



## Analysis of McDonalds' entry strategy into Vietnam market

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### Abstract

McDonalds is one of the international F&B groups to enter the Vietnamese market at the latest while other competitors have been present and successfully doing business in this market. This article re-analyzes a new and cautious market penetration strategy like Vietnam in recent years and tries to answer whether such a slow and reliable strategy will ensure great success for McDonalds in the future.

**Keywords:** McDonalds, entry strategy, foreign market, Vietnam, food and beverage

### 1. Introduction

Today, with the strong development of production forces, the science and technology revolution, the activities of transnational Corporations (TNCs) are and will be the leading force to accelerate the process. globalization, affecting all areas of socio-economic life on an international scale. They are a key force in the transmission of science, technology and technology, restructuring the world economy and a model to implement a modern commodity production organization. McDonald's, a fast food corporation from the United States, is present throughout the world market. McDonald's success stems from many factors and a large part of that's success is an international business strategy. To build an international business strategy is a process. study the international business strategy of fast food group McDonald's [3, 4, 5, 6, 7, 8]. So we had decided to choose the research topic entitled "analysis of McDonalds' entry strategy into Vietnam market" as a subject of scientific investigation.

### 2. Theoretical framework

#### 2.1 Business strategy

Strategy is the orientation and scale of an organization in the long term. It will benefit the organization by optimizing the arrangement of resources in a competitive environment to meet market demand and expectation of capital contributors. In other words, the strategy is (Tien, 2012; Tien, 2012a; Tien, 2019; Tien, 2017; Tien & Anh, 2017):

- Where businesses try to reach in the long term (direction)
- Which markets do businesses have to compete with and what kind of activities do they perform in that market (market, size)?
- How will your business perform better than your competitors in those markets (advantages)?
- What resources (skills, assets, finance, relationships, technical capabilities, equipment) are required to be able to compete (resources)?
- What factors from the outside environment affect the

competitiveness of enterprises (environment)?

- What values and expectations do those in and out of business need (capital contributors)?

The business strategy is how a business can successfully compete in a specific market. It involves strategic decisions about product selection, customer satisfaction, competitive advantage over competitors, exploitation and creation of new opportunities.

International business strategy is part of the company's business and development strategy, which includes the long-term goals that the company needs to achieve through international business activities, policies and and major solutions to bring the company's current international operations to a new state of higher quality (Tien, 2013; Tien, 2015; Tien 2019; Tien & Ngoc, 2019, 2019a, 2019b).

#### 2.2 Market entry strategy

##### Product strategy

In order to gain a position in today's competitive market, companies must have a clear product strategy. Their products must be different from competing firms and increasingly quality. It is evident that the products have a clear specific feature of flavor, color, brand and even the way of packaging and processing (Tien & Anh, 2017).

##### Promotion strategy

In order to stand firm and reach out on the market, companies are always looking for ways to bring their products closer to consumers and expand the consumption market. Thanks to the advantages of experience, finance and brand available companies can reach their consumers in most convenient ways. Companies are always looking for ways to be close and consistent with the customs and lifestyles of each locality (Tien & Anh, 2017).

Advertising messages: most of them have a message to be close to consumers. For example, by comparing the way of life between two generations of grandparents and grandchildren, Coca-Cola offers health advice to customers.

Thereby, the quality of its products is increasingly confirmed.

Media: not only on television, movies or newspapers but now social networking is a vast environment for interacting with consumers.

### Price strategy

Pricing strategies are a decisive factor in market penetration strategies and are related to management decisions such as pricing of products (setting prices), pricing of products (costs) and price changes according to market requirements. The best way is to find out what makes customers willing to spend money to buy our products. It is an important buying engine because it represents the sacrifice (paid) that customers are willing to spend to get satisfaction (product features). Price is one of the big problems in competition between brands, consumer psychology is not only to choose a good product, but also that suitable with their income and spending ability (power of purchase) (Tien *et al.*, 2019; Tien & Anh, 2017).

## 3. McDonald's international business strategy

### 3.1. McDonald's corporation

McDonald's is a fast food restaurant business group with approximately 31,000 restaurants in 119 countries serving 43 million daily visitors under its own brand. The company was first founded in 1940 by brothers Richard and Maurice McDonald. The foundation of today's successful business is acquired by Ray Kroc of the McDonald brothers and developed into one of the most successful culinary business projects in the world <sup>[1, 2, 3]</sup>.

The McDonald's story begins about 60 years ago in San Bernadio, California. Ray Kroc is a salesperson who specializes in providing "milkshakes before drinking and mixed food" to a food store serving drivers and customers of the two brothers Dick and Mac McDonald. Kroc estimated that the store would sell more than 2,000 boxes of milkshakes every month, and since then, Kroc was curious to know more about why the McDonald's business was so prosperous. He visited this "quick service" shop and was amazed at the speed of serving the burger here: 15 seconds for a 15-cent hamburger with potatoes and milkshakes. Kroc saw the growth potential of this business and decided to get involved. The McDonald brothers agreed with Kroc's offer to buy the "fast food restaurant" license, and the McDonalds will still receive 1% of the sales of these stores. And on April 15, 1955, Kroc opened the first McDonald's restaurant serving fast food at Des Plaines, a suburb of northern Chicago <sup>[1, 2, 4]</sup>.

With a rapid growth, the McDonald's system sold more than 100 million hamburgers within the first 3 years and the 100th McDonald's was opened 4 years later, in 1959. By 1961, Kroc paid 2.7 million US dollars to buy all the benefits from the McDonald brothers and in 1963, the sale of the 1 billion hamburger was broadcast live on television during prime time commercial. McDonald's is not only popular in the United States but also rapidly gaining success in international markets such as Canada, Japan, Australia and Germany. Today, there are about 1.5 million people working for McDonald's worldwide. Initially McDonald's was just a US success phenomenon but now it has become a truly international brand <sup>[3, 6, 7]</sup>.

### 3.2. McDonald's international business strategy

McDonald's is considered a classic symbol of globalization strategy. McDonald's has 80% of sales in just four countries - USA, Germany, UK and France. Their key is the Franchise. Ray Kroc convinced the brothers Richard and Maurice McDonald to work with him, giving Ray Kroc the right to use the McDonald's name for the fast food system, while Richard and Maurice would enjoy 1% of the sales of the this store. Ray Kroc quickly developed models with business philosophy "happiness is the result of sweating, the more you sweat the happier people will be" <sup>[1, 2]</sup>.

The McDonald's model of franchising has a great advantage of giving franchisees great autonomy. The store owners can choose for themselves the advertising and marketing activities appropriate to their location and location. Another particularly important secret of McDonald's success is that it has incorporated the store rent issue into its franchising model. The bigger the store is, the bigger the fee, besides the franchise fee, the corporation will collect a large amount of money. It was by that way that Ray Kroc cleverly tackled the franchisee's difficulty in controlling revenue. To do this, McDonald's proactively looks for locations that are beautiful and convenient for business. On the other hand, McDonald's has a long-term business cooperation strategy with major partner corporations such as Coca Cola and become the largest consumer of Coca Cola in the world <sup>[4, 5, 6, 7]</sup>. This model is clearly shown in the company's marketing strategy:

- Product:

The original purpose of McDonald's was to aim for a menu of standardized fast foods with the same quality and taste regardless of location. But then McDonald's realized that adjusting a little taste, ingredients in each locality will help the company be more successful. In line with local change, a team of McDonald's quality Assurance is also formed to maintain food standards on a global scale. With the structure of an international area, separate product categories will be categorized into each geographical region. Like McDonald's did, for example the File-O-Fish sandwich, made by Lou Groen, the owner of a branch store in Cincinnati, the area where most Christians are concentrated, or like McDonald's Hamburger in India It is often associated with fried chicken instead of beef. Moreover, with a narrow product group that does not differ in geography, the global regional organizational structure is more suitable. From a very small family-owned restaurant, McDonald's has grown into a network of fast-service stores worth billions of US dollars. While Hamburger and French fries are the mainstay of McDonald's business, the ability to anticipate and meet the real needs of customers is their greatest success. A good example is the File-O-Fish sandwich, made by Lou Groen, owner of a branch restaurant in Cincinnati, an area where most Christians are concentrated. Groen found that his business was not working well on Fridays where Christians did not eat meat-based dishes. Groen has launched a personal sandwich to meet the needs of the locals. The File-O-Fish sandwich was first sold in 1963 and quickly became a popular menu item at all McDonald's stores around the world. Subsequently, in 1968, Big Mac-McDonald's most successful sandwich dish was made by Jim Deligatti restaurant in Pittsburg. Some Big Macs do not contain butter, which separates meat and dairy products in accordance with the diet of many customers. And 9 years later, the same restaurant, they serve a breakfast menu to the

drivers. And this changes the breakfast habits of millions of Americans.

Since 1967, McDonald's has started to expand overseas. Ray Kroc had to have very flexible tactics without losing the fast-food industry image of McDonald's. For Indians who do not eat beef, there is a modified Hamburger instead of fried chicken. McDonald's serves customers with the best quality food. The raw ingredients for food processing have been ordered from suppliers for a long time. Food is highly prepared and consistent. McDonald's is always reviewed and improved to make sure it meets customer expectations. The menu of McDonald's restaurant in the US has beer, chicken, fish, salads and vegetarian dishes, plus a variety of desserts, hot and cold drinks with many different flavors. McDonald's is the first fast-food restaurant to openly list all ingredients and its nutritional value analysis in detail on all of their products. In 2000, McDonald's launched a number of innovative products such as McSalad, Shaker and Fruit N'Yogurt Parfaits (fruit yogurt ice cream), which were easier to eat while busy. Ray Kroc is also very interested in industrializing the manufacturing process. McDonald's boss pays special attention to the factors: service quality and hygiene and affirms that it is an important advantage thanks to industrialization. Ray Kroc also invested in a laboratory in Chicago to test and assess food quality, hygiene and safety. Factors of standardization of products such as size, nutritional content, store layout, staff uniforms and service quality evaluation criteria have shown the impact of globalization strategy. However, due to the impact of demand factors and local culture, it has changed flexibly to suit each market such as the change in the combination of ingredients in the product.

#### ▪ Price

The overall goal of McDonald's is to continuously increase market share. In this case, the company's focus is on localization plans with different strategies in each country. Price is a difficult factor to be standardized globally, as consumers' income varies from country to country depending on their economy. Therefore, McDonald's sets different prices for their fast foods based on analysis and research in each country.

#### ▪ Place (Distribution)

McDonald's always focuses on managing costs, tightly controlling business development with careful and strategic expansion plans. In the US, McDonald's has grown at a rate of 300-400 restaurants per year to create a distance between them and the competitors. In strategies to eliminate competitors, McDonald's is more open than other restaurants even when the fast-food industry declines. This method will force competitors to become McDonald's "children" if they want to survive instead of risking their own independent business. Once again, we see a combination of global and local strategies. In 1965, McDonald's was equitized. Two decades later, it became one of the 30 benchmark companies for calculating the Dow Jones Index; The total value of shares offered to the public at that time was only \$ 2,500, equivalent to about \$ 3 million today. Kroc has been trying to start other restaurant business models for a few years, but none of them really worked. Even so, McDonald's continued to grow tremendously, and Kroc's dream of running 1,000 retail outlets came true in 1968. Three years later, his company

grew outside the United States by expanding markets to Europe and Australia. When Kroc died in 1984, the company had more than 7,500 branches worldwide.

McDonald's continues to explore new lands, and customers follow eagerly even in places that many consider unsuitable to grow this type of business. For example, in 1994, about 15,000 people lined up on the opening day of McDonald's in Kuwait City to taste American favorite Hamburger. Today, the international store network accounts for nearly 60% of the company's total revenue and profit. The number of its 12,500 stores across the United States has increased significantly in recent years thanks to the emergence of retail stores inside new shopping areas such as Wal-Mart stores and Amoco, accounts for 40% market share of fast food business across the United States.

#### ▪ Promotion

McDonald's strives to maximize localization of its marketing programs, because it recognizes that it will not be possible to entice customers everywhere with just one common approach. McDonald's clearly recognizes the need to "build a global brand, local marketing action." For example, in China, McDonald's realizes that advertising on television will be a waste of money, because these items are often overlooked. Instead, McDonald's uses newspapers to promote the image. Similarly, in East Asia, McDonald's aims at children to achieve the best results. Of course, the final brand / message is the same, they differ only in the way that has been cleverly adjusted. Even so, running a business in the US is not without its difficulties. Market saturation and a growing number of competitors - from other hamburger chains as well as increasingly popular foods such as pizza, Mexican food and fried chicken - have been limited. The number of new stores opened in the US in 1998 is 92. The public's changing tastes and possibly in response to the company's extensive development also contributed to the decline in sales. But McDonald's is constantly responding with promotional activities that target the interests of the community such as children's toys, combined with the premieres of major movies. Effective TV commercials, promoting such familiar items along with the intimate name Big Mac and new products such as the McFlurrie desserts, have also been launched. At the same time, investments in small chains specializing in pizza and Mexican food also provide the company with huge growth potential. From the outset Kroc has targeted customers as children. It is an inexhaustible source of customers, constantly being replenished and psychologically as well as hobby. White clown in yellow, white and red striped socks quickly became a symbol for McDonald's, was Children love it. Kroc knew that an effective advertising strategy would greatly increase the value of the brand. From the United States, Kroc conducts a world conquest for the brand of McDonald's. Like the difference between Ray Kroc's fast-food restaurant chain and other restaurants, Ray Kroc is more than just an ordinary businessman. Believing that the most important thing was to contribute to the place where he lived, Kroc started McDonald's philanthropy in 1974 (such actions were rarely seen then) by building McDonald's Open House first in Philadelphia. Designed to provide families of seriously ill children with a comfortable home, there are now 200 such homes worldwide. In addition, the McDonald's Charity Foundation and the Children's Charity Program are part of efforts to raise about US \$ 20 million

annually for this charity. McDonald's is committed to being an effective member of the community. The charity organization named Ronald McDonald (RMHC) has contributed nearly 250 million US dollars with the purpose of sponsoring programs for children around the world since 1984. The basis of RMHC is the Ronald McDonald's House program, sponsors families with children with critical illnesses so they can be treated in the hospitals closest to their home. The first Ronald McDonald's house was opened in Philadelphia in 1974 and today there are about 200 such houses in the world.

Two years after Kroc's death, his wife Joan continued his efforts by setting up a charity called McDonald's House. Since then she has personally contributed more than \$ 100 million, to help all those in need from homeless to the nuclear disarmament movement. In recent years, she has also quietly contributed \$ 15 million to food shortage victims in North Dakota, along with \$ 80 million to the Army Relief Fund to build a community center in San Diego. McDonald's has hired thousands of elderly and disabled employees, and has additional programs to help develop their careers with women and other minority employees. After years of criticism for the indiscriminate littering of its packaging, McDonald's is working with the Environmental Protection Fund to reduce the amount of non-compostable waste and other things by transferring from materials. Synthetic plastic to use paper bags. In addition, since 1994, approximately 8,500 McDonald's restaurants have become smoke-free. And, of course, no vending machines are seen in their shops. Catching the trend of high-quality coffee and the emergence of high-class coffee shops, McDonald's started opening coffee bars called McCafé inside its restaurants, first in Melbourne, Australia, in 1993. Ten years later, McDonald's had 600 McCafé like that around the world. In 2006, McDonald's reinvented itself with a policy of redesigning their entire restaurants around the world. This is the largest McDonald's convention ever since the 1970s. The new design retains the traditional red and yellow colors of McDonald's and the new colors of olive and green, but the red is softened into brown earth and yellow to golden (yellow) to bring more fresh shine. At the same time, McDonald's is also increasing its use of brick and wood decoration materials and gradually reducing plastic materials. They use chandeliers with softer lighting and decorate the walls with contemporary art paintings. With all their efforts, McDonald's continues to aim to serve customers with nutritious meals that cost little time, and in a true clean space.

Advertising, of course, is not the only cause of success, but it cannot be separated. Until now, the money invested in advertising and promotions of McDonald's always accounted for a fixed proportion of the sales of the store. McDonald's demonstrates the rare ability to do business as a "retailer" but with the brand's mindset, they still achieve sales right now, while still building and Protect brand reputation in the long run. Advertising on television has contributed greatly in changing the brand image of McDonald's from a multinational company to a member of society. Through that advertising program, McDonald's has created the sympathy of customers based on the trust, warmth and humanity that none of their competitors can. McDonald's also participates in sponsoring sports programs, especially prestigious sporting events in the world such as the World Cup and Olympic Games to strengthen the

brand's international power, in addition to McDonald's. Also participate in sponsorship programs that vary by region.

In addition to each nation's advertising and promotional campaigns, McDonald's is firmly committed to Ray Kroc's strong belief that McDonald's will contribute to community building with local activities ranging from morning activities for the elderly to fundraising for schools and hospitals, etc. McDonald's conducts marketing and promotes its brand not only head on TV channels, but also conducts direct contact with consumers themselves. For example, when approaching new markets, McDonald's has conducted surveys for customers there and at the same time to promote products for consumers. Thereby, customers just got to know the brand of McDonald's, and they also enjoyed the product. After that, customers will spread their word about McDonald's brand. McDonald's has brought its brand to consumers around the world through the same images, logos, and messages, but shown in each different marketing tactic to suit the characteristics of each market. With the international business strategy of globalizing McDonald's, it standardizes its brand image from the decoration of the store, the staff uniform and the service style. However, the chain of stores like McDonald's built national marketing plans in addition to regional planning for their operating system, combining the brand's identity with the local marketing plan. Customers in each locality, each region are a unique advantage of the franchisor in that locality, and the franchisor should take advantage of that to strengthen his brand. McDonald's has made every effort to localize marketing tactics, because it recognizes that it will not be possible to entice customers everywhere with a single solution. With "global thinking of local action", the global regional structure gives department managers autonomy to make quick decisions based on local tastes and rules, so that The company can meet the needs of each country more. In addition, the company gained valuable experience by satisfying local tastes and building a strong competitive advantage. As in different regions, McDonald's has different marketing ways to bring its image to customers.

#### ▪ **People**

McDonald's is based on a mix of American human resources and well-trained local staff in accordance with global standards. The number of McDonald's employees is up to millions and the average doubled after 5-7 years. Therefore, although there are always questions about human resources that McDonald's must answer, such as how will the Labor Law work? How many local staff are there? Will cultural barriers arise? But that does not diminish the close association with the local workforce in McDonald's global business strategies.

#### ▪ **Procedure (Process)**

McDonald's fast food manufacturing process is identical at all stores around the world - a thumbnail of globalization. Standards must be met everywhere and ensure high specificity. For example, the piece of fried meat must have a diameter of 75mm, suppliers of materials must also meet many stringent requirements.

#### ▪ **Physicality**

Although the media used in marketing can be very different, McDonald's always delivers the same message at all of its franchise restaurants around the world. In 1994,

McDonald's changed its business slogan to "There's nothing quite like a McDonald's and nothing more like McDonald's" to gain more access to its customers. This is another example of promoting McDonald's image as a global brand. And the apparent success, the huge sales and the number of fast-food restaurants spread across the globe have proven the success of a sound business strategy, a perfect blend of global business and local specialties. Certainly this strategy will also bring success to McDonald's for many years to come, just as Sean O'Halloran, founder of GeoMarketing Research, Pennsylvania, a market research firm specializing in business location analysis, has said: "McDonald's is a retail mouse, because it can exist and grow anywhere in this world, both in the plentiful market and the customer sparse market".

#### 4. McDonalds Vietnam fastfood market entry strategy

##### 4.1. The premise for McDonald's penetration into Vietnam market

###### Advantage from Vietnam market

- Living standard of the people is increasing: The GDP per capita is still low compared to the region, but if the GDP per capita is considered in two big cities, Hanoi and Ho Chi Minh City. In Ho Chi Minh City, the two locations will undoubtedly be implemented first, which can be seen that GDP per capita in these two cities is much higher than national average. (In 2012, Hanoi was about 2,200 USD / person and Ho Chi Minh City was 3,600 USD / person). This income is enough for consumers to willingly spend from 4-6 USD for a meal at McDonalds without thinking too much.

- Consumption habits and lifestyles of Vietnamese people, especially young people, change with the process of urbanization. Industrial life, fast food, fast drinking are the factors that help Fast Food develop quickly. If in the US, fast food is considered a common food, fast food to save time, then in Vietnam the concept of "fast food" has changed somewhat. Even, many people still think that going to eat KFC, Lotteria is luxurious and very stylish. Fast food meets part of the need for access to Western style services by millions of young residents in major cities. Fast food restaurants are always beautifully decorated and clean, which is a suitable place for gatherings and exchanges of most young people. Besides, there are many foreigners living in Hanoi, Ho Chi Minh City in particular and the whole country in general, which brings great demands for Fast Food.

- The synchronous development of infrastructure and the related entertainment industries: entailing the development of fast food shops. Specifically, despite having been doing business in our country for more than ten years, Lotteria and KFC have only really developed in the past few years, when shopping centers, amusement parks, cinemas were built and put into operation.

- The development of the fast food market: According to statistics of the Ministry of Industry and Trade of Vietnam, the total sales of the fast food industry in Vietnam in 2011 is estimated at an increase rate of 30% compared to 2010. With a growth rate of about 30% per year, the fast food market is becoming a industry with a high and stable growth rate in the current consumer goods industries, through which McDonald's has decided to invest in the market.

###### *Advantage from the McDonalds' brand itself*

Compared to other fast food companies such as Lotteria,

KFC, McDonald's has its own advantages, which are advantages in terms of brand and position No. 1. In the 2012 Global Brand 100 list of BrandFinance, McDonald's holds the 4th position with a brand value of US \$ 95 billion. Competitive brands such as Lotteria, KFC do not make the list. The brand has a great influence on the psychology of consumers and the phenomenon of Starbucks is the most obvious evidence. Starbucks also holds the No. 1 position in the coffee business in the world. Before Starbucks, many famous brands such as Gloria Jeans or The Coffee Bean were present in Vietnam. But by the time Starbucks came in, a massive media wave due to the brand's strong influence had helped them quickly defeat their previous rivals.

###### Difficulties (Disadvantages)

Not having much experience in Vietnam McDonald's has just officially entered the Vietnamese market through the first store opening event in Ho Chi Minh City on February 8, 2014. Therefore, compared to other competitors, McDonald's is only considered as a "latecomer" and is only in the stage of exploring and approaching the market.

Difficulties in the supply of raw materials, to ensure that the quality of a product is not too different from that of the United States, self-sufficiency in Vietnam cannot meet the needs of McDonald's. When having to import food from abroad, the cost of importing and shipping will increase the cost of the product. Currently, only vegetables are supplied from domestic businesses. The remaining ingredients must be imported from McDonald's supply chains abroad, such as beef imported from Australia.

##### 4.2. Modes of entry

McDonald entered the Vietnamese market by developing a developmental licensee for a company in Vietnam, Good Day Hospitality. According to McDonald's, Vietnam is one of more than 65 markets worldwide licensed for franchising. This is also a method that McDonald's has used more than 30 years worldwide to develop the brand. The concept of "development license" is mentioned in Clause 3, Article 3 of Decree 35/2006 / ND-CP as follows: "A franchise contract is a commercial franchise agreement granted by the franchisor. franchisee is allowed to set up more than one establishment for his / her business by franchising within a certain geographical area". The term also refers to the concept of "franchising," as defined in Article 284 of the Commercial Law: "Franchising is a commercial activity whereby the franchisor authorizes and requires The franchisee may conduct the purchase and sale of goods and / or service provision on the following conditions:

- The purchase and sale of goods and provision of services shall be conducted in the manner of business organization prescribed by the franchisor and attached to the trademarks, trade names, business secrets, business slogans, franchise, business logos, advertising;

- The franchisor has the right to control and assist the franchisee in running the business.

The key difference between a development license and a franchise is that in addition to the licensee, the licensee can not only provide the licensee's products, but also develop other products that are different from the brand. permission has transferred.

- In order to obtain the development license of McDonald's, the Vietnamese company, Good Day Hospitality, had to initially invest US \$ 45,000. This is the only fee payable to

McDonald's, the remaining costs are paid to the suppliers.

- Next, Good Day Hospitality will take part in a rigorous 9-month training course, where training on methods of working in accordance with typical McDonald's style such as quality standards, service service, the value of brand image, recipe and how to prepare each item in the menu, how to manage, inventory and monitoring skills.

- SCC, who will periodically visit the property as well as guide and explain everything in detail. McDonald's will receive a monthly fee of 4% of sales revenue, and plus rent accounts for an additional 8.5%.

-In essence, Good Day Hospitality does not own the business, but only owns the assets invested to build the business.

#### 4.3. Development strategy

##### *Links with partners in Vietnam*

McDonald's image promotion strategy is implemented through Zalo - OTT application (chat, free messaging) developed by VNG Group of Vietnam. The cause of this choice stems from the advantages and appropriate characteristics of Zalo for the promotion. A timely mobile social network that creates a better promotional environment than OTTs for voice and text messaging. There is a large community of users and strong interaction, among them are young people: This is one of the leading popular OTT applications in Vietnam with 7 million users and 75 million messages per day. Watch is a new trend on the Internet. Therefore, promoting through Zalo has a targeted audience, suitable for the target customers of the fast food industry is from 15-30 years old, and the segment of potential customers from 5-14 years old. The close relationship between VNG - Zalo and McDonald's Vietnam - Good Day Hospitality: Mr. Nguyen Bao Hoang, founder of Good Day Hospitality, is the franchisee to build McDonald's brand in Vietnam; He is also the CEO of IDG Ventures - a venture capital fund that has invested in VNG and achieved great success for both parties through this deal. Thanks to that relationship, Zalo has a deeper support for McDonald's in Vietnam, such as numerical support and message syntax, placing McDonald's advertising logos in easy-to-see positions on the interface page of yourself. In addition to typical dishes such as Big Mac or French Fries, customers can enjoy new McPork (pork burger) which is created specifically for Vietnamese taste. For busy people, you can buy cake or coffee within 2 minutes with drive-through service (buy goods without parking). This model of buying without having to get out of a car or parking a motorbike is a big plus for the brand when the Vietnamese economy has long been considered a "motorcycle" economy. Meanwhile, fast food chains of other brands such as KFC, Burger Kings, when entering Vietnam, did not apply this model. McDonald's's first outlet business location is on one of the busiest streets in Ho Chi Minh City with the goal of catching the number of people moving in and out of the center at work and after-hours.

Initial success and prospects In the 2 days since its opening on February 8, 2014, 20,000 customers have come to eat and drink. If a customer uses an average of 3 USD (equivalent to a price of a bugger with drinking water), the average revenue is 30,000 USD / day. This figure is too attractive, so the group has plans to continue opening more stores this year.

#### 5. Conclusion

Based on the analysis of the factors affecting the choice of how to penetrate the international market, it has partly clarified the strategy of approaching McDonald's Vietnam fast food market, one of the best corporations in terms of this field around the globe. Based on the advantages and difficulties when penetrating the Vietnamese market as well as technological factors, legal basis, McDonalds chose the "franchise" method. The immediate problem for McDonald's is to exploit this potential market effectively, after having successfully penetrated. The number of fast food restaurants spread across the globe by McDonald's has proved the success of the right business tactics as well.

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