According to chapter 10, I disagree with the article of Theodore Levitt. He said that the world has changed because of the new technologies. The result has been the emergence of global markets for standardized consumer products on a previously unimaginable scale of magnitude. Corporations geared to this new reality benefit from enormous economies of scale in production, distribution, marketing, and management. By translating these benefits into reduced world prices, they can decimate competitors that still live in the disabling grip of old assumption about the world works. Success in world competition inevitably becomes focused on price. (Pages 408-410)

In fact, the influences driving the competitive world are not only lower prices but also external factors such as customers’ needs. Companies should concern about changing in customers’ needs because not only the world but also customers keep changing.

McDonald’s is well known for using globalization strategy. The company derived much of its revenue from globally standardized products with low prices. McDonald’s has a very clear business model: It takes relatively low-quality food ingredients, unskilled labor and retail locations through a standardized process then transforms them into a particular kind of food service experience for mass market customers. However, facing its 12th month of declining sales, McDonald’s has become a good example of leakage in globalization. Since, nowadays, people concerned much about healthy foods. McDonald’s products have high fat components which are the cause of heart disease and high blood pressure. That’s why people tend to disregard products which are low price and quality. Thus McDonald’s tried to focus on “growing by being better, rather than by being bigger”. Jim Cantalupo, chief executive, said “the world has changed. Our customers have changed. We have to change too. Are we trying to attract a 21st century customer with a 20th century menu?” The company improves the quality of food, cleanliness and service. For example, McDonald’s would continue more wholesome products such as its premium salads. In conclusion, global companies are required to concern about external factors such as changing in customers’ needs not only lower pricing.

2 Neil Buckley, McDonald’s to grow healthier on slim hills, Financial Times, April 8, 2003, Page 24.