



**Masters of Science in Business Administration**

# The Dynamics of Glocalization:

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## The Case of McDonald's Portugal

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## List of Abbreviations

MCD	Mc Donald's
MCD PT	Mc Donald's Portugal
MNC	Multinational Corporation
HQ	Headquarters
NPD	New product development
WTP	Willing to pay

## List of Tables

Table 1 - Independent samples t-test for consumer choice attributes.....	36
Table 2 - Independent samples t-test for perceptions towards glocal initiatives.....	37
Table 3 - Crosstabulation for perceptions towards glocal product.....	38
Table 4 - Awareness of MCD PT's glocal initiatives (Portuguese sample) .....	39
Table 5 - Attitudes towards glocal products x Consumption habits (MCD).....	40
Table 6 - Attitudes towards McBifana x Consumption habits (MCD x H3).....	41
Table 7 - Attitudes towards glocal products x Consumption habits (MCD x H3) .....	41
Table 8 - Challenges and benefits of glocalization .....	49

## Abstract

**Dissertation title:** The Dynamics of Glocalization: The Case of McDonald's Portugal

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Global corporations have searched for alternatives in order to protect their market shares in challenging environments where the benefits of standardization in its pure form are no longer enough to guarantee it. In this context, glocalization - that is, a mix between global standardization and local adaptation - is becoming a trend. This dissertation thus aims to understand the dynamics of the implementation of glocalization strategies and its impact at different market levels. The paper revolves around the case of the biggest global brand in the foodservice sector, which has been a sound example of pure standardization for decades, by exploring the case of McDonald's Portugal and its glocal initiatives. The case provides the reader with information on how the company deals with glocalization and its challenges from headquarters to local restaurants. A primary market research adds to the paper through the analysis of the impact of glocal initiatives on consumers' perceptions and attitudes from global to local levels. At last, glocal initiatives have produced a homogeneous impact on consumers at global level, whereas significant differences arise in regard to consumers' perceptions, attitudes and the importance given to distinct marketing variables at different market levels, allowing a more effective relationship with the local market while preserving the global brand identity.

## Resumo

**Título da dissertação:** A Dinâmica da Glocalização: O caso da McDonald's Portugal

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As corporações globais têm procurado alternativas para proteger as suas quotas de mercado em ambientes desafiadores onde os benefícios da padronização na sua forma pura já não se mostram suficientes para as garantir. Neste contexto, a glocalização - uma mistura entre padronização global e adaptação local - tem-se tornando numa tendência. Esta dissertação, portanto, tem como objetivo compreender a dinâmica da implementação de estratégias de glocalização e o seu impacto em diferentes níveis de mercado. O estudo foca-se na maior marca global no setor de restauração, que tem sido exemplo prático de padronização global por décadas, através da exploração do caso da McDonald's Portugal e as suas iniciativas glocais. O caso oferece ao leitor informações sobre a forma como a empresa lida com a glocalização e os seus desafios, da sede aos restaurantes locais. Uma pesquisa primária de mercado contribui para o estudo de caso através da análise do impacto das iniciativas glocais sobre a percepção e atitude dos consumidores de níveis globais a locais. Por fim, as iniciativas glocais produziram um impacto homogéneo em consumidores a nível global, enquanto diferenças significativas foram verificadas em relação às percepções e atitudes dos consumidores e à importância dada às distintas variáveis de marketing em diferentes níveis de mercado pelos mesmos, permitindo uma relação mais eficaz com o mercado local, à medida que preservam a identidade global da marca.

# TABLE OF CONTENTS

<b><u>ACKNOWLEDGEMENTS</u></b>	<b>I</b>
<b><u>LIST OF ABBREVIATIONS</u></b>	<b>II</b>
<b><u>ABSTRACT</u></b>	<b>IV</b>
<b><u>RESUMO</u></b>	<b>V</b>
<b><u>1.INTRODUCTION</u></b>	<b>8</b>
1.1 PROBLEM STATEMENT	8
1.2 KEY RESEARCH QUESTIONS	9
<b><u>2. METHODOLOGY</u></b>	<b>10</b>
<b><u>3. LITERATURE REVIEW</u></b>	<b>11</b>
3.1 GLOBALIZATION – A MARKETING CHALLENGE	11
3.1.1 GLOBAL MARKETING – THE TRADE-OFF	12
3.2 GLOCALIZATION	13
3.2.1 GLOCAL MARKETING	14
3.3 GLOBAL BRANDS	15
3.3.1 GLOBAL BRANDS IN THE FOODSERVICE CATEGORY	16
3.3.2 GLOCALIZING NPD AND PRODUCT PORTFOLIOS IN THE GLOBAL FOODSERVICE CATEGORY	17
<b><u>4. CASE STUDY</u></b>	<b>20</b>
4.1 MCDONALD’S – GLOBAL STRATEGIC DIRECTION	20
4.1.1 SLOWING DOWN, CHANGING GEARS	21
4.1.2 THE SYSTEM	22
4.1.3 THE ‘PLAN TO WIN’	22
4.1.3.1 THREE PILLARS AND FOUR GOALS	23
4.1.3.2 THE EIGHT P’S	23
4.2 MCDONALD’S PORTUGAL	24
4.4.1 CURRENT SCENARIO	24
4.4.2 HOW MUCH PORTUGAL IS IN MCD PORTUGAL, REALLY?	25
4.4.2 CAN A GLOBAL BRAND AND LOCAL MARKETS WALK HAND IN HAND?	26
4.4.3 GLOCAL PRODUCTS AT MCD PORTUGAL	27
4.4.3.1 THE PROCESS	28
	6

4.4.3.2 PRICING	28
4.4.3.3 LOCAL INITIATIVES EVALUATION	29
<b>5.1. METHODOLOGY</b>	<b>31</b>
<b>5.2. SAMPLE ANALYSIS</b>	<b>32</b>
<b>5.3. RESULTS' ANALYSIS</b>	<b>33</b>
<b><u>6. CONCLUSIONS</u></b>	<b>43</b>
<b><u>7. LIMITATIONS AND FUTURE RESEARCH</u></b>	<b>45</b>
<b><u>8. TEACHING NOTES</u></b>	<b>46</b>
<b>8.1. SYNOPSIS</b>	<b>46</b>
<b>8.2. USE OF THE CASE</b>	<b>46</b>
<b>8.3. TEACHING PLAN</b>	<b>47</b>
8.3.1. ASSIGNMENT QUESTIONS	47
8.3.2. GROUP TASK	51
<b><u>9. REFERENCES</u></b>	<b>52</b>

## 1. Introduction

Cultural diversity, habits of consumption and economic challenges compose a complex operational scenario for global brands. In this context, giant corporations are realizing that pure standardization across markets may not be the optimal choice for operations around the globe. In order to increase penetration and protect or increase market share, a growing set of global corporations have developed and implemented a variety of strategies. Striving to address this issue in the most efficient manner, global corporations complement their core strategies with ‘glocalization’ initiatives, a mix of global strategy and local adaptation in attempt to promote better connections with different markets while maintaining the benefits of a global brand. This way, glocalization is becoming a global business trend.

In 2012, eighteen per cent of the biggest global brands belonged to the food service sector, which is highly sensitive to different markets and consumption habits. Among those, the fast-food chain McDonald’s stands on the top 10 of the best global brands published by Interbrand in 2012. Moreover, the company has been a sound example of standardization for decades – which makes it an interesting object of study once the headquarters decided to adopt glocalization strategies.

### 1.1 Problem Statement

Thus, the author intends to investigate the concept in practice in order to **understand the dynamics of the implementation of glocalization strategies by a global brand in the foodservice sector and its impact at different market levels** by exploring the case of McDonald’s Portugal and its glocal initiatives. Once most researches on the topic focuses on a broader and more theoretical approach to the concept, this study intends to gather the available theory but to hold a more practical perspective throughout the case and market research. In this sense, this case study will allow students and instructors to experience how a real global brand applies the concept of glocalization and the main steps, challenges and benefits involved.

## 1.2 Key Research Questions

This will help to draw conclusions in terms of whether a glocal strategy represents an extra source of competitive advantage or places a trade-off between local relevance and a global identity.

To address the proposed problem, four key research questions will be assessed:

**RQ (1): Why are global corporations (such as MCD) investing in globalization strategies?**

**RQ (2): To what extent can the introduction of glocal products by global brands in the fast-food category affect its performance?**

**RQ (3): How do consumers perceive MCD's PT glocal initiatives?**

**RQ (4): What is the impact of glocal products on the attitudes of Portuguese consumers towards the global brand?**

The following sections are organized as follows: first, the methodology used in the case is presented, followed by a revision of existing literature on globalization, glocalization and global brands. Further on, the implementation of glocalization initiatives is explored through the case of McDonald's Portugal, complemented by the results of a market research executed by the author and guidelines for use of the case. The final chapters present the main conclusions drawn from the study, its limitations and suggestions for future research.

## 2. Methodology

Throughout the present study, various research methods were implemented. At first, the literature review was supported by secondary sources of information related to the topics and keywords presented in the respective chapter. A set of criteria guided the selection of material – namely the search for top journals and the preference for the most recent publications (mostly from 2008 onwards).

Additionally, information regarding the company under study was initially collected via selected secondary sources (including publications, conference transcripts, official reports and websites) and then complemented by primary sources of information – namely a semi-structured interview (see Exhibit 1) with the marketing department of MCD Portugal, represented by Mr. John Alves (Marketing Director) and Mr. Sérgio Leal (Marketing Manager). This qualitative technique was applied in order to collect more practical and insightful information on the implementation of glocalization by the company. Thus, regarding the structure the case evolves from a broad perspective on global strategies to a narrower scenario that presents McDonald's Portugal specific processes and glocal portfolio.

The aforementioned sources were enough to answer the first key research question. For the remaining ones, additional primary research was performed through the execution of an online survey (see Exhibit 2) and its respective data analysis, which is presented in the respective chapter. However, certain limitations regarding the sources of information were faced by the author throughout the elaboration of the case and will be detailed in a dedicated section.

### **3. Literature Review**

The revision of existing literature revolves around three core topics. First, the globalized environment in which global corporations operate is presented, along with the main issue it raises towards global marketing. This will lead to the second topic, which introduces the concept of glocalization – a current trend and alternative approach to it. Finally, the third topic is dedicated to global brands, with further focus on the foodservice category and an introduction to the implementation of new product development (NPD) and management of product portfolios by these companies under the light of the glocalization concept as an attempt to approach international markets.

Keywords: globalization, glocalization, glocal product, marketing, global brands, fast-food.

#### **3.1 Globalization – A marketing challenge**

Research in international marketing has evolved over the years, and has always reflected the climate of the time (Kotabe and Helsen, 2009). This association can lead to complex outcomes but the essence remains the same in the macro scenario. There are always resources, devices and problems - as well as the capacity to solve them. It becomes clear when a quote from the 30's sounds timeless.

The world has been slow to realize that we are living this year in the shadow of one of the greatest economic catastrophes of modern history. This is a nightmare, which will pass away with the morning. For the resources of nature and men's devices are just as fertile and productive as they were. The rate of our progress towards solving the material problems of life is not less rapid. We are as capable as before of affording for everyone a high standard of living... But to-day we have involved ourselves in a colossal muddle, having blundered in the control of a delicate machine, the working of which we do not understand. (John Maynard Keynes, "The Great Slump of 1930")

Surrounded by the complexities of such a 'delicate machine' (Keynes, 1930), multinational corporations (MNCs) have long been perplexed with the question of how to make global marketing succeed (Wilken and Sinclair, 2011). Globalization is near the top of many organizations' agendas, and not without good reason. The growing populations and economies in China, India, Brazil, and other fast-developing countries will likely continue to represent fertile ground for market growth (Deloitte, 2012).

Defined as everything from market expansion to end-to-end standardization from a supply-side point of view, globalization has brought us more products from all over the world. However, from a demand-side (marketing-side) point of view, customers have a much broader set of goods and services to choose from, constituting a far from a homogeneous group of customers (Kotabe and Helsen, 2009). Thus, the rise of a global culture doesn't mean that consumers share the same tastes or values (Holt, Quelch and Taylor, 2004) which leads researchers in international marketing to face various challenges when addressing this situation in their theory development and empirical studies (Kotabe and Helsen, 2009).

It is apparent that not only there are multiple paths to achieve the global vision, but determining which path an organization should take is the critical factor in reaching the globalization goal (Deloitte, 2012).

### **3.1.1 Global Marketing – The trade-off**

Historically, the issue regarding which route to take generally pivots around whether, in what situations, and to what extent the marketing activities across national borders should be 'standardized' across markets (Levitt, 1983), 'localized' - (adapted) to different markets (Duncan & Ramaprasad, 1995), or 'glocalized', a combination of global standardization and local adaptation. More recently, another approach has also gained traction, in which the geographic region and 'regionalization' (strategic regionalism) are examined as key meso level concepts that mediate between the extremes of localization and the extremes of globalization (Fastoso & Whitelock, 2008 in Wilken and Sinclair, 2011).

This posits a basic trade-off between adaptation (local responsiveness) and aggregation (economies of scale). According to Ghemawat (2007) this is "*the* strategic choice on which the literature on global strategy has traditionally focused." and firms can gain competitive advantage either by achieving local relevance through a focus on local products or by achieving economies of scale and scope through international standardization of global products. In this context, Kotabe and Helsen (2010) argue that global products are motivated by a product orientation, or the lowering of costs through mass production while in contrast, local products are inspired by a market-driven mindset or the increase of consumer satisfaction by offering local products that match local

needs. This position also appears in most international textbooks (Steenkamp & DeJong, 2010).

On the other hand, the existence of the tradeoff between local relevance and global efficiency is questioned by other authors. Levitt (1983) argues that consumers prefer the (alleged) superior quality and reliability that global products offer. Yip (2003, p. 95) notes that “in many situations standardization can actually increase preference” and Steenkamp, Batra, and Alden (2003) found a positive relation between consumers’ preferences for globally branded products and the degree to which they believe that these products are sold around the world rather than being available only on a local basis. Consumers often equate consumption of global products with modernity, progress, consumerism, efficiency, and a promise of abundance (Holton 2000).

As noted on Steenkamp & DeJong’s (2010) research, evidence also exists that consumers may combine a strong preference for global products with an equally strong preference for local products (Strizhakova, Coulter, and Price, 2008). Finally, there is growing support that consumers can reject both local and global products altogether, viewing them as conduits through which companies attempt to hook them into the superficial consumption of commoditized products (Arnett, 2002).

At last, different corporations strive to address this issue as efficiently as possible through the development and implementation of a variety of strategies. From an exploratory analysis, Wilken and Sinclair (2011) noted that despite individual variations in each corporation’s response to global marketing, in broad terms the dominant global marketing approach is one of ‘glocalization’, an amalgam of global strategy and local adaptation.

### **3.2 Glocalization**

In line with the economic roots of globalization to which the process is closely related, glocalization is an important expression used within the business world. Proceeding from its Japanese roots, the concept is now also a popular approach for Western businesses today (Govindarajan and McCreary, 2010).

The term “glocalization” first appeared in the late 1980s in Harvard Business Review articles, written by Japanese economists, and comes from the word *dochakuka*. The Japanese ideographs “do”, “chaku” and “ka” mean respectively “land”, “arrive” and “process of” in English. The sociologist Roland Robertson, who is credited with

popularizing the term, describes glocalization as “the tempering effects of local conditions on global pressures” and that it means “the simultaneity – the co-presence – of both universalizing and particularizing tendencies.” (Robertson, 1997, p. 4 cited in Khondker, 2004).

According to the dictionary meaning, the term “glocal” and the process noun “glocalization” are “formed by telescoping global and local to make a blend” (The Oxford Dictionary of New Words, 1991:134 cited in Robertson, 1995).

In a nutshell, ‘glocal’ relates to the capacity of being simultaneously global and local in the sense of being a *insider* – that is, being as up-to-date regarding the local market as a domestic company – while maintaining the benefits of worldwide operations (Vaccari, 2011). The glocal approach involves the integration of ethnocentric and polycentric orientations, focusing on homogeneous and heterogeneous aspects of the international context (Keegan, 2005).

### **3.2.1 Glocal Marketing**

The Glocal Marketing concept has been researched by many authors – such as Svensson (2001), Vignali (2001), Keegan (2005), Alimienè e Kuvykaitê (2008) and Kotler (2009); nevertheless, the theme continues to be addressed in current literature due to its relevance to the understanding of the importance of cultural aspects for decision-making related to consumer behavior and international marketing strategies (Vaccari, 2011).

Consistent with current trends in globalization, many international companies have moved from the traditional multi domestic approach - in which local subsidiaries market locally developed products to the local population, to a global approach, in which firms market their products on a global basis with only limited adaptation to local markets (Kotabe and Helsen 2010).

The adoption of global marketing allied to local strategies as a source of competitive advantage reveals itself as an alternative to support global companies that intend to remain in a increasingly competitive market (Vaccari, 2011). In this context, Phillip Kotler listed certain advantages of glocal marketing (Kotler, 2009), as follows:

- Consumers feel that the brand is relevant to them and is tailored to their needs and wants.
- There is harmony and balance between the different levels of marketing

activity: strategic, tactical and operative.

- Brands gain greater market share

A glocal strategy standardizes certain core elements and localizes other elements in order to achieve these benefits. It is a compromise between global and domestic marketing strategies. Glocal marketing reflects both the ideal of pure global marketing strategy and the recognition that locally related issues of marketing activities need to be considered. In other words, the concept prescribes that in order to be globally successful, marketing managers must act locally in the different markets they choose to enter. In a global strategy, the corporate level gives strategic direction while local units focus on the local customer differences. (Kotler, 2009 cited in Dumitrescu and Vinerean, 2010).

This approach can be identified on many marketing communications plans, product portfolios, corporate strategies, annual reports and CEO's speeches from major global brands on the last decade.

### **3.3 Global Brands**

Global brands have become a lingua franca for consumers all over the world. Not surprisingly, consumers ascribe certain characteristics to global brands and use those attributes as criteria while making purchase decisions. When a brand is marketed around the world, that fact alone gives it an aura of excellence - and a set of obligations. To maximize the value of global reach, companies must manage both (Holt, Quelch, and Taylor, 2004).

Previous cross-cultural research has demonstrated a consistently positive effect of brand globality on consumer perceptions, attitudes, and purchase intentions. Although the average consumer views brand globality as an attribute of little importance, findings of the structural equation applied on the study by Dimofte, Johansson and Bagozzi (2010) show a direct effect of globality on attitudes and purchases.

Dimofte et al. (2010) pointed out that research on global brands ranging from Adidas to Zara has consistently demonstrated their advantages over other brands. The authors noted that global brands are believed to engender more positive affect (Alden, Steenkamp, and Batra, 1999 cited in Dimofte et al. 2010), suggest higher quality (Steenkamp, Batra, and Alden, 2003), enjoy greater esteem (Johansson and Ronkainen,

2005), evoke appealing global myths and generally have an advantage over local brands (Holt, Quelch, and Taylor 2004).

Averaging across brands and countries, quality is the main reason for preferring a global brand (44%), followed by global myth (12%) and social responsibility (8%), with approximately one-third of the preference variance left unexplained (Dimofte, Johansson and Bagozzi, 2010).

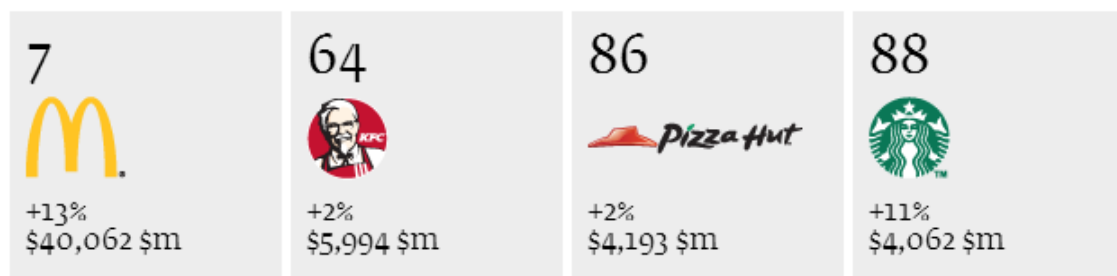
Although the practitioner press on global brands is significant—and branding in general has attracted a vast amount of attention from the Academy and marketers — academic research on global brands is more limited (Dimofte, Johansson and Bagozzi, 2010). Roberts and Cayla’s (2009) review of the global brand literature suggests that a reason for this is the problem of operationalization. The term “global brand” is used extensively in business but its nature and scope are not understood by all (Pitta and Franzak, 2008) and defining the “global brand” poses conceptual and measurement problems. Although most agree that recognition and availability are the key factors, academic work tends to define “global” in terms of consumer perceptions, whereas practitioners typically define it as a matter of actual reach and availability (e.g., ACNielsen).

For the purpose of this research, the Interbrands’ annual ranking of the World’s Most Valuable Brands (see appendix) was adopted. According to Interbrand’s methodology the three key indicators used to determine the brand value are: the financial performance of the branded products or services, the role of brand in the purchase decision process and the strength of the brand (Interbrand, 2012).

### 3.3.1 Global Brands in the Foodservice Category

Eighteen out of the 100 Best Global Brands (Interbrand, 2012) belong to the broad food sector – being allocated in the following categories: Alcohol, Restaurants, FMCG and Beverages (Non-alcoholic).

Four ranked global brands belong to the restaurant category:



As reported, McDonald's (NYSE: MCD) stands for the category among the top 10 best global brands (Interbrand, 2012). The company has been used as sound example of globalization/standardization in the food sector for decades - so much that George Ritzer (2004) even coined the term 'McDonaldization' to describe the way in which, increasingly, things are produced in similar, standardized ways, updating, amplifying and extending Weber's theory of rationalization. Ritzer points out that he does not bear any particular animosity towards McDonald's: 'It is no better or worse than most other fast-food restaurants and other manifestations of the rationalization process. I have labeled the process of concern here "McDonaldization" because McDonald's was, and is, the most important manifestation of the process' (Ritzer, 2004).

Although McDonald's is often cited as a clear example of standardization, the president of McDonald's International at the time insisted that the company is 'as much a part of local culture as possible' (Ritzer, 2004) and its standard menu had been glocalised to accommodate local foods.

Despite the universality of marketing, the implementation of the marketing mix may vary according to different geographic locations due to divergences in culture, habits, climate, religion, income etc. (Vaccari, 2011) and as presented by Hofstede (1997) cultural differences are a powerful tool to explain the phenomena of consumer behavior. The sensibility of customer behavior from different groups towards food products allied to the global brands approaches towards it turns the foodservice category into a particularly interesting field for the purpose of research in international marketing.

### **3.3.2 Glocalizing NPD and Product Portfolios in the Global Foodservice Category**

While global fast food brands continue to lead the way as drivers of global growth in consumer foodservice, the world is fragmenting rapidly in terms of market share, categories and consumer groups. Led by investment from the world's largest operators, the category has become the centre of innovation in foodservice, continually reaching new consumers through improved menus, dining experience upgrades and rapid worldwide expansion. As such, fast food is primed to become even more dominant in years to come (Euromonitor, 2012).

However, the extent to which a global, lumbering, bureaucratic giant can command the agility necessary to communicate and compete in the local environment is often limited and despite spending hundreds of thousands of dollars on market research associated with new product innovation, global firms can still get it badly wrong (The Open University, 2012), at the cost of losing international market share to its competition, both global and local (Dumitrescu and Vinerean, 2010).

For instance, Kellogg's, McDonald's, LG, Reebok and Coca-Cola are among global brands that initially introduced standard products by following standardized global strategies and later realized their mistakes and thus modified products and/or services according to the needs of consumers (Taneja, Girdhar and Gupta, 2012).

McDonald's – for example - strives to keep certain elements of its operations constant, while it adjusts other elements when and where required in response to market specificities. In this way, the fast-food chain provides an exemplary case in support of the argument that 'a corporation can standardize the market strategy (target segment and positioning) but this does not imply that the tactics (implementation) must be standardized' (Melewar & Vemmervik, 2004, p. 866). This has not changed over the past 10 years, but what has changed is the company's apparent interest in doing this on a regional basis (Wilken and Sinclair, 2011).

Dumitrescu and Vinerean (2010) have selected some examples of how this globalization stereotype has successfully adapted its global marketing to different regions or countries by developing new products (NPD) and adapting its product portfolios. For instance, beer is available in its product range in Germany, wine in France, mutton pies in Australia and McSpaghetti in Philippines. Also, it provides Maharaja Mac and Veggie McNuggets in India, which is made of lamb or chicken; the McLobster in Canada and, in Japan, the Ebi Filit-O, a kind of shrimp burger, Teriyaki Burger in Japan / Malaysia, Burger served with rice in Indonesia / Philippines, Samurai Pork Burger in Thailand, McLaks (grilled salmon) in Norway and McHuero (poached hamburger) in Uruguay.

Nevertheless, Govindarajan (2010) criticizes and alerts to the fact that positive results can fade in the long-term and in truth there is very little locally relevant insight reflected in the design and development of glocalized products. Thus, after an initial flurry of sales made largely on the cachet of the multinational's global brand, the approach fizzles. As one Indian executive once said: "Emerging nations used to aspire

to have rich-world products. Now they want rich-world quality in their own products." This way, businesses that practice only glocalization may fail to exploit the full emerging-market opportunity—to the detriment of their bottom lines and the economy as a whole. According to the author, reverse innovation would be the best way for global brands to approach NPD. Instead of conducting innovation in one direction only, reverse innovation harnesses the inventive power of local insight—people who understand life at street level (Govindarajan, 2010).

## 4. Case Study

It was October 3<sup>rd</sup>, a fine afternoon in Lisbon and a middle-aged man stood in line at a restaurant. A seven year-old boy was ordering before him, while a ‘generation Y’ executive ordered on the next counter. The restaurant’s *antique pink* painted walls on the outside showed signs of a historic building preserved architecture that matched the monuments and Mediterranean scenario around it. Inside the restaurant, natural color tones and regional materials like the Portuguese cork worked as a fine background for a green and yellow brand.

The counter calls the next customer. It’s him. He orders a bifana sandwich, a bowl of Caldo-Verde soup, slices of Alcobaça apple and an *espresso*. He pays with a ten-euro bill and the change comes along with a: ‘Obrigada por visitar a McDonald’s!’

This case gathers information on the updated company strategy – with focus on the Portuguese market and wraps it up with a market research with the intention of better understanding the dynamics of the implementation of glocalization strategies by a global brand in the foodservice sector and its impact in the Portuguese market.

### 4.1 McDonald’s – Global Strategic Direction

On October 19, 2012 – Don Thompson, President and Chief Executive Officer of McDonald’s (MCD) gave a speech on an Investor Conference Call:

When the economic crisis began in 2008, few people thought the environment would still be as uncertain and fragile as it is today. It is clear however that this operating environment is the new normal. As such, our near term focus is on stabilizing and growing traffic and market share. We have been and continue to refine our efforts to increase frequency and penetration by addressing local market conditions. (Don Thompson at Seeking Alpha – Earnings Call Transcript, 2012)

On that day he spoke on behalf of the leading global foodservice retailer (Euromonitor, 2012) and one of the world’s biggest global brands – holding more than 33,500 restaurants in 119 countries and counting.

Three days later, he reinforced:

The McDonald’s System remains focused on building the business for the long-term by meeting the evolving needs of our customers. We continue to execute against our global priorities of optimizing our menu, modernizing the customer experience and broadening accessibility under the Plan to Win while implementing near-term tactical

shifts to build momentum, enhance the relevance of our brand and deliver increased value to the McDonald's System and our shareholders. (MCD Press Office, 2012)

The company has been acting according to this strategy for the past few years and it is reflected on MCD's current menus, restaurant environments, campaigns and company representatives' speeches in unison across the globe. It also seems to have a positive impact on the company's numbers.

Nevertheless, MCD has sailed on troubled waters before it was able to achieve this updated way of thinking and managing the brand.

#### **4.1.1 Slowing down, changing gears**

From 1974 to 2003, the company supersized from 2,259 restaurants in the United States and just 13 overseas to more than 30,000 in 100-plus countries, each one basically a facsimile of the one before it. By the end of 2002 McDonald's was considered a brand in trouble. It was a big and familiar brand but it was tarnished and ripe for revitalization. As reported by Light and Kiddon (2009) the company's leaders had fallen into the trap of believing that merely being bigger was enough rather than becoming bigger by being better. They believed that more of the same would continue to bring fortune and fame. They believed in a world that no longer existed and in customers who would never change.

There were some bright spots, such as France. Under the leadership of Denis Hennequin, menu modifications and redesigned interiors brought customers into the restaurants. In Australia, Charlie Bell's idea of McCafé offered quality coffee, tea, and pastries in a quieter, more attractive atmosphere. Either a limited menu adjustment or a complete McCafé structure proved that focusing on quality and variety had a positive effect on sales. By 2003, executives realized their core markets had gorged on expansion and the company numbers made clear that their business model needed some change so they began to work under the premise that from that moment on, MCD would get bigger by being better – and not necessarily more numerous.

Like a good driver, McDonald's executives decided to 'slow down and change gears' in order to get more power from the machine and keep going up the hill. In 2011, for the first time in history, the Subway chain surpassed the number of MCD's restaurants in the U.S. but the global leader still beat the competitor on the bottom-line.

On 2011's annual report, the Golden Arches announced increases of 5.6% on global comparable sales growth, 11% on EPS and 34.7% on total shareholder return (reaching #1 in the DOW 30). Despite any alleged crisis, the company reached 104 consecutive months of global comparable sales increases through December 2011.

It definitely takes a lot of effort and a good deal of strategy to revitalize a big, mature brand like McDonald's. On the same report (2011) MCD states that the evolving company's performance is driven by two key factors: first, their ongoing commitment to the Plan to Win and secondly, the collaboration of their System partners.

#### **4.1.2 The System**

According to the public company profile, the strength of the alignment among the Company, its franchisees and suppliers (collectively referred to as the System) has been key to McDonald's success. MCD claims that this business model enables the company to deliver consistent, locally-relevant restaurant experiences to customers and be an integral part of the communities they serve. In addition, it facilitates their ability to identify, implement and scale innovative ideas that meet customers' changing needs and preferences.

#### **4.1.3 The 'Plan to Win'**

McDonald's developed a crucial tool in order to build brand revitalization and put the new way of thinking the brand into practice. The concept was designed as a global initiative under the following mindset: Brand management is not a marketing concept; it is a business management concept (Light & Kiddon, 2009). In order to suit the global brand, this business concept had to be able to cross functions, geographies and organizational boundaries across time in a consistent manner.

The 'Plan to Win' affected every aspect of the business and was designed to guide brand thinking, the setting of priorities, and the development of viable and feasible action plans. Its structure allows MCD to carry on tailored regional campaigns across the globe while preserving the image and standards of a strong global brand. In a nutshell: It consists of a brand action blueprint.

### 4.1.3.1 Three Pillars and Four Goals

As presented in Light and Kiddon's (2009) publication, the 'Plan to Win' is a customer-focused business construct that is built on three pillars and has four bottom-line goals aiming at brand revitalization.

#### Pillars

- Brand direction—Where do we want to be?
- Freedom within a framework—How do we plan to get there and what actions will we take?
- Measurable milestones—How will we measure performance?

#### Goals

- Attract more customers.
- Convince customers to purchase more often.
- Increase brand loyalty.
- Become more profitable.

### 4.1.3.2 The Eight P's

The 'Plan to Win' process go through the *Eight Ps*, which represent eight critical areas for brand and business success: Purpose, Promise, People, Product, Place, Price, Promotion, and Performance.

In order to follow its *purpose*, achieve measurable milestones (*performance*) and deliver the brand *promise*, the company needs to take actions. The other P's (People, Product, Place, Price, and Promotion) referred to as the Five Action P's, guide the business' actions and how its executives plan to achieve the four bottom-line goals established by the Plan to Win.

One of the biggest benefits of the 'Plan to Win' is that it provides a common framework for MCD's global business yet allows for local adaptation. Through the execution of initiatives surrounding the five elements of the 'Plan to Win' they claim to have enhanced the restaurant experience for customers worldwide, delivered strong results for shareholders - the Plan to Win has helped drive the stock up 437% - and grown comparable sales and customer visits in each year since the plan's adoption.

## 4.2 McDonald's Portugal

On May 23<sup>rd</sup>, 1991 McDonald's opened its first Portuguese restaurant, at Cascais Shopping. Twenty-one years later, MCD Portugal (MCD PT) already had 135 restaurants across the islands and the continental territory, around 80% owned by franchisees. The brand has been in Portugal for over 20 years and shows a clear evolution since then – either regarding the products' offer or the image of its restaurants.

The following sections aim at better understanding their efforts, processes and results regarding the company's initiatives towards the local market.

### 4.4.1 Current Scenario

According to Mr. Sérgio Leal – Marketing manager of MCD Portugal, even though it is globally promoted that MCD subsidiaries adapt to local markets - as the food/gastronomy industry is very specific and varies a lot from country to country, the main reason for McDonald's success at global level is the standardization of processes, service and products. But despite the global success and positive financial reports, current market issues are building a challenging environment for the company.

Mr. Leal stated that when compared to direct competition across the country, MCD was still the current market leader and kept a very solid position in the informal eating out market. On the other hand, he said that other players should also be considered in the current scenario and should be regarded as key threats to the whole market and all players. For example the in-home consumption and hypermarkets selling meals like restaurants with highly competitive value proposals.

That being said, Mr. Leal pointed out that keeping the current position in a market that is shrinking due to the crisis is now one of MCD Portugal's biggest challenges – especially when eating out is one of the first expenses that consumers cut. As MCD Portugal's marketing manager, he said that on the daily execution of his work he thought and acted mainly as a global company manager, as it is in the DNA of the brand and the main reason for consumers to visit their restaurants, reinforcing that although local integration is a very important block of the strategy they cannot distort the way consumers view the brand.

Still, Mr. Leal affirmed that there were clear efforts to increase local relevance and position MCD PT as a company strongly integrated in the Portuguese society. That

was clear through the brand's strategies in terms of products (soups, McBifana, local sourcing, etc.) and communication (see Exhibit 5), as they locally produce advertising that is relevant for Portuguese consumers and based on local consumer research.

#### **4.4.2 How much Portugal is in MCD Portugal, really?**

“In 2013, 34% of our suppliers will be Portuguese”, said John Alves, McDonald's Portugal Marketing and Communications Director on September 4th, 2012.

By the time the country's Marketing Director said that, MCD's was about to reach the goal, with 35 national suppliers (direct and indirect) – which accounted for about one third of their purchases. In 2012, Portuguese beef accounted for about 20% of MCD's needs and the Portuguese supplier Vitacress took the place of an international supplier, providing in total more than a thousand tons of vegetables and fruit to all restaurants of the chain in Portugal per year. Still, Mr. Alves reinforced that their goal was to continue to focus and invest in Portuguese producers and suppliers, as well as in national ingredients. He also highlighted the important involvement and support provided by the National Exhibition Centre (CNEMA) and the Confederation of Farmers of Portugal (CAP).

Mr. John Alves made clear that MCD doesn't want to stray from its strong global brand status but the local market and consumers' preferences and characteristics were playing an increasingly important part on MCD's strategies. Consequently, as McDonald's diversified its menu - adapting to the taste and expectations of the Portuguese - and introduced new products and services, it created new business opportunities for local suppliers, as well as it contributed to the growth of some of its existing partners.

The participation of McDonald's for the first time at the National Fair of Agriculture in 2012 led consumers and the general public to acknowledge the efforts of McDonald's towards partnerships with national producers and preference for Portuguese products in their restaurants. In the hall "Prazer de Provar", on a stand of 135 square meters, the brand – which was fully supplied by international producers in 1991 when entered the Portuguese market - told the story of some of its suppliers. Companies that use Portuguese raw material such as Gallo, supplier of Extra Virgin Olive Oil, Unilever and Pascoal, suppliers of soups; OSI Food Solutions, supplier of beef burgers;

Vitacress, mix of lettuces for salads and sandwiches; LactAçores, vendor of butter and milk; Heinz, supplier of fresh tomato pulp to Ketchup; Vegenat, supplier of dehydrated onion used in sandwiches; Campotec, supplier of fresh tomato slices used in sandwiches and Alcobaça apple, pineapple and carrot sticks.

Besides the integration with local suppliers, in 2012 McDonald's employed 6,300 people in 135 restaurants around the country, over 80% ran by local entrepreneurs. These numbers, changes and intentions regarding the composition of the System said a lot about MCD's integration with the local market – which could also be noticed through its advertisements and the insertion of glocal products in the menu. According to Mr. Alves, the number of domestic suppliers and local initiatives at MCD Portugal increased since McDonald's arrived in Portugal, and as the brand evolved it became a challenge for the future: to continue to grow together.

#### **4.4.2 Can a global brand and local markets walk hand in hand?**

The Plan to Win eases the integration of the brand to local markets while preserving the company's standards but increasing the number of local suppliers is definitely a challenging task for a brand like McDonald's. The company has strict procedures in terms of traceability, audit, quality standards, food hygiene and safety – among legislations and other specifications that producers need to fulfill in order to be a McDonald's supplier.

Mr. Alves admitted that the selection process of Portuguese partners was "a work in progress" and very demanding in terms of resources and time, but it would continue to be pivotal to the development of the company. To ensure compliance with all relevant legal and brand requirements, all suppliers, both domestic and international, were previously audited by the quality and purchasing departments of McDonald's, as well as by third parties. It consists of a complex selection process but once qualified these suppliers become certified to provide any McDonald's restaurant in Europe.

Besides the challenging requisites and despite the chain's investment in domestic production, the number of domestic suppliers still was not enough to ensure all the needs of MCD Portugal – which poses a harder task to the company's executives. MCD's supply chain is a crucial asset for the brand as a whole. How many times have you been to a McDonald's and was told that Big Macs or fries are not available? On the

other hand, in spite of all the efforts the ‘out of stock’ sign have once been posted over a Sundae Pera Rocha (a glocal product) image on the menu.

Nevertheless, they claimed that the aim was to increase the amount of local suppliers in the near future. The Golden Arches Company also used glocalization strategies on its menu by developing specific products in order to further promote the integration with the Portuguese market. But the integration of glocal products on the menu is another challenging task, as Mr. Leal stated:

There are some risks as we need to do it in a way that is relevant for consumers but also for the brand and to avoid losing our identity. The way we work towards the ‘local’ should respect and reinterpret the local culture in a modern / McDonald's way in order to continue to be unique and exclusive to our consumers.

The addition of glocal products to the global brand menu – and some more specific challenges related to it will be further explored on the following topics.

#### **4.4.3 Glocal Products at MCD Portugal**

The launch of the project Sopíssima in 2005 is a good example of the investment made by the brand on the local market. The goals of improving adaptation to local taste and integration with the Portuguese consumers led to a 100% Portuguese initiative. The project was conceived, designed and implemented by a team of McDonald's Portugal, in direct collaboration with local suppliers in order to meet a real need of the Portuguese market. The Sopíssimas project turned into a permanent platform on the menu where different soup recipes rotate regularly since the launch of the project.

After the introduction of the soups in the menu, MCD Portugal launched McLusitano and Sundae Doce de Ovos – as limited editions. According to Mr. Leal, the main challenge regarding this kind of products was that they often had a limited potential in terms of supplies, production and consequently sales. Therefore, they usually had a short life cycle at McDonald's. In 2012, the campaign ‘Prove um sabor cá dos nossos’ brought two new products to the market: Sundae with Pera Rocha topping and McBifana.

The Sundae Pera Rocha targeted female adults and featured a regional Portuguese fruit on the topping while the McBifana sought to reach a broader target as a branded interpretation of a traditional Portuguese sandwich in a McDonald's original way. According to the company's marketing manager there are some differences if

compared to a traditional bifana: for instance, it uses different bread and hamburger meat. The whole development process regarding the 2012 campaign took about a year until launch. The following section presents further information about the process related to MCD's glocal products.

#### **4.4.3.1 The process**

Every year, McDonald's Portugal invests around € 500,000 (\$ 1.2 million) in research to support the launch of new products and since 2005 part of it goes to the development of glocal products. The Plan to Win provided a framework that allows these initiatives under some standards. Thus, there was some freedom regarding the development of these projects at national level – but not at regional level, as it was not manageable in terms of logistics, said Mr. Leal. That means MCD Portugal had some flexibility to look for new ingredients, local providers, etc. but they must fit in the company's procedures and meet a set of standards in terms of operations, food safety procedures, quality requirements, kitchen limitations, and service standards for example in order to protect key areas that are critical for the company and consumers.

Projects involving glocal products always evolved in ascending direction (National-HQ). MCD Headquarters did not specifically standardize the execution of the campaigns and the steps taken in the process so MCD Portugal had full autonomy to make the core decisions (i.e. target, message, format) and guide the process according to business goals and key business strategies. As MCD restaurants in Portugal are fully integrated at marketing level, the campaigns are usually launched at national level.

The development of a glocal product at MCD go through the following stages: definition of the concept, looking for providers, testing different recipes, makes a short-list and applying market research and finally launching the best choice(s). These projects are executed by a local multi-functional team of product development (Marketing, Research, Operations, Sourcing, Quality, IT etc.) as for all other products, but in the case of glocal products the company sometimes invests on the food expertise of a Portuguese chef – in addition to the default team.

#### **4.4.3.2 Pricing**

The pricing of glocal products at MCD is composed in the same way as all other products' pricings. It is based on price sensitiveness research and the intended positioning in the portfolio, depending on the business and brand goals defined. For

instance, a Sundae with regional fruit topping costs no more than a regular one (chocolate, caramel or strawberry topping). No specific analysis focusing on glocal products were ever executed in this sense although it was noted that the glocal products are mainly attached to local suppliers, which can cause a loss of scale economy and put additional pressure over these products profitability.

#### **4.4.3.3 Local initiatives evaluation**

MCD's Portugal Marketing and Communications Director stated that the evolution of McDonald's in Portugal had been notorious and the Portuguese were aware of the investments made by the company in terms of promoting local tastes and domestic production.

Over these 21 years we have been faithful to our philosophy of global brand but with local relevance, made in Portugal, and by Portuguese. The essence of our values and service philosophy remains - good quality, with excellent service at a good price - but over these two decades, there has been a natural evolution of our brand, which is reflected on the new image, innovative services and more diversification in supply.

Mr. Alves also informed that through regularly conducted market research it was notorious that consumers recognized and acknowledged the brand, the product's quality, the menu diversification, MCD Portugal's work in terms of nutrition, evolution of services and recognized the image of modern and attractive restaurants. These factors have grown over the years, partly due to the success of glocal products initiatives.

In a more specific analysis, MCD Portugal's Marketing Manager indicated that the addition of glocal products to the menu had a very positive and clear impact in the way consumers viewed McDonald's and clearly enabled the company to increase market penetration - as these products were highly appreciated by older targets, which represent a good part of the consumers in Portugal.

Mr. Leal explained with further detail that MCD Portugal used the same measurements as for other products when evaluating glocal products performances – sales, profitability, brand image and consumer researches for example – and that until then no local initiative had ever failed to meet its objectives, although they have achieved different levels of performance and importance for the brand. The Sopissimas project for example, was considered to be of great importance for brand image despite a moderate but constant level of sales (which was expected due the kind of products sold at McDonald's). The Sundae Pera Rocha, on the other hand, was part of a previously

scheduled two months campaign, achieved the goals that were set and left the menu (being immediately replaced by another product on the same line: Sundae Origens - Alcobaça Apple and Cinnamon). In any case, promotional products were under constant evaluation.

McBifana for instance was launched as a promotional/limited edition product (along with the Sundae Pera Rocha) and turned out to become a permanent addition to the menu due to its alleged success both in terms of sales and brand image impact. Mr. Leal affirmed that, at the end of the day, the decisions on the menu's composition rely upon each product's potential and the operational capacity related to it, which, of course, are not unlimited. Also, he indicated that the number of glocal products in the portfolio was a long way run and a medium-long term strategy that needed to be balanced with core product's management in order to protect brand equity.

The Marketing Manager also stated that combining a local touch with the core taste of McDonald's (avoiding replication of what already exists and executing more of a reinterpretation in the brand legitimate way) is a key determinant of success for a campaign of this kind. In this sense, he affirms that the McBifana was an extremely successful launch of a very local concept once consumers perceived it as a McDonald's product and not as a copy of what already exists.

That being said, a market research focused on collecting further information directly from the other key players of the case (the consumers) was executed with the intention of better understanding consumer's insights and behavior towards glocal products at McDonald's Portugal. Once MCD is a brand of global proportions and the efforts of integrating with local markets is part of the chain's plans at global level, national and international consumers were targeted.

## 5. Market Research

A survey was applied in order to better understand the consumer behavior towards the glocalization strategies performed by MCD Portugal.

### 5.1. Methodology

The goal of the survey was to collect data from a sample large enough to allow statistical analysis. Firstly, it was decided to design and distribute a digital survey via QuestionPro through social networks, a Facebook event and direct messages. This method was chosen due to its efficiency regarding the possibility of reaching the targeted population within the timeframe.

Secondly, the target was set. Taking into account that McDonald's is a strongly recognized brand of global proportions and the research focuses on the implementation of a global strategy, the survey was intended to a population as broad as possible. Also, there was an intention to get a similar number of Portuguese and international cases in order to guarantee the most suitability to the application of statistical methods for exploring differences between groups. All considered respondents eat out with some frequency and had already visited a McDonald's restaurant. No other restrictions were imposed to the target population since MCD is available at all reached regions. For statistical reasons, a minimum of 150 responses was determined for each group within the sample (Portuguese/Foreigners).

The third step was to design the questionnaire and upload to the software used. Seventeen questions (one open-ended, two questions 4-point semantic differential scale and fourteen multiple choice questions) were enough to gather information on respondents' eating out habits and their respective opinions and reactions towards MCD's glocal products. In order to ensure that misunderstandings were minimized, the survey was available in English and Portuguese – the respondents were able to take the survey on their language of choice by selecting it at the beginning of the survey. On the first set of questions consumers were assessed on their habits regarding eating out (Q2) and fast food consumption and brands (Q3 to Q6). The importance of a set of attributes (including menu variety) for the respondent when choosing a fast-food restaurant was assessed on question 7. The following question aimed at measuring respondents' acknowledgement of glocal products launched by MCD Portugal. On question 9, the influence of these glocal products on consumer behavior and purchase intentions were

assessed, while question 11 focuses on their experiences and intentions specifically towards the McBifana. Question 10 analysed respondents' willing to pay (WTP) for a glocal product vs. 'global' product from MCD. On the other hand, question 12 probed respondents on their WTP for a McBifana vs. traditional bifana. Questions 13 and 14 gathered information on their impressions towards glocal initiatives. A set of demographic questions ended the survey – namely age (Q15), gender (Q16) and nationality (Q17).

Then, the survey became available online and was distributed via the aforementioned means. The channels and connections used to reach respondents led to a specific sample composition (see Sample Analysis section). Still, that should not increase bias given that there were no specific requirements for the type of respondents beyond the ones previously mentioned and that no demographic restrictions should apply considering the means of survey distribution and MCD's price range.

Finally, the data was prepared for statistical analysis. For that, the data file was downloaded from the survey software on \*.sav format and opened on IBM SPSS Statistics version 20. Then, the author searched for errors and missing values. After cleaning the data, variable names were edited in order to ease identification during analysis. Also, open ended questions were coded and allocated into categories. The following analyses were performed with support of the statistical software: frequency tables, crosstabulations, chi-squared tests and independent samples t-tests. The suitability of data for each method was assessed prior to running each analysis.

## **5.2. Sample analysis**

Regarding the survey, the author gathered 312 cases (after data cleaning). Out of these, 152 (48,7%) were Portuguese and 160 (51,3%) from other nationalities (see Exhibit 5). On the other hand, in terms of gender the sample was composed by 112 male and 200 female respondents (see Exhibit 8). The frequency table on exhibit 9 shows that the majority (51,9%) of respondents were within 25 and 34 years old, 30,1% between 18 and 24 years old, 1,6% under 18 and 16,4% 35 or older.

Most of the respondents (51%) eat out on a weekly basis, while 36,9% eat out every day (see Exhibit 10). At the beginning of the questionnaire, 19,2% of the respondents alleged that they didn't consume fast food (see Exhibit 11) - most of them (58,2%) said it's due to health and nutrition issues, 17,9% indicated that they don't like

fast food (anymore), 10,4% blamed the low quality of fast food, 9% found what they present as ‘better options’ for the same price range, and 4,5% are vegetarians and said that although fast food restaurants sometimes offer veggie options, the variety is very limited and most of them doesn’t really taste well. On the other hand, some incongruence was found regarding this issue when only 9,6% respondents answered that they ‘never eat in fast food restaurants’, only 1,3% answered that they had never visited a MCD (see Exhibit 12) and all of them know the brand in study. For this reason, respondents that early on the questionnaire identified themselves as ‘non-consumers’ of fast food were not eliminated from the research. On the same question (Q5), in 49,7% of the cases McDonald’s was indicated as the fast food restaurant they visit the most (see Exhibit 13).

### **5.3. Results’ analysis**

On this section, four research questions were answered with the support of material collected throughout the development of the case (via literature review, interviews and/or electronic survey) in attempt to unveil the dynamics of the implementation of glocalization strategies by a global brand in the foodservice sector and its impact on consumers.

#### **RQ1: Why are global corporations (such as MCD) investing in glocalization strategies?**

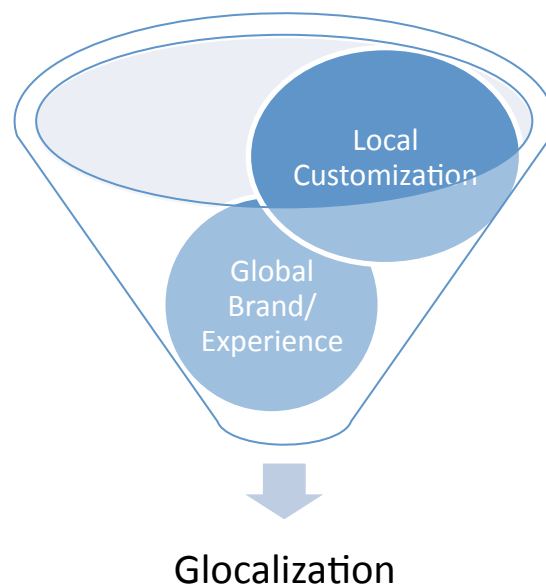
Changes in the economy, markets and consumption habits placed constituted a new scenario to global brands. In a challenging environment they strive to keep their traffic and market share rates growing. If not, at least in attempt to stabilize or preserve what they already had. In most cases, the global corporations already mastered the use of economies of scale and standardization as a source of competitive advantage so the need for finding other means was imminent.

In the academic world, authors such as Vaccari (2011) and Kotler (2009) have endorsed the utility of glocalization strategies as an alternative to support global companies that strive to keep their records on increasingly competitive markets. It was also pointed out that the combination of global marketing with local strategies can increase the relevance of the brand to consumers and lead to market share benefits. Empirically, Mr. Don Thompson explained at the 2012 Earnings Call – in accordance to

theory – that McDonald’s Headquarters had been and would continue to refine their efforts to increase frequency and penetration by addressing local market conditions.

For decades, corporations of global proportions have worshiped standardization as a core and unique concept behind their work – and they were successful. But as they enter a broader set of markets and try to excel in different environments and new markets, the introduction of standard products based on standardized global strategies in its pure form does not allow optimal efficiency. Taneja, Girdar and Gupta (2012) have pointed out that brands such as Kellogg’s, McDonald’s, LG, Reebok and Coca-Cola are among global brands that initially introduced standard products by following standardized global strategies and later realized their mistakes and thus modified products and/or services according to the needs of consumers. In this scenario, glocalization allows corporations to be simultaneously global and local in the sense of being an *insider* – that is, being as up-to-date regarding the local market as a domestic company – while maintaining the benefits of worldwide operations (Vaccari, 2011).

**Figure 1 - The formation of glocalization (Dumitrescu and Vinerean, 2010)**



According to Kotler (2009), global companies understand that they often need to customize their products or services to a certain extent and in this context glocal marketing allows the simultaneous optimization of both local and global marketing activities. As this type of strategy allows global corporations to optimize their performances at diverse environments by combining local customization to the benefits

and experience of a global brand, it constitutes a potential source of competitive advantage.

In a nutshell, **glocalization strategies are implemented by global corporations as a complementary approach to increase market penetration and increase or protect market share in challenging and highly competitive operational environments.** That said, the following research question further analyzed to what extent can the implementation of a glocal strategy in the fast-food category actually affect its performance.

### **RQ2: To what extent can the introduction of glocal products by global brands in the fast-food category affect its performance?**

Market research regularly conducted by MCD Portugal indicated that consumers recognized and acknowledged the brand, the products' quality, the menu diversification, their work in terms of nutrition, evolution of services and the image of modern and attractive restaurants. These factors have grown over the years, and MCD Portugal's Marketing Director acknowledges that these results were partly due to the success of glocal products' initiatives.

In a more specific analysis, MCD Portugal's Marketing Manager indicated that the addition of glocal products to the menu had a very positive and clear impact in the way consumers viewed McDonald's and clearly enabled the company to increase market penetration - as these products were highly appreciated by older targets for example, which represent an important set of consumers considering the characteristics of Portugal's population.

Besides the company's evidences that glocal products can positively affect the performance of brands in the fast-food category, data analysis showed that when assessed on the importance of the following attributes (see table 1) when choosing a fast-food restaurant, on a 4-point scale (1=least important and 4=most important) respondent's ratings corresponded to means of at least 2,60, indicating that all presented attributes are considered as important. Among those, quality of food held the higher scores for both groups but it does not indicate complete homogeneity between samples. Although there are no significant differences between the two groups for most attributes, p-values larger than the cut-off of .05 were verified for three attributes, namely: brand, price and quality of food. This suggests that global fast-food chains

should pay special attention to the importance different markets give to these when planning the introduction of glocal products to their portfolios in order to optimize their performance. In fact, the calculation of eta squared for the importance of menu variety (see Exhibit 15) equal to 0,003 indicated a very small effect size based on Cohen's (1988) guidelines. That means that only 0,3 percent of the variance in the importance given to menu variety when choosing a fast-food restaurant is explained by the origin of the respondent.

**Table 1 - Independent samples t-test for consumer choice attributes**

	Portuguese	Others	p-value
Quality of service	3,17	3,26	,362
Employee friendliness	2,60	2,63	,824
Atmosphere	2,79	2,87	,383
Location	3,41	3,48	,417
Quality of food	3,54	3,69	,034
Menu variety	3,00	2,99	,948
Brand	2,73	2,45	,012
Price	3,47	3,14	,001

On the other hand, the highest p-value was verified on the samples opinions on the importance of menu variety, reinforcing that it is indeed important for consumers independently of their origin, thus the implementation of glocal strategies by the brand at global level should overall promote a positive impact on the brand's performance.

In conclusion, **at global level, the contribution of glocal products to menu variety should affect the company's performance in a positive manner although the impact can be optimized through the adjustment of the items to significant differences found between the importance given by the different samples to variables such as price, brand and quality of food.** In a certain way, the following research questions contribute to a further understanding of how glocal initiatives can affect global brands' performances by narrowing the analysis to consumers' perceptions and attitudes towards specific glocal initiatives.

### **RQ3: How do consumers perceive MCD's PT glocal initiatives?**

Although the target of this kind of campaign are the Portuguese, there is interest in understanding the consumers of the brand in general, especially when standardization across the globe and protecting brand identity are concepts cherished by the brand in study. Thus, in order to understand their perceptions towards glocal products launched by MCD PT, all 312 valid cases were analyzed.

Initially, an independent t-test (see Exhibit 16) was conducted to compare the perceptions of Portuguese and foreigners towards glocal initiatives promoted by MCD PT (Q14). Perceptions were assessed through a four-point scale and results show that overall, both groups have a favorable perception of the chain's glocal actions despite the fact that they slightly agree that these initiatives may harm small local businesses (mean: PT=2,60; Other= 2,42; p-value=0,078). The Portuguese sample showed higher levels of agreement to each of the positive statements on table 1. Also, the p-values across the table (weighed p-value= 0,51) indicate that there was no significant difference in scores for Portuguese and other nationalities. The calculation of eta squared for the perceptions (see Exhibit 17) equal to 0,002 indicated a very small effect size based on Cohen's (1988) guidelines. That means that only 0,2 per cent of the variance in glocal initiatives perceptions is explained by the origin of the respondent.

**Table 2 - Independent samples t-test for perceptions towards glocal initiatives**

	Portuguese	Others	p-value
I like the initiative	3,49	3,36	,148
It's innovative	3,30	3,11	,053
It adds value to the regular menu	3,20	3,18	,768
It affected my perception of MCD in a positive manner	2,70	2,66	,715
It helps to promote the Portuguese culture	2,98	2,96	,877
	3,13	3,05	0,51

In order to further understand the samples' perceptions towards glocal products launched by MCD PT, the most successful glocal product added to the menu by MCD

Portugal up to the date of the case – the McBifana sandwich (Q13) - was used in order to assess Portuguese and international respondents on their perceptions about it.

Through a crosstabulation analysis it could be inferred that there are clear differences between national and international consumers' perceptions towards a glocal product launched by the global brand (see Exhibit 18.1). Although the McBifana was developed and launched by a global brand, most of the local consumers see it as a Portuguese sandwich and despite the brand original identity, only 18,4% of them see the product as an American sandwich. On the other hand, most of the international respondents do not seem to fully understand the concept of the glocal product launched by MCD PT and claimed that they don't know what their perception of the McBifana identity really is.

**Table 3 - Crosstabulation for perceptions towards glocal product**

		<b>Glocal Product Identity (McBifana)</b>			
		Portuguese	American	Don't know	Other
<b>Portuguese respondents</b>		42,1%	18,4%	27,6%	11,8%
<b>Other</b>		17,5%	6,2%	71,9%	4,4%

The null significance value associated to this issue on the Chi-Square test for independence (see Exhibit 19) reinforced that there is significant association between the origin of the respondents and their perceptions towards the McBifana. In fact, the Cramer's V of 0,443 shown in the symmetric measures table (see Exhibit 19) indicates that the effect of the nationality on this aspect is of medium-high effect. So, there is strong evidence that there is an association between the nationalities and their perceptions of the glocal product.

Overall, the respondents that have never tried the McBifana were equally distributed between having the intention of trying the product and having no interest at all (43,9% each). Nevertheless, most of the internationals (50,6%) expressed interest in trying the product (see Exhibit 21).

In conclusion, **perceptions towards glocal initiatives (in a broad sense) are positive independently of the origin of the consumer while perceptions of the glocal product itself differ between local consumers and others, indicating that while**

**glocal initiatives mean no harm to the brand at global level it allows a closer relationship with local consumers.** On the other hand, results on their intentions of trying the product were similar but unclear; so further analysis was performed in order to better understand the impact of glocal products on consumers' attitudes.

**RQ4: What is the impact of glocal products on the attitudes of Portuguese consumers towards the global brand?**

After analyzing consumers' perceptions of a glocal product, further research was conducted on their actual attitudes towards the category. For this analysis, only data gathered from respondents that have the possibility of real access to the product (exceptions excluded) were valid. Thus, statistical analysis was performed with the sole use of the Portuguese sample.

First of all, consumers were assessed on their level of awareness regarding glocal products. In fact, frequencies (see Exhibit 22) show that most of the Portuguese respondents (86,8%) were aware of one or more glocal products launched by MCD Portugal. Data also showed higher levels of awareness for the last campaign (McBifana and Sundae Pera Rocha), followed by the permanent Sopissimas project.

**Table 4 - Awareness of MCD PT's glocal initiatives (Portuguese sample)**

	Sopissimas	McSundae Pera Rocha	McBifana	McLusitano	Unaware of glocal products at MCD PT
Portuguese consumers	74,3%	50,0%	78,9%	29,6%	13,2%

When assessed on the influence of a presented set of glocal products from MCD Portugal on their attitudes and purchase behavior, most consumers (regardless of their level of consumption at MCD) indicated that these products had never influenced their visits to MCD in any way and that the addition of local options on a fast food menu makes no difference to them. On the other hand: 25,7% had already bought one or more glocal products at MCD and 17,8% had never purchased but intended to visit MCD because of glocal products. Among these, consumers that do not show patterns of heavy consumption were the ones that have actually purchased glocal products at MCD PT, while consumers that have showed the highest intentions of visiting MCD because

of glocal products have visited MCD more than 3 months before taking the survey and the lowest case incidence on the ‘non-interest’ category was shown on the groups of consumers that had visited MCD between over a week and three months before taking the survey (see Exhibit 24).

**Table 5 - Attitudes towards glocal products x Consumption habits (MCD)**

	Had visited MCD					% of Total
	Within the week the survey was taken	Within the month the survey was taken	Between 1 and 3 months before survey	More than 3 months before survey	Never	
Have already purchased a glocal product at MCD PT	22,9%	<b>29,6%</b>	<b>37,5%</b>	10,7%		25,7%
Haven't purchased but intend to visit MCD PT because of glocal products	20,0%	18,5%	9,4%	<b>25,0%</b>		17,8%
Indifferent to the addition of glocal products to the menu	57,1%	<b>51,9%</b>	<b>53,1%</b>	64,3%	100%	56,6%
% of Total	23%	35,5%	21,1%	18,4%	2%	100%

Statistical data analysis showed that more than 82,2% of respondents would be willing to pay more for a traditional bifana produced on a local establishment or street market than for a McBifana produced under the standards of a global brand (considering that both have the same size). But on the other hand, when compared to similar regular products from MCDs standard menu, respondents willing to pay the same price or even more (tested on +10%) for a glocal product add up to 77,6% of the sample (see Exhibit 25).

McDonald's is the most visited fast-food restaurant by the Portuguese respondents (52,9%) and the Portuguese chain H3 comes in second place as the most

visited by 18,6% of the sample (see Exhibit 27). Based on that, a crosstabulation analysis was performed and showed that although a higher proportion of McDonald's customers have tried the glocal product, a higher percentage of the H3 consumers' group was pleased with the McBifana while the group of MCD consumers that have tried the sandwich was divided equally between being satisfied and disappointed with the product. Consumers from the competitor brand showed more interest in trying the McBifana a lower level of indifference towards the specific glocal product.

**Table 6 - Attitudes towards McBifana x Consumption habits (MCD x H3)**

	MCD	H3	% of Total
Have purchased and was satisfied with the product	13,5%	<b>19,2%</b>	15,0%
Have purchased it and was disappointed	13,5%	<b>3,8%</b>	11,0%
Have never purchased it but would like to try it	37,8%	<b>46,2%</b>	40,0%
Have never purchased it and is not interested at all	35,1%	<b>30,8%</b>	34,0%
Total	100%	100%	100%

Data showed that consumers that usually consume at the national chain (H3) have also shown more experience and less indifference towards MCD PT glocal products in general.

**Table 7 - Attitudes towards glocal products x Consumption habits (MCD x H3)**

	MCD	H3	% of Total
Have already purchased a glocal product at MCD PT	25,7%	<b>42,3%</b>	30,0%
Haven't purchased but intend to visit MCD PT because of glocal products	<b>21,6%</b>	19,2%	21,0%
Indifferent to the addition of glocal products to the menu	52,7%	<b>32,5%</b>	49,0%
Total	100%	100%	100%

Altogether, results showed that **glocal products enable the brand to increase market penetration and frequency by reaching targets that otherwise would not be enticed by the sole offer of standard products.** In addition, results verified regarding consumers' WTP for glocal products indicate a positive attitude towards these items.

## 6. Conclusions

The purpose of the present study was to understand the dynamics of the implementation of glocalization strategies by a global brand in the foodservice sector and its impact at different market levels. In order to achieve this goal, the author focused on the investigation of Mc Donald's Portugal glocal initiatives and the input from current and potential consumers. At last, the relevance of glocalization was clearly supported by the findings.

Literature review combined with the input from MCD Portugal indicated that glocalization strategies are implemented by global corporations as a complementary approach and a potential source of competitive advantage in order to increase market penetration and increase or protect market share in challenging and highly competitive operational environments.

Subsequently, results from an independent samples t-test showed that no significant differences were found between the samples (Portuguese and others) in regard to the importance they attribute to menu variety when choosing a fast-food restaurant. In this context, data indicated that the addition of glocal products to the menu should generally contribute to the company's performance regardless of the destination. On the other hand, the samples differ on their opinions regarding the importance of other variables (namely price, brand and quality of food) which may allow further performance improvement if managed accordingly on the composition of glocal products.

Further on, more specific analysis on consumers' responses indicated that at global level their perceptions towards glocal initiatives are generally positive (no significant differences found between samples). Adversely, their perceptions towards the concept of a glocal product launched by MCD PT showed significant differences between the samples indicating that a closer relationship with local consumers can be achieved without harming the brand at global level.

More specifically, although most consumers alleged non-interest on glocal products, a quarter of the Portuguese sample intended to visit MCD because of these items and results showed that in fact glocal products can reach targets that are not enticed by the regular menu, thus allowing higher levels of market penetration and

frequency. In addition, the majority of the Portuguese sample showed positive attitudes in terms of WTP for glocal products (compatible or higher than the prices practiced at similar products from the standard menu).

At last, this dissertation adds to existing research by contributing to previous knowledge on glocalization strategies through the investigation of its implementation by a real global corporation and by exploring its impact on consumers and the brand itself. Further investigations on this basis will allow global brands to better understand the dynamics of glocalization and make the best use of this approach.

## 7. Limitations and Future Research

In spite of its contribution, a number of caveats need to be noted regarding the present study. The first core limitation arises in regard to the use of information. The number of articles on the topic published on top academic journals was still reduced, thus, hampering the author's intention of limiting the use of books. As the topic is a trend and involves global markets and brands, current information on the latest news and ranks was crucial – which justifies the use of reports and non-academic sources. In any case, attention was given so these sources would be as reliable as possible and data collected from reports and websites were essentially used to stress important points with the support of actual data. Also, the lack of specific information from the corporation under study due to confidentiality terms constituted another limitation. In order to minimize this shortage of data, the content of the interview with MCD PT was complemented with information from MCD's official publications, conference transcripts and investor's reports.

Other limitations originated from the composition of the sample. On one hand, the goal of gathering a similar number of cases from local and foreign consumers was achieved but on the other hand groups were not so well balanced within samples in regard to other variables – such as gender and age. The difference between frequent consumers of different fast-food chains for example kept the author from running more complex analysis in this aspect. Also, although all continents were represented on the 'Others' sample, there were an overrepresentation of Brazilians – adding up to about 60% of foreign respondents.

At last, a number of potential future studies using the same research set up to other populations are apparent considering the number of global brands that currently operate in the most diverse destinations. Although the present study focused on MCD Portugal, the company is undertaking a number of glocal initiatives around the globe that would be worth analyzing. In January 2013, for instance, their glocal strategies in Australia involved changing the name of the brand. Regardless of the global brand and the industry it is inserted in, more information on processes, models and the implementation of glocal strategies plus further investigation on its effect on consumers would also help us to establish a greater degree of accuracy on this matter. Additionally, further research in this field would positively contribute to business and managerial studies.

## 8. Teaching Notes

This chapter provides support on the use of the presented case study. The first section provides a summary of the case, the subsequent one presents the case core objectives and at last, the third section of the chapter proposes a teaching plan.

### 8.1. Synopsis

In increasingly challenging markets, global corporations need to find ways to protect their market shares from diminishing. Amidst a complex global scenario, these giants strive to deal with different markets – some of them coated in crisis – where the benefits of standardization and economies of scale are no longer enough to provide a comfortable position for these companies. In this context, the concept of glocalization comes up as a complementary alternative that is becoming a marketing trend. For global fast-food chains the situation is even more latent considering that food items are particularly sensitive to each market characteristics as well as to their economic situation since eating out habits are easily affected by any shortage of resources. Considering this, the presented case study focuses on McDonald's latest glocal strategies and initiatives in attempt to understand the dynamics of the implementation of glocalization strategies by a global brand in the foodservice sector and its impact on consumers.

### 8.2. Use of the case

The present case study explores the concept and implementation of glocalization from a global level to a set of glocal products launched by McDonald's Portugal. Once it approaches the concept at different stages, the case can be inserted in the context of different disciplines (for instance Managing in a Global Context, Brand Management, Marketing Communication, Consumer Behavior, Marketing Planning, Marketing Research, Strategic Innovation, New Product Development) originating a range of different activities. . Thus, it is suitable to any business Undergraduate or Master course. In general, after exploring the case students should be able to:

- 1) Understand the concept and purpose of glocalization;
- 2) Reflect on risks and benefits of standardization versus glocalization;
- 3) Comprehend the dynamics of glocalization and the structure that supports its implementation in a real business context (via MCD's example);

4) Identify the challenges involved in the integration of a global brand with local markets.

### **8.3. Teaching plan**

The author suggests three steps to guide the use of the case. Initially, students should reflect on the context in which global brands perform and be presented to the concept of glocalization. If necessary, extra support may be given through the suggestion of academic articles from the literature review chapter: the paper ‘The glocal strategy of global brands’ (Dumitrescu, L. and Vinerean, S., 2010) provides the reader with preliminary information and clear distinctions between the concepts of local, global and glocal while on the paper “‘Glocalization’ of business activities: a “glocal strategy” approach’ by Svensson (2001) focuses more specifically on introducing the terms “glocal strategy” and the “glocalization” of business activities to enhance the accuracy of the present usage by scholars and by practitioners of the term global strategy and the phenomenon often described as the globalization of business activities. Both papers give a brief overview on the topic. Nevertheless, other papers from the references list can be used depending on the focus of the class. Secondly, the instructor should introduce the case and generate an in-class discussion guided by the assignment questions. Finally, a group project in which students have the opportunity to apply the concept of glocalization is proposed. The guidelines are presented in the remaining sections of this chapter.

#### **8.3.1. Assignment questions**

The following questions were formulated with the purpose of guiding in-class discussion. Information is provided in response to each one, although they should work as starting points for a collaborative debate where new insights are welcome.

##### **1) Explain the concept of glocalization and how it can be useful to global corporations.**

As presented in the literature review chapter, the term “glocalization” first appeared in the late 1980s in Harvard Business Review articles, written by Japanese economists, and comes from the word *dochakuka*. The Japanese ideographs “do”, “chaku” and “ka” mean respectively “land”, “arrive” and “process of” in English. The sociologist Roland Robertson, who is credited with popularizing the term, described

glocalization as “the tempering effects of local conditions on global pressures” and explained that it means “the simultaneity – the co-presence – of both universalizing and particularizing tendencies.” (Robertson, 1997, p. 4 cited in Khondker, 2004).

Overall, it can be useful to global corporations in the sense that it relates to the capacity of being simultaneously global and local while maintaining the benefits of worldwide operations (Vaccari, 2011). Further information can be found on Chapter 3.2 – “Glocalization” and on RQ1 – “Why are global corporations (such as MCD) investing on glocalization strategies?” Although the question is open to different contributions, students should bear in mind that glocalization is a complementary approach that can be applied by global corporations as a source of competitive advantage in order to achieve higher levels of penetration and increase/protect market share when approaching different markets.

## **2) What led MCD Portugal to implement glocalization strategies?**

From the case, a few points can be mentioned:

- The need to find an alternative to protect market share (“Mr. Leal pointed out that keeping the current position in a market that is shrinking due to the crisis is now one of MCD Portugal’s biggest challenges – especially when eating out is one of the first expenses that consumers cut”);
- The goal of increasing frequency and market penetration and the need to align with the brand’s global strategies promoted by the HQ “We have been and continue to refine our efforts to increase frequency and penetration by addressing local market conditions. (Don Thompson at Seeking Alpha – Earnings Call Transcript, 2012)”
- As a complementary approach to achieve the four core goals stated on the Plan to Win:
  - Attract more customers.
  - Convince customers to purchase more often.
  - Increase brand loyalty.
  - Become more profitable.

**3) What circumstances contributed to the success of glocal initiatives at MCD Portugal?**

Although the answers are not strictly limited, the following can be extracted from the case:

- The implementation of a structure that allows MCD to carry on tailored regional campaigns across the globe while preserving the image and standards of a strong global brand (see the ‘Plan to Win’).
- The support of local entities (“He also highlighted the important involvement and support provided by the National Exhibition Centre (CNEMA) and the Confederation of Farmers of Portugal (CAP)”).
- The levels of autonomy and integration at MCD PT “MCD Portugal had full autonomy to make the core decisions (i.e. target, message, format) and guide the process according to business goals and key business strategies. As MCD restaurants in Portugal are fully integrated at marketing level, the campaigns are usually launched at national level.”
- The focus -and local insight: the project was conceived, designed and implemented by a team of McDonald's Portugal, in direct collaboration with local suppliers in order to meet a real need of the Portuguese market. “These projects are executed by a local multi-functional team of product development ... as for all other products, but in the case of glocal products the company sometimes invests on the food expertise of a Portuguese chef – in addition to the default team.”
- Testing the product and applying market research to choose from a short-list before launch (see section 4.4.3.1).

**4) What would be the main challenges and benefits of glocalization?**

Throughout the case study, some references can be found with regard to challenges and benefits of glocalization (although the following points are non-exhaustive):

**Table 8 - Challenges and benefits of glocalization**

<b>Challenges</b>	<b>Benefits</b>
<b>Protecting the global brand identity.</b>	<b>At global level, affects customers perceptions homogeneously.</b> (see RQ2

for consumers but also for the brand and to avoid losing our identity” Marketing - MCD PT

and RQ3 - Results section)

**Decision-making.** Academic literature is still uncertain about what would be the best approach to global markets (see section 3.1.1), thus the choice for glocalization may involve risk and trade-off / "...there are multiple paths to achieve the global vision... determining which path an organization should take is the critical factor"Deloitte, 2012

**May constitute a source of competitive advantage.** "...and firms can gain competitive advantage either by achieving local relevance through a focus on local products or by achieving economies of scale and scope through international standardization of global products" Ghemawat, 2007

**Achieving relevance.** "3,8% had already bought one or more glocal products at MCD and 25% had never purchased but intended to visit MCD because of glocal products"

**Increases market penetration by reaching consumers that are not enticed by the standard product portfolio.** (see RQ4 - Results section)

**Adapting the business to allow and support glocal initiatives.** "The Plan to Win affected every aspect of the business and was designed to guide brand thinking, the setting of priorities, and the development of viable and feasible action plans"

**Promote a closer relationship to local consumers.** (see RQ3 - Results section)

**Local supply.** "...preserving the company's standards but increasing the number of local suppliers is definitely a challenging task for a brand like McDonald's"

**Potential of increasing frequency.** "consumers that do not show patterns of heavy consumption (had only visited MCD between one and three months before taking the survey) were the ones that showed the highest intentions of visiting MCD because of glocal products and the lowest case incidence on the 'non-interest' category"

### 8.3.2. Group task

At this point, based on the example of McDonald's Portugal students should be able to apply the concept of glocalization in a business context and come up with an output to be presented in class. As the case allows some flexibility, the focus of the project will depend on the discipline the case is inserted in. Some suggestions – considering broad areas of study – are the following:

- **Managing in a global context / Strategy:** Create a plan for a global corporation that allows the implementation of glocalization strategies (see 'Glocalization' on section 3.2 for theoretical basis and the 'Plan to win' on chapter 4 for exemplification).

- **Marketing/ New Product Development:** Choose a global brand and a destination and create a glocal marketing strategy to explore the chosen market. The focus can be on the creation of the glocal product and its characteristics or more shifted towards a communication plan for a glocal product for example.

- **Consumer Behavior/ Marketing Research:** Explore the impact or create the concept of a glocal product based on the input from a population sample.

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## 10. Appendix

### Exhibit 1- Script: In-depth Interview (MCD)

\*John Alves – Marketing Director (MCD Portugal)

\*Sérgio Leal – Marketing Manager (MCD Portugal)

#### **Contextualization**

1. Please contextualize MCD Portugal
2. How would you describe MCDs general approach to global markets? (Highly standardized – one fits all, adapted, customized, simple, complex?)
3. How would you describe MCD Portugal’s competitive environment? Who do you see as competitors?
4. What do you consider as a competitive advantage for MCD Portugal?
5. What do you think MCD’s Portugal biggest challenge is?
6. In what way do you believe local culture influences MCD Portugal’s marketing mix?
7. In the daily execution of your work – do you generally think of MCD as a global or a local company? Why?

#### **Local products in the Portfolio**

1. Please list the products MCD Portugal has launched at national/regional level.
2. What are the objectives/ intentions of these initiatives?
3. What is the importance of these initiatives for MCD Portugal? (Strategically/ Impact on sales/mkt share)
4. What are the main advantages/disadvantages regarding the introduction of local items to the menu?
5. Which do you consider the most successful local initiative/product so far? Why?
6. Did any local initiative/product ever fail to meet the objectives?
7. How is the proportion of ‘local’ products in the portfolio managed? Is there a ‘planned’ number of local product launches per period for example?
8. Are they always launched as ‘limited editions’? If so, why? (Why were McLusitano and ‘Doce de ovos’ Sundae extinguished and the soups remained?)
9. How is the pricing for products launched at national/regional level elaborated?
10. What is the level of independence of MCD Portugal and franchisees towards local initiatives and the addition of local products to the portfolio?
11. Regarding the development of new products at national/regional level:
  - a. Who is involved and how does it work? Is the team local/international?
  - b. Where the ideas for the products come from? Do they have to be strictly adapted to MCDs global standards, capabilities and resources (machinery, ingredients, employees’ skills...)? Up to what point?
  - c. In which direction does the project evolve? (HQ-National? Opposite? Market-Corporation?)

- d. ‘Sopissimas’ has been at the MCD Portugal’s menu for a while (how long exactly? Is it supposed to be a permanent addition (if so, was that previously planned)?
- e. How do you evaluate the performance of Sopissimas?

### **‘Sabores de cá’ Campaign**

1. Please talk about MCD current ‘local’ campaign, if possible mentioning:
  - a. Products involved.
  - b. Main objective/intentions.
  - c. Target.
  - d. The date of the beginning of the process;
  - e. The stages of development of the campaign;
    - i. Is it standardized by MCD Headquarters?
  - f. The key people involved and their roles in the process;
  - g. How the core decisions were made (i.e. target, message, format...);
  - h. Choice of timing (launch);
  - i. The process of implementation and launch of the campaign;
  - j. The duration of the process;
  - k. The duration of the campaign.
- l. Was the campaign (voluntarily) adopted by all MCD restaurants in Portugal? (Are they fully integrated at marketing level?)
- m. Do you remember when did you start working on this campaign? Please describe the situation in the most detailed manner as possible (e.g.: received an email from HQ on a cloudy afternoon; was sitting in a meeting when someone mentioned it etc...)
- n. What do you consider to be the key determinants of the success of a campaign of this kind?
- o. How do you measure the performance of the campaign? Which metrics do you use? Are they standardized by MCD HQ?
- p. Considering the initial objectives that were defined, how would you evaluate the success of the campaign?
- q. Please describe the biggest challenges you have faced regarding this initiative – and how did you deal with them.

### **Mc Bifana**

1. Please describe the product itself – comparing to a traditional Portuguese bifana.
2. How do you evaluate the success of McBifana?
3. If possible, please provide some information regarding its performance since launch.
4. May this product become a permanent addition to the menu? If so, depending on what? If not, why?

## Exhibit 2 - Survey – MCD (Glocal Products)

**Hello:**

**You are invited to participate in this survey - for the purpose of a Case Study/Master Thesis. It will take approximately 4 minutes to complete the questionnaire.**

**Your participation in this study is completely voluntary. Your responses will be strictly confidential and data from this research will be reported only in the aggregate. Your information will be coded and will remain confidential. If you have questions at any time about the survey or the procedures, you may contact the researcher at 152110112@alunos.lisboa.ucp.pt**

**Thank you very much for your time and support. Please start with the survey now by clicking on the <B>Continue</B> button below.**

- 1. Please select the language of preference:**
  - English
  - Portuguese
- 2. How often do you eat out?**
  - Daily
  - Weekly
  - Monthly
  - Once every three months
  - Once every 6 months or less
- 3. Do you consume fast food?**
  - Yes
  - NoIf not, why? (OPEN Q.)
- 4. Please mention the first fast-food brand that comes to mind.**  
(OPEN Q.)
- 5. Please select the fast-food restaurant you visit the most.**  
Burger King / KFC / McDonald's/ Pans&Co./ H3/ Pizza Hut / I never eat in fast-food restaurants.
- 6. When was the last time you visited a McDonald's?**
  - Within the last week
  - Within the last month
  - Between 1 and 3 months ago
  - More than 3 months ago
  - Never visited
- 7. Please rate the importance of these attributes for you when choosing a fast-food restaurant.**

	1 = least important	2	3	4 = most important
Quality of service				
Employee friendliness				
Atmosphere				

Location				
Quality of food				
Menu variety				
Brand				
Price				

**8 . Have you ever heard of any of these products (please select all that apply)**

- Sopissimas (Soups from Mc Donald's)
- Mc Sundae Pera Rocha do Oeste
- Mc Bifana
- McLusitano
- Mc Sundae Doce de Ovos
- Never heard of any

**9. Do any of the products on question 8 influence your visit to McDonald's?**

- Yes, I have actually purchased one or more of these products.
- Yes, I haven't tried any but I intend to visit Mc Donald's because of one or more of these products.
- Not at all. The addition of 'local options' on a fast-food menu makes no difference to me.

**10. Supposing that regular McSundaes (chocolate, caramel or strawberry topping) cost X. How much would you be willing to pay for this product?**



- \$1.65
- \$1.50

- \$1.35
- Zero. I don't like pears.

**11. About the following product:**



- I have purchased it and was satisfied with the product.
- I have purchased it and was disappointed.
- I would like to try it.
- I have no interest at all.

**12. Supposing that both sandwiches have the same size. Would you be willing to pay a little more for:**

- a traditional Bifana produced by a local establishment/ street market.
- a Mc Bifana produced under the quality standards of a global company (McDonald's).

**13. How do you see the McBifana?**

- A Portuguese sandwich.
- An American sandwich.
- I don't know.

**14. What do you think about the 'local options' (such as soups, Sundae Origns and Mc Bifana) available at Mc Donald's Portugal?**

	Totally disagree	Partially disagree	Partially agree	Totally agree
I like the initiative				
It's innovative				
It adds value to the regular menu				
It affected my perception of McDonald's in a positive manner				
It helps to promote the Portuguese culture				
It threatens small businesses/local producers that sell the traditional versions of the products				

**15. Which category describes your age?**

- Under 18
- 18-24
- 25-34
- 35-44
- 45-54
- 55-65
- Over 65

**16. Gender**

- Male
- Female

**17. Nationality**

- Portuguese
- Other

**Exhibit 3 – McDonald's Belém - Portugal**



**Exhibit 4 – Attendant (MCD Portugal)**

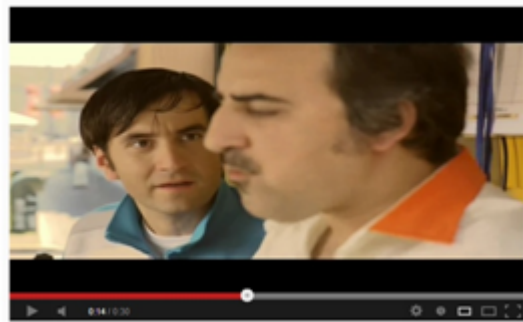


**Exhibit 5 – Glocal Products (MCD Portugal)**





Exhibit 6 – Media: main frames of the video campaign (Mc Bifana)





**Exhibit 7 – Sample analysis – Frequencies: Nationality (Q17)**

Nationality				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Portuguese	152	48,7	48,7	48,7
Valid Other	160	51,3	51,3	100,0
Total	312	100,0	100,0	

**Exhibit 8– Sample analysis – Frequencies: Gender (Q16)**

Gender				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	112	35,9	35,9	35,9
Valid Female	200	64,1	64,1	100,0
Total	312	100,0	100,0	

**Exhibit 9 – Sample analysis – Frequencies: Age intervals (Q15)**

Which category describes your age				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Under 18	5	1,6	1,6	1,6
Valid 1824	94	30,1	30,1	31,7
Valid 2534	162	51,9	51,9	83,7
Valid 3544	23	7,4	7,4	91,0
Valid 4554	19	6,1	6,1	97,1
Valid 5565	9	2,9	2,9	100,0
Total	312	100,0	100,0	

**Exhibit 10 – Sample analysis – Frequencies: Eating out habits (Q2)**

**How often do you eat out**

	Frequency	Percent	Valid Percent	Cumulative Percent
Daily	115	36,9	36,9	36,9
Weekly	159	51,0	51,0	87,8
Monthly	26	8,3	8,3	96,2
Valid Once every three months	5	1,6	1,6	97,8
Once every 6 months or less	7	2,2	2,2	100,0
Total	312	100,0	100,0	

**Exhibit 11 – Sample analysis – Frequencies: Fast food Consumption (Q3)**

**Do you consume fast food**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	252	80,8	80,8	80,8
Valid No	60	19,2	19,2	100,0
Total	312	100,0	100,0	

**Exhibit 12 – Sample analysis – Frequencies: Visits to MCD (Q6)**

**When was the last time you visited a McDonalds**

	Frequency	Percent	Valid Percent	Cumulative Percent
Within the last week	76	24,4	24,4	24,4
Within the last month	89	28,5	28,5	52,9
Valid Between 1 and 3 months ago	65	20,8	20,8	73,7
More than 3 months ago	78	25,0	25,0	98,7
Never visited	4	1,3	1,3	100,0
Total	312	100,0	100,0	

### Exhibit 13 – Sample analysis – Frequencies: Consumption habits (Q5)

Please select the fast food restaurant you visit the most

	Frequency	Percent	Valid Percent	Cumulative Percent
Burger King	25	8,0	8,0	8,0
Cia das Sandes	4	1,3	1,3	9,3
KFC	1	,3	,3	9,6
McDonalds	155	49,7	49,7	59,3
PansCo	8	2,6	2,6	61,9
Valid H3	26	8,3	8,3	70,2
Pizza Hut	11	3,5	3,5	73,7
Other	52	16,7	16,7	90,4
I never eat in fastfood restaurants	30	9,6	9,6	100,0
Total	312	100,0	100,0	

### Exhibit 14 – Results – Independent T-test: Fast-food consumer choice attributes (Q7)

Group Statistics

	Nationality	N	Mean	Std. Deviation	Std. Error Mean
Quality of service	Portuguese	149	3,17	,850	,070
	Other	159	3,26	,880	,070
Employee friendliness	Portuguese	149	2,60	,992	,081
	Other	159	2,63	,971	,077
Atmosphere	Portuguese	149	2,79	,927	,076
	Other	159	2,87	,862	,068
Location	Portuguese	149	3,41	,678	,056
	Other	159	3,48	,794	,063
Quality of food	Portuguese	149	3,54	,693	,057
	Other	159	3,69	,573	,045
Menu variety	Portuguese	149	3,00	,788	,065
	Other	159	2,99	,889	,071
Brand	Portuguese	149	2,73	,956	,078
	Other	159	2,45	1,010	,080
Price	Portuguese	149	3,47	,785	,064
	Other	159	3,14	,870	,069

**Independent Samples Test**

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Quality of service Equal variances assumed	1,874	,172	-,913	306	,362	-,090	,099	-,284	,104
Quality of service Equal variances not assumed			-,914	305,732	,362	-,090	,099	-,284	,104
Employee friendliness Equal variances assumed	,114	,736	-,223	306	,824	-,025	,112	-,245	,195
Employee friendliness Equal variances not assumed			-,222	303,750	,824	-,025	,112	-,245	,195
Atmosphere Equal variances assumed	2,808	,095	-,873	306	,383	-,089	,102	-,290	,112
Atmosphere Equal variances not assumed			-,871	300,364	,385	-,089	,102	-,290	,112
Location Equal variances assumed	2,408	,122	-,813	306	,417	-,069	,084	-,235	,098
Location Equal variances not assumed			-,817	303,402	,415	-,069	,084	-,234	,097
Quality of food Equal variances assumed	12,474	,000	-,2143	306	,033	-,155	,072	-,297	-,013
Quality of food Equal variances not assumed			-,2130	287,808	,034	-,155	,073	-,298	-,012
Menu variety Equal variances assumed	,875	,350	,066	306	,948	,006	,096	-,183	,195
Menu variety Equal variances not assumed			,066	305,071	,948	,006	,096	-,182	,194
Brand Equal variances assumed	2,021	,156	2,539	306	,012	,285	,112	,064	,506
Brand Equal variances not assumed			2,544	305,970	,011	,285	,112	,065	,505
Price Equal variances assumed	1,303	,255	3,436	306	,001	,325	,095	,139	,511
Price Equal variances not assumed			3,447	305,550	,001	,325	,094	,140	,511

**Exhibit 15 – Results – Eta squared calculation – Importance of menu variety (Q7)**

$$\text{Eta squared} = t^2 / t^2 + (N1 + N2 - 2)$$

$$\text{Eta squared} = 0,948^2 / 0,948^2 + (149 + 159 - 2)$$

$$\text{Eta squared} = 0,003$$

**Exhibit 16 – Results – Independent T-test: Perceptions – Portuguese x Others (Q14)**

<b>Group Statistics</b>					
	Nationality	N	Mean	Std. Deviation	Std. Error Mean
I like the initiative	Portuguese	152	3,49	,681	,055
	Other	160	3,36	,828	,065
Its innovative	Portuguese	152	3,30	,812	,066
	Other	160	3,11	,854	,068
It adds value to the regular menu	Portuguese	152	3,20	,848	,069
	Other	160	3,18	,880	,070
It affected my perception of McDonalds in a positive manner	Portuguese	152	2,70	,942	,076
	Other	160	2,66	1,040	,082
It helps to promote the Portuguese culture	Portuguese	152	2,98	,973	,079
	Other	160	2,96	1,051	,083
It threatens small businesseslocal producers that sell the traditional versions of the products	Portuguese	152	2,60	,965	,078
	Other	160	2,42	1,037	,082

	Levene's Test for Equality of Variances		t-test for Equality of Means							
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
								Lower	Upper	
I like the initiative	4,159	,042	1,445	310	,149	,124	,086	-,045	,294	
Equal variances assumed										
Equal variances not assumed			1,452	303,817	,148	,124	,086	-,044	,293	
Its innovative	,003	,957	1,943	310	,053	,184	,094	-,002	,369	
Equal variances assumed										
Equal variances not assumed			1,945	309,999	,053	,184	,094	-,002	,369	
It adds value to the regular menu	,117	,732	,296	310	,768	,029	,098	-,164	,222	
Equal variances assumed										
Equal variances not assumed			,296	309,931	,768	,029	,098	-,164	,221	
It affected my perception of McDonalds in a positive manner	3,441	,065	,365	310	,715	,041	,113	-,180	,263	
Equal variances assumed										
Equal variances not assumed			,366	309,304	,714	,041	,112	-,180	,262	
It helps to promote the Portuguese culture	3,568	,060	,155	310	,877	,018	,115	-,208	,244	
Equal variances assumed										
Equal variances not assumed			,155	309,789	,877	,018	,115	-,208	,243	
It threatens small businesses/local producers that sell the traditional versions of the products	1,802	,180	1,585	310	,114	,180	,114	-,043	,403	
Equal variances assumed										
Equal variances not assumed			1,588	309,867	,113	,180	,113	-,043	,403	

**Exhibit 17 – Results – Eta squared calculation – Weighed Perceptions Portuguese x others (Q14)**

$$\text{Eta squared} = t^2 / t^2 + (N1 + N2 - 2)$$

$$\text{Eta squared} = 0,842^2 / 0,842^2 + (152 + 160 - 2)$$

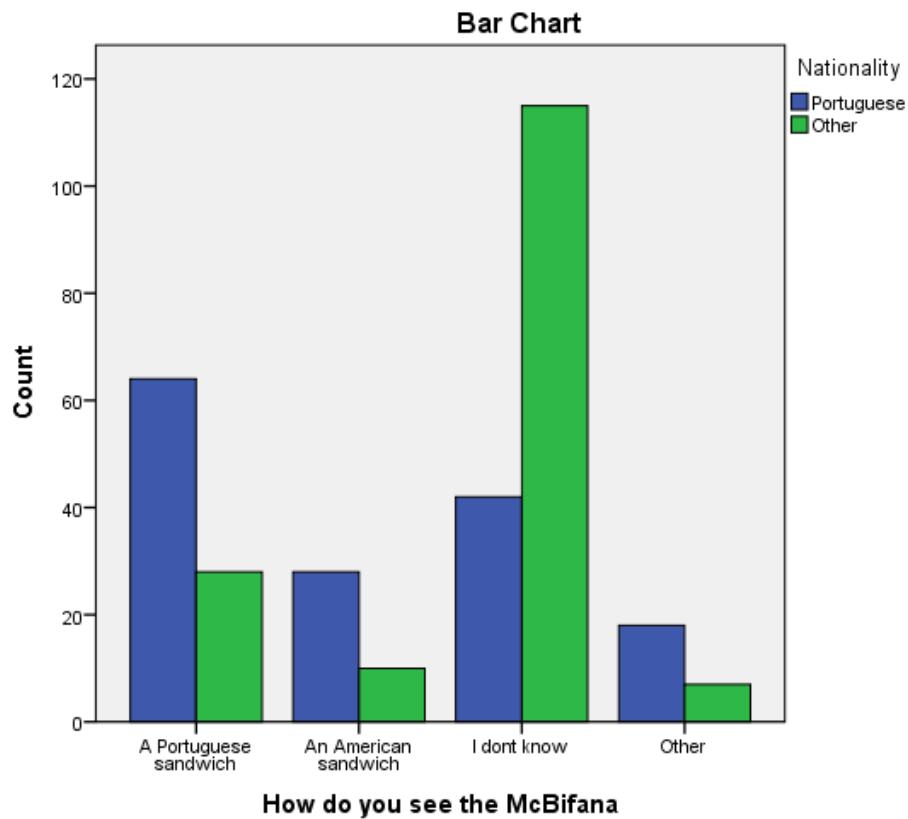
$$\text{Eta squared} = 0,002$$

**Exhibit 18 – Results – Crosstabulation: Perceptions – Glocal product identity (Q13)**

**How do you see the McBifana \* Nationality Crosstabulation**

			Nationality		Total
			Portuguese	Other	
How do you see the McBifana	A Portuguese sandwich	Count	64	28	92
		Expected Count	44,8	47,2	92,0
		% within Nationality	42,1%	17,5%	29,5%
	An American sandwich	Count	28	10	38
		Expected Count	18,5	19,5	38,0
		% within Nationality	18,4%	6,2%	12,2%
	I dont know	Count	42	115	157
		Expected Count	76,5	80,5	157,0
		% within Nationality	27,6%	71,9%	50,3%
	Other	Count	18	7	25
		Expected Count	12,2	12,8	25,0
		% within Nationality	11,8%	4,4%	8,0%
	Total	Count	152	160	312
		Expected Count	152,0	160,0	312,0
		% within Nationality	100,0%	100,0%	100,0%

**Exhibit 18.1 – Results – Bar Chart: Perceptions – Glocal product identity (Q13)**



**Exhibit 19 – Results – Chi-Square Test: Perceptions (McBifana) – glocal product (Q13)**

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	61,231 <sup>a</sup>	3	,000
Likelihood Ratio	63,438	3	,000
Linear-by-Linear Association	22,982	1	,000
N of Valid Cases	312		

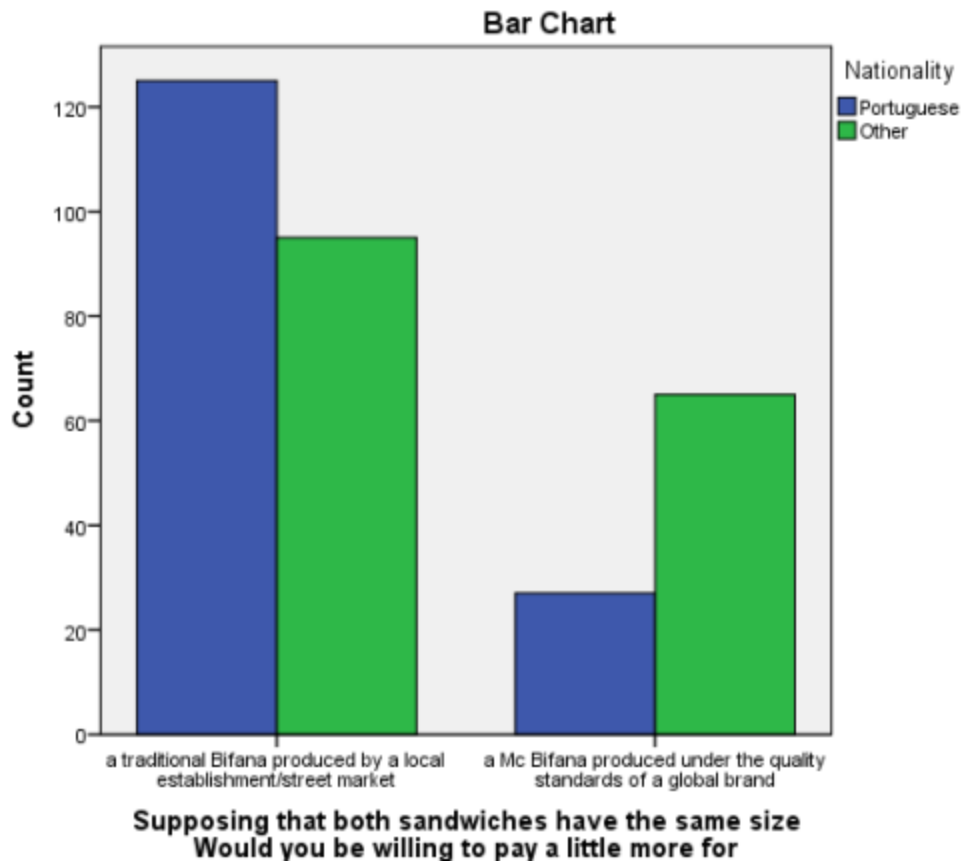
a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 12,18.

**Symmetric Measures**

	Value	Approx. Sig.
Nominal by Nominal		
Phi	,443	,000
Cramer's V	,443	,000
N of Valid Cases	312	

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.

**Exhibit 20 – Results – Bar Chart: Perceptions (Traditional vs MCD) – Glocal product (Q12)**



**Exhibit 21 – Results – Crosstabulations: Experience McBifana – Glocal product (Q11)**

**About the following product \* Nationality Crosstabulation**

		Nationality		Total
		Portuguese	Other	
About the following product I have purchased it and was satisfied with the product	Count	22	3	25
	Expected Count	12,2	12,8	25,0
	% within Nationality	14,5%	1,9%	8,0%

		Count	12	1	13
	I have purchased it and was disappointed	Expected Count	6,3	6,7	13,0
		% within Nationality	7,9%	0,6%	4,2%
		Count	56	81	137
	I have never purchased it but would like to try it	Expected Count	66,7	70,3	137,0
		% within Nationality	36,8%	50,6%	43,9%
		Count	62	75	137
	I have never purchased it and I am not interested at all	Expected Count	66,7	70,3	137,0
		% within Nationality	40,8%	46,9%	43,9%
		Count	152	160	312
Total		Expected Count	152,0	160,0	312,0
		% within Nationality	100,0%	100,0%	100,0%

## Exhibit 22 – Results – Frequencies: Awareness – Glocal products (Q8)

**Have you ever heard of any of these products please select all that apply - Sopissimas Soups from Mc Donalds<sup>a</sup>**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sopissimas Soups from Mc Donalds	113	74,3	100,0	100,0
Missing	Null	39	25,7		
Total		152	100,0		

a. Nationality = Portuguese

**Have you ever heard of any of these products please select all that apply - Mc Sundae Pera Rocha do Oeste<sup>a</sup>**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Mc Sundae Pera Rocha do Oeste	76	50,0	100,0	100,0
Missing	Null	76	50,0		
Total		152	100,0		

a. Nationality = Portuguese

**Have you ever heard of any of these products please select all that apply - Mc**

**Bifana<sup>a</sup>**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Mc Bifana	120	78,9	100,0	100,0
Missing	Null	32	21,1		
Total		152	100,0		

a. Nationality = Portuguese

**Have you ever heard of any of these products please select all that apply - Mc**

**Lusitano<sup>a</sup>**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Mc Lusitano	45	29,6	100,0	100,0
Missing	Null	107	70,4		
Total		152	100,0		

a. Nationality = Portuguese

**Have you ever heard of any of these products please select all that apply - Never heard of any<sup>a</sup>**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never heard of any	20	13,2	100,0	100,0
Missing	Null	132	86,8		
Total		152	100,0		

a. Nationality = Portuguese

**Exhibit 23 – Results – Frequencies: Attitudes (PT Consumers) – Glocal product (Q9)**

**Do any of the products on the previous question influence your visit to McDonalds<sup>a</sup>**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Yes I have actually purchased one or more of these products	39	25,7	25,7	25,7
Yes I havent purchased any but I intend to visit Mc Donalds	27	17,8	17,8	43,4
Not at all The addition of local options on a fastfood menu	86	56,6	56,6	100,0
Total	152	100,0	100,0	

a. Nationality = Portuguese

**Exhibit 24 – Results – Crosstabulation: Usage x Attitudes (PT Consumers) – glocal product (Q9/ Q6)**

See next page (76).

**Do any of the products on the previous question influence your visit to McDonalds \* When was the last time you visited a McDonalds Crosstabulation**

	When was the last time you visited a McDonalds					Total
	Within the last week	Within the last month	Between 1 and 3 months ago	More than 3 months ago	Never visited	
Do any of the products on the previous question influence your visit to McDonalds						
Yes I have actually purchased one or more of these products	22,9%	29,6%	37,5%	10,7%		25,7%
% within last time you visited a McDonalds						
% of Total	5,3%	10,5%	7,9%	2,0%		25,7%
Yes I havent puichased any but I intend to visit McDonalds	20,0%	18,5%	9,4%	25,0%		17,8%
% within last time you visited a McDonalds						
% of Total	4,6%	6,6%	2,0%	4,6%		17,8%
Not at all The addition of local options on a fastfood menu	57,1%	51,9%	53,1%	64,3%	100,0%	56,6%
% within last time you visited a McDonalds						
% of Total	13,2%	18,4%	11,2%	11,8%	2,0%	56,6%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
% within last time you visited a McDonalds						
% of Total	23,0%	35,5%	21,1%	18,4%	2,0%	100,0%

**Exhibit 25 – Results – Frequencies: WTP Portuguese – Glocal product/Sundae (Q10)**

Supposing that a regular McSundae chocolate caramel or strawberry topping costs 150

How much would you be willing to pay<sup>a</sup>

	Frequency	Percent	Valid Percent	Cumulative Percent
165	49	32,2	32,2	32,2
150	69	45,4	45,4	77,6
Valid 135	14	9,2	9,2	86,8
Zero I dont like pears	20	13,2	13,2	100,0
Total	152	100,0	100,0	

a. Nationality = Portuguese

**Exhibit 26 – Results – Frequencies: WTP – traditional x branded Bifana (Q12)**

Supposing that both sandwiches have the same size Would you be willing to pay a little more for

	Frequency	Percent	Valid Percent	Cumulative Percent
a traditional Bifana produced by a local establishment/ street market	125	82,2	82,2	82,2
Valid a Mc Bifana produced under the quality standards of a global brand	27	17,8	17,8	100,0
Total	152	100,0	100,0	

**Exhibit 27 – Results – Frequencies: Fast-food restaurant – visit most (Q5) - Portuguese:**

Please select the fastfood restaurant you visit the most

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Burger King	11	7,9	7,9	7,9
Cia das Sandes	4	2,9	2,9	10,8

McDonalds	74	52,9	52,9	63,7
PansCo	8	5,7	5,7	69,4
H3	26	18,6	18,6	88
Pizza Hut	6	4,3	4,3	92,3
Subway	1	,7	,7	93
Local Chain (Internat.)	1	,7	,7	93,7
Vitaminas/ Go Natural	4	2,9	2,9	96,6
TelePizza/Mr. Pizza	2	1,4	1,4	98,0
Joshua Shoarma/WoktoWalk	3	2,0	2,0	100,0
Total	140	100,0	100,0	

**Exhibit 28 – Results – Crosstabulation: Attitudes (McBifana) x Consumption habits (Q11/ Q5):**

About the following product \* Please select the fastfood restaurant you visit the most Crosstabulation<sup>a</sup>

			Please select the fastfood restaurant you visit the most		Total
			McDonalds	H3	
About the following product	I have purchased it and was satisfied with the product	Count % within Please select the fastfood restaurant you visit the most	10 13,5%	5 19,2%	15 15,0%
	I have purchased it and was disappointed	Count % within Please select the fastfood restaurant you visit the most	10 13,5%	1 3,8%	11 11,0%
	I have never purchased it but would like to try it	Count % within Please select the fastfood restaurant you visit the most	28 37,8%	12 46,2%	40 40,0%
	I have never purchased it and I am not interested at all	Count % within Please select the fastfood restaurant you visit the most	26 35,1%	8 30,8%	34 34,0%
Total	Count % within Please select the fastfood restaurant you visit the most	74 100,0%	26 100,0%	100 100,0%	

a. Nationality = Portuguese

**Exhibit 29 – Results – Crosstabulation: Attitudes (general) x Consumption habits (Q9/ Q5):**

**Do any of the products on the previous question influence your visit to McDonalds \* Please select the fastfood restaurant you visit the most Crosstabulation<sup>a</sup>**

			Please select the fastfood restaurant you visit the most		Total
			McDonalds	H3	
Do any of the products on the previous question influence your visit to McDonalds	Yes I have actually purchased one or more of these products	Count % within Please select the fastfood restaurant you visit the most	19 25,7%	11 42,3%	30 30,0%
	Yes I havent purchased any but I intend to visit Mc Donalds	Count % within Please select the fastfood restaurant you visit the most	16 21,6%	5 19,2%	21 21,0%
	Not at all The addition of local options on a fastfood menu	Count % within Please select the fastfood restaurant you visit the most	39 52,7%	10 38,5%	49 49,0%
Total		Count % within Please select the fastfood restaurant you visit the most	74 100,0%	26 100,0%	100 100,0%

a. Nationality = Portuguese