

McDonald's gets McBetter

A *Reveries.com* reader survey, rated feelings for McDonald's as more neutral than dislike, which is certainly an improvement from what readers said they felt six years ago: from 31 percent dislike/hate six years ago to 20 percent dislike/hate today; from 3.1 percent "love it" to 10 percent "love it"; from 32 percent "like it" to 34 percent "like it"; and from 29 percent "neutral about it" to 37 percent "neutral about it."

If we got results like this from hardened marketing people, imagine how consumers are responding.

Nearly six years ago, McDonald's was vilified in the *Fast Food Nation* bestseller and in the documentary, *Super-Size Me*. And, it was held responsible—if not personally—for obesity in this country and globally by nearly every media commentator and activist group.

As McDonald's CEO Jim Skinner told the *New York Times*: "We got distracted from the most important thing: hot, high-quality food at a great value at the speed and convenience of McDonald's."

Today, McDonald's is enjoying 55 months of global same store sales increases, stock value gains, and positive movement in the *Reveries.com* survey. What was essential to McDonald's success was a rededication to its brand's core values. The big turning point for McDonald's came with a change in mission. It was no longer about being the best or biggest quick-serve restaurant.

The mission was to be, as Larry Light, global chief marketing officer at the time, stated, "our customers' favorite place and way to eat." Hence, the meaning behind the "i'm loving it" campaign.

McDonald's "Plan to Win" is given a lot of credit for aiding in the turnaround. The plan itself doesn't even fill a single sheet of paper. It focuses on the five Ps—People, Product, Place, Price and Promotion.

Here is their "Plan to Win" (from the 2006 McDonald's Canada Social Responsibility Report):

People: Our well-trained people will proudly provide friendly, accurate and fast service that delights our

customers. We have a responsibility to maintain an inclusive work environment where everyone feels valued and accepted, to provide training and other opportunities for personal and professional growth, and to promote job satisfaction.

Product: We will serve food and beverages people prefer to enjoy regularly. We have a responsibility to give our customers quality product choices and to partner with suppliers that operate ethically and meet our high standards of social responsibility.

Place: Our restaurants and drive-thrus will be clean, relevant, and inviting to the customers of today and tomorrow. We have a responsibility to manage our business in an environmentally friendly way and to constantly seek ways to make a difference in the community.

Price: We will be the most efficient provider so that we can be the best value to the most people. We have a responsibility to maintain our values and high standards as we provide food that is affordable to a wide range of customers.

Promotion: All of our marketing and communications will be relevant to our customers and build our brand. We have a responsibility to maintain and build trust with all our stakeholders by ensuring that our marketing and communications efforts are truthful and appropriate.

The right people were put in place to execute this plan. Everyone at McDonald's was aligned and focused on quality, service, value and experience. It was about flawless execution while keeping true to McDonald's core values and in step with changing lifestyles.

Among other things, the new plan involved more and whiter chicken, better coffee, and milk in bottles instead of cartons, to help create a better impression. The "i'm lovin' it" advertising campaign helped reinforce a greater focus on the quality of the experience, and not just the price or convenience.

So-called "McCafes" have now also been installed

For McDonald's, McActions speak louder than McWords.

in 6,500 of McDonald's 14,000 U.S. stores, offering speedy lattes and cappuccinos — smoothies, coolers, sports and energy drinks are also in the works. According to the *Times*, new stores, such as the one in Tinton Falls, NJ, offer “two drive-through lanes, trendy furnishings and lights, wide-screen televisions and Wi-Fi connections.” There's even an exercycle in the play area.

At least one critic is mildly impressed. “As fast-food restaurants go, McDonald's has been pretty progressive,” says obesity expert, Kelly D. Brownell of Yale, who nonetheless maintains that America would be better off without McDonald's.

CONSCIENTIOUS BRAND MARKETING

What McDonald's has done sounds like the basic principles of marketing 101. Yes, but it's more than that. It's about conscientious brand marketing — the melding of brand marketing with good corporate citizenship. It is not just about cause marketing or the often intangible “added value.”

Conscientious brand marketing is about making values tangible as exemplified through the brand's operations, products, services, experiences, and interactions with its customers and with the larger world. It is about supporting issues facing society from the environment to quality of life issues.

For brands, it is about addressing undesirable issues head-on. For McDonald's, it meant taking action over the lack of healthy choices on their menu.

Adding healthier items such as salads and apples to the menu is tangible. Forty-two percent of you cited “the food,” in your responses as to what improved your opinion of McDonald's, with 59 percent indicating McDonald's menu is healthier versus six years ago. This is a big change in perception and aligns well with changes in McDonald's brand behavior.

In addition to healthier items, McDonald's strong execution of meeting consumers' needs with value options positions them well in this economy. Breakfast and coffee drinks are McDonald's fastest growing day part. And, Pew Research just announced that people prefer McDonald's to Starbucks 43 percent to 35 percent.

As part of their conscientious brand marketing mix, the online medium provides McDonald's with a note of authenticity and credibility as well as a sense of belonging. Yes, brands do have a need to

belong — as do people. It is not just about creating a community, a common marketing practice; it is also about being part of a community.

The new media is one of the power tools in conscientious brand marketing, bringing the interaction closer to the community and to the individual. When you have bloggers excitedly blogging about how Mary Dillon, McDonald's Global CMO, met with the blogging community at M. planet—that's quite a step.

A big surprise was that 3 in 10 *Reveries.com* survey respondents were unaware of McDonald's use of new media. Actually, it is McDonald's use of the new media that is interesting. In 2007, McDonald's spent around \$27.2 million in the US on the internet channels.

From the global game, *The Lost Ring*, launched during the Beijing Olympics to McDonald's employees sharing their Beijing video stories to their Global Moms Advisory Panel to engaging on social networks, McDonald's is creating brand friendships.

What McDonald's has shown is that conscientious brand marketing can be a turning point for brands that have lost their way or have failed to change. For McDonald's, that meant rediscovering what made the brand successful while aligning and empowering every employee to execute the brand's mission flawlessly.

McDonald's also adapted to changing needs and lifestyles in a changing world, in part by reaching out and making friends through new media. Finally, and perhaps most important, McDonald's integrated social responsibility into the brand's behavior. ■



ZAIN RAJ leads Euro RSCG Worldwide's global retail practice and is CEO of **Discovery**, the company's data analytics and customer relationship marketing unit. He can be reached at zain.raj@eurorscg.com



PAULA AUSICK is director of strategy and planning for **Euro RSCG**, specializing in applying consumer buying behavior insights to develop business-building solutions. She can be reached at paula.ausick@eurorscg.com

Big Mac

Is McDonald's better today than it was six years ago? Where has it improved? Which competitor is doing a better job?

McDonald's was one of only two stocks that gained value in 2008 (the other was Wal-Mart). According to the *New York Times*, its performance is the result of a six-year "Plan to Win" centered on a return to Ray Kroc's original mantra of "quality, service, cleanliness and value."

So, we asked our readers how their view of McDonald's had changed, if at all, over the past six years.

First things first—our readership clearly is not composed of dedicated McDonald's customers. Most respondents—43 percent—said they went to McDonald's only "sporadically."

Despite this, their attitudes were mostly positive. The percentage of respondents who said they either "liked," "loved" or were "neutral" about McDonald's increased, while percentages of those who "disliked" or "hated" it decreased.

McDonald's also appears to be succeeding in many of the key areas targeted by its so-called "Plan to Win."

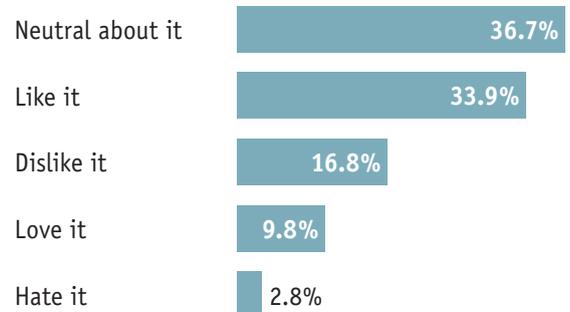
When asked which aspects of the McDonald's experience had improved, "the food" topped the list at 41 percent, followed by "price/value" at 32 percent and "image/aesthetics" at 24 percent.

In addition, a solid majority of 60 percent said that the overall "healthiness" of McDonald's menu had improved over the past six years, with only 28 percent saying it was unchanged and just four percent judging it "worse."

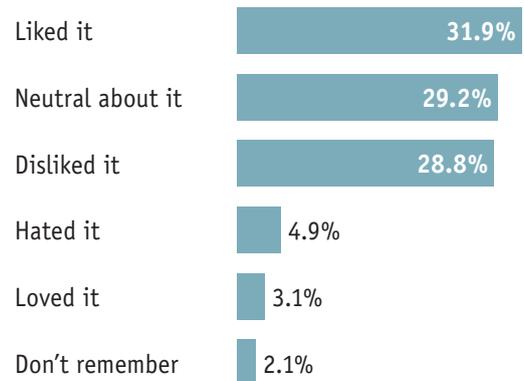
However, McDonald's still has work ahead with respect to "customer service" which was cited as "improved" by only 10 percent, and "sense of community/camaraderie" at just six percent.

Forty-three percent of respondents said the overall "quality" of the McDonald's experience had improved over the past six years, with 35 percent saying it was "the same" and just five percent calling it "worse."

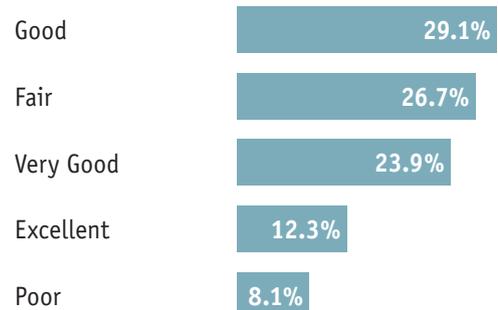
In general, how do you feel about McDonald's today?



In general, how did you feel about McDonald's six years ago?

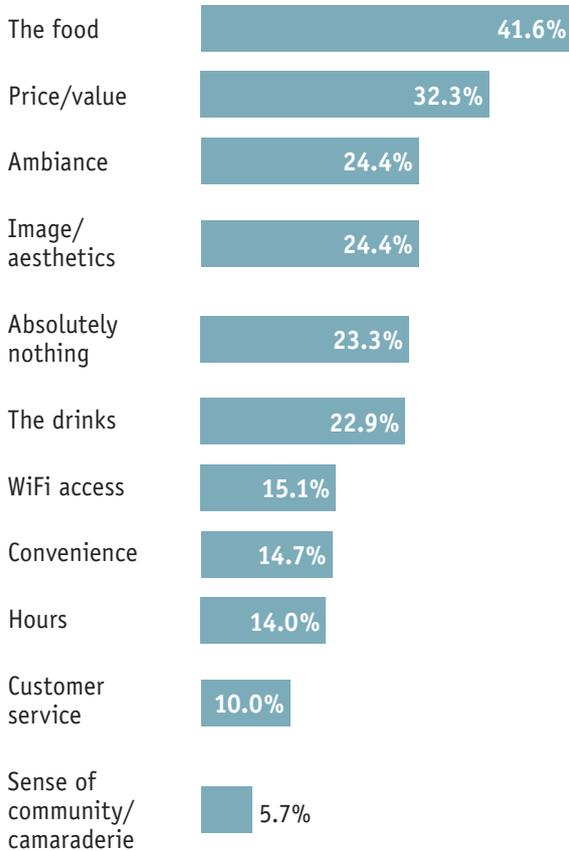


How would you rate the effectiveness of McDonald's advertising strategy (i'm lovin' it)?

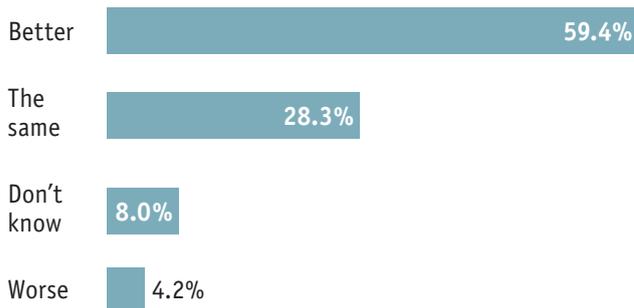


Attack

If any, which of the following has improved your opinion of McDonald's? (pick as many as apply)



How would you rate the overall "healthiness" of the McDonald's menu today versus six years ago?



Attitudes were somewhat less rosy when it came to the effectiveness of the McDonald's advertising strategy (i'm lovin' it), which only 12 percent called "excellent," with 24 percent rating it "very good."

The percentage of respondents saying it was "good" (29 percent) was only slightly higher than those calling it "fair" (27 percent). Eight percent said it was "poor." Some felt that the advertising was too "young" and "urban."

McDonald's faces even more criticism when it comes to its use of "new" media, such as social networks, widgets, mobile phones and digital signage.

Although a plurality of 35 percent said McDonald's use of such media was "good," about 30 percent commented that they were unaware that McDonald's was using "new" media at all.

When asked, on an open-ended basis, what McDonald's needed to do to continue to succeed, most responses centered on "healthier" food options, with a number of respondents mentioning "more vegetarian options" as topping their wish list.

As to which McDonald's competitors might be doing a better job overall (also on an open-ended basis), Wendy's led the pack because of "better food" (but poor advertising) while Burger King was cited for its "better advertising" (but poor food).

Other frequent mentions included Subway, Chick-fil-A and Dunkin' Donuts, as well as Chipotle, In-N-Out, Sonic and Five Guys.

RESPONDENT PROFILE

A total of 292 survey respondents included brand marketers (21%), consulting firms (13%) and agencies (26%).

Twenty-eight percent worked in packaged goods firms, 10% in media/entertainment and 6% in retail.

A majority were senior-level executives with 72% reporting more than ten years of experience in marketing. ■