I'm lovin'

Six years ago, the McDonald's brand was severely damaged by media castigation of the products' nutritional values and impact on public health. Sales were falling, and even once loyal customers had fallen out of love with the brand. This is the story of the brand's recovery, with lessons for the rest of the fast-food sector

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The UK's 'informal eating out' (IEO) market comprises well over 200,000 outlets with annual sales of around £40-£50 billion. On average, each one of us eats out 2.5 times a week. It isn't one market but a large number of over-lapping markets and includes service stations, sandwich shops, fast-food restaurants, pubs, ethnic restaurants, bakeries, coffee shops and even full-service restaurants.

While the long-term trend is towards more frequent eating out, total visits to IEO outlets have declined slightly over the last few years, driven by a flat-lining economy, ever-worsening consumer confidence and falling high street retail footfall.

But the largest, the £20 billion fast-food sector, or the 'quick service restaurant sector' (QSR), has actually been growing slowly, but steadily. This growth has largely been driven by the stellar performance of McDonald's, for reasons we'll explore in depth in this article.

The QSR market includes branded players like McDonald's, KFC, Burger King, Subway, Greggs and the coffee chains. Visits to QSR's have been increasing since 2007, driven by increased visits to McDonald's, but with support from Greggs and Costa Coffee, all of whom have seen increased share, while visits to most of the rest of the QSR market have remained flat.

Another, much smaller sector within QSR that has also been growing recently is the 'fast casual dining' sector, including chains such as GBK, Byron, Ask and Nando's, which typically combine fast food-style service with a theme or environment, akin to a full-service restaurant, while being more affordable and more family-friendly.

So if McDonald's and a couple of other branded players are growing within the mass-market and a few upmarket chains are also growing, who is losing out? The short answer is that non-branded, independent players such as sandwich shops, fish and chip shops and ethnic (largely Indian, Chinese and Thai) restaurants, have all been losing share since 2007.

So why are these unbranded players losing out and what can they learn from their big brothers on the high street? Here are three reasons.

• Consumers need to trust your food

Customers have never cared more about the food they eat or feed their children. Questions about where it's grown, how it's grown, how it's prepared and who by, are all part of how people assess whether they can trust it and feel good about eating it.

McDonald's learnt this the hard way and is on a journey to rebuilding trust. KFC has embarked on a similar journey. Greggs benefits enormously from its image as a wholesome, local bakery. And the new fast casual chains all understood from the outset that an emphasis on sourcing quality ingredients would be necessary to establish trust in their food.

But how often have you eaten a kebab or a curry and known where the meat in it was from, or bought fish and chips, certain you wouldn't be depleting the UK's fish stocks? Reassuring customers they can trust their food is perhaps the first and most fundamental lesson that the unbranded players in the market still need to learn.

• Consumers love brands

At its simplest, the role a brand plays in this market is pretty basic: it's a promise to customers that they'll receive consistently good service and food whenever and wherever they encounter your name. Give people this time after time and they'll grow to love you.

Unbranded restaurants are the least 'loved' in the entire QSR sector, which may also help explain why they've been the most vulnerable. The 'fast casual dining' players understand all this and are successfully delivering branded offerings in a space traditionally dominated by independents.

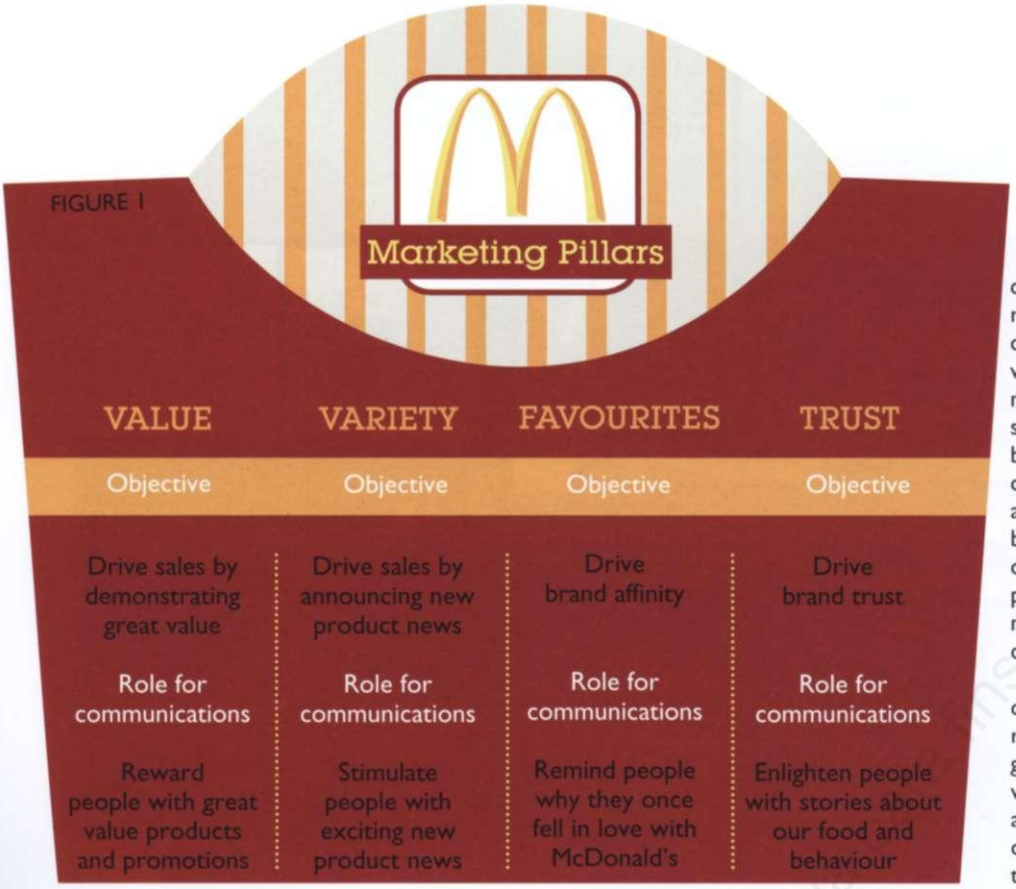
So how can unbranded independents begin to behave more like brands and become more loved as a result? The answers are probably extremely varied but could include: stronger, less generic brand identities, more edited menus, quicker service, more consistent quality, better decor, better facilities and better value. And maybe they could even look to copy some of the big boys' marketing tactics with entry level pricing, loyalty cards, better in-store communication of what they stand for and reassuring food quality stories.

• Appeal to families

McDonald's and KFC have always understood the importance of attracting families to their restaurants. Families have never eaten out more and kids have never had a greater say in where to go. But many independent restaurants in this sector have been slow to recognise this fact and it is undoubtedly leaving them vulnerable.

Fortunately, the lessons for unbranded players are fairly straightforward: bring in kids' menus, install decent baby-changing facilities, supply some crayons to keep kids occupied, reassure parents that they won't be judged if their kids run amok, or just make sure prices are affordable for hard-pressed

FIGURE 1



families. In short, unbranded QSR's could learn a lot from McDonald's. Yet, a few years ago, this fast-food giant was itself in trouble. From 2002-2006, McDonald's suffered at the hands of a perfect storm of issues, which took a considerable toll on the brand and the business. These issues included the McLibel trial, the obesity debate, the residue of health scares such as foot-and-mouth, the book *Fast Food Nation* and the movie *Supersize Me*. The brand was fashionable to attack and appeared out of step with the mood of the day, with media commentators, celebrity chefs and politicians all taking turns to score easy points.

The seeds of McDonald's recovery in the UK were sown in 2006, with the appointment of a new CEO, Steve Easterbrook. A period of soul-searching ensued, resulting in a new business vision, an understanding that change would be needed across the entire business and an acceptance of a home truth: many customers no longer felt so good about coming to McDonald's, so were coming a little less. The new business vision was to be a 'modern progressive burger company': all the changes that were made from this point on sprang from this.

First, the business sought to fix the fundamentals: introducing more balanced choices to the menu, such as porridge and bagels at breakfast, improving the nutritional profile of the food - reducing fat, salt and sugar content, increasing investment in crew training and redesigning the restaurants to jettison the bright red and yellow plastic in favour of softer greens, purples, wood and contemporary furniture.

Only once these changes were in place did Leo Burnett adopt a new approach to managing external brand perceptions. Our principle was 'act first, talk later'. We adopted a transparent approach to managing external relationships, first with stakeholders and later the public. The majority of media spend continued to focus on driving footfall from frequent customers by promoting the Saver menu and promotional food.

The decline in trust in the brand was by now well-known to us as a key factor in the poor sales performance, and we already believed driving trust would unlock future growth. But, in exploring this problem more deeply, we uncovered another one: McDonald's also had a brand 'affinity' problem. We undertook a range of research initiatives to help us understand how to rebuild the brand, including a bespoke 4,000 sample 'Usage & Attitude' study, which, in addition to the trust issue, highlighted a need to rekindle the emotional bond with our customers.

It revealed that a significant proportion of customers had fallen into a functional relationship with the brand, visiting purely for convenience and value: a surprising 44% of visits came from customers critical of, or neutral towards McDonald's. The data also showed that McDonald's worst-performing brand attributes were the most important category drivers – perceptions of food quality and integrity, and customers' affinity for the brand. Alongside the two existing promotional communication strands focusing on promotional items and the value offer, we needed to commit significant spend to brand communication to drive trust and affinity.

Our two existing roles for promotional communications were defined as follows: reward customers with affordable prices and generous promotion; and stimulate them with exciting new products. To these we added two new roles for brand communications: enlighten them about the food and behaviour as a company; and remind them why they once fell in love with McDonald's.

With a growing array of comms tasks, we needed a simple marketing framework. So we brought everything together into a model we call our 'marketing pillars', each pillar defining the details of the communications strategy to achieve one of our key objectives. The 'Trust' pillar aims to drive brand trust, the 'Favourites' pillar aims to drive brand affinity. Figure 1 is a simplified version of our marketing pillars.

We needed to fundamentally change how we used advertising. Previously, it had been a promotional not a brand-building tool, a series of ad hoc and unconnected campaigns, each one expected to deliver strong year-on-year comparative sales. The new strategy required us to balance our predominantly promotional spend more evenly across our four pillars. Trust spend was introduced from June 2008 and Favourites from October 2009.

Trust advertising aims to enlighten people with surprising stories about the quality, nutrition and sourcing of McDonald's food, the company's positive impact on communities, its pride in developing its people, and how it limits its impact on the planet. A combination of quantitative and qualitative research helped us understand the most powerful stories to communicate, e.g. that the burgers are made only from whole cuts

of 100% British and Irish beef and the chicken products are made only with breast meat from approved farms.

TV is Trust's primary medium, with press, in-store and digital display used in support. Media was bought against parents, who research identified as the most in need of reassurance about food quality, given their role as both customers and gatekeepers to children's visits.

Qualitative research uncovered a range of brand truths to help us create resonant advertising that could reignite people's latent love of the brand: it's welcoming, inclusive, consistent, always there for you, part of the fabric of British life, everyone has their favourite products and their own quirky ways of eating them. These truths inform all our Favourites creative briefs. For the initial campaigns, we brought them together into one proposition, celebrating the brand's role in modern British life. So far we've created six Favourites campaigns, which highlight that McDonald's is welcoming, inclusive and always there for you, all featuring the endline: 'There's a McDonald's for everyone'. Television is the lead medium for Favourites, supported by outdoor, focusing on people's relationships with their favourite food.

Since the introduction of the brand advertising, we have seen dramatic shifts in all the key brand image measures, but, most importantly, from the two key brand image measures our two brand advertising strands were designed to influence. We've seen remarkable shifts in our Trust and Affinity image statements, the Trust measure appearing to improve from around 2007, the time of the initial recovery, with the rate of increase in both measures accelerating from 2008-10 when we embarked on our new communications approach.

The brand image problem resulted in a high number of 'critics' and 'neutrals', even among frequent customers. Since 2007, we have seen declines in the number of neutral customers and strong increases in numbers of brand advocates. We now know that 'frequent advocates' visit around 50% more frequently than frequent 'neutrals' or 'critics', so there is a tangible business benefit in creating more advocates even before any word-of-mouth benefits of brand advocacy are factored in.

We used econometric modelling to prove the contribution made by media in driving our brand image measures and linking these improvements in brand image to sales. The results show our brand media investment has a strong impact on key brand metrics, and that, without it, agreement with key brand measures would have been much lower. So without brand media, 'company I trust' wouk have grown much more gradually. As soon as Trust media was introduced, improvements in this statement were evident. Similarly, without brand media, agreement with 'place for someone like me' would have been much lower and we see strong improvements as soon as our Favourites campaign began in October 2009, with a smaller impact evident before this when our Trust campaign began in June 2008.

We have seen that media investment drives key brand measures and that specific campaigns drive the measures they were intended to drive. In addition, our new econometric models also demonstrate how improving key brand measures increases the frequency of visit to the restaurants. Driving agreement with 'company I trust' or 'place for someone like me' delivers an extra visit a month among McDonald's customers, a 40% increase in average frequency.

Our models show that purely due to our brand campaigns, 1.8 million additional McDonald's customers now agree that McDonald's is 'a company I trust' and 2.3 million additional customers now agree it's 'a place for someone like me'. And as they are now visiting once a month more often as a result, they're worth millions of incremental sales each month.

When we began investing in brand advertising from 2008, we were challenged with driving brand image and short-term sales. If our campaigns did not achieve both, this kind of advertising would cease. Our econometric modelling proves that our brani campaigns drive both brand image and sales, and also deliver Rols at least double that of promotional campaigns. We have seen a stronger total sales impact every year, with brand campaigns accounting for a growing, and now dominant, share of the sales impact of our media, despite promotional advertising still receiving 72% of total spend.

Each of the five successive years from 2007 was a record-breaking sales year and McDonald's growth far exceeded that of the market, which was mostly flat over this period. McDonald's has now experienced 25 consecutive quarters of growth, in stark relief to the stagnation of 2002-2006. And 201 1 had 48 million more customers served versus 2010 - all achieved without increasing store numbers. The journey from recovery to resurgence has taught us invaluable lessons: about when to act and when to talk; about balancing complex marketing programmes; about TV's enduring ability to simultaneously drive sales and brand image better than any other channel; about using complementary brand campaigns to solve different problems; and about using econometrics to evaluate the brand image impact on sales of not one, but two campaigns, each driving different image measures.

CONCLUSION

If the McDonald's resurgence story is about anything, it's about the importance of balance. It's about the fact that in a complex market like this, indeed in any retail market, marketing needs to balance a wide range of tasks to keep new customers coming in, existing customers coming back, frequent customers coming more frequently and loyal customers telling everyone about you.

For McDonald's, this has meant fighting on a number of fronts simultaneously: rewarding people with great prices and promotions, exciting people with new products, reminding people about their favourite items and driving trust in the brand. And it's working: millions of customers and their families are returning, millions more trust the brand and millions more are lovin' it once again.

Fonte: Admap, Washington, v. 47, n. 10, p. 22-25, Nov. 2012.