Paradigm lost: the rise and fall of McDonaldization

Stephen Taylor and Phil Lyon

Mass customization offers an alternative paradigm to McDonaldization

Introduction

Too many service companies have been slow to invest in the new market opportunities and flexible technologies available to them. They have stayed with their old concepts too long and have concentrated on cost-cutting efficiencies they can quantify rather than on adding to their product value by listening carefully and flexibly providing the services their customers genuinely want[1].

In a recent publication, The McDonaldization of Society, Ritzer[2] has argued that the principles behind the successful McDonald's fast-food empire are neither restricted to that organization nor to the fast-food sector. They are, he believes, a blueprint for the organization of all manner of social enterprises – from medicine to family holidays; from higher education to hotel chains. Commentary on the industrialization of service is not new[3,4], but concern about the implications is extended by Ritzer's work. McDonaldization is both a literal critique of food production/service arrangements and a metaphor for standardizing forces in the wider society. In an earlier article[5] we took issue with Ritzer's thesis and argued that, in looking for examples to prove the point, contradictory evidence had been overlooked – especially from the hospitality field. In this article, we develop the critique in terms of mass customization and give thought to the implications of the points raised.

McDonaldization

McDonald's has had a tremendous impact on high-street dining patterns. It is remarkable not only for its spread from the USA to all parts of the world, but also in its propensity to spawn a range of similar restaurants. Major competitors/clones are also widespread:

Few people can be unaware of the McDonald's system of food production and consumption. If you want a standardized product – wherever you are – and you want it without delay, then the fast-food restaurant has many advantages. The customs of food consumption embedded in traditional eating houses are pared away to a new minimalism of finger food, fast-moving queues and DIY table clearing[5].

Ritzer sees also the development of a model, or paradigm, for other organizations, and industries and defines McDonaldization as "...the process by which the principles of the fast-food restaurant are coming to dominate more and more sectors of American society as well as the rest of the world"[2, p. 1].

At the heart of this movement, there is a self-reinforcing cycle:

In the world of mass production, consumers accepted standard goods; their acceptance facilitated the extension of the market and the reduction of prices, through increasing economies of scale; and the growing gap between the price of mass-produced goods and that of customised goods further encouraged the clustering of demand around homogeneous products[6].

A number of principles underpin this "self-righteous" management system. These are summarized in Pine's[7] mass production reinforcing loop (see Figure 1).

A t the heart of this paradigm is the quest for efficiency through stability and control. But, like Henry Ford and his Model T or Ray Kroc and the technocratic hamburger[8], we have become seduced by the means and forgotten its ends. The genie has become the master and we its slave. This corresponds to Ritzer's use of the term "iron cage" for McDonaldization, which is but a particular manifestation of the mass-production principle. To this extent, Ritzer has a point but, in our view[5], he makes a number of awkward assumptions which limit the validity of the critique. The first is that McDonaldization is inexorable... "we confront a future of accelerating McDonaldization"[2, p. 158]... "It... [McDonald's]... will be remembered as yet another precursor to a still more rational world"[2, p. 159]. Second, McDonaldization is "bad" because it tends to limit alternatives. This overlooks the positive role served by fast-food operations. Millions of people use them[9,10] and they are part of a longer-term social change in which domestic eating assumes the status of a weekend and special-occasion
Looking at these criticisms of Ritzer, we suggest that perhaps the greatest single deficiency in Ritzer's analysis is that, while he correctly delineates the weaknesses of mass production, he fails to see that inherent within this process is a potential which is both very exciting and liberating. Like a phoenix rising from the ashes is the brave new world of mass customization.

The new paradigm: mass customization

As with every other mass producer, the fast-food sector has reached the limits of the old paradigm. McDonald's, once the archetypical traditional and conservative company, saw that the old rules no longer worked. Price competition had become fierce, its core market was saturated, its traditional price/value relationship eroded owing to rising costs coupled with shifting demographics and changing eating habits[16,17]. Mass production for homogeneous markets is no longer enough and, as Crawford-Welch observes:

The emphasis on new product development and introduction in the hospitality industry was, in essence, a response by corporations to the plurality of the marketplace and the diverse price/value needs of multiple market segments. In today's hospitality industry there is no such thing as a mass market. Mass markets are a vestige of the past[18].

Today's successful companies are dancing to a new tune in this "age of diversity"[19]. At the core of this new paradigm is the creation of:

Variety and customization through flexibility[20] and quick responsiveness[21]. This is the controlling focus of... mass customization...[which shares]...the goal of developing, producing, marketing and delivering affordable goods and services with enough variety and customization that nearly everyone finds exactly what they want[emphasis in original][7].

Ultimately this becomes another self-reinforcing cycle: meeting customer demands leads to higher profits, which in turn facilitates the organization's ability to increase its customization capability, which in turn stimulates further market fragmentation[22]. This reinforcing cycle identified by Pine[7] is shown in Figure 2.

Mass customization, as the originator of the phrase, Davis[23], acknowledges, is an oxymoron - the combining of apparently contradictory concepts. In the "good old days" things were very straightforward: low unit costs required high volumes, thus standardization; customization was driven by low volumes and high unit costs. The advancements in technology and the contemporary management approaches it underpins allow us to realize the "impossibility" of customized outputs on a mass basis. Mass customization is ultimately an umbrella for a large

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Figure 1. The paradigm of mass production as a dynamic system of reinforcing factors

![Diagram of the paradigm of mass production as a dynamic system of reinforcing factors.](image)

Source: [7, p.27]
number of other elements within the firm. These include, for example, new business strategies such as kanban, kaizen, TQM, empowerment, internal marketing, supply-chain management, electronic data interchange, IT-linked network organizations[24], lean production and business process re-engineering. Mass customization is the product of the interplay and mutual reinforcement of many such elements.

At the core of this enlightenment is a shift away from the mechanistic “parts/wholes” interpretation of the universe as exemplified by Newton[7, p. x]. Simply, when applied to business, the argument is that the organization is the sum of its parts. An alternative approach – and one that any hospitality professional intuitively embraces – is that the parts (e.g. the employees) are the whole (the organization) from the perspective of the customer. In short, the customer perceives the organization in holistic terms. The intellectual challenge is thus to perceive that “mass” is to “whole” what “customization” is to “parts”[7, p. xi].

The extensive standardization of McDonald’s, vilified by Ritzer, has experienced the same sources of discontinuity as other mass producers, creating extreme pressure for change. A rival Burger King, having failed to beat McDonald’s at its own game, changed the rules and embraced the principles of mass customization – “Have it your way!” and “sometimes you’ve gotta break the rules”!. Here the focus is on the “hamburgers and fries” but this was simply a foretaste of a much more significant shift.

The fast-food sector became increasingly competitive during the 1980s, and companies such as Pizza Hut, Domino’s, Kentucky Fried Chicken, and Taco Bell all varied their output and began to exert significant pressure on McDonald’s. The competitive response began with the introduction of a special breakfast menu (Egg McMuffin), then in the latter part of the 1980s output variety mushroomed throughout the sector. In the 1990s, in the USA at least, McDonald’s offer has expanded to include: “pizza, chicken fajitas, breakfast burritos, submarine sandwiches, spaghetti and meatballs, bone-in chicken, a grilled chicken sandwich, carrot and celery sticks, fresh-ground coffee and even bottled water”[17, p. 117]. Indeed the total number of existing menu items or new products currently being test-marketed is estimated at over 150[7].

To achieve this radical expansion in its output variety McDonald’s underwent a paradigm shift characterized by shorter development and production cycles[25], flexibility, autonomy, process innovations and the adoption of a true customer focus[7]. The process of new product development is now undertaken at both a headquarters level and at individual unit level. Franchisees can innovate to ensure a closer fit with their own unique customer environment[17]. Now, even at McDonald’s, customers can “have it their way”. “You don’t want pickle?”, “You got it!”

Just how different is mass customization from mass production? The key differences are highlighted in Table I. A critical aspect, and arguably one that really lies at the core of the difference between the two paradigms, is the reversal of the importance of products and processes. In mass production the product is developed first and then the focus shifts towards the process needed to produce the product so that the process becomes permanently coupled to the product. The most graphic illustration of this is Ford’s Model T. In 1927, in the face of a huge slump in demand, Ford had to cease production and spend the next one-and-a-half years re-tooling his factory for a new product – the Model A[26]. With mass customization, it is the processes which are created first – not the products – and these remain permanently decoupled from the products. Whereas mass production essentially lowers costs through economies of scale, mass customization utilizes economies of scope as its main lever on costs. Many of the recent advances in management previously highlighted in Table II. Ultimately, the pressures of increasing competition cause a realization that optimal performance requires a sharper focus on its distinctive or core competences[27-30]. This in turn, is linked to a firm's
resources and the generation of revenue[31]. This resource-based view of the firm, which is rapidly gaining popularity among academics, views a firm’s capability as residing “upstream from the end-product – it resides in skills, capacities and a dynamic resource fit which may find a variety of end uses”[32]. This is the essence of Pine’s operationalization of the mass customization concept.

Full circle?
Has the industry ended up where it began? McDonaldization replaced the variability of production inherent in the “Mom and Pop” operations of the 1950s with a standardized process which output a quality product at a reasonable cost. McDonald’s QSC (quality, service and cleanliness) was a source of customer reassurance, an invitation to a known experience. For nearly three decades this approach worked, but the widespread success of the process set the scene for its downfall as customers’ expectations rose through the very act of consumption itself. We predict that future success will be enjoyed by those organizations that understand the need to reassert the importance of differences among hospitality consumers rather than seek mass similarities. Vive la différence!

Notes and references

Table I. Mass customization contrasted with mass production

<table>
<thead>
<tr>
<th>Focus</th>
<th>Mass production</th>
<th>Mass customization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Efficiency through stability and control</td>
<td>Variety and customization through flexibility and quick responsiveness</td>
</tr>
<tr>
<td>Key features</td>
<td>Developing, producing, marketing, and delivering goods and services at prices low enough that nearly everyone can afford them</td>
<td>Developing, producing, marketing, and delivering affordable goods and services with enough variety and customization that nearly everyone finds exactly what they want</td>
</tr>
<tr>
<td>Stables demand</td>
<td>Large, homogeneous markets</td>
<td>Fragmented demand</td>
</tr>
<tr>
<td>Low-cost, consistent quality, standardized goods and services</td>
<td>Heterogeneous niches</td>
<td></td>
</tr>
<tr>
<td>Long product development cycles</td>
<td>Long product life cycles</td>
<td>Low-cost, high-quality, customized goods and services</td>
</tr>
</tbody>
</table>

Source:[7, p. 47]

Table II. Critical shifts in functional focuses under mass customization

<table>
<thead>
<tr>
<th>Functional area</th>
<th>Critical shift in focus required in moving from mass production to mass customization</th>
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</thead>
<tbody>
<tr>
<td>Production</td>
<td>From production or operational efficiency towards process efficiency</td>
</tr>
<tr>
<td>Research and development</td>
<td>From breakthrough innovations towards continual incremental innovations</td>
</tr>
<tr>
<td>Marketing</td>
<td>From selling low-cost, standardization products to large, homogeneous markets, towards gaining market share by fulfilling customer wants and needs</td>
</tr>
<tr>
<td>Finance and accounting</td>
<td>From external financial reporting towards manager – and worker – useful information</td>
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</tbody>
</table>

Source:[7]
16. For example, the healthy eating trend has led to lower fat products such as McDonald’s McLean Burger and Kentucky Fried Chicken’s Lite’n Crispy skinless fried chicken.
25. The launch of McDonald’s McLean Burger is a case in point. Although the development process took three years and cost $2 million, the test-marketing prior to full launch was an incredibly short four months. McDonald’s historically utilized a very protracted roll-out process for new product launches (see [18]).

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