

McDonald's is a wide-spanning company with restaurants located almost all over the world. However, McDonald's has never set up a restaurant in Iceland. In this study a hypothetical scenario where McDonald's will attempt to build a fast-food joint in Iceland, they will take cultural, administrative, political, and geographical into consideration. They will weigh the pros and cons of each factor and make their next decisions based on their research. According to Redefining Global Strategy, the CAGE method is most effective for businesses when expanding to new countries [50]. Once they have set up shop, the hypothetical positive and negative impacts these business's operations would have on the population and environment would be taken into account as well. Then it will be decided if it would be financially sound to expand to Iceland.

Iceland is a very cold country, which means plants like fruits and vegetables will have a tough time growing there. That is why, according to Svanhildur, Iceland's main dishes are mostly meat and carb-based, including lamb, fish, lobster, puffin, whale, and sweet bread. Although McDonald's does have their famous Filet-O-Fish on their menu, they do not have any lamb products at the moment, however in 2012 according to FAE'S TWIST & TANGO (2012), McDonald's used to have an item called The Serious Lamb Burger due to heavy demand from Australia to add it to the menu. Sadly, the lamb burger performed pretty poorly and based on nzherald's (2013) report, it was taken off of McDonald's permanent menu shortly after it was introduced. This does not mean that McDonald's will not be hesitant to change their food to suit a country's culture, McDonald's (2018) has said "We try to adapt our menu to reflect different tastes and local traditions for every country in which we have restaurants. We're keen to respect cultural differences and so every country has its own policy of developing menu items". This shows even though the local residents of Iceland normally do not eat chicken or beef, McDonald's has been known for and will have to adapt its menu to get the maximum number of sales.

The government of Iceland is a democracy, and according to Freedom House, there is very little political corruption present in Iceland's house. In 2020, parliament put acts in place that would attempt to seize all political corruption. Iceland is a free country, which means businesses will not be controlled by the government. McDonald's should not have any problems with Iceland's rules and regulations. However, Iceland is not all sunshine and rainbows. The government can impose stringent regulations, bureaucratic hurdles, and complex compliance requirements on businesses. These regulations can range from labor laws to environmental standards, and they may lead to increased administrative costs, delays, and difficulties in conducting business operations. Iceland also has a serious problem when it comes to the systematic exploitation of migrant workers, and underpaying or exploiting workers is not prosecutable by law. According to Lecture 6, businesses should consider the emotional and environmental effects that this type of labor will have on potential clients. Since 2009, Iceland has criminalized human trafficking. In the 2020 human trafficking report, it said that no one has been prosecuted or convicted of this crime. This shows that McDonald's has little to fear when it comes to administrative problems. Even though wage theft is not punishable by law in Iceland. McDonald's should not systematically exploit foreign workers just to save money.

Iceland is a relatively cool country. Iceland experiences a relatively moderate climate compared to Greenland due to the influence of the North Atlantic Current. However, temperatures can still vary significantly throughout the year. According to Guide to Iceland, the temperature can range from 33 F to 54 F. However, the highest temperature ever recorded in Iceland was 86.9 F. Iceland's geographical location is far from major markets which can pose challenges for transportation and accessibility. The country's isolation in the North Atlantic can result in higher transportation costs for importing and exporting goods, making international trade more complex. The reliance on air and sea routes for transporting goods can lead to potential supply chain disruptions due to adverse weather conditions like blizzards. These transportation challenges can affect the cost and competitiveness of businesses operating in Iceland. Fortunately, McDonald's has a multitude of solutions. Globalization is very useful in this situation, according to National Geographic companies can outsource labor and resources where they are cheaper. Ireland is close to Iceland, and McDonald's works with 18,000 family farms in Ireland. According to McDonald's (2017), "Amazingly, 1 in 5 hamburgers sold in McDonald's across Europe is of Irish origin". According to Government (This is a citation), Iceland is a part of the EEA which allows Europe and Iceland to share a market. Given this information, it would not be out of the ordinary for McDonald's to import food from Ireland to Iceland. Alternatively, if shipping costs would be too high from Ireland, McDonald's could always resort to local farms for their supplies. This shows that the weather and location of Iceland aren't optimal, but McDonald's could find a solution where resources aren't too much of a problem.

The economy of Iceland is fairly limited. Due to its small population and domestic market, large-scale production is hindered. Businesses often struggle to achieve large economies which can lead to higher production costs and reduced competitiveness in the global market. This constraint also influences the diversity of industries that can be sustained within the country. The narrow market can discourage other countries from investing in businesses, as the returns might not justify the initial costs of establishing operations in Iceland. Consequently, the country's economic growth trajectory remains influenced by its ability to leverage international trade and maintain its appeal to investors. According to Index of Economic Freedom (2023), Iceland has an open market, which means Iceland's economy is highly exposed to global economic fluctuations. Iceland can be greatly affected by changes in globalization, financial crises, and shifts in global demand for its exports, such as fish and aluminum. Based on OECD's report COVID-19 had a drastic effect on Iceland. "Iceland's economy was hit hard by the COVID-19 crisis but is now well on the road to recovery thanks to effective policy action". This shows that McDonald's might have a hard time earning their money back from the importing costs due to the limited amount of people in Iceland. Luckily, a lot of tourists visit Iceland all the time, due to its breathtaking views and vistas. If there was a recognizable brand like McDonald's hanging out in Iceland tourists would be sure to take a stop there.

Let's say that McDonald's has decided to expand into Iceland, a simulation will be run for a year with all of the pros and cons of Iceland taken into consideration. McDonald's has just opened a restaurant in Iceland. They have decided to get their beef, chicken, apples, and milk from family farms in Ireland, however, they are getting their fish from Iceland due to their specialization in seafood. McDonald's has reintroduced the Serious Lamb Burger to the menu, but it is

exclusively for Iceland. The meat required for the burger will be bought from local farms in Iceland. Tourists loved this new restaurant, seeing a familiar brand reminds them of home. Some locals are interested in trying the beef burgers and chicken nuggets normally seen on the McDonald's menu, but the Serious Lamb Burger is a hit. Just as the Big Mac is used as an alternative to home-grilled burgers in the US, the residents of Iceland have started to adopt the same mentality with the Serious Lamb Burger. However, some locals are not fans of this new restaurant. They say the golden arches are an eye soar to Iceland's beautiful coasts and it ruins the natural beauty that this country is known for. The year is now ending and even though McDonald's is not receiving many sales on their products besides the Filet-O-Fish and the Serious Lamb Burger from the locals, the number of tourists that visit Iceland dwarfs the local population of 372,000. According to Ferdamalastofa (2023), over 1 million tourists visit Iceland a year, and a good chunk of those tourists are from America. The tourists were able to account for the inflated shipping costs for food from Ireland. McDonald's has once again proved its adaptive menu effective. According to lecture 2 cross border strategies are one of the most effective ways to expand your business to different countries.

In conclusion, McDonald's should build a fast-food restaurant in Iceland. As long as the tourists keep flowing in, McDonald's should be able to account for the increased cost of shipping products from other countries. However, if another pandemic happens and tourists are not allowed to travel overseas, this particular restaurant will shut down. Given the fact that locals aren't too fond of their classic menu, only preferring a few niche items like the Serious Lamb Burger, McDonald's would have to deviate their menu even more and would have to stop importing food from Ireland.

Works Cited

Effects of Economic Globalization. education.nationalgeographic.org/resource/effects-economic-globalization.

Halldórsdóttir, Svanhildur Sif. "Icelandic Food: The Ultimate Guide to Iceland Food Culture." *Guide to Iceland*, Apr. 2023, guidetoiceland.is/history-culture/food-in-iceland.

Tango, Fae's Twist & Tango; "McDonald's Serious Lamb Burger - Fae'S Twist & Tango." *Fae's Twist & Tango*, 29 June 2015, fae-magazine.com/2012/12/16/mcdonalds-serious-lamb-burger.

"McDonald's Drops Lamb Burgers From Menu After Slow Sales." *NZ Herald*, 16 Sept. 2020, www.nzherald.co.nz/business/mcdonalds-drops-lamb-burgers-from-menu-after-slow-sales/DCCBE77I3WOTUJQUZSJWOHTRIA.

John Vaughan 8/18/23

Why Is the McDonald's Menu Different in Different Countries? www.mcdonalds.com/gb/en-gb/help/faq/why-is-the-mcdonald-s-menu-different-in-different-countries.html#:~:text=We%20try%20to%20adapt%20our,policy%20of%20developing%20menu%20items.

Freedom House. "Iceland." *Freedom House*, freedomhouse.org/country/iceland/freedom-world/2021.

Gunnarsdóttir, Nanna. "Iceland's Weather, Climate, and Temperature Year-Round." *Guide to Iceland*, Mar. 2023, guidetoiceland.is/travel-info/climate-weather-and-northern-lights-in-iceland.

McDonald's Farming | McDonald's Ireland. www.mcdonalds.com/ie/en-ie/good-to-know/farming.html.

Iceland in Europe. www.government.is/topics/foreign-affairs/iceland-in-europe.

"Iceland Economy: Population, GDP, Inflation, Business, Trade, FDI, Corruption." *Index of Economic Freedom*, www.heritage.org/index/country/iceland.

Iceland: increase competition and economic diversification to support the recovery from COVID-19, says OECD. (n.d.). OECD.org. Retrieved August 18, 2023, from <https://www.oecd.org/economy/iceland-increase-competition-and-economic-diversification-to-support-the-recovery-from-covid-19-says-oecd.htm>

Tourism in Iceland in Figures, January 2023: Summary for the year 2022. (n.d.). Ferðamálastofa Icelandic Tourist Board. <https://www.ferdamalastofa.is/en/moya/news/tourism-in-figures-january-2023#:~:text=Just%20under%201.7%20million%20international,the%20record%20set%20in%202018.>

Thakur, R. R. (2008). Redefining global strategy: Crossing borders in a world where differences still matter Pankaj Ghemawat. *Paradigm*. <https://doi.org/10.1177/0971890720080114>