

MARKETING EXCELLENCE 2

McDonald's

Learning to love the brand again



MARKETING
SOCIETY

AWARDS FOR
EXCELLENCE

in association with
Marketing

About The Marketing Society



INSPIRING BOLDER MARKETING LEADERSHIP

The Marketing Society is a not-for-profit organisation owned by its members, with over 2500 senior marketers. Over the past 50 years it has emerged as one of the most influential drivers of marketing in the UK business community.

The Society challenges its members to think differently and to be bolder marketing leaders by supporting the development of leading-edge thinking, and promoting the evidence of effective marketing. The Society does this through the Marketing Society Awards for Excellence; its publications Market Leader, Our Week and rich online Knowledge Zone; a national programme of world-class events; innovative professional development, such as the annual Marketing Leaders Programme; and extensive on-and-offline networking opportunities.

www.marketing-society.org.uk

Foreword

By Roisin Donnelly,
President of The Marketing Society

What is marketing excellence?



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Marketing excellence can drive breakthrough business results for the short and long term. Marketing excellence requires great strategic thinking, great creative thinking and perfect execution.

But how do we assess *marketing* excellence? First we choose brilliant industry judges who are all experienced and successful practitioners of excellence and we ask them to pick out the cases which they see as remarkable. We ask them to look for two key qualities from our winners: creativity and effectiveness.

But marketing continuously changes and evolves, as consumers become more sophisticated and demanding and the media for communicating with them ever more diverse. So the standards for marketing excellence change and in turn become more demanding.

We believe that The Marketing Society Awards for Excellence in association with *Marketing* set the standard of marketing excellence in the UK. They have established this reputation over a period of

more than 25 years, and they have always been based on the principle of searching out the best examples of different marketing techniques in action, that showcase great strategic thinking, great creativity and perfect execution.

In order to be a winner of one of the Society's Awards, marketers have to demonstrate that what they have done is outstanding in comparison with marketing in all industries not just their own particular sector.

If a marketing story has been good enough to impress our judges, then all marketers can learn from it – however senior they have become. The collection of case histories brought together in this book is the best of the best from the past four years of our Awards, and I am confident that it truly demonstrates *marketing excellence*. I have been truly inspired by these case studies and I hope you will be too.

McDonald's

Learning to love the brand again

Snapshot

How a massive overhaul of every part of the UK business won the brand renewed public affection and led to record-beating sales.

Key insights

- McDonald's embarked on an ambitious revitalisation of the brand following a series of events that had damaged brand perception to improve every aspect of the business.
- Based on substantial investments in research, food was revamped and reinvented, restaurants redesigned and staff morale boosted.
- The result: the UK had its best-ever year of sales growth in 2008 since it first opened its doors in South London in 1974.

Summary

McDonald's is the leading global food service retailer, with more than 32,000 local restaurants serving more than 60 million people in 117 countries each day. More than 75% of McDonald's restaurants worldwide are owned and operated by independent local men and women. In the UK McDonald's faced the challenge of revitalising the brand and the business. It needed to re-connect with its customers, bolstering their trust in

the brand and engaging with them on a new level in communications. It recognised that key to achieving this would be a renewed commitment to listening to and understanding its customers, and being open and transparent as a business.

It was a big challenge. In 2005 McDonald's business performance and brand perceptions had reached a plateau. A combination of factors in the brand's recent history had undermined consumer trust. It seemed that the nation's love affair with McDonald's might be over. In response, it re-focused around a clear vision and ambitiously overhauled just about every aspect of the business and the way it presented itself.

By being customer-led over the next three years McDonald's UK made record levels of investment in upgrading the experience for customers in the areas that mattered most to them. This included improving the fundamentals of the business: the food, the restaurants and communications. The business flourished, with eleven consecutive quarters of growth, and its best ever year of sales growth in 2008 since it first opened its doors in south London in 1974.

Taking stock

In 2005 McDonald's business performance and brand perceptions had reached a plateau. A combination of factors in the brand's recent history such as the Mclibel trial, Eric Schlosser's book *Fast Food Nation*, general disquiet about obesity and fast food and the film 'Supersize Me' had undermined consumer trust. It seemed that the nation's love affair with McDonald's might be over.

So the brand had to win back its place in customers' affections by overhauling just about every aspect of the business that could affect its relationship with them, and finding the right way to express itself in communications.

A fresh start

The process of change really started with the appointment of Steve Easterbrook as chief executive in early 2006. He made several new senior appointments, blending fresh thinking with internal promotions to usher in a culture of change.

The business went through a period of rigorous self and customer analysis. Much of the insight boiled down to a simple truth: although lots of consumers still went to McDonald's, they didn't feel as good about it. The brand had to get back to the basics of what had made it so appealing in the first place and re-ignite the passion it had attracted from customers.

Crucial to this would be the definition of a clear vision as the basis for the new brand story. This was defined as the 'progressive burger company':

- Progressive: signifying the commitment to change.
- Burger: because that was the true heart of the brand.

- Company: because McDonald's behaviour as an organisation is important to customers, employees and stakeholders and is the key driver of trust.

This was to become the focus for the business and the brand: addressing core customer concerns to rebuild trust in the brand. This meant acting to fix the fundamentals of the business: the food, the restaurants and how the brand presented itself in communications.

To achieve this, the business was determined to achieve a new depth and breadth of consumer insights to inform and inspire its decision-making. Qualitative projects such as co-creation weekends, spent with groups of consumers, employees and franchisees to help unlock insights into how to build a better McDonald's, and ethnographic research were complemented by a 4,000 sample usage and attitude study and continued use of the brand's established quantitative tracking tools.

Becoming customer-led in every area of the business

Over the next three years McDonald's UK made record levels of investment to upgrade the experience for customers in the areas that mattered most to them: the food for both adults and children and the restaurants.

1. The food

Improving food perceptions was clearly absolutely critical to re-appraisal of the brand.

A grown-up menu for adults

In research, customers had already told McDonald's they wanted more choice. In response, the brand had

initiated a programme that made more changes to its menu in three years than it had done in the previous thirty. Innovations across the menu saw the introduction of products such as new chicken recipes, using only 100% chicken breast meat from approved poultry farms.

Now even more choice was added. Bagels and porridge were launched at breakfast and fat, salt and sugar content were reduced. Organic milk and Rainforest Alliance coffee were introduced and a 10-year programme for free-range eggs culminated in their exclusive use throughout the menu.

It was also vital to ensure that customers were provided with options that matched their tastes and wallets. More premium food was launched, both beef (e.g. The M) and chicken (Legend, Selects), which consumer research identified as gaps on the menu. The aim was to offer better products to build better impressions with the public. To give an indication of the scale of the success of some of these recipes, McDonald's UK sold 21 million Chicken Legends in 2008.

Healthier Happy Meals for children

Parents wanted the Happy Meal to remain a treat for their kids — still to include a toy, for example — but were concerned about nutrition. Changes had already been made in 2004, adding choice with fruit bags and carrot sticks, but new moves included adding fibre to buns, serving fries unsalted if parents preferred and introducing semi-skimmed organic milk and fresh orange juice. In addition, the salt, fat and sugar content was managed to ensure that nearly 80% of Happy Meal combinations were not high in fat, salt and sugar as defined by the Food Standards Agency.

Parents also said they wanted help getting their kids to eat more fruit and vegetables, so the advertising approach was evolved to use licensed properties such as Kung Fu Panda to promote the 5-a-day items in a Happy Meal. Today McDonald's is one of the biggest providers of cut fruit to children in the UK. This led to the share of family visits growing vs the market: in 2008, for example, 80% of families visited McDonald's.

2. Makeover for the restaurants

Research showed that customers saw room for improvement in some aspects of the McDonald's experience, so these were addressed with a series of investments.

An inviting new look

The single most visible signal of change to consumers was the store re-imaging programme, which began in 2006 and which completely changed the look and feel of the outlets. Out went the 1980s hangover combination of bright red, yellow and plastic. In came softer greens, purples and wood, more modern and contemporary furniture, materials and seating configurations. McDonald's became as cool a place to hang out as any coffee shop.

By the end of 2008 80% of the high street restaurants had been refurbished, with consumer research showing increased consumer commitment to the brand and rising sales.

Encouraging a new attitude

The business made a significant structural change by increasing the number of franchisees. Entrusting more restaurants to local entrepreneurs was a huge success, based on the simple premise that

if it is your own business you tend to run a better restaurant. At the same time, focus on improving operating standards led to cleaner, more efficient and friendlier restaurants, while investment in new kitchen equipment enabled the serving of fresher, hotter food. This was complemented by improved communication to stores. The result was distinctly improved customer satisfaction scores. In addition, extended opening hours to reflect changing lifestyles saw more stores trade for 24 hours at least once a week.

A series of innovative ideas

Other initiatives offered evidence of the brand's progressive ethos.

- McDonald's was the first restaurant chain to launch ethical coffee onto the High Street with Rainforest Alliance coffee, lattes and cappuccinos at sensible prices. In 2008 McDonald's sold 10 million more cups of coffee than in 2007.
- It started using bio-diesel made from its own used cooking oil to power the lorries that deliver to restaurants.
- It became the first chain to introduce free wi-fi across the UK — a move that provided customers with a reason to visit more often.

Rebuilding trust in the brand through communications

These physical changes to the business needed to be matched and amplified by communications that engaged people on a different level, which meant that the brand needed to change its conversation with consumers to regain their confidence. Various beliefs, rumours and 'urban myths' had spread about the brand and had gone largely unchallenged.

These were now attacked head-on, demonstrating a new transparency and determination to set the record straight.

The brand challenged the public to make its own mind up about McDonald's, launching a website called 'Make up your own mind', which invited people to ask any questions they wanted and have them answered honestly. In addition, Steve Easterbrook went head to head with Eric Schlosser, author of *Fast Food Nation*, on Newsnight in May 2006.

This was a big gamble, but it paid off. People saw a different side to McDonald's. And it was highly symbolic internally, giving the confidence boost necessary to drive genuine brand revitalisation. The company now regularly meets with government bodies and non-governmental organisations (NGOs) to provide them with the facts about its food and is a willing participant in debates.

McDonald's also became the first restaurant chain to introduce nutritional labelling onto packaging to help people make the right choices for themselves. Internally, several initiatives aimed at upgrading the employee experience were introduced, including the McJob campaign (see Chapter 9), new crew uniforms and the apprenticeship programme.

These changes were shared with the media in an open and honest manner, which continued to challenge media expectations and force reappraisal. The ratio of positive to negative brand messages improved dramatically. For example, during the third quarter of 2008 68% of messages were positive, compared to only 9% negative, with 23% neutral — a remarkable indication of how far the brand had progressed.

Engaging with advertising

McDonald's had always been committed to using advertising to drive its business, but now was the right time to take the opportunity to use it more pro-actively to manage its brand image and perceptions. The intention was to signal to consumers and stakeholders that the company was talking to them in a new and engaging way to celebrate the truths about, and show pride in, the brand.

A prime opportunity for doing this was the Happy Meal, where the changes in the product offered the ideal platform for re-connection with mothers' heads and hearts, through a combination of emotional storytelling and rational reassurance to shift attitudes and make a statement.

This led to the 'That's What Makes McDonald's' campaign, in which the 'Planting' TV commercial told, charmingly and engagingly, the truth about the core ingredients of a Happy Meal, celebrating the food and connecting it back to its source (Figure 1). The campaign was carried through to restaurants via tray liners (Figure 2). And it was used as a key internal communications tool, signifying the brand's new direction and attitude.

Tracking showed that the campaign was the brand's most successful TV campaign this century, and there were strong signs of positively influencing brand perceptions (and not just among the mothers at whom it was primarily aimed). By the end of 2008 not only had the key messages the brand wanted to communicate been picked up by 'Happy Meal' mums and the general audience of young adults, but the campaign had gone a long way to restore its relationship with the British public. 'Planting' had made them feel better about McDonald's (Figure 3).

In the broader advertising context, it is worth noting that as part of improving communications effectiveness McDonald's conducted a thorough econometric study which helped refine media selection, leading to a 29% improvement in advertising return on investment (ROI) since 2005.

Savouring success

From mid/late 2006, the business saw a marked improvement in sales, 'guest counts' and market share. Customer perceptions of the brand also improved significantly, especially on the 'trust' measure which represented a key objective for the brand.



Figure 1. Stills from the TV campaign

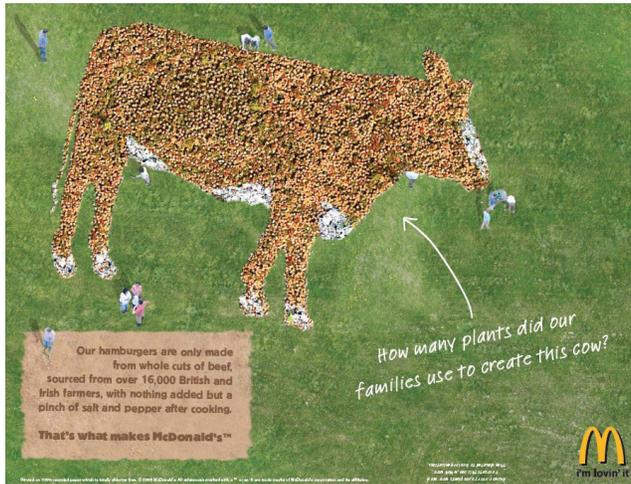


Figure 2. Restaurant tray liner

1. Business performance

By the end of 2008 McDonald's in the UK had seen 11 consecutive quarters of growth. For the full year 2008 European sales grew by 8.5%. McDonald's does not publicly disclose sales data by individual market. However, to give an indication of the scale of revitalisation, the UK had its best ever year of sales growth in 2008 since it first opened its doors in South London in 1974.

Market share also grew despite operating in what is recognised as one of the most competitive eating out markets in the world. In the 'informal eating out' sector, McDonald's enjoyed four consecutive quarters of increasing share of market from the last quarter of 2007, outstripping the growth that the sector itself was showing over the same period.

2. Consumer perceptions

Changing perceptions of an established brand is notoriously difficult. However, by the end of 2008, significant improvements had been made in all but one of the 30+ brand metrics that were continuously tracked.

First and foremost, McDonald's revitalisation was achieved by listening to its customers and, as a result, making record levels of investment in the things that matter most to both customers and employees. The restaurant experience was significantly upgraded, openness and transparency had become fundamental to the way the company does business and marketing activities were achieving new levels of effectiveness and relevance.

	HM Mums wv 2	General aud wv 2	Benchmark (McD's avg.)
Appreciation & Branding			
TV ad recognition	62%	59%	50%
Brand Linkage	56%	56%	62%
Creative resonance	77%	69%	55%
New & relevant news			
McDonald's cares about ingredients in its food	96%	94%	75%
McDonald's makes food good quality ingredients	95%	92%	75%
McDonald's don't use processed food	82	77%	75%
Challenging/motivating			
Challenges me & makes me feel better about McDonald's	49%	40%	27% (mums) 16% (Gen. aud)
Likelihood to visit	50%	49%	30%

Figure 3. Performance summary - Family Trust 2008

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We're the world's sixth-largest insurance group and the biggest in the UK, with 46,000 employees that everyday serve 53 million customers worldwide.

We are committed to delivering one distinctive experience for our customers. Wherever they are, we want them each to feel that "no one recognises me like Aviva". Our global consumer research reveals that most of our competitors are particularly bad at recognising people's individual significance. This research also tells us that small human touches can make a huge difference to a customer's experience. Our aim is to make recognition the familiar quality that distinguishes Aviva from our competitors - just as Apple means user-friendliness and FedEx means reliability.

BT operates in over 170 countries and is one of the world's leading communications services companies. BT is a major supplier of networked IT services to government departments and multinational companies. It's the UK's largest communications service provider to consumer and business markets and is made up primarily of four customer-facing lines of business: BT Retail, BT Global Services, Openreach, and BT Wholesale.

BT operates in a thriving, multi-trillion pound industry that spans the whole world. In recent years the global communications market has been focused on convergence, whereby the boundaries between telcos, IT companies, software businesses, hardware manufacturers and broadcasters have become intertwined to create a new communications industry.

BT has evolved from being a supplier of telephony services to become a



"We know insurance isn't just about policies' and pensions; it's about people. That's why we're making our customers the big picture, putting a spotlight on them and our people. Putting customers at the heart of everything not only makes sense for them, it makes good commercial sense too." (Amanda Mackenzie, Aviva's chief marketing and communications officer)

We are working hard every day to build the company around what our customers want from us. That's why Aviva now ranks among the UK's top ten most valuable brands, according to the 2010 Brand Finance Global 500 survey and that success is something we are looking to replicate across the world.



leading provider of innovative communications products, services, solutions and entertainment products. BT's business customers range from multinational, multi-site corporations to SMEs and start-ups.

More than 80 per cent of the FTSE 100 and 40 per cent of Fortune 500 companies rely on BT for networking, applications and system integration. The National Health Service, Procter & Gamble, PepsiCo, BMW, Emirates, Fiat, Microsoft, Phillips, and Unilever are just some of the organisations working with BT.

BT has been a driving force behind the success of 'Broadband Britain'. Thanks to the company's investment, nearly every home in Britain now has access to broadband and in September 2009, BT announced plans to more than double the availability of its fastest fibre broadband service.

MARKETING EXCELLENCE 2

“A treasure trove of examples covering the whole waterfront, from launching new brands to revitalising, sustaining and extending established ones, and from insights to advertising and sustainability. Whatever your business, it should make you proud to be a marketer, shake up your thinking and inspire you to go the extra mile.”

Professor Patrick Barwise, London Business School, Chairman of Which?

“This exciting book demonstrates how great marketing can solve the most difficult problems, through analysis, teamwork and creativity.

It contains 34 fascinating case studies, selected from hundreds of high quality entries to The Marketing Society Awards for Excellence. Those involved had the determination to win, and the courage to think differently. An inspiring read.”

Professor Hugh Davidson, Co-Founder, Oxford Strategic Marketing

“This is the textbook, the toolkit and the manual for marketing excellence.”

Cilla Snowball, Chairman, AMV BBDO

“These cases are a great source to stimulate your thinking. Some will stimulate new thoughts, some will unlock ideas from the back of your memory. All of them however are great fuel for growth.”

Keith Weed, Chief Marketing and Communication Officer, Unilever

Featuring 34 award-winning case studies from some of the world’s leading brands:

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