

# TRADE IS: INTERACTIVE

## OBJECTIVE:

Students will learn that trade is an interactive process that requires negotiation and compromise.

## KEY POINTS:

- Trade is a process of negotiation and interaction between people that requires understanding of different cultures and beliefs
- Trade interaction leads to personal interaction and understanding

## ACTIVITY: Exporting American Fast Food (8<sup>th</sup> and up).

McDonald's opens a new store someplace in the world dozens of times every day. Some people view this expansion of American fast food as a terrible example of the encroachment of American ideas into other countries. Yet McDonald's and other American fast food chains are extremely popular with adults, teens and younger customers in the countries where they are located. These restaurants cater to locals far more than to American tourists. In part, the success of these companies abroad is due to the fact that they offer fast and affordable food in a setting that is often new and unique for the local customers. In some locations, these fast food restaurants provide a place where young people can "hang out," something that local traditional restaurants may not encourage. Often these fast food restaurants are operated as "franchises." This means that local business people who are part of the community own and operate the restaurants, and thus a large portion of the revenue generated by the restaurant stays within the community. As with any successful business venture, a thriving fast food restaurant provides jobs, many of which are suitable for entry-level workers. Many American fast food chains such as McDonalds also have a long history of community service activities and encourage their overseas franchisees to uphold this tradition.

Divide the class into groups of potential McDonald's restaurant franchisees and groups of local officials and consumers. Each franchisee group will negotiate to open a new store in one of the the following cities (class can add other cities/countries):

Cape Town, South Africa  
 Guatemala City, Guatemala  
 Ho Chi Minh City, Vietnam  
 Hong Kong, China  
 Lagos, Nigeria  
 Moscow, Russia  
 New Delhi, India  
 Venice, Italy  
 Riyadh, Saudi Arabia

- Students research the local dietary customs, social traditions, historical preservation laws, sourcing of supplies and so on for the locations that have been chosen, and prepare a report to the class that describes the critical issues that they must address in order to open their restaurant.



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- B.** Make up a McDonald's menu that would be appropriate for countries with customers that follow these traditions:

Hindu  
 Buddhist  
 Muslim  
 Orthodox Jewish

***How does the McDonald's menu vary in different countries?***

- C.** Using the information developed in parts A & B, each potential franchisee group must conduct negotiations with their corresponding local group to try and win approval for opening their restaurant.

**Exploring these additional topics may add credibility to the presentations:**

- D.** Visit the McDonald's web site at [www.mcdonalds.com](http://www.mcdonalds.com), and also see if there are other resources (foreign newspapers, etc.) that can assist in answering the following question:

***What other menu, advertising and even architectural adjustments does McDonald's make to attract local customers in other countries?***

- E.** McDonalds trains and employs people in restaurant locations in 120 countries all over the world.

***What impact does this employment have on the local communities?***

***What kind of jobs are available?***

- F.** (9<sup>th</sup> and up) Explore the idea of franchising vs. corporate control.

Some McDonald's units are operated by local companies that "franchise" the name and operating expertise.

***What does this mean to the local economy?***

- G.** (9<sup>th</sup> and up)

***How much does a typical McDonald's meal cost in different countries, in their local currency?***

***What does this equate to in U.S. dollars?***

***As a percentage of the average local wage, how does the price of a typical McDonald's meal compare among different countries and with the U.S?***

- H.** Visit the web site at [www.mcdonalds.com/countries](http://www.mcdonalds.com/countries) to learn more about what McDonald's is doing in specific countries to help the communities in which they exist.

## Suggestions for Assessment

Assess for accuracy. Require proof (bibliography) for conclusions about local customs and traditions. (Assess bibliography for reliability of sources).