



MACHAKOS UNIVERSITY

University Examinations 2020/2021 Academic Year

SCHOOL OF HOSPITALITY AND TOURISM MANAGEMENT

DEPARTMENT OF HOSPITALITY MANAGEMENT

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF SCIENCE IN HOSPITALITY AND TOURISM MANAGEMENT

BTM 470-4: DESTINATION MARKETING

DATE: 29/3/2021

TIME: 8.30-10.30 AM

INSTRUCTIONS

Answer Question One and Any Other Two Questions

QUESTION ONE) (COMPULSORY) (30 MARKS)

Read the case study below and answer the questions

McDonald's: A Good Image with Bad Ethics

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Introduction

McDonald's Corporation has been growing and spreading internationally for the past three decades. Although McDonald's seems convenient, cheap and clean there are many negative aspects of the business. In spite of paying their employees low wages and negatively impacting other cultures, McDonald's and chains like it, have managed to position themselves as a positive piece of Americana. McDonald's promotes its positive image and products with greasy fries, and a clown named Ronald McDonald. The unethical practices of this large fast food corporation are known but do not seem to detract from the all-American image that the corporation seeks to project. History In the 1950s a new style of eating was introduced by brothers, Dick and Mac Donald. Their original small burger stand was soon transformed into one of the largest, well-known transnational corporations. Ray Kroc, a milk shake machine salesman bought McDonald's from the Donald brothers and made the burger shack into a business characterized by conformity and uniformity. "Kroc ... believed fervently in the ethic of mass production" (Schlosser, 2004). Under the influence of this mass production ethic, McDonald's developed new, uniform production methods such as using frozen beef patties, instead of fresh ground beef, and developing a genetically-modified potato rather than using locally grown produce to ensure that all McDonald's fries have the same uniform taste. "McDonald's Corporation (McDonald's) is the world's largest foodservice retailing chain. The company is known for its burgers and fries which it sells through 31,000 fast-food restaurants in over 119 countries" (McDonald's Corporation, 2006). With so many McDonald's located world-wide, many find it somewhat refreshing to see a familiar place when traveling in unfamiliar places. By homogenizing products

and appearance of the stores, McDonald's sells this feeling of comfort and familiarity. Spreading Out to New Markets Because it is internationally known and markets a homogeneous image, McDonald's remains a household name with offerings known for a uniform taste. But McDonald's is trying to reach a broader market as well. The corporation is trying to reach out to a healthier crowd of customers by releasing salads with fruits and vegetables. To reach international customers, the company has also added specialty foods for different countries. "The McArabia (chicken patties on unleavened bread with garlic sauce and onion), the McPepper (a double-patty burger seasoned with black pepper sauce), the Bulgogi Korean pork barbecue sandwich, a teriyaki pork burger with lemon-flavored mayonnaise, and, soon to find its way onto the menu, the Mushroom Pinwheel, a five-pointed pastry concoction filled with chicken and mushrooms, are all specialty menu items for different cultures in some Chinese or Middle Eastern countries" (Old McDonald's has some smarts in China, 2006). McDonald's also donates a portion of their earnings to Ronald McDonald houses, located across America, which helps children with life threatening illnesses. Efforts like this portray a corporation committed to the welfare of their customers. However, while the overall image of McDonald's is that of a wholesome, family oriented business, there are contradictions to this image. The Ethical Problems Big Business Domestically Although McDonald's makes the effort to support children with life threatening illnesses, the diet offered by this corporation and others contributes to obesity, heart disease, asthma, and possibly mad cow disease. What kind of message are we giving our children when we promote healthy eating, and "at least 59 of the nation's 250 children's hospitals have fast-food restaurants?" (Tanner, 2006) Environmentally, McDonald's practices are also questionable. Unlike a fresh ground beef patty at a local butcher shop, "a typical fast-food hamburger patty contains meat from more than one thousand different cattle, raised in as many as five countries" (Schlosser, 2004). This raises the possibility of a particular patty containing contaminants of unknown origin. As noted previously, instead of locally grown potatoes, the corporation uses their own genetically modified potatoes. The practices of using food from extreme distances, is problematic environmentally. From a public health perspective, the use of beef from multiple sources makes contaminated sources far more difficult to trace. Impact on Foreign Cultures Not only do McDonald's products harm individual and environmental well-being, they are also having an influence on some East Asian cultures with the corporation's entry into those countries. "Critics claim that the rapid spread of McDonald's and its fast-food rivals undermines indigenous cuisines and helps create a homogenous, global culture" (Watson, 2006). Chinese parents want to connect their children to the world outside of China, so they reward them with a trip to McDonald's, but in so doing they are also taking away from their culture. "In twenty years [Yunxiang Yan, a UCLA anthropologist] predicts, young people in Beijing (like their counterparts in Hong Kong today) will not even care about the foreign origin of McDonald's which will be serving ordinary food to people more interested in getting a quick meal than in having a cultural experience" (Watson, 2006). Another major change brought to the East by the entry by McDonald's and American corporations into Asian countries, is the new obsession with American culture. "Prior to the arrival of McDonald's, festivities marking youngsters' specific birth dates were unknown in most of East Asia. In Hong Kong, for instance, lunar-calendar dates of birth were recorded for use in later life- to help match prospective marriage partners' horoscopes or choose an auspicious burial date" (Watson, 2006). With the presence of McDonald's restaurants in Asian countries, and the accompanying American cultural norms, children in these countries are recognizing the potential for celebration of individual birthdays. McDonald's exploits this cultural change to market party packages to Chinese children who want to celebrate this new occasion. In many respects, McDonald's

emergence in Asia is permanently altering culture, and norms of the past are being lost in their McDonald's party packages and Big Macs. In addition to contributing to cultural changes in China, McDonald's has offended other cultures through some of its actions. The chain has stirred up controversy with some United States Hindus, many vegetarians, and some Japanese. "McDonald's, the fast food giant currently embroiled in a row concerning undisclosed beef flavoring in French fries, has made a formal apology to those it has offended" (McDonald's resolves french fry dispute, 2002). This may seem like a petty dispute, but is not a small issue to Hindus who believe that the cow is sacred. In response to this offense to Hindus, vegetarians, and others, McDonald's offered an apology, and paid the groups ten million of dollars in settlement. In addition, "fast food giant McDonalds is facing criticism in Japan after a number of its apple pies were found to contain a banned food coloring agent (McDonald's apple pies found to contain banned food coloring in Japan, 2006). In 15 McDonald locations across Japan there has been an apple pie recall due to the use of an illegal coloring agent known as azorubin. McDonald's has claimed that the substance is not harmful, using consumers in the European Union and Australia as examples where people consume apple pies containing azorubin, seemingly without ill effect. McDonald's has, however, recalled the pies and announced that they will no longer purchase their pies from the China-based factory using azorubin. Controversy in the United States Another controversy arose in a Southlake McDonald's because of a bacon ranch salad. Chrissy Haley, wife of an assistant coach of the Dallas Cowboy's, found a rat in her salad after ordering that salad and a Happy Meal for her child. According to newspaper reports, Haley and her nanny found the dead rat under a large lettuce leaf in a shared salad. McDonald's has yet to respond, apologize, or even ask if the women are okay. "Both women have had blood and stool samples tested repeatedly over the last five and a half months and are undergoing sessions with Dallas clinical psychologist Dr. Rycke Marshall" (Whitt, 2006). Chrissy Haley, who has tested negative for any illness, is suing McDonald's for \$1.7 million, for both the dead rodent in her salad and McDonald's response (or lack thereof) to the incident. The corporation has chosen not to cooperate during the course of the law suit, which was set to reach court in September 2007. Labor Relations Besides health issues, the company also has issues with its workers. The corporation pays minimum wage to their workers, who essentially do assembly line, factory-type work. If the work done by burger manufacturers and drive-thru cashiers were reclassified as factory work, that would "add about 3.5 million manufacturing jobs to the U.S. economy, at a time when such jobs are rapidly being exported overseas. From a statistical point of view, it would make the U.S. seem like an industrial powerhouse once again, instead of an ageing superpower threatened by low-cost competitors" (Schlosser, 2004). In the 31,000 McDonalds worldwide, most of the workers get paid minimum wage in spite of the fact that the company is now worth more than a billion dollars. The Backlash There are an increasing number of people who speak out against McDonald's and similar corporations. George Ritzer is well known for his efforts to raise awareness of the impact of globalization and global corporations by speaking at different colleges around the country. In the article "Nuggets of Wisdom" author Madelyn Pennino refers to an Elizabethtown College assembly at which Ritzer spoke to students about the illusion created by McDonald's, of bargain prices and convenience for people ordering a super-sized meal (2006). In reality, this bigger, faster, and cheaper choice is actually not very convenient. "Efficiency has become inefficient" Ritzer said referencing the huge line waiting in the drive thru (Pennino, 2006). One of the goals of Ritzer and other anti-McDonalds activists is to spread awareness of real costs of doing business with the corporation and to make sure that the name McDonald's does not become synonymous with America around the world. In Conclusion Over the past four decades McDonald's has been transformed from a local burger shack serving

fresh beef patties, into a huge corporation using mass production methods to produce and sell their products. One of the results of this international expansion has been a number of books, articles, and even documentaries outlining practices deemed unethical. There are many things that might be done to address the ethical problems raised by the behavior of multinational corporations: laws, legal action and public pressure arising from activists. In the end, public awareness might be the most important tool. If individuals are enlightened about McDonald's practices and their impact on health, environmental pollution and culture change, we can choose to not patronize its restaurants. The action may not shut the McDonald's down, but it might limit the impact of the corporation.

QUESTIONS

- a) From the case study above explain **Five** ethical issues facing McDonald's Marketing (10 marks)
- b) Discuss Five things McDonald's should do to become ethically responsible company (10 marks)
- c) In reference to the case study above, explain five strategies that McDonald's has applied to gain competitive advantage. (10 marks)

QUESTION TWO (20 MARKS)

- a) Tourism destinations like the Democratic Republic of Congo has been facing decreasing numbers of international tourists. The major cause of this is civil war caused by politics. In reference to DRC explain **seven** political Risks and impacts posed by political environment in marketing the destination. (14 marks)
- b) Discuss Three objectives of destination marketing (6 marks)

QUESTION THREE (20 MARKS)

- a) Explain Five barriers to effective Market Planning (10 marks)
- b) Analyze five micro environment forces that affect a company's ability to service customers. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the 8 Ps of tourism Destination Marketing (16 marks)
- b) State four online methods used to build brand awareness. (4 marks)

QUESTION FIVE (20 MARKS)

- a) Discuss the five aspects of a product that product planning deals with. (10 marks)
- b) Highlight five Characteristics of hospitality and tourism services and the challenges faced by Destination Marketers when marketing them, stating ways on how to overcome them. (10 marks)