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# Globalization of Taste and Modernity: Tracing the Development of Western Fast Food Corporations in Urban China

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# Globalization of Taste and Modernity: Tracing the Development of Western Fast Food Corporations in Urban China

## **Abstract**

Food globalization has become an important topic in the discourse on globalization. There has been a rapidly rising trend of multinational food corporations integrating and dominating foreign agro-food markets. A clear example of this trend is present in China, whose economy and food industry experienced an influx of foreign direct investment and multinational retail and restaurant branches during the country's economic opening in the 1980s. The aim of this research is to analyze the development of food globalization through the lens of Western fast food corporations and their successful integration into the Chinese market. The research also assesses the companies' integration strategies. The paper concludes with a discussion of the implications China's case of food globalization has for further rhetoric on globalization and its impact.

## **Keywords**

China, globalization, food, Fast Food Chains

## **Disciplines**

Asian Studies | Chinese Studies | International and Area Studies | International Economics | Regional Sociology

## **Comments**

Globalization Studies Senior Honors Thesis

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Corporations in Urban China

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GS 440

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**Abstract**

Food globalization has become an important topic in the discourse on globalization. There has been a rapidly rising trend of multinational food corporations integrating and dominating foreign agro-food markets. A clear example of this trend is present in China, whose economy and food industry experienced an influx of foreign direct investment and multinational retail and restaurant branches during the country's economic opening in the 1980s. The aim of this research is to analyze the development of food globalization through the lens of Western fast food corporations and their successful integration into the Chinese market. The research also assesses the companies' integration strategies. The paper concludes with a discussion of the implications China's case of food globalization has for further rhetoric on globalization and its impact.

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### **Introduction**

When we think about examples of globalization, what comes to mind? Is it the entertainment industry, portrayed by Hollywood and world-famous musical performers? Or is it the tourism industry? What about food? In the present day, when one visits almost any developed and developing country, the first food establishments that may catch the eye are fast food restaurants with their growing global presence. Whether or not it is surprising to some, an increasing number of people around the world are familiar with names like KFC and McDonald's, as eating in fast food places has gradually become a part of a modern lifestyle.

This growing sense of familiarity signifies the scope of today's food globalization and its integration into local markets and societies around the world. The brands act not only as the agents of globalization but also as models of modernity and consumerism. They come in contact with consumers in other countries who strive to reach that modernity and experience the global modern lifestyle. The restaurants give them the opportunity to experience modernity through their dining experience. However, continuous interaction between global food companies and local consumers on different levels often results in changes within the local culture, social values and dietary habits, as new customs, promoted by the brands, replace the old ones. Therefore, discussion of the topic of food globalization and its impact, exercised through its main agents such as fast food companies, is important due to its strong economic, social and cultural implications for the future of a given society.

What is it about well-established Western brands that helps them succeed in local markets despite encountering obstacles such as competition from other foreign brands, domestic

brands and active protest from parts of the public? In this paper, I attempt to trace the history of the Chinese food industry and its development during China's economic opening in late 20<sup>th</sup> century, looking specifically through the lens of fast food integration into the local economy and society. Discussion of the topic is impractical without having the proper understanding of the economic and social context under which multinational companies entered the Chinese market. In terms of specific case studies, I focus primarily on the fast food giants Kentucky Fried Chicken and McDonald's, although I also include examples of other multinational companies within the newly globalized Chinese food industry. The reason for choosing these two brands is due to their unique development in the market accompanied with diverse integration strategies. KFC and McDonald's successfully integrated into the market without having to cut their costs as did many other foreign brands when facing domestic competition. Both became part of urban Chinese lifestyle while still being seen as a foreign brand, albeit a "familiar" foreign brand. According to statistics reported by the Modern Advertising Editorial Board, McDonald's and KFC cover 90 percent of the total foreign fast food market in China (2006).

The paper is structured as follows: The first section lays out the history of recent economic development and the beginning of rapid food globalization in China. It is then followed by discussion of the rise of the fast food industry and development of its giants KFC and McDonald's. The following section addresses the development of domestic fast food in response to its foreign competitors. In the next section, I highlight and compare the successful strategies employed by the brands like KFC and McDonald's in their process of integration into the market. I also discuss the applicability of these strategies for other companies within the industry. Finally, I use the research on China to discuss the impact of food globalization on a given society, including changes in diet, social values and culture. I support the discussion with a combination of scholarly research and theoretical framework, which helps identify both sides of

the argument. I locate the topic within the discourse on gastro-politics and how food, fast food in this case, has been used in public nationalist sentiment in China. I assess how China's experience with food globalization sheds light on the wider concept of globalization and its forces. I conclude the paper with final remarks on the topic, indicating the importance of focus on this topic in the future and potential areas for further research.

### **Economic Development and Food Globalization in late 20<sup>th</sup> Century China**

When discussing the development of food globalization in 20<sup>th</sup> century China, it is important to consider the state of food culture before and after the rise of globalization. When going back in history, meals were usually centered in the family homes and eating out used to be reserved exclusively for upper classes, while being challenging for ordinary people in urban areas. A so-called restaurant hierarchy was set in place, with three levels distinguishing the exclusive nature and prestige of the establishment. Only a narrow number of restaurants were designed for mass consumption. However, those that served the purpose of mass consumption were usually characterized by their belonging to a work unit, particularly during their development in the 1950s. The work unit internal cafeterias were subsidized by the work units themselves and thus were managed as big-scale home kitchens. Thus, the cafeteria workers and the work unit member who ate in them maintained a condescending relationship, with no concept of customer service, attention to quality of the food or the serving space (Yan, 2005, p. 86). This kind of mentality also transferred into the lower-scale restaurant culture in urban areas like Beijing as the restaurant management continued the practice of poor sanitation, space maintenance and customer service well into 1980s (Yan, 2005, p. 86-87).

The food industry went through wide-scale reform due to new economic policies under the rule of Deng Xiaoping. Over the last few decades, China achieved great economic growth as the result of the reform and opening-up policy (Maguire & Hu, 2013, p.670). Almost all Chinese

cities built commercial centers in their developed urban districts, including goods that represent different levels of the market, from mass-market products to luxury items (Zhang et al., 2014, p.22). GDP growth rates averaged about 10 percent over the years. This led to formation of the new middle-class and rise in consumer culture (Bai et al., 2014, p. 325). Yan (2005) cites the 1994 statistics released by the China Consumer Society, which stated that since 1984 the average expenditure per capita in cities like Beijing grew 4.1 times (p.95). As a result, people began spending more money on miscellaneous things and experimenting with new foods. In terms of food consumption statistics, the consumption of meat and produce has increased while the consumption of grains has decreased, changing demands for those food categories accordingly. This trend was seen in both urban and rural areas in China. People's spending has also increased when it comes to eating out as opposed to eating at home (Bai et al., 2014, p. 326). Moreover, due to accounts of unreliable domestic outside food vendors, Chinese people found themselves having a higher level of trust in Western food products and restaurants, which exhibited safety, cleanliness and quality of their products (Watson, 2000, p. 77-78).

Another important trend of this period was the dramatic rise in foreign direct investment into the Chinese market. While China was implementing the "opening-up" economic reform, Western food companies turned to the Chinese market due to concerns regarding the low vitality of their domestic markets at the time. China accumulated US \$307.6 billion of FDI in 1999 as a result of the "open door policy" (China Statistical Yearbook, 2000). Curtis et al. (2007) cite statistics provided by the Wall Street Journal in 2002 that Western food retailers such as French Carrefour SA and Walmart, INC. already had numerous locations spread throughout China by that year (p.3). Corporations like Quaker Oats, Proctor and Gamble and Philip Morris also increased their Chinese market presence and successfully competed with major domestic food companies in China (Curtis et al., 2007, p.2). Even considering China's current economic state,

as Bai et al. state in their research, the Ministry of Commerce reported that China's foreign direct investment surpassed 105 billion in 2010 (Bai et al., 2014, p. 326).

Consequently, China's integration into the global economy, with foreign direct investment being the main factor, was accompanied with the increased presence of foreign-produced food products in the Chinese market, marking the visibility of food globalization (Bai et al., 2014, p. 326). This change was portrayed by the wider variety of food sold in the market, including the rising appearance of mass-produced foods and snacks, which have consequently had a nutritional influence on consumers, particularly children (Gillette, 2000, p. 107). For instance, French-based Danone Group introduced such nontraditional foods as flavored milk and biscuits since their expansion in 1997 (Wei & Cacho, 2001, p. 438). The United States had particular success in the Chinese market for the export of produce, red meat and packaged snacks, totaling a value of US \$2.16 million in 2000 (Curtis et al., 2007, p. 2). Potato exports were also impressive; they grew from 6,600 to 64,700 metric tons in the period between 1991 and 2000 (Curtis et al., 2007, p.2).

Consider Beijing as a great example of China's economic development in urban regions. Due to the rising mass consumption and higher demand in dining out, there were more than 19,000 eating establishments in Beijing by 1993. Some of these establishments tried to create a specific eating experience, playing on nostalgia of the past, but they were not multifaceted like foreign fast food restaurants, meaning that they did not appeal to people from different social levels (Yan, 2005, p.96).

### **The Rise of Fast Food Industry: KFC and McDonald's**

In terms of the fast food origins in China, the beginning of the fast food "revolution" can be traced back to 1984, when the first Western-style fast-food restaurant opened in Beijing's Xidan district (Lozada, 2005, p.170). By 1994, fast food restaurants, both Chinese and foreign



were on the rise in the market and included McDonald's, Pizza Hut, Brownies (Canadian), Café de Coral (HK), Vie de France (French), Yoshinoya (Japanese), among others. The fast food chains could all be characterized by the standardized cooking procedures and sanitary guidelines, and in all of them the customers could witness the uniform-wearing staff constantly mopping floors (Lozada, 2005, p.171). With the proliferation of international fast-food restaurants, some foreign companies started to stress the uniqueness of their product. For example, South Korean Lotteria chain advertised the "Koreanness" of its fast food products outside of their restaurant establishments (Lozada, 2005, p.174).

With the reopening of Chinese market to foreign investment in the 1980s, KFC became the first Western fast-food restaurant to enter China with February 1987 establishment of joint venture Beijing Kentucky CO., Ltd (Lozada, 2005, p.168). It was opened in a very visible and notable location near Tiananmen Square, Beijing's political center. It even held the title of the largest KFC restaurant in the world, seating about 500 people (Lozada, 2005, p.165). By 1994, KFC had already established seven locations in Beijing, all strategically placed in high-volume tourist and shopping areas and 21 other restaurants in other cities throughout China (Lozada, 2005, p.165). The Chinese branches of KFC became a large source of profit for the international sector of its parent company, PepsiCo, Inc. In 1993, KFC announced that it would increase its investment in China by \$200 million to further grow its market and increase the number of branches to 200 throughout the country (Lozada, 2005, p. 165).

McDonalds first approached China via its entrance into the Hong Kong market in 1975 (Watson, 2000, p.72). The first McDonalds in mainland China was opened in Beijing in 1992. As of June 1999, the franchise has already opened 235 restaurants throughout the country (Watson, 2000, p. 70).

**Food Globalization: Foreign and Domestic Competitors**

As mentioned earlier, China's consumer market was essentially divided into mass-market, value-for-money and high-end levels. Initially, international brands were placed into the high-end branch due to higher production costs compared to locally produced and manufactured foods. While benefitting at first, as the sales were supported by rich consumers due to the high quality image, some ended up losing profit due to their inability to integrate into the local diet. Certain companies were able to escape the "high-end trap" by lowering their prices to match those value-for-money and mass market levels (Wei & Cacho, 2001, p.442). Few companies worked on developing a local brand that would specifically cater to the consumers in the lower markets. There were also companies that emphasized their difference from local brands, such as Western fast food companies' quality and service of their product (Wei & Cacho, 2001, p.443). Others lost profit due to overabundance of product in their specialty market and competition within their narrow consumer base.

There were also companies that lost profit due to the rise of domestic rivals who successfully implemented their management and technology practices while offering a better price to the consumers (Wei & Cacho, 2001, p. 440). This was seen as an attempt by Chinese-based companies to take over the lead in their own food market and eliminate the foreign threat to China's food culture. For instance, in April 1992, due to another opening of McDonald's, Wu Fang Zhai, an old, prestigious, traditional Chinese restaurant, closed down – a sign that foreign fast food industry was putting the local food industry under risk and harming the national pride of Chinese culinary culture (Yan, 2005, p. 83). Therefore, the competition, better known as the "fried chicken wars", broke out in Beijing, when various Chinese fast food imitation businesses began rapidly opening locations around the city – an attempt to directly challenge KFC (Yan, 2005, p. 84).

There are a few ways in which the domestic fast-food companies tried to distinguish themselves from foreign brands in the hope of appealing to the Chinese consumers. For example, domestic companies put emphasis on the use of traditional Chinese spices and herbs that supposedly added medicinal and/or spiritual value to their chicken meals (Yan, 2005, p. 84). Some appealed to the nationalist sentiments of the consumers by displaying clearly nationalist slogans such as “Chinese People Eat Chinese Food” (Yan, 2005, p. 88). The domestic fast food company development also became largely supported by the Beijing municipal government, showing the political sentiment associated with the attempt to win back the fast-food market (Yan, 2005, p.84).

Nevertheless, while some domestic companies succeeded, others were not able to successfully replace their foreign competitors, especially the fast-food giants like KFC and McDonald’s. Some of the main reasons for the failure were the inherent differences between Western and domestic companies in their service, cleanliness and management practices. While the domestic companies tried to imitate Western-style practices of fast-food business, they still could not compare due to on-going struggle between the advanced (Western) and backward (Chinese) forces of production and management (Yan, 2005, p. 85). As Yan notes in his research, the local Chinese competitors were able to recreate the “hardware”, such as the product itself, but not the “software”, which included service and management, of Western fast food company practices (Yan, 2005, p. 95).

Following is one example of a domestic company attempting, and failing, to win the “chicken war” against the Western fast food giant KFC. Ronghuaji, a Chinese fried chicken chain that was established in 1989, was designed to imitate KFC while surpassing its appeal to local consumer demands. In addition to serving more traditional alternatives, it also had lower prices, thus trying to attract customer by their ability to get more out of the fast-food meal while

paying less in comparison to KFC. Ronghuaji management imitated KFC's attention to cleanliness, but still lacked in comparison when it came to customer service and facility set up. It resembled more of a night club than a family-friendly space seen in KFC, therefore attracting more young adults rather than families with children who at the time were a stronger customer base for fast-food chains (Lozada, 2005, p.167-168).

### **Fast Food Integration Success: Discussion of Key Strategies**

How did the Western food companies, in particular those with a fast-food focus, manage to not only survive but significantly prosper in the Chinese market despite setbacks from other foreign and domestic competitors in the industry? In combination with research-based rhetoric gathered from a number of scholars who have studied this topic, I attempt to address the question above by focusing on several critical categories, which were crucial to the companies' success: their modern and foreign appeal, the strategic use of space, intuitive alteration of management practices and successful appeal to key consumer groups of the period such as women, youth and children. I will support the analysis with specific examples from KFC and McDonald's success cases.

Before delving into why fast food companies successfully entered and remained in the Chinese food industry, it is helpful to clarify the social context under which Western/nontraditional food entered the Chinese market. Not only was there opening and restructuring of the economy to better integrate into the global arena, but there was a circulating idea of restructuring the family institution in contemporary Chinese society, characterized by nuclearization of the family, rising awareness of gender equality and rediscovery of the value of children (Yan, 2005, p.97). The drive for modernity undermined traditional values of filial piety and Confucianism, as fewer married couples lived with their parents and more women were working (Watson, 2000, p. 73). New forms of sociality started developing in public

establishments like restaurants; people were drifting away from an “organized sociality”, which was a prominent idea during Chairman Mao’s rule. Along with rising consumerism, there was a more visible practice of individual wants, goals, and personal communications in a social context (Yan, 2005, p.97).

The shifting lifestyles of working people in urban areas have also been considered as having a strong correlation to their changing diets. Bai et al. (2014) found the presence of nontraditional foods in Chinese urbanites’ breakfasts connected to factors such as the people’s incomes, time constraints and education (p.325). For instance, they found that urban consumers in Beijing, Qingdao and Shanghai have increased their consumption of milk and bread, nontraditional foods, as their incomes rose over the years (Bai et al., 2014, p. 327). Moreover, the increase in the consumption of these items was also found to be connected to the present working status of both parents and higher education of wives who were primarily responsible for their family’s groceries and food preparation (Bai et al., 2014, p.333). The inclusion of nontraditional items for breakfast can be seen as a way for families to accommodate their busy work schedules and lack of time for the preparation of a more traditional breakfast meal (Bai et al., 2014, p. 337). Therefore, the already present exposure to nontraditional foods in Chinese diet benefitted the integration of fast food companies into the market, aided by their successful strategies, which are explained below.

### **Modern and Foreign Appeal**

The pursuit of modernity was an important theme circulating in the Chinese society during its rapid economic development in 1980s. The West was regarded as the model for modernity. Therefore, the main way for Chinese consumers to satisfy the urge of a “modern” experience was by purchasing foreign products that fit with the global modern lifestyle. For instance, many Beijing residents regarded the concept of “American” as equating to the concept

of modern, thus eating at McDonald's was a way for them to experience modernity. Parents even took their children to places like McDonald's specifically for the purpose of providing them an opportunity to experience the modern Western life, with hope that their children would become successful global citizens partially due to the influence of such modern experiences early on in life (Yan, 2005, p. 88). The restaurants' main features of modernity were seen in the aesthetic appeal of their outside and inside appearance as well as standardized and dramatized interaction. There was a concept of civility and equality characterized by self-service and organized waiting lines. For these reasons, the restaurants also became national tourist attractions for tourists and migrants from rural regions of China, who often brought back "trophies" to their hometowns in form of napkins, cups and Big Mac packages (Watson, 2000, p. 72).

### **Idea of Strategic Space**

Another factor contributing to the Western fast food's commercial success was the companies' strategic placement of their branches. As Zhang et al. (2014) state in their research, "Physical location is important when considering the localization process: a central, well-known site is often key to break into the local market" (p.23). Various fast food restaurant spots can be seen spread out in concentrated and developed parts of urban regions, with the bigger ones often situated near other notable landmarks. For example, KFC strategically placed their first branch a few minutes away from Tiananmen Square, the country's political center. As the scholars discuss in their work, the fast food businesses adapted this strategy from their American-based branches, which are purposefully located in concentrated suburban areas with drive-through features. As the American option would not work in Chinese urban locales, they have changed it in a way that would fit the cities that are more compact with concentrated downtown areas and dependent on public transportation (Zhang et al., 2014, p.23).

### **Management Strategies**

Aside from revising their location strategies, fast food companies have also adjusted their management strategies to better fit the Chinese setting. For instance, KFC decentralized management in China; giving China-based managers great autonomy in governing the business company and making daily decisions without having to check back with the upper management. This was also a way for PepsiCo headquarters to create a working relationship with the local powers, as long as they achieve “results with integrity” that are listed in KFC Code of Conduct (Lozada, 2005, p.168). Lozada (2005) emphasizes that localization of authority might have been the key to KFC’s international success because it allowed more efficient response to any issues that arose or necessary adjustments that need to be made.

Following are some beneficial decisions that KFC management in China made regarding ways to diversify and better expand the business. For instance, when KFC first opened, 40% of the raw materials for their ingredients was imported. However, due to the local development of fast-food industry, only 3% had to be imported by 1991, mainly including the special herbs and spices of the recipe (Lozada, 2005, p.170). Due to KFC’s ability to produce and deliver a reliable product in large quantities, the management developed a catering service for banquets held by businesses and government agencies. In addition, the company developed a delivery service available around the city (Lozada, 2005, p.171). Thus, a flexible governing structure such as the one employed by KFC in China stresses the idea that there is not just one way to manage and handle a business when it comes to successfully selling company’s product to a market; the method has to be fully integrated in the context of that society (Lozada, 2005, p.168-169).

### **Key Target Consumer groups**

Finally, the successful integration of Western fast food chains into the Chinese market was heavily influenced by the companies’ keen vision in focusing their attention on particular consumer groups – urban youth, women and children. In fact, I would argue this was the most

crucial factor in their development and growth in the Chinese food market, considering the sociocultural context of the period and the rise of these groups as consumers in the evolving Chinese economy.

Previously, these three groups could be seen as not having a place in the past restaurant hierarchy system discussed earlier in the paper. That meant that they were not considered nor treated as independent consumers due to the patriarchic foundation of the Chinese society. However, with the rise of fast food establishments, they were not only seen as independent consumers but in fact became target consumer groups for these companies. The restaurants' practices decontextualized the local culture, which also meant not discriminating between members of the society based on their sex, socioeconomic status or age. For example, many more women visited McDonald's than men because, according to the interviews conducted by Yan (2005), they felt comfortable going there alone or with female friends in comparison to traditional Chinese restaurant establishments (p. 92).

Youth and young professionals make up the other consumer group target for fast-food companies. Young professionals emerged with the development of the market economy and the expansion of foreign direct investment in Beijing in 1990s. Their purchasing power dramatically increased as they were paid higher salaries, with bigger parts of their budgets available for discretionary purchases (Yan, 2005, p. 96). Moreover, Yan notes that most customers in McDonald's were middle class, well-educated youth, for whom the visits were first a sign of status and then turned to convenience (Yan, 2005, p. 90-91).

The last, and perhaps most unique, key consumer group for fast food companies was children. Due to the decreasing fertility rates, influenced by the one-child policy, children gradually became the center of attention in the family. The attention was later intensified by rising incomes in urban families in the end of 20<sup>th</sup> century. More resources and attention in the



family were focused on the one child. The one child in the family would usually be surrounded not only by his/her parents but also two sets of grandparents and other relatives, which led to a cultural phenomenon known as “little emperor syndrome”(Watson, 2000, p.73). Jun Jing (2000), the editor of *Feeding China's Little Emperors*, puts emphasis on this social context, which led to Chinese children emerging as important consumers during that period. Children were essentially the decision makers when it came to success of American fast food restaurants in Chinese urban centers in 1990s (Lozada, 2005, p.163). Lozada cites a relevant 1995 survey about children's consumption in Beijing conducted by marketing experts James McNeal and Wu Shushan in his article. The survey findings conveyed that children living in urban regions in China influence 69% of consumer behavior and are directly in charge of over \$5 billion per year (i.e. allowances, gifted money), with 25% going specifically towards the purchase of snack foods (Lozada, 2005, p.173).

Let us take a look at KFC and their way of targeting children as high-priority customers. KFC was not the only business attracting children as consumers. Other countries like Japan targeted children by distributing prizes and toys (Lozada, 2005, p.172). However, KFC's level of engagement with their child customers exceeded that of other fast food chains. For instance, KFC restaurants' internal space was redesigned to better fit their younger consumers with smaller furniture sizes, lower counters, and the addition of play areas and special celebratory rooms for birthday occasions (Lozada, 2005, p. 166). The concept for birthday parties was another way fast food restaurants like KFC were becoming more and more integrated in the daily urban life because more families began to actually celebrate their children's birthdays and more of them celebrated them in fast food places (Lozada, 2005, p.167). To further develop this consumer base, KFC also collaborated with schools to sponsor sporting events, competitions and other children-oriented occasions (Lozada, 2005, p.172). KFC even crafted a new brand mascot

specifically for Chinese children – Chicky, a fashionable and modern chicken character. Chinese children found Colonel Sanders to be too much of a dour grandfather. In contrast, Chicky represented youth with his fun and outgoing nature and hip-hop style outfit. Nevertheless, the character still aspired to be a positive role model, representing a hard working student portrayed in slogans, such as “Study hard, play hard” (Lozada, 2005, p.166).

What became a clear sign of fast food’s successful integration into the local society was the fact that, after a period of time, it stopped being a hot topic or major focus of cultural wars. This signifies that fast food gradually became a normal part of daily urban life (Lozada, 2005, p.174). Zhang et al. (2014) managed to outline the phases that Western fast food branches went through during the process of localization: 1) portrayal of foreign and exotic; 2) portrayal of being part of popular culture; 3) portrayal of fast food being part of a normal urban routine, thus returning fast food to its Western roots of speed and convenience (p. 26). This was supported by their study informants over the years who started going more to fast food restaurants out of convenience, with 27% or more of them going to eat there on a weekly basis now compared to none in 2001 (Zhang et al., 2014, p.28).

### **Power of Media**

Media played an important role in attracting consumers via commercials and advertisements. Media in general played an important role in educating local populations about Western foods through their portrayal in TV programs, movies, newspapers (Gillette, 2000, p. 111). As Gillette (2000) mentions in her research, the commercials contributed to the development of stereotypes about Western foods and their ingredients, i.e. butter and milk being presented as typical Western ingredients. Therefore, the presence of dairy ingredients in local snacks gave them the sense of foreignness due to the already formed association of those ingredients with Western diet (Gillette, 2000, p. 111). Many commercials were also intentionally

played during children's programming, advertising drinks, snacks, and other products targeted at children (Lozada, 2005, p.173).

### **Applicability for Other Multinational Corporations**

After learning about the strategies that fast food giants like KFC and McDonald's employed during their growth and development in the Chinese market, one may wonder if these strategies can be applicable for the successful development of other companies in the fast food industry. While there are practices that can be learned by both foreign and Chinese food companies to better their management and product, the success story of KFC and McDonald's cannot guarantee success of other companies in the same market. The same model cannot be directly applied to others, as we saw with the failed attempts of domestic markets to imitate KFC and McDonald's. Companies have to employ their own intelligence capital and other available resources according to their particular circumstances to succeed (Wei & Cacho, 2001, p. 449). Some successful strategies by domestic companies included taking advantage of current policies and government resources that were not available to foreign rivals. For instance, Chinese-based beverage company Wahaha utilized the government's poverty alleviation program and state funds to set up bottling facilities in poor regions (Wei & Cacho, 2001, p.448). If new multinational companies were trying to integrate into the Chinese market today, new models for commercial success would be needed as the society and the consumers are constantly evolving in terms of their demands and preferences. Therefore, while the companies can roughly follow the fast food giants' path by also identifying their commercial appeal, strategic use of space/location, successful management practices and key consumer groups, they need to adjust them according to their own strengths and advantages as well as the sociocultural context.

### **Impact of Fast Food & Globalization: Cultural Imperialism and Gastro-politics**

As we have seen so far with the history of food globalization and fast food industry development in China, the newly globalized food industry significantly affected various aspects of Chinese society and the economy. Its development was a significant factor in the changing dietary habits of urban populations in Tianjin, Beijing and Shanghai (Yan, 2005, p.80). The newly formed demands created production-related challenges in the domestic markets. For instance, increases in bread consumption created challenges for domestic wheat production and milling industries. The nation's scarcity of water and land also led to questions regarding the domestic market's ability to supply a sufficient supply of milk to meet its demands, thus leading to a higher dependence on international trade (Bai et al., 2014, p. 327). Moreover, the industry sparked the development of Chinese-based packaged food retailers and Chinese style fast food franchises, whose competition was meant to challenge the fast food industry, but instead further expanded the globalized food industry (Watson, 2005, p.80).

To what extent did the global food industry, particularly fast food, impact Chinese traditional culture? Did the Western food corporations act not only as agents of globalization but also of cultural imperialism? Was the Chinese society passively homogenized to fit the global image of modernity? When trying to answer these questions, I have found evidence among various scholarly sources which reflect both sides of the argument.

A number of scholars support the argument that Chinese culture was homogenized by Western corporations as a result of its globalized food industry. As Lozada (2005) states, "The power of transnational (global) corporations is often said to bring cultural disruption into developing countries, transforming local traditions beyond their original form" (p.163). Zhang et al. (2014) also contributed to the theoretical rhetoric of homogenization with the idea that a local culture is at risk of becoming homogenized due to the overarching presence of global products and brands representing the global consumer culture. Likewise, the growing presence and

influence of corporations in a local market makes it easier for them to manipulate consumer tastes (p.23). Local customers were seen as losing their cultural “self” in culturally decontextualized settings like fast food restaurants (Yan, 2005, p.90). Fast food restaurants represented the global diet experience dictated by the West: standing in line to make an order, leaving after the meal, no use of chopsticks, drinking soft drinks while eating snacks and dessert (Zhang et al., 2014, p.28). Thus, the experience contradicted traditional Chinese dietary culture which highly regarded slow eating and did not consider snack foods as full meals (Yan, 2005, p.82). There was also emphasis on young consumers being used by transnational corporations as passive agents of globalization and cultural imperialism (Watson, 2005, p. 71).

On the other hand, there are arguments that food globalization contributed more to cultural heterogenization, rather than homogenization, as companies worked on localizing their businesses in the Chinese market. According to a number of scholars, localization is a two-way process. While it homogenizes the local culture in accordance with a food company’s dietary standards, it also modifies the company’s operations to fit the context of the local culture. In the process, the consumers usually adapt the meaning of global products to their own tastes and preferences, adding new meanings and eliminating unfitting ones (Zhang et al., 2014, p.23). As a result, many global companies, including Western fast food companies, gave up on some degree of standardization to be more culturally flexible and fitting to the local context (Zhang et al., 2014, p.30). Thus, KFC and other Western fast food restaurants in urban regions can be considered as socially constructed spaces of consumption, whose success depends on understanding of and insight into how the local society operates (Lozada, 2005, p.164). According to Yan (2005), fast food restaurants in China contributed to an emerging tradition where new values, behavior patterns and social relationships are still being created (p.95). For instance, McDonald’s was localized as a space for leisure, socializing and slow eating rather than

promoting its Western image of fast food. For Chinese customers, speed and economic value were not as big a concern as having a meaningful lengthy experience of eating in McDonald's with family, celebrating children's birthdays, etc. (Yan. 2005, p.94). The 24-hour operation of fast food establishments caused the spaces to become study spots for Chinese students (Zhang et al., 2014, p.29). Western fast food restaurants even incorporated more familiar Chinese foods into their menus to partially reflect local diet habits, as can be seen on KFC menus (Lozada, 2005, p. 164-165).

Nevertheless, one cannot deny the fact that integration of global food companies, fast food in particular, into the Chinese market reflected a certain degree of cultural imperialism. I consider the localization technique employed by fast food companies as a way to ensure their commercial and cultural survival in the society. Trying to enter the market with no attempts at localization would have been detrimental to the businesses since the sociocultural implications of the fast food industry were too extreme for Chinese people to accept into their own culture. However, even though the Western image of global consumerism gained its own Chinese version, it was a heavily influenced Western image nonetheless. It adopted some cultural familiarity for the sake of Chinese consumers, but also added its own components and filled in previous gaps in the Chinese society and economy/food industry such as ideas of sanitation, quality, safety, and civility as well as individuality and freedom of choice.

When discussing cultural imperialism, the theoretical framework on gastro politics, discussed extensively by Pierre Bourdieu, becomes very relevant. Yan (2005) cites Bourdieu's rhetoric on the idea that foods can be considered as messages and eating as a means of communication. Since the diversity of food customs can be seen as people's reactions to physical circumstances, it can also be a way to draw boundaries between different groups in order to build one's group identity. Therefore, food can also become a medium in conflict through "gastro

politics” (Yan, 2005, 80-81). This theory can be applied to the consumer boycotts that were aimed to protest against foreign products and eliminate the presence of Western cultural imperialism. Companies such as Carrefour, Starbucks, KFC and McDonald’s all faced organized consumer protests due to various circumstances, such as political activism, discrimination, culturally insensitive commercials and offensive placement of their locations in culturally and historically valuable sites (Pal, 2009, pp.6-7, 13).

The visible presence of these companies in the market made them logical targets to go against with nationalist sentiment (Pal, 2009, pp. 1-2). The radicalism of the protests even raised concerns within the government, which asked the citizens to express their patriotism more rationally since domestic employment and profits were at stake (Pal, 2009, p.3). Nevertheless, despite having notable protests, the movement as a whole never gained wide-spread momentum. Pal (2009) expresses his surprise at the relatively low presence of consumer boycotts, considering the strong nationalist discourse of China as a country (pp. 20-21). He quotes Wang Xiaodong who stated, “Development cannot be separated from globalization ... So no anti-globalization movement can form in China like that in Latin America” (Pal, 2009, p.21). This relates to the idea that Chinese consumers are very similar to Western consumers in the way that they publicly boycott a certain product to show their disapproval of globalization and the West at the same time that they continue to consume other Western-based products (Pal, 2009, p.15).

### **Summary and Conclusion: The Power of Globalization through the Lens of Food**

The history of development and integration of food globalization into the Chinese market, specifically its fast food industry, sheds important light on the dialogue of globalization, its agents and forces. After considerable contact with globalization, the resulting culture is not necessarily a homogenized global culture, but a culture with its global and local components that are connected to a system of networks of social relations and historical contexts. Overall, it

would be incorrect to say that the case of the global food industry and fast food development in China portrays only one argument of globalization in terms of its power to produce the cultural homogenization or heterogenization in a given society. When talking about globalization today, it is not entirely appropriate to fully depend on analysis which only dramatizes the homogenizing power of the transnational corporations and the passive complacency of the local community that is influenced by it.

On the other hand, one cannot deny the argument that there is a certain level of homogenization that will take place nevertheless. As Lozada (2005) notes in his work, “Local communities are more integrated by global communication networks, world trade and market networks and labor migrations into a global system of interdependence. As a result, understanding of the social system today includes understanding how these organizations connect local communities with global forces of economic development and social change” (p.164). In China’s situation, it is evident that the active pursuit of global modernity in the rapidly developing Chinese society was the key thread connecting Chinese consumers to global food companies and brands. While certain homogenization of Chinese society and its culture took place in accordance to the principles of the globalized consumer culture, Chinese consumers remained active agents who encouraged its progress. They filtered through the process of homogenization by accepting, adapting and rejecting different aspects of it. After all, accepting fast food as part of their food industry was never about liking the actual product, or at least not in the beginning. On the contrary, it was about the experience in itself, the experience of modernity, consuming food produced by another country and being in a setting determined by global standards of quality and service.

Continued observation and research on further development of the food industry in China is important for future policy implications. Based on its rapid growth so far, the industry is



expected to keep expanding and changing consumption habits and food supply demands. Even a small change in demand could add risk to the domestic production market and dependence on imports. Moreover, a changed diet in response to a more globalized consumer culture will have environmental consequences as well, the signs of which are already visible. Furthermore, the drive for modernity will lead to growing urbanization in China. According to the World Bank, the prediction is that 42 percent of the Chinese population will reside in urban areas by the year of 2020 (Wu et al., 2001). It has been already proven that with the rise of urbanization, diet patterns change significantly.

While the focus of this paper was on the urban areas in China and cities in particular, more attention and research effort should be given to studying the impact of food globalization on less urbanized or smaller urban regions in China. Even though there are some articles that refer to present examples of food globalization in more rural areas, deviating from the extensively researched urban centers of Beijing and Shanghai, there needs to be more concentrated research on it in the future. As multinational food companies expand their consumer markets in China in the future, it is possible for them to venture into less urbanized markets. Another opportunity for further research would be a comparative analysis between different socioeconomic classes in relation to the impact of food globalization on their lifestyles.

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