at locations managed by the company. Thus according to two documents published in 2018, McDonald's seems to be the second-largest non-government enterprise in the world, with 1.7 million personnel. Meanwhile, according to Kantar (2022), McDonald's will be one of the top ten most valuable company brands in 2022.

Throughout Asia, there were 2,146 McDonald's outlets in 2016, and there were 2,179 in 2018. China, Indonesia, Malaysia, the Philippines, and Thailand were among the economies with explosive development there. Additionally, there are more stores throughout the Pacific coast. Between 2016 and 2018, there were 1,435 more fast-food joints in the Arabian Peninsula than there were in 2016 (Gunbold, 2022). The research shows that McDonald's restaurants have moved to a rising era where they keep on developing their branch widely in other countries. But to keep maintain the stability of their branch, they need to face so many challenges and implement strategies to deal with customers, especially customers or consumer demands from around Asia.

According to (EconomicsOnline, 2021), consumer desire is the inclination and capacity of customers to buy a specific number of products and services during a specific time period or at a specific moment in time. In this study, we will look at the customers demand around Asia and how McDonald's company responds to the demand itself. The authors will also examine the tactics used by McDonald's to satisfy the needs of visitors in Asia in addition to the foregoing. For example, according to (Sabbouh, 2021), McDonald's prioritizes the customer whilst also placing advertising at the forefront of its efforts. This shows how McDonald's really make their customers a priority, and they are the one that makes a decision on what they want to buy.

LITERATURE REVIEW

Perceived Usefulness

Davis (1989; 1993), according to the idea of perceived usefulness, an individual perceives that using emerging innovations will boost or enhance their productivity. Davis (as cited in Alamanda, Wibowo, Munawar, & Nisa, 2021) states that perceived usefulness is a person's level of belief that using a system will improve the performance of the work done. Customers' opinions of how convenient and straightforward it is for them to purchase dishes from McDonald's takeout are evaluated by perceived convenience when this understanding is employed in the context of McDonald's

satisfying their clients' requests. Nowadays, most people are too busy with their work and career to the point that they do not have the time to eat at a restaurant. We now live in a highly technologically developed civilization where devices like tablets, computers, and smartphones are ubiquitous. So, ordering food online and having it delivered is a convenient way to receive it immediately without having to go to the restaurant. McDonald's has started to create its own official website or smartphone application, which is called McDelivery, and website to enable customers to purchase food digitally and utilize the delivery services rather than relying entirely on physical shop service in order to keep up with the developments. In contrast to other establishments that only provide dine-in services, McDonald's also provides food delivery services that enables consumers to quickly and simply choose their meal (Pigatto, Machado, Negreti, & Machado, 2017). Therefore, there is a notable link between perceived usefulness and customer satisfaction and customer loyalty toward using the meal delivery system.

Consequently, we hypothesize:

H1: Perceived usefulness is positively associated with customer loyalty

H6: Perceived usefulness is positively associated with customer satisfaction

Social Influence

Conformity, association, and internalization are the three social influence processes that allow reference individuals to exert an impression on a consumer's attitude, views, and behavior patterns (Kelman, 1958). Social factors have an impact on client procurement behavior as well. A company must consider how its promotional strategies will affect buyer behavior while developing its marketing strategies. Therefore in this case, position, family, and social circle are the most important factors. Close relatives have a significant influence on clients. If adolescents have an influence on a consumer's intention to buy a product, McDonald's will advertise specifically to them. Reference groups may influence a person's opinion or attitude toward the product. Group norms have varying effects on various items. When the product is readily apparent to other customers, it usually works the best. For instance, the influence of the reference group will be significant for products like hamburgers, French fries, soft drinks, and so forth. So, we hypothesize:

H2: Social influence is positively associated with customer loyalty

H7: Social influence is positively associated with customer satisfaction

Perceived Innovativeness

The degree to which consumers perceive a brand to be innovative is known as perceived innovativeness (Barone & Jewell, 2013). Children's Happy Meal toys at McDonald's have evolved in this theory. The original designs of the toys had mechanical moving elements that mimicked the motion of the toy character. McDonald's has added video games to the toys over the years. Besides that, "Chef Dan" as the Director of Culinary Innovation at the McDonald's corporate office and his team has invented more than 1,800 new dishes each year, but only a small number were chosen as being healthy, delectable, and simple for the McDonald's staff to prepare for launch. Apart from that, reduce, reuse, and recycle are the three pillars of McDonald's innovative strategy, and the company is dedicated to removing as much waste as possible from the solid waste stream. This company has come up with countless small methods to make a big difference, including moving to uncoated, recyclable components napkins and inquiring about the packaging of their vendors' cleaning solutions and raw ingredients. In order to ensure good conditions in the communities, McDonald's even established litter patrols.

Therefore, we hypothesize:

H3: Perceived innovativeness is positively associated with customer loyalty

H8: Perceived innovativeness is positively associated with customer satisfaction

Corporate Image

A company's corporate image is the perception that it intends its target market to have of the company itself (Bozkurt, 2018). According to a different perspective, corporate image is the culmination of all perceptions that the target demographic has about the connection to a particular firm. It is impossible to talk about McDonald's corporate image without mentioning their well-known mascot Ronald. Early in its history, McDonald's recognized that kids loved visiting its restaurants and welcomed its friendliness and creativity. Clowns are frequently thought of as being happy, entertaining, and having kid-friendly personalities. In light of this, McDonald's regarded Ronald as a chance to win over the hearts of kids. For that reason, we believe that McDonald's corporate image is essential for customer satisfaction and loyalty.

Hence, we hypothesize:

H4: Corporate image is positively associated with customer loyalty

H9: Corporate image is positively associated with customer satisfaction

Customer Satisfaction

Since the beginning of business and economic interchange, a cornerstone to success has probably been a focus on customer satisfaction. As everyone is aware, McDonald's consumers have the alternative to "drive-through" to make a purchase and collect their meals. We can observe that the majority of people now purchase their meals more conveniently from a drive-thru than they would at a restaurant. Because more consumers are using the drive-thru, managers and operators need to acknowledge the importance of time. One approach to the issues facing quick-service restaurants seems to be the utilization of innovative drive-thru systems (Morcos, Tak, & Gregoire, 1992). Utilizing the drive-thru system efficiently guarantees quicker operations, which results in much more customer care as well as more customer satisfaction. In order to serve the growing demand through using drive-thru, McDonald's expanded the number of employees at the controls. Consumers will benefit from the increased efficiency and shorter wait times for their purchases because several staff members can accept more transactions from more consumers at once. Maisarah et al. (2020) proved that customer satisfaction depends on whether the services supplied exceed customer expectations or can satisfy the customers. In brief, there is a strong link that connects customer satisfaction and customer loyalty.

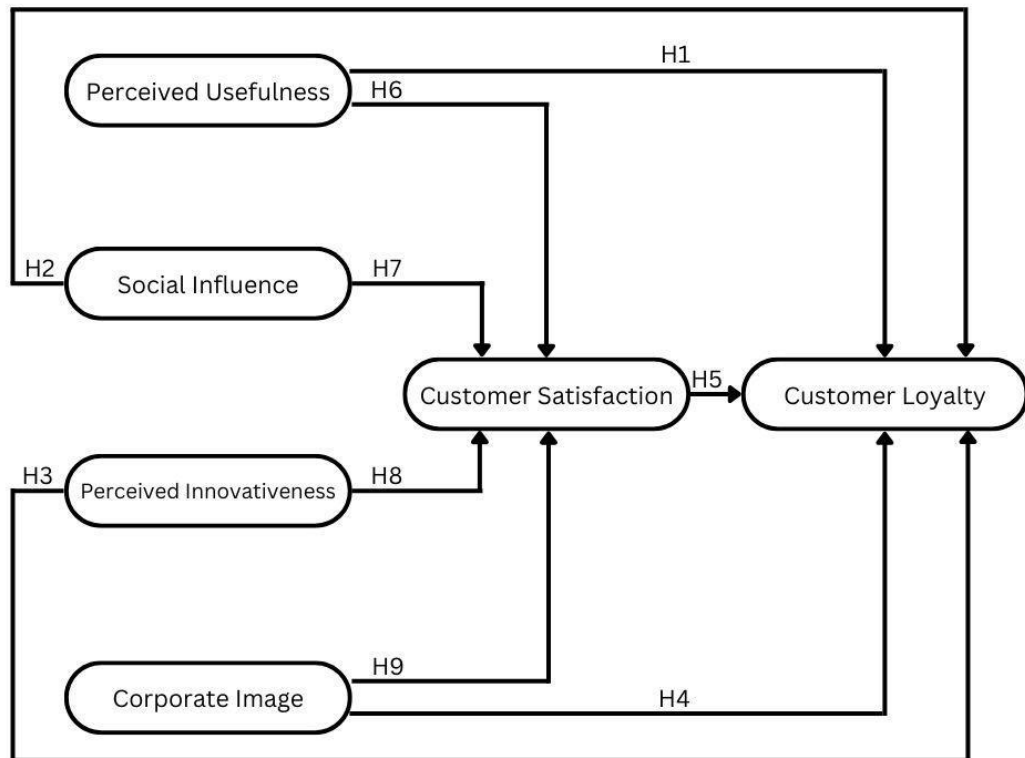
Thus, we hypothesize:

H5: Customer satisfaction is positively associated with customer loyalty

Customer Loyalty

The significant desire of consumers to consistently buy goods or services from a specific business is referred to as customer loyalty (Eshghi, Haughton, & Topi, 2007). According to Marsudi (2019), he explains that customer loyalty can be used as a key to the growth and sustainability of a company. McDonald's management should continually please and astonish its consumers in order to earn their faith and preserve their positive interaction in an attempt to acquire loyal consumers. Through this, it will inadvertently turn the casual client into a devoted one, ensuring that McDonald's businesses can remain competitive in the marketplace. One of the ways on how McDonald's creates loyalty in their customers is through loyalty programs. It has become standard practice in the restaurant sector this year as businesses aim for more individualized approaches to bringing clients in the door. Additionally, businesses acquire more information about consumers and their behavior, information that has been revealed to be crucial for decision-making. Within a few months well after launch, My McDonald's Rewards, McDonald's eagerly anticipated loyalty programme, has already surpassed other similar programmes in terms of popularity. The research framework model is shown in Figure 1. Moreover, nine hypotheses were formed based on past literature reviews.

Figure 1. Research Framework



RESEARCH METHOD

Sample and Procedure

With the help of Google Forms, we ran an online poll to learn more about the methods McDonald's uses to satisfy customer demand across Asia. The Google Form survey has been disseminated via social media networks like WhatsApp, Instagram, and Telegram in the span of 3 to 4 months. Since online surveys can be distributed to respondents all over Asia especially in Malaysia, Indonesia and India, it has improved the accuracy and convenience of the data collection procedure. It does not provide responders a certain window of time in which to respond to the surveys so that they can answer it with ease. 150 customers with a variety of demographic experiences with McDonald's were the primary focus of the questionnaire. To ascertain the importance and dependence of each element, the acquired information will be evaluated through IBM SPSS Statistics tool.

Measures

Our Google Forms consists of seven sections which focus on the demographic of McDonald's and other 6 variables. For the demographic section, the questions that were asked were age, gender, nationality, education level, occupation, monthly income, The questions are "did you know about McDonald's" and "how often do you visit McDonald's". This is to get a better understanding of McDonald's consumers all around Asia. As for the variables, each section has 3 statements that somewhat relate to the variables. Other than that, each statement for the variables will have a 5-point Likert scale to determine whether they agree or disagree with the statements. The first and second variables are perceived usefulness and social influence. The third and fourth variables are perceived innovativeness and corporate image. For the fifth and last variables are customer satisfaction and customer loyalty.

RESULTS

Table 1. Respondent Profile's Summary (N=150)

Response	Frequency	Percentage (%)
Age		
18 and below	25	16.7
19-20	44	29.3
21-29	70	46.7
30 and above	11	7.3
Gender		
Male	84	56
Female	66	44
Nationality		
Malaysia	95	63.3
Indonesia	30	20
India	25	16.7
Education Level		
Secondary School	1	0.7
Diploma	14	9.3
Bachelor's Degree	129	86
Master's Degree	5	3.3
PhD	0	0
Sijil Kemahiran (skills certificate)	1	0.7
Occupation		
Student	132	88
Self-employed	0	0
Employed	16	10.7
Unemployed	2	1.3
Monthly Income		
Low Income	54	36
Middle Income	96	64
High Income	0	0
Did you know about McDonald's		
Yes	148	98.7
No	2	1.3
How often do you visit McDonald's		
Frequently	36	24
Sometimes	87	58
Rarely	27	18

Table 1 represents the respondent profile summary with a total of 150 respondents. According to the table, the majority age group is around 21 to 29, with a percentage of 46.7% followed by the age group around 19 to 20 with a percentage of 29.3%. After that is the age group of 18 and below with a percentage of 16.7% and the least amount percentage of with 7.3% is the age group of 30 and above. As for gender, the male has a higher percentage of 56%, compared to female with a percentage of 44%. The majority

of respondents coming from Malaysia can be seen with the percentage of 63.3% in the table, while respondents that come from Indonesia and India have the percentage of 20% and 16.7%, respectively. For the education level, most of the respondents are in Bachelor's Degree with a percentage of 86%; meanwhile there is none of the respondents at the PhD education level. A lot of the respondents are actually still students with a percentage of 88%, while the second highest percentage with 10.7% are employed. As for the monthly income, the majority of the respondents have middle income with a percentage of 64% while coming in second is low income with a percentage of 36%. For the first question which is "Did you know about McDonald's?", there is a significant difference between "Yes" and "No" with "Yes" having 98.7% while "No" has 1.3%. In other questions that were in this section, "How often do you visit McDonald's?", more than half of the respondents with the percentage of 58% answered "Sometimes" while the lowest percentage with 18% answered "Rarely".

Table 2. Descriptive Statistics, Cronbach's Coefficients Alpha, and Zero-order Correlations for All Study Variables

Variables	1	2	3	4	5	6
1. Perceived Usefulness	.915					
2. Social Influence	.854**	.792				
3. Perceived Innovativeness	.693**	.672**	.891			
4. Corporate Image	.765**	.752**	.836**	.844		
5. Customer Satisfaction	.739**	.713**	.784**	.864**	.859	
6. Customer Loyalty	.766**	.752**	.846**	.899**	.893**	.927
Number of Items	3	2	3	2	3	2
Mean	4.6600	4.5600	4.7689	4.6500	4.7111	4.7100
Standard Deviation	.69134	.87263	.52944	.72295	.62111	.65094

*Note: N = 150; *p < 0.05, **p < 0.01, ***p < 0.001. The diagonal entries represent Cronbach's coefficient alpha.*

Table 2, it displays the results of all of the variables through Descriptive Statistics, Cronbach's Coefficients Alpha, and Zero-order Correlations. Not only that, Table 2 also shows the Mean and Standard Deviation for the variables that were used in this research. In addition, all of the variables were already tested for their reliability using IBM SPSS Statistics. Fortunately, all of the coefficient's alpha of the variables were in the range of .792 to .927.

Table 3. Regression Analysis

Variables	Customer Loyalty	Customer Satisfaction
1. Perceived Usefulness	.045	.137
2. Social Influence	.070	.041
3. Perceived Innovativeness	.220***	.174
4. Corporate Image	.306***	.583***
5. Customer Satisfaction	.372***	
R ²	.881	.771
F Value	212.220	122.103
Durbin-Watson Statistics	1.662	1.979

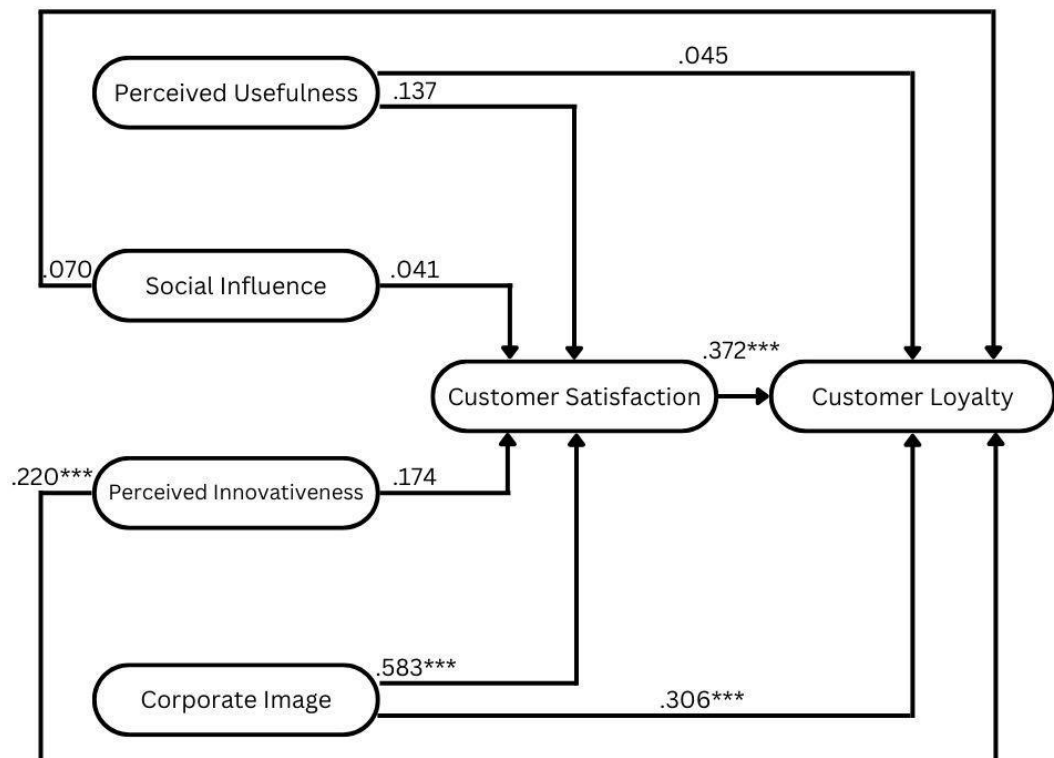
Note: N = 150; *p < 0.05, **p < 0.01, ***p < 0.001.

Table 3 shows the summary of the regression analysis. This is to evaluate the hypotheses that were already constructed in the literature reviews. First things first, customer loyalty, is considered the dependent variable while perceived usefulness, social influence, perceived innovativeness, corporate image and customer satisfaction are the independent variables. As a result, the independent variables that are positively associated with the dependent variable, customer loyalty, are perceived innovativeness, corporate image and customer satisfaction. From this, hypotheses that were proved to be correct are H3, H4 and H5. As for the R², the result from the analysis was .881 which means that 88.1% of customer loyalty transpose due to perceived innovativeness, corporate image and customer satisfaction. All of the three independent variables that were positively associated with the dependent variable are in the same range of beta values which are .220, .306 and .372. Meanwhile, the other two independent variables, perceived usefulness and social influence do not have any kind of positive association with the dependent variable. Thus, hypotheses H1 and H2 are not backed up because of the lack of significant values.

On the other hand, there is only one independent variable that can be used to impact the dependent variable through another independent variable. The one independent variable is a corporate image which means that corporate image can impact customer loyalty through customer loyalty. Therefore, this situation proved that H9 could be used. The beta value for a corporate image is the highest among other beta values that are significant towards the dependent variable. The beta value of a corporate image is .583. Consequently, hypotheses H6, H7 and H8 are not supported since it does not have significant values to them.

The overview result is shown in Figure 2.

Figure 2. Overview Result



DISCUSSION

In this research study, a total of 6 variables were inspected due to the variables influencing customers' loyalty towards McDonalds' all around Asia. As for the results that were obtained from the analysis, there were only two of the variables which are perceived innovativeness and corporate image, that notably affect customers' loyalty towards McDonalds. With the help of customer satisfaction as the intermedia variable, the one and only variable that continues to impact customer loyalty is the corporate image. Thus, this research proved that perceived innovativeness, corporate image and customer satisfaction impacted customers' loyalty where the consumers continue to purchase and use the products and services from McDonalds'. These hypotheses also can be seen as a visual through Figure 2.

According to the results from the analysis, corporate image was the most crucial element that made McDonald's customers continue to consume their goods. This situation also was also proven true with the help of customer satisfaction as the intermedia variable. Hence, the compelling effect of corporate image on consumers' loyalty represents that a company's corporate image would sway someone to continue purchasing McDonald's meals. This is because of the attraction of the infamous clown mascot Ronald McDonald. People typically associate clowns with being joyful, humorous, and kid-friendly. So, having a clown as the restaurant's mascot helps a lot when it comes to customers' loyalty. Not only that, there are a lot more characters from the McDonald's franchise that to these days continue to charm a ton of customers. With a little bit of improvement on the corporate image, McDonald's can continue to dominate the fast food industry.

Other than that, the independent variable that is also significant to customer loyalty is perceived innovativeness. In contrast to corporate image, perceived innovativeness only affected customer loyalty directly without the help of customer satisfaction. Meanwhile, corporate image influences customer loyalty directly and also through customer satisfaction. This claim demonstrates just how important it is for restaurants to offer a wide assortment of dishes that are influenced by other nations. Some of the examples that can be seen in Malaysia and Indonesia's respective McDonald's menus have Nasi lemak and Nasi uduk. These two types of meals clearly took inspiration from the traditional foods from Malaysia and Indonesia. McDonalds' surely will be getting a lot more customer loyalty if the business is able to come up with more meals that come from a certain culture but with their version of it.

CONCLUSION

In conclusion, it is undeniable that McDonald's will keep gaining repeat business from visitors. This is due to the restaurant having established itself in Asia for a couple of decades. As from the discussion that was made, the independent variables such as perceived innovativeness, corporate image and customer satisfaction are considered as the main elements that impact customers loyalty towards McDonalds especially all around Asia. With that, McDonalds should focus and improve more on these independent variables as it will help to achieve more loyalty from their consumers. This is because it affected the customers' loyalty positively which was proven in this research paper.

LIMITATION

We encountered some limitations during the progression of this research. One of them was that the majority of our respondents were in the age group between 21 to 29. This is because of the research method that we use which is an online survey. Unfortunately, the possibility of older people answering the questionnaire is really low due to their lack of capability to use the internet very well. Another limitation that was discovered was the limited area of research to conduct. We did not acquire responses from all of the countries in Asia, but we only got respondents from Malaysia, Indonesia and India.

DECLARATION OF CONFLICTING INTERESTS

The authors declare that there are no conflicts of interest throughout this research.

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