

**GLOBALISATION AND “GLOCALISATION”:
A LEGAL ANALYSIS OF THE McDONALD’S INDIA BRANDS**

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ABSTRACT

*The main objective of this article is to legally analyse the success story of McDonalds Brands in India while studying about the concept of Glocalisation. In 1989, the phase when the New Industrial Policy of 1991² which liberalized the Indian Economy was not yet introduced in India, the McDonald’s Corporation sent its international team to India so that they can identify the opportunities available for entry into an extremely conservative and traditional market of our country. Globally, McDonald’s Corporation is referred as globalisation symbol by many scholars. The corporation tries to develop its services and products in order to accommodate different and diversified locales because it needs to ensure its global reputation and brand, which plays crucial role in improving the worldwide economy. India became the first country in the world or in the McDonald’s system where **beef** and **pork** products³ were not served to the customers because it followed the philosophy of being sensitive to cultural and traditional preferences and also the local food of a particular country. It has been found that the 70 per cent of the McDonald’s menu in India has been developed locally with total sequestration of vegetarian products and non-vegetarian products initially from the plants where the foods are processed to the point where it serves its products to its customers.⁴*

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² Industrial Policy of Government of India, 1991 (commonly called New Industrial Policy).

³ As updated by the McDonalds India Official Website; <http://www.mcdonaldsindia.net/mcdonalds-india.aspx> (last visited on Mar. 20, 2017).

⁴ *Ibid.*

INTRODUCTION

As on today, we can easily depict that countries around the globe have come much closer to each other as they can very easily connect to each other by the help of technology and economic or international trade aspects. The different cultures of various countries have also mixed up or to say that the cultures have been more twined. We can say this because now we can find McDonald's restaurants all over India selling McAloo Tikki Burger which is sold due to customer preferences in India; in America's small towns we can find a rage for Japanese anime; and we can easily find Starbucks in the city of Beijing, China which was once inaccessible. These economic practices, which inspires or motivates the cultural exchange and global influence around the globe among different countries, are collectively known as Globalisation.

Since 1944, globalisation had its existence only as a term but this term was brought into popular use by the famous 1983 essay titled "Globalisation of Markets"⁵ by great economist and Harvard professor **Theodore Levitt**. Recently, complicated structure of globalisation has induced a polarisation of opinion among people thereby creating two different camps:

- On one hand, it is the camp of people who are against globalisation and for them globalisation is a new class of destructive practice and western domination which is considered to take benefits out of the developing countries;
- On the other hand, it is the camp of people who are in favour of globalisation and for them globalisation is something which shall bring in progress and financial help to the people in order to improve and develop the living standards and human life across the globe.

THE FORMATION OF THE TERM GLOCAL

While discussing about the reason behind the formation of the term glocal, we shall first be clear that glocal is a term which has been formed from the combination of two terms and they are global and local. Glocal is the intermixture concept of these two famous concepts. Few years back, globalisation was considered as the new paradigm in the international or global business

⁵ Dumitrescu Luigi and Vinerean Simona, *The Glocal Strategy of Global Brands, Studies in Business and Economies*, 147-155.

scenario, but nowadays if we see it from the branding and marketing perspective then it can be said that it has lost its earlier efficiency because in today's world consumers do not find themselves connected anymore with the global corporations standardised products which are provided to them through communication programs related to mass marketing. According to their centralised decision making process, most of the global companies have simply stopped to have any new connection with the newly developed global market place and thereby neglecting its emergence totally. And this led to the rise of local characteristics and its influence, and along with that a new term came into the ambit of global market place- Glocal, the term which combines both global and local. This was the phase where glocal strategies took over the global strategies of the global corporations around the globe. It became very necessary for the global corporations to include glocal concept in their marketing strategy in order to capture market of a particular country. This was the strategy which was adopted by the McDonald's India Brands in our country and this is very much visible in their Indian menu which is to attract the Indian customers having specific preferences. Therefore, it can be said that Glocalisation motivates companies to "Think Global and Act Local", and these companies can do so by using their brand value in different countries while localising certain elements of their brand to suit the preferences of a particular country.

THE McDONALD'S AND THE GOLDEN ARCHES

Today, the McDonald's Corporation and the golden arches⁶ are considered as the globalisation symbols in various ways because they are such visible and worldwide famous signs of exporting business and culture of United States. As this corporation has expanded its ambit all over the globe by setting up its fast food restaurants in every corner of the world getting into new markets around the globe, it has to face both criticisms and praises for its progress. There were many protests which took place against the McDonald's Corporation by the group of people who were not in favour of their progress which they achieved by exporting their culture to different countries around the globe and these were the people who were also not in favour of the concept of globalisation. In many places, protestors have used the name **McDomination** instead of McDonald's to show their protest against the corporation because according to them McDonald's was bringing the dominating culture in different countries.

⁶ Resembling "M" for "McDonald's Corporation".

THE MCDONALDISATION

What's at stake, is that McDonald's sells more than food; it creates what blog columnist Paul Feine calls **McCulture** or a way of life that it imports to various countries around the world. This is often very good for the nation, Feine argues, in terms of bringing hygiene, nutrition, and entertainment for children, among other benefits. But critics of McDonald's, such as George Ritzer, see **McCulture** as a threat to human creativity. Ritzer contends that McDonald's sells a "false image" of world unity through shared food preferences. Ritzer coined the term **McDonaldization** to mean the process by which the principles of the fast-food restaurant are coming to dominate more and more sectors of American society as well as the rest of the world.⁷

GLOBALISATION: IS IT GOOD OR BAD?

While answering the question that whether globalisation is good or bad, we shall first be clear that this concept of globalisation is not an enemy. It is a socioeconomic-political, global system. Information Technology has been so much developed and advanced that it has led to the rise of a postindustrial economy and the collapse of the bipolar cold world war. It has created a system where the interests of governments and individuals around the globe are intertwined. This overlapping of interests has resulted into increased international cooperation all over. We can also point out the example of September 11, which was the act of international terrorism, as it was actually a categorical rejection of the globalisation system. The reason for saying so is that the young people who did this act were born and raised in some of the countries which are least globalised in the world.

Globalisation is not trying to "unite the planet in blanket sameness." Actually, quite the contrary is true. For example, if we take into consideration the McDonald's Corporation, which is the globalisation symbol, was not actually introduced in different countries to push or increase the American cultural hegemony over the rest of the world. It was actually imported into foreign countries around the globe by the citizens or nationals of those countries in order to make profits out of its business and not as a strategy or some sort of master plan to make everyone American. McDonald's Corporation is just like another company that wants to make profits. It isn't part of a "conspiracy of American corporations to take over the world".

⁷ George Ritzer, THE MCDONALDIZATION OF SOCIETY (8th ed., SAGE Publications Inc., 2014).

GLOBALISATION, LOCALISATION & GLOCALISATION

The prologue of Liberalization, Privatization and Globalization (LPG) policy created a revolution, affecting the growth and development of economic activities and business opportunities all across the world especially in the developing countries. Globalization has brought several changes in the way of trade, communication and even in policy decisions. Increase in the mobility of goods, services, labor, technology and capital throughout the world has pervaded and affected not only regional economies but also the organizations which ensued an increase in the instability and inconsistency in the socio-economic performance of foreign products. In this current competitive global world, no multinational corporations can afford to remain as an “island” since the world is truly becoming a global village because of the progress in the innovation. Therefore it is necessary to develop a global mind-set, which might be useful in interacting and intercommunicating with different people from different culture and traditions. Every organization should have an ability to analyze the world with a broader outlook looking forward for the unexpected opportunities in order to accomplish the organizational goals and consumers needs. Without having complete knowledge on the importance of the local culture and traditional lifestyles, the multinational companies cannot compete in the other nation’s local markets. To capacitate themselves and to strengthen the local market life, companies have to design their product and services according to the local consumer interests. This means the product or services to be customized, conventional to the local laws, customs and predominantly to the consumer preference. Thus the concept of Glocalisation (a neologism of globalization and localization) has emerged as a new strategy to serve the local consumer deliberation.

THINKING GLOBAL

Now the question arises that what do we mean by the saying “think global”. Thinking global is a process by which the large corporations and multi-national companies around the globe make strategies keeping in mind the global aspects and to improve their business globally.⁸ They need to include some global characteristics to increase their business in different countries. If we talk about today then there are many scholars who are still debating the meaning of the term

⁸ John Parnell, *Reassessing the “Think Global, Act Local” Mandate: Evaluation and Synthesis*, Serbian Journal of Management, Vol. 1:1 (2006).

globalisation. Globalisation can be stated as the concept which has brought the countries together on the same platform where mass communication has the potential of breaking the borders of nations in order to satisfy the requirements of markets, customers and organisations. It brings the countries together by bringing change in the political and economic spheres. Many scholars have pointed out that globalisation does not take place in vacuum, it is made feasible through technology while economic and political liberalisation makes it happen. While few are against it and contest the legitimacy of globalisation concept, the ambit in which it has occurred or taken place is widely debated.⁹

In context to thinking globally, first we should make one clarification that it is very much necessary to differentiate between thought and action. A corporation whose management “think” at the global level may “act” at either the global level or at the local level. “Thinking global” is a mindset, global orientation or philosophy that suggests that a company or corporation actively considers opportunities for engagement beyond the borders of its host country. While “Acting” means that how a corporation will approach the implementation of its activities beyond its borders.¹⁰

ACTING LOCAL

Now we come to the concept of “acting local”. Localisation means that a corporation will provide its primary attention towards the issues at the local level. For domestic companies, it simply means that their management is concerned only with the aspects of domestic issues and are not actively entertaining any activities taking place outside the host country. And also it should be stated that globalisation is not appropriate or shall not prove to be appropriate for every corporation. Because the main concern is the demand for ones products or services and it might happen that it does not satisfy or it is insufficient to justify the global expansion. Another reason could be that the rivals in the foreign countries may already be serving or providing the same products or services in the relevant markets and that also very effectively to the locales. Also the differences in the availability of preferences or ingredients for flavours or styles associated with the company can create roadblocks in foreign countries. Therefore, “acting local”

⁹ John Parnell, *Reassessing the “Think Global, Act Local” Mandate: Evaluation and Synthesis*, Serbian Journal of Management, Vol. 1:1 (2006).

¹⁰ *Ibid.*

is the concept or strategy which should be adopted by the corporations to achieve success in different countries. For corporations which are operating across national borders, localisation suggests that they need to tailor their activities to the particular needs or requirements of each location.

GLOCALISATION

“Glocalisation” is a recent concept which has emerged with the advent of the human beings ability to cross all sorts of conformance. The marketers in today’s taxing times play a very pertinent role in influencing the buying habits and preferences of consumers. Glocalisation is a concept which has originated to answer this issue of satisfying the consumer who does not belong to your peripheral boundaries. Thus, it can be defined as a process of globalising a product or offering to adapt itself to another locality or culture. The importance of customised offering cannot be ignored for any sector in a business set up. According to, Shelton Waggener, the CIO of the University of California at Berkeley, the importance of providing a framework for both global solutions and local customisation cannot be ignored. Glocalisation involves winning in the diverse market scenario by maintaining the brand logo, the key message and the underlying philosophy. Also added to it should be localising the brand elements to offer customers an authentic local feel. This sort of a model is increasingly becoming the preferred business model for global brands. Evolution of the Concept The evolution of the term “Glocalisation” can be traced from the Japanese culture where a word “*dochakuka*” means global localisation. Within the Japanese business practices this concept refers to a way of adapting farming techniques to the local conditions. Since then this simple concept has evolved into an important marketing strategy. Businessmen from the same country adopted it initially. Later, in the 1990s it was used in the Global Change Exhibition in the German Chancellery in Bonn. Here, the concept was depicted as the interplay of local-regional-global interactions indicating the depth of the space presented and drawn. The concept was later popularised by a number of sociologists. In the 1990s Roland Robertson, in the late 1990s Keith Hampton, Barry Wellman and Zygmunt Bauman have used the concept to refer to people who are actively involved in both local and global activities of friendship and commerce.

LEGAL ANALYSIS OF THE MCDONALD'S INDIA BRANDS

In this era of internationalisation¹¹ it is easy for people around the globe to have any kind of food from any different part of the world which is more because of the globalisation. There has been a significant reach to the consumers at global level in food service in fast food industry. McDonald's seem to be the dominant fast food chain in most parts of the world.

When a company enters into a different economy there are many factors that play a key role in their operation in that economy like the different cultural factors which further define the practices which are being adopted, the methods and the different strategies that need to be taken up. Also there are several other factors like the environmental, political etc. However, only the cultural factor plays a key role in determining how strategically an enterprise needs to enter into the market and sustain itself. McDonald's business enterprise is one of the biggest brand in the fast food industry and also being widely acknowledged.¹²

McDonald's has been one of the most widely recognised and valued brands in the world spreading across the global market. The biggest challenge which the McDonald's faces while establishing itself in a country is the diverse culture and the traditions and at the same time maintaining its global identity. For this the practice that has been adopted by McDonald's is termed as 'Glocalisation' which means that McDonald's has still tried to maintain its global identity with bringing in a level of localisation too. McDonald's follows the standards which are being followed globally but still brings in localisation through the innovation process in every country they have their operations.¹³

India has been a traditional market, having consumers which are equally conservative. There has been a paradigm shift in the consumption patterns of the consumers due to the impact of globalization. The consumer base in India is comprised of the youngest population in comparison to the other countries of the world due to this the industries like the entertainment, clothing,

¹¹ The process of planning and implementing products and services so that they can easily be adapted to specific local languages and cultures, a process called localisation.

¹² Shivali Jindal and Kritika Chopra, *Socio-cultural factors affecting consumer behavior: A comparison of McDonalds & KFC in China and India* (2016); available at <http://www.iraest.org/ijrmt/papers/vol6no22016/6vol6no2.pdf> (last visited on Mar. 20, 2017).

¹³ *Ibid.*

dining, etc. are on sudden rise . There has been an increase in the disposable income of the consumers which has led to the shift in the consumerism. Also the ready to eat food products and the restaurants chains are becoming popular these days due to the sudden shift in the attitudes of the consumer.

In 1948, in California McDonald's started its operation to become one of the most established brand in the fast food service restaurant .The company started expanding its base into other parts of the world. The expansion though good for the business also posed many challenges in the form of culture and tradition. Therefore it was important for McDonald's to employ such strategy that they do not lose their brand image and also maintains its strategy in the varied culture. The company had to primarily and mainly focus on tackling the government, joint venture partners, customers and the suppliers along with maintaining their global brand image.¹⁴

McDonald's entry into India has been revolutionary in the food chain system. The market in India has always been conservative due to different preferences and the traditions in the food system that is being followed since long. India has always maintained its distinctive nature in the food despite of many interactions and influences from other parts of the world. The pattern that has always been observed is that the Indians generally preferred their own local food items and home cooked food in comparison to the fast food items being served by the various chains in the market. This has always been the reason for the apprehension why most of the food chains from the West initially ignored entering the Indian market. Around 1993 India started opening up its market and that led to the introduction of the biggest fast food chain in India McDonald's. There was a lot of enthusiasm to achieve the new products and services which were being introduced by McDonald's. Also this opened up the consumers in the Indian market to become more adaptable to the foreign brands which in turn also added improvement to the lives of the people.¹⁵ Also this adaptation by the consumers and the change in the food market industry in India can be seen as a way of the adoption of the concept of globalisation.

The effect of the globalization in the Indian market can be seen as the introduction of the service standards which were totally new in nature though they were in existence in West since long.

¹⁴ Asha Bandaru and John Koti, *Glocalization – An Ingenious Survival Tool for Multi-National Companies (MNC's) in Indian Market*, 2 IJIR 2058-2063 (2016).

¹⁵ *Ibid.*

Also it can be observed that the Indian markets were welcoming and quick in the standards that has been brought by the McDonalds which also helped McDonalds to position itself as a success in the fast food chain in the family restaurant. Though it cannot be denied that most of the success of McDonalds had been due to the strategic entry which has been done by them in the market i.e. the opening of their first outlet in the capital Delhi and capturing the market there. Another opportunity that they exploited was capturing the financial capital of India i.e. Mumbai by opening up their second restaurant. There has been a type of sophistication in the services which is being brought by the McDonalds and has helped them in positioning at top amongst the fast food chain restaurants.¹⁶

McDonald's success is because of the quality standards that are being maintained by them all over the world wherever they operate in spite of all the constraints that they face due to location and the customization which is being done by them. This strategy is called as 'Glocalisation' which basically means "Think Global and Act Local". This system helps in fitting in all of the operations and the systems as per the local requirement taking along all the traditions, cultures, society etc.

McDonalds has always tried to incorporate the local standards in their operation in different markets. Also huge amount of resource is being spent in order to create the products to suit the local demands and the traditions. Every organization should have an ability to analyze the world with a broader outlook looking forward for the unexpected opportunities in order to accomplish the organizational goals and consumers needs. Without having complete knowledge on the importance of the local culture and traditional lifestyles, the multinational companies cannot compete in the other nation's local markets. To capacitate themselves and to strengthen the local market life, companies have to design their product and services according to the local consumer interests.

However, once in the year of 1970, McDonalds faced a failure in the countries of Germany and Netherlands where there local menu was not being welcomed as the consumers there wanted to

¹⁶ Shivali Jindal and Kritika Chopra, *Socio-cultural factors affecting consumer behavior: A comparison of McDonalds & KFC in China and India* (2016); available at <http://www.iraest.org/ijrmt/papers/vol6no22016/6vol6no2.pdf> (last visited on Mar. 20, 2017).

have more of American food instead of the local menu. This brought a test to the food chain as they realised that the local menu needs to be kept at the minimal level. Therefore they have always tried in adjusting their products as per the demands and the needs of the consumer base present in a particular country. Beef has been an important part of McDonald's menu in the west however beef has been a contentious issue in India and therefore McDonalds had to prepare a menu avoiding beef and pork items. Also the vegetarian products that were introduced were egg-less and 100 % vegetarian. The company also further went ahead classifying the cooking tools and the employees for the vegetarian and the non-vegetarian sections. There were several factors like the cultural, socio –political and economical while deciding on the menu in India. The company had a strict guideline to be consumer sensitive with relation to the local habits and cultural preferences and therefore was also the reason for McDonalds to abstain from using beef and pork in their food items. A huge portion of the menu in India was developed through some franchisees which ensured that the vegetarian and non-vegetarian were being segregated at each level of preparing the food items. McDonalds has truly been committed to the Indian consumers.¹⁷

In the year of 2001, McDonalds came with a unique product McAloo Tikki burger only to cater to the Indian consumers, the product also recorded high sales in comparison to any of its products. McDonalds in collaboration with Indian Research and Development team designed this product to suit the needs of the traditional Indian food in the form of a burger, creating a trademark product for McDonald's. The huge success of this product motivated McDonalds to introduce this parts of middle east and Singapore.¹⁸

In furtherance to the Glocalization strategy McDonald's also focused on the pricing of their products which were in differentiation to the products being offered by their competitors. McDonalds while fixing the prices took into consideration the local life styles, economic conditions of the families and the location etc. They also focused on the target group of the company. There were many times when McDonalds offered discounted products in order to boost up their sales so that they can sustain longer in the market.

¹⁷ Mohammad Shamsuddoha, *Globalization to Glocalization: A Conceptual Analysis* (December 29, 2008); available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1321662 (last visited on Mar. 21, 2017).

¹⁸ *Ibid.*

Also apart from the business centric operation McDonalds also focused on their corporate social responsibility which helped in adding a positive image in the minds of the customers. There were many events to which McDonalds provided monetary aid also recruiting local people adding an employment opportunity. The raw materials were purchased from the local vendors. Apart from India, in Indonesia and Russia McDonalds purchased more than 80% of the raw materials from the local farmers there. There was a problem which was being faced in 1990 that the farmers were not able to provide the quality of meat required for the food items being prepared by them in that McDonalds called in experts from the other countries to impart knowledge in agriculture.¹⁹

¹⁹ Shivali Jindal and Kritika Chopra, *Socio-cultural factors affecting consumer behavior: A comparison of McDonalds & KFC in China and India* (2016); available at <http://www.iraest.org/ijrmt/papers/vol6no22016/6vol6no2.pdf> (last visited on Mar. 20, 2017).

CONCLUSION

Initially multinational corporations use to follow the concept of globalisation which changed the international competitiveness amongst the companies. However to suit more to the needs of the local consumers and to cater to their needs multinationals have started adopting the policy going global and making local for better marketing of their goods and services . There were many challenges faced by these companies in terms of economic, cultural diversity and the consumption habits of the local consumers. This strategy of going ‘glocal’ has not only helped the companies in designing their products but has also helped them incorporating their brand globally.

Globalisation has innumerable strands and interrelated developments. There is a certain kind of globalisation theory which is being developed through the practices of the companies like McDonalds. Firstly, it can be observed from the scenario that the concept of globalisation is a multi-dimensional with cultural and economic elements being of crucial importance. The study of this process reveals that even though the process is very profit-making to be maintained and undertaken by the corporations, it is actually the cultural implications and cultural characteristics which are of crucial significance and importance. Secondly, McDonalds franchise system and the principles upon which it has so successfully spread throughout the world represent the exemplar of the contemporary development of rationalisation. This process has also come across to be known as McDonaldisation which has affected social structures and institutions and has penetrated most of the nations of the world. Therefore, McDonaldisation attributes to a far-reaching and wide-ranging, but distinguishable process, of social change.

McDonaldisation or glocalisation as being developed through the functioning of the company, proves that their systems in relation to the contemporary society are becoming glocalised and, more significantly, that the basic principles of predictability, calculability, efficiency and control by the nonhuman instead of human technology has been exporting to the rest of the world or around the globe from the United States. These principles are adopted widely and have become as one of the important features of organisations in the other countries which are said to be going through the process of Glocalisation.

The spread of the McDonald's chain throughout the world represents the forces that caused, and continue to cause, the international expansion of the chain and assess the relative weight of economic, cultural, political and other factors. McDonald's itself has become a motor force in the rise of those chains. That is, it is the success of McDonald's, and the methods by which it achieved that success, that have facilitated the development of various other chains. Glocalisation is a part of the "cultural turn". That is, even if economics is the motor force behind McDonald's, the process of glocalisation which is developed through the model of McDonalds is much more important culturally than it is economically. The process of glocalisation has not only transformed the culture of the United States from where it originated but also those of much of the rest of the world.

McDonald's has altered the manner in which the world consumes the food items having a direct impact on the culture, transforming to a large extent. What and how people eat is a crucial component of almost all, if not all, cultures, but with the spread of the principles of glocalisation virtually everyone in glocalised societies is consuming French fries. Of course, not just food, but many other sectors of many societies like the health care policy are being glocalised and as a result the cultures of those societies, the way people live many aspects of their lives, are being transformed.

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