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McDonald's China's Supply Chain Management Model and Its Competitive Advantages: From the Perspective of Strategic Synergy

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Abstract. As market competition intensifies and consumer demand becomes increasingly diverse, supply chain management has become a critical determinant of operational efficiency and competitive advantage in the fast-food industry. Effective coordination among suppliers, logistics providers, and franchisees is therefore essential for sustaining business performance. Research into the supply chain practices of leading catering enterprises offers practical guidance for the development of domestic restaurant chains. This study examines McDonald's China's supply chain management model from the perspective of strategic synergy. Using literature review and case study methods, the study analyzes the company's supply chain management model from three perspectives: supplier collaboration, logistics management and store operations. The findings show that McDonald's China relies on a long-term ecosystem of strategic suppliers, a digitalised temperature-controlled logistics system and stringent quality control at the point of sale to achieve risk-sharing between upstream and downstream partners, thereby effectively reducing supply chain wastage and ensuring consistent product quality. The findings indicate that strategic synergy facilitates resource integration, information sharing, and operational coordination across the supply chain, thereby enhancing supply chain stability and operational efficiency.

Keywords: Strategic synergy, Supply chain management, McDonald's China, Competitive advantage, Supply chain collaboration

1. Introduction

In contemporary supply chain management research, attention has increasingly shifted from interfirm efficiency toward inter-organizational integration, collaboration, and strategic alignment. Extensive research has examined the relationship between supply chain integration and organizational performance, while recent reviews have further emphasized collaboration as a central theme in supply chain research. In the food sector, scholarship has expanded to address operational efficiency, food safety, resilience, sustainability, and digital transformation, reflecting the increasingly complex and interconnected nature of food supply chains [1-3]. Against this academic backdrop, the rapid expansion of chain restaurants in China raises practical demands for

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understanding how multinational food enterprises build competitive advantage through localized supply-chain arrangements.

Despite these developments, existing studies remain relatively fragmented in explaining how strategic alignment among multiple supply chain actors can be translated into firm-level competitive advantage. In particular, limited attention has been given to incorporating strategic supplier partnerships, logistics coordination, digital-enabled integration, and end-store quality control into a unified framework for large-scale chain restaurant enterprises. Specifically, few studies have constructed a unified analytical framework that incorporates strategic supplier partnerships, logistics coordination, digital-enabled integration, and end-store quality control for large-scale chain restaurant enterprises operating in the Chinese market. This gap provides a basis for further case-based investigation from a strategic synergy perspective.

Accordingly, this study focuses on McDonald's China and examines how strategic synergy is reflected in its supply chain management model and how different forms of coordination are related to competitive advantage. A literature review and case study approach are adopted to analyze the relevant supply chain practices and their strategic implications. The study is expected to contribute to the application of strategic synergy theory in supply chain management and provide practical insights for chain restaurant enterprises seeking to strengthen inter-organizational coordination and improve supply chain management capabilities.

2. Relevant theoretical foundations

2.1. Supply chain collaboration theory

Supply chain collaboration theory emphasizes the coordination and integration of independent firms across organizational boundaries in order to achieve shared objectives and enhance overall supply chain performance. Its fundamental principle is to reduce information asymmetry and coordination barriers by facilitating the timely exchange of demand, inventory, and operational information between upstream and downstream partners. When supply chain participants share information and synchronize decisions, information distortion can be reduced and the bullwhip effect can be mitigated, thereby limiting unnecessary inventory fluctuations and operational inefficiencies [4, 5]. Accordingly, supply chain collaboration extends beyond conventional transactional relationships and encompasses information sharing, joint decision-making, resource coordination, process integration, and incentive alignment.

Collaboration also requires the alignment of organizational interests and the establishment of stable inter-organizational relationships. Barratt argues that effective supply chain collaboration involves strategic, organizational, and relational dimensions [6]. Therefore, collaboration enables firms to coordinate dispersed resources and activities, improve supply chain visibility and responsiveness, and enhance the efficiency of inter-firm operations. In this study, the theory of supply chain collaboration provides a theoretical basis for analysing how McDonald's China integrates diverse stakeholders (including suppliers, third-party logistics providers, the head office and franchisees) to build an integrated supply chain system. It establishes an analytical framework for the transformation of strategic coordination between organisations into competitive advantage for the enterprise, thereby underpinning the case study presented later in this paper.

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2.2. Strategic supplier partnership theory

Strategic supplier partnership theory focuses on establishing long-term and mutually beneficial relationships between purchasing firms and strategically important suppliers. According to Wei, a strategic supplier partnership is characterized by long-term cooperation based on shared interests, continuous improvement of product quality and services, joint cost reduction, and the pursuit of mutual benefits. Unlike short-term and fragmented purchasing relationships, this approach emphasizes the selection of a limited number of strategically important suppliers and the development of stable, in-depth cooperation with them. Such relationships can strengthen supply security while facilitating continuous coordination between purchasing firms and suppliers [7].

The value of strategic supplier partnerships is reflected not only in stable relationships but also in operational and organizational improvements. Long-term cooperation can shorten supplier lead times, increase supply flexibility, reduce inventory and supplier-management costs, accelerate capital turnover, and improve product quality. Moreover, cooperation enables firms to share management experience, technical knowledge, and innovative outcomes, thereby supporting continuous improvement throughout the supply chain [7].

Effective strategic supplier management further requires systematic supplier selection, evaluation, and differentiated incentives. For the present study, strategic supplier partnership theory provides a more specific theoretical explanation of how supply chain collaboration can be embedded in long-term inter-organizational relationships. It therefore serves as an important basis for examining McDonald's China's supplier coordination mechanisms and for further analyzing how supplier relationships contribute to supply chain efficiency, stability, and competitive advantage.

3. Case study on the core dimensions of McDonald's supply chain management

3.1. Supplier selection and collaboration: a long-term, ecosystem-oriented partnership model

Supplier selection and collaboration are the cornerstones of McDonald's China's supply chain management model. From the perspective of strategic synergy, McDonald's treats suppliers not merely as transactional purchasing parties, but as long-term strategic partners whose capabilities and development are closely connected with the stability and efficiency of the broader supply chain. This approach is particularly evident in the company's early localization of its supplier network. Before entering mainland China, McDonald's chose to develop local suppliers and began joint investigations into potato cultivation and French-fry processing several years before opening its first restaurant. The location of cultivation areas, processing facilities, and other elements of the supply system were planned jointly with suppliers in advance, indicating that supplier development was incorporated into the company's market-entry strategy rather than treated as a subsequent procurement activity. Currently, approximately 90% of McDonald's China's food ingredients are locally sourced, providing a foundation for supply continuity and reducing exposure to disruptions in international logistics.

The second feature of this model is selective entry combined with stringent quality governance. McDonald's China adopts a "high entry, low exit" principle for supplier management, while its quality management team retains veto power over quality-related decisions. Suppliers entering the system must satisfy strict standards(For example, on the hardware side, companies must have McDonald's logistics system certification and production capacity certification; on the software side, they must be sincere and trustworthy, with sound principles), and traceability mechanisms enable upstream problems to be identified and corrected in a timely manner. This governance structure is

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consistent with the strategic supplier partnership theory, which emphasizes the selection of qualified and strategically important suppliers rather than maintaining a large number of loosely connected short-term relationships. Such mechanisms can simultaneously strengthen product consistency, reduce supply risks, and support standardized operations across the supply chain.

McDonald's China further extends supplier collaboration from procurement to capability development. McDonald's "three-legged stool philosophy" emphasizes balanced collaboration among suppliers, franchisees, and McDonald's employees; without any one of these three elements, the business model cannot be sustainable. Based on this philosophy, the company provides resources and support to foster the shared growth of its partners. For example, McDonald's has supported domestic chicken suppliers in expanding production capacity, improving farming systems, and strengthening industrial-chain coordination. Such supplier support serves not only to ensure short-term supply but also to enhance supplier capabilities and build a more sustainable supply network.

This long-term partnership has subsequently developed into broader ecosystem-level collaboration. In 2023, McDonald's China launched its Regenerative Agriculture Plan with nine core suppliers, including Tyson, Cargill, and Sunner. These suppliers accounted for more than two-thirds of McDonald's annual food procurement volume. The cooperation covers five areas—nature, soil, water, livestock, and farmers—and includes practices such as crop rotation across more than 40,000 mu of potato farmland, standardized annual production of more than 150 million white-feather chickens, and 100% MSC-certified cod sourcing [8]. The plan also promotes pilot farms, knowledge sharing, and agricultural training, thereby extending supplier collaboration from individual transactions to coordinated development across the agricultural value chain.

3.2. Logistics management: the development of end-to-end digitalization and temperature-controlled distribution

Logistics management constitutes another critical dimension of McDonald's China's supply chain system because the large-scale operation of chain restaurants requires the timely, standardized, and safe movement of food products from suppliers to individual restaurants. Earlier research on McDonald's China identified a third-party logistics model in which food distribution was centrally entrusted to Havi Logistics. Under this arrangement, distribution centers were established in major cities such as Beijing, Shanghai, and Guangzhou, while warehouse facilities were also developed in cities including Shenyang, Xiamen, and Chengdu. In addition to transportation and warehousing, Havi provided value-added services including procurement, inventory management, information processing, and stock control, thereby integrating multiple logistics functions into a relatively centralized distribution network [9].

Centralized third-party logistics enables operational standardization and frees companies from having to build their own extensive logistics networks; however, it also has inherent shortcomings: heavy reliance on a single service provider, relatively high inventory costs, delays in information flow between stores and logistics providers, and insufficient coverage in some lower-tier cities. These issues indicate that logistics efficiency depends not only on physical delivery capacity but also on the coordination of inventory, transportation, information, and service networks. In this regard, Wang proposed areas for improvement, including safety stock forecasting, centralized procurement, temperature-controlled warehouses, route optimization, expansion of regional warehouses, and real-time information exchange [9].

In light of these limitations, McDonald's China is gradually moving toward a digital integration upgrade. The subsequent development of McDonald's China's logistics system demonstrates an increasing emphasis on digital integration. In 2023, McDonald's China completed the deployment of

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a nationwide restaurant inventory system, incorporating planning and replenishment processes into digital management. According to McDonald's Chief Supply Chain Officer, this initiative increased restaurant-level goods-processing efficiency by more than 50%. This development is consistent with the VSA framework of visibility, sensibility, and adaptability, in which digital technologies are used to strengthen supply chain visibility, detect operational changes, and facilitate timely responses.

The cooperation between McDonald's China and Cainiao further illustrates the transition toward end-to-end digital logistics. Through the application of RFID technology, product packaging can be assigned a unique digital identity connecting the production, logistics, and restaurant stages. In pilot projects, daily restaurant inventory-taking time was reduced from approximately one hour to 15 minutes, while inventory-data accuracy increased by 30%. More importantly, the technology enhances not only inventory efficiency but also traceability and information connectivity across organizational boundaries.

McDonald's China further developed this approach through the "one box, one code" initiative launched in early 2024. By extending RFID applications from restaurant operations toward upstream supply chain processes, the system enables products to be tracked across production, logistics, and restaurant operations. From the VSA perspective, such a system provides greater visibility of product flows, improves the ability to detect supply chain risks, and supports faster responses when quality or safety problems occur.

Importantly, McDonald's China's logistics digitalization relies on both internal and external coordination. The company emphasizes that digital transformation requires organizational support and effective collaboration across departments, while external integration depends on suppliers and other supply chain partners establishing strong connections. Its long-term relationships with suppliers provide a foundation for integrating different systems and promoting information connectivity. Overall, McDonald's China's logistics system has gradually evolved from a centralized physical distribution network into a digital logistics system that highly integrates temperature control, inventory management, traceability, and real-time information dispatch. This represents a practical application of supply chain collaboration theory and provides operational support for enhancing supply chain efficiency and risk resilience.

3.3. Store operations: the terminal integration of supply chain management and customer experience

Store operations constitute the terminal stage of McDonald's China's supply chain management and serve as the direct interface through which upstream supply chain capabilities are translated into customer value. Accordingly, the effectiveness of supply chain coordination should ultimately be reflected in the consistency of products, service efficiency, and the overall dining experience at the restaurant level. From the perspective of strategic synergy, store operations therefore connect upstream supply activities with final customer perceptions.

A prominent feature of McDonald's store management is the strict implementation of standardized quality requirements at the point of consumption. Product holding-time standards are applied to ensure that food served to customers remains within defined quality thresholds. For example, prepared hamburgers are discarded after more than ten minutes, while French fries are discarded after more than seven minutes. Although such practices may increase short-term food waste, they strengthen the connection between upstream quality management and terminal execution. Through standardized operating procedures, product quality can be controlled consistently across individual restaurants, thereby reducing variations arising from differences in store-level operations.

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The value of supply chain efficiency is further reflected in customer experience. According to the customer satisfaction study by Yang et al., improvements in logistics and operational efficiency influence customers' perceptions of several restaurant attributes, including serving speed, food freshness, and restaurant cleanliness. Among the six observed variables examined in the study, perceived quality and perceived cleanliness showed the strongest associations with customer satisfaction. This empirical evidence demonstrates that the effectiveness of a supply chain cannot be judged solely by internal KPIs such as inventory turnover; rather, customer-perceived quality and cleanliness are the key performance indicators on the market side, and the value of a food service supply chain is ultimately reflected in the customer experience.

From the perspective of strategic synergy, McDonald's store operations thus represent more than the final execution point of supply activities. They function as a feedback interface through which customer perceptions can reflect the effectiveness of upstream coordination. Supplier quality, logistics responsiveness, inventory management, and standardized restaurant procedures are consequently connected through the final consumption experience.

4. Industry implications of McDonald's supply chain management

The supply chain management practices of McDonald's China provide several implications for domestic chain restaurant enterprises. From a strategic synergy perspective, these implications extend beyond individual operational practices to the coordination of suppliers, logistics systems, and restaurant operations as an integrated value-creation system. First, at the supplier level, domestic chain restaurant enterprises should move beyond short-term and fragmented purchasing relationships and establish a selective and strategically oriented supplier management system. McDonald's China applies a stringent supplier qualification principle and places considerable emphasis on long-term supplier relationships, supplier capability development, and quality governance. Its experience suggests that the objective of supplier management should not simply be to obtain lower procurement prices, but to develop a stable supplier network that can simultaneously support quality, supply continuity, and continuous improvement. Through strategic partnerships and supplier empowerment, enterprises can strengthen local supply capabilities and gradually establish a more resilient domestic supply system. This approach is consistent with the strategic supplier partnership perspective, which emphasizes long-term cooperation, shared improvement, and mutual value creation.

Second, at the logistics level, chain restaurant enterprises can progressively develop intelligent supply chain capabilities on the basis of third-party logistics rather than pursuing full-scale internalization. McDonald's China's logistics development demonstrates a transition from centralized physical distribution toward digitally connected supply chain management. Earlier research identified potential limitations in third-party logistics, including information delays, inventory pressure, dependence on service providers, and insufficient regional coverage. Subsequent digital practices, including the nationwide deployment of restaurant inventory systems and the "one box, one code" initiative, indicate how restaurant-level digitalization can gradually extend upstream to production and logistics, improving visibility, traceability, and operational responsiveness. Therefore, domestic enterprises should adopt a phased approach to digital transformation, beginning with demand and inventory management at the restaurant level and progressively establishing end-to-end information connectivity.

Third, from a customer-oriented perspective, the ultimate purpose of supply chain management is to translate upstream coordination into improvements in the terminal consumption experience. Supply chain capabilities should therefore be reflected not only in procurement costs or logistics

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efficiency, but also in product quality, freshness, service responsiveness, and consistency across restaurants. McDonald's case demonstrates that upstream supplier management and logistics coordination ultimately require effective execution at the restaurant level. Accordingly, domestic chain restaurant enterprises should establish a customer-oriented supply chain management framework in which operational improvements are evaluated according to their contribution to customer value. At the same time, an indicator system should be established to incorporate customer feedback and store quality consistency into the performance evaluations of the supply chain department. In this way, supply chain coordination can be progressively transformed into customer satisfaction, brand trust, and long-term competitive advantage.

5. Conclusion

The analysis demonstrates that McDonald's supply chain management is characterized by the systematic integration of supplier collaboration, logistics coordination, and standardized store operations. At the supplier level, selective supplier qualification, long-term partnerships, quality governance, and supplier capability development support supply stability and continuous improvement. At the logistics level, centralized distribution, temperature-controlled management, inventory coordination, and progressive digitalization strengthen supply chain visibility, traceability, and responsiveness. At the store level, standardized operating procedures translate upstream supply chain capabilities into consistent product quality and customer experience.

Taken together, these findings suggest that strategic synergy allows individual supply chain activities to function as an interconnected system rather than as isolated operational processes. Through the alignment of suppliers, logistics providers, headquarters, franchisees, and stores, supply chain resources and information can be coordinated toward common objectives. Consequently, supply chain capabilities can be translated into operational efficiency, quality assurance, responsiveness, and ultimately competitive advantage. The case of McDonald's China therefore suggests that sustainable competitiveness in the chain restaurant industry depends increasingly on the coordinated capabilities of the entire supply chain rather than on the performance of individual organizational units. This article is currently based solely on an analysis of existing literature and case studies. Future research will conduct a quantitative analysis using specific store and supply chain data.

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