



How We Got Customers Lovin' It And Kept Them Lovin' It, No Matter What

Gold | Effie United Kingdom | Sustained Success | 2022

Brand/Client(s): **McDonald's (United Kingdom), McDonald's Global**

Lead Agency(s): **Leo Burnett**

Contributing Company(s): **OMD**

EXECUTIVE SUMMARY

This is the story of how, over 15 years, brand-building has taken McDonald's UK from national pariah to national treasure.

It brings to life how this unique approach to communications was established, expanded and elevated to re-earn McDonald's place in the hearts of the nation, and never let it go.

And it proves how this has driven an extraordinary 54 quarters of continuous growth and delivered £4.7bn of additional revenue, despite a catastrophic PR crisis, category fragmentation, and Covid-19.

This is the story of how brand-building got customers Lovin' It again, and kept them Lovin' It, no matter what.

THE CHALLENGE & OBJECTIVES

Recover and continue McDonald's brand and business growth, despite facing a catastrophic PR crisis, category fragmentation, and Covid-19.

THE INSIGHT

We had to re-earn McDonald's place in the hearts of the nation, and never let it go.

THE STRATEGIC IDEA/BUILD

An unique recipe for brand-building - McDonald's "Secret Sauce" - with the 3 simple ingredients of Pillars, Tone & Insight.

BRINGING THE IDEA TO LIFE

Over 15 years, we established, expanded and elevated this approach to overcome any challenges that came our way.

THE RESULTS

15 years of continued brand, customer visit and sales growth, delivering a total £4.7 billion of additional net revenue.

THE CHALLENGE

STATE OF THE MARKETPLACE & BRAND'S BUSINESS

It can be hard to imagine McDonald's as anything other than a thriving and much-loved part of British life.

In 2022, McDonald's is a cultural institution considered "As British As Fish And Chips" (The Guardian, 2020), and a retail power brand serving 2.3 million customers a day.

However, being the leader of the IEO (Informal Eating Out) category has come with more than its fair share of obstacles.

In fact, over the past 15 years, McDonald's has been the first to bear the brunt of every new headwind and pitfall that the competition, culture and Covid has held in store.

Over this time, McDonald's has faced 3 seismic threats to its brand and business. In the story that follows, we'll explain how our unique approach to emotional brand- building has been the Secret Sauce that has helped McDonald's to overcome these challenges, to drive an extraordinary 54 quarters of continued growth. No matter what.

Challenge 1: Recovery from McCrisis (2006-2011)

Since the brand's arrival on British shores in 1974, McDonald's had only ever known commercial growth.

However, the brand now found itself at the centre of an era-defining PR-storm. It had become the villain of a high-profile court case and general-purpose bogeyman for tabloids, movies, politicians, and celebrity chefs alike.

Half-a-decade of outrage had left the brand with the Big Mac in a big mess and now, for the first time in its UK history, visits were falling and sales revenue stagnating.

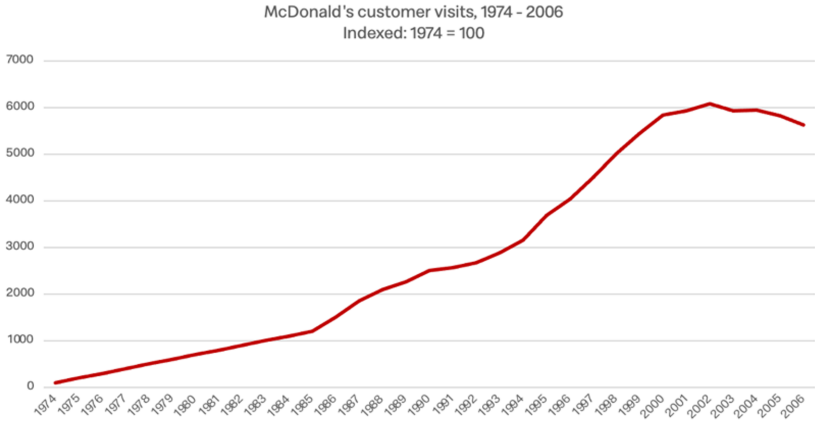


Figure 1

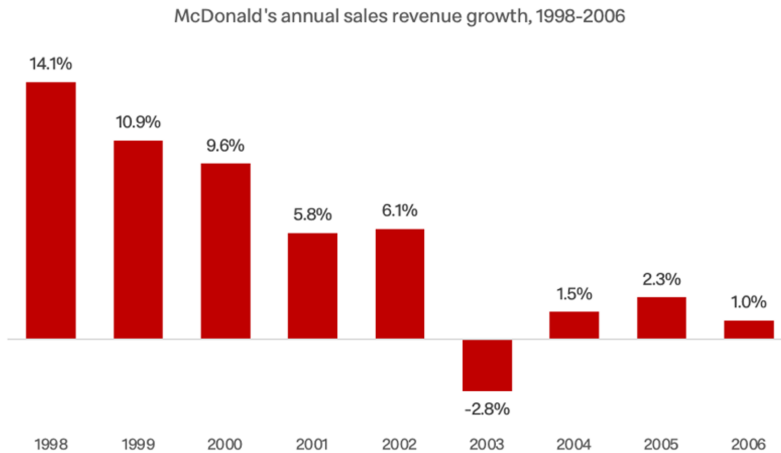


Figure 2

Changes needed to be made and the business tasked us to develop an all-new communications approach, to recover customer visits and sales revenue back into growth.

As we'll discuss later, this meant brand-building. And lots of it!

Challenge 2: Resurgence Despite Fragmentation (2012-2019)

Over 6 years, our new approach successfully turned things around.

However, in 2012, a new threat awaited. The fragmentation of the IEO category had begun and, for the next 7 years, McDonald's found itself besieged by waves of new competitors - delivery, specialist coffee, value, and premium burgers.



Figure 3

The impact this had on McDonald's rate of growth was obvious and, between 2012 and 2015, customer visit growth slowed to almost half of what it had been during the brand's recovery.

To turn this around and maintain the brand's resurgence, we got competitive and radically expanded our approach, introducing brand-building to every aspect of McDonald's marketing.

But then, just as growth once again picked up the pace, McDonald's ultimate challenge reared its ugly head...

Challenge 3: Rebounding From Covid (2020 - Onwards)

On 18th March 2020, for the first time in its 46-year history, McDonald's was forced to shutter all 1,270 UK restaurants and cancel all advertising budgets.

For 2 whole months, not a fry was fried, nor a penny of revenue taken. Every day, 2.3 million customer visits were lost - some directly to competitors who had chosen to stay open longer.

When Britain finally reopened for business, the category's most common solution was to refocus on hard-selling promotional campaigns.

But we wanted more. We remained committed to our brand's continued growth.

So, when everyone else went short, we went long, as we aimed to rebound McDonald's customer visits and sales revenue into competitive growth, with an all-time high investment in brand- building.

These are the challenges that McDonald's Secret Sauce - our unique approach to emotional brand-building - helped us to overcome.

Each of them spelled gravely serious implications for the brand and business. And each of them was complicated by another hidden challenge.

The initial brief from exec team had come with a twist. For the first 32 years of McDonald's UK existence, the company's growth had been driven almost entirely by restaurant openings. But, in 2006, the business briefed a change in strategy.

So not only, did our communications have to drive growth despite a PR crisis, category fragmentation and the disruption of Covid-19, but they also had to achieve this within the estate's existing footprint: getting more customers to visit existing restaurants more often.

It was a tall order, but...

This is the story of how brand-building got customers Lovin' It again, and kept them Lovin' It. No matter what.

Objective #1

Objective Type: Revenue
Objective: To Grow Sales Revenue Per Restaurant: <ul style="list-style-type: none">• Initially, by 30% within 5 years• Then, by an additional 30%, in each 5-year period thereafter
Context: In 2006, the Exec Team looked to return sales to growth. However, this came with a change in strategy. Since 1974, McDonald's growth had been driven almost entirely by restaurant openings:

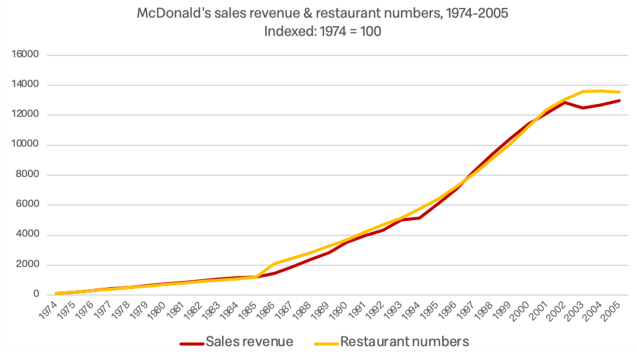


Figure 4

But now, the business wanted to pursue the more profitable approach of driving traffic within the existing estate. This represented a shift in thinking:

From Pushing Restaurants Onto Customers- To Pulling More Customers Into Restaurants.

This strategy came with an ambitious target.

Annual "Sales Revenue Per Restaurant" was now our key commercial metric. For the previous 32 years, this metric had barely changed:



Figure 5

But, now, to ensure McDonald's growth could match its pre-McCrisis rate, our goal was to:

Increase Sales Revenue Per Restaurant- By 30% Within 5 Years

This was just the start.

When we achieved our objective, the business reset its goals, to:

Drive An Additional 30% Increase - For Each 5 Year Period That Followed

Objective #2

Objective Type: Changes in Specific Brand Attributes

Objective: To Return McDonald's "Love" Metric To Growth:

- Initially, aiming for a 10-percentage point increase, within 5 years
- Thereafter, insisting on continued positive growth year-on-year

Context: McDonald's U&A study (2005) revealed Love & Trust as the category's key drivers.

Recently, econometrics also confirmed these metrics as the lead drivers of sales growth.

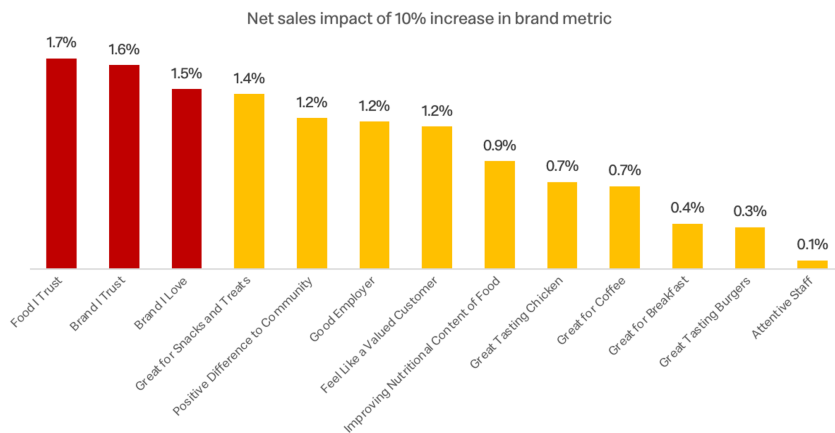


Figure 6

However, in 2006, customers were no longer "Lovin' It".

The U&A study revealed McDonald's as the category's worst performer against both metrics, with tracking confirming that "A Brand I Love" scores had declined from 39% to 25%, between 2002 and 2005.

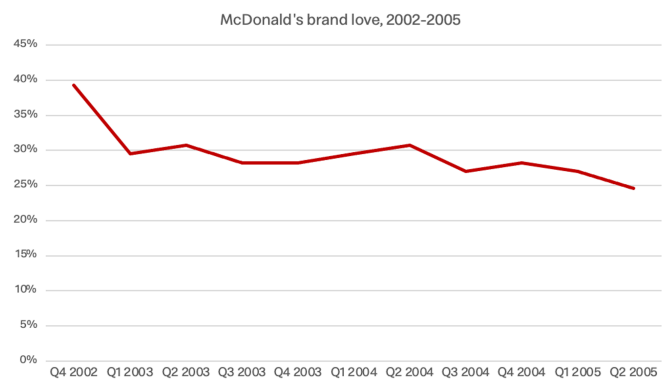


Figure 7

We set an initial target.

To get commercial growth back to pre-McCrisis rates, we looked to do the same for McDonald's Love scores, aiming to reverse decline and:

Grow 'Love' By 10 Percentage Points-Within 5 Years

From there, we made sure never to rest.

Once this target had been achieved, it shifted to simply become:

Continuous Positive Growth- Year-On-Year

Specific percentages were never set. As market leader, it was unclear when we would eventually hit the category's natural ceiling.

Objective #3

Objective Type: Changes in Specific Brand Attributes

Objective: To Return McDonald's "Trust" Metric To Growth:

- Initially, aiming for a 10 percentage point increase, within 5 years
- Thereafter, insisting on continued positive growth year-on-year

Context: As mentioned, Trust was one of the category's two most important drivers. However, it was also now at an all-time low. In fact, between Q4 2002 and Q2 2005, McDonald's Trust scores had fallen from 28% to 18%.

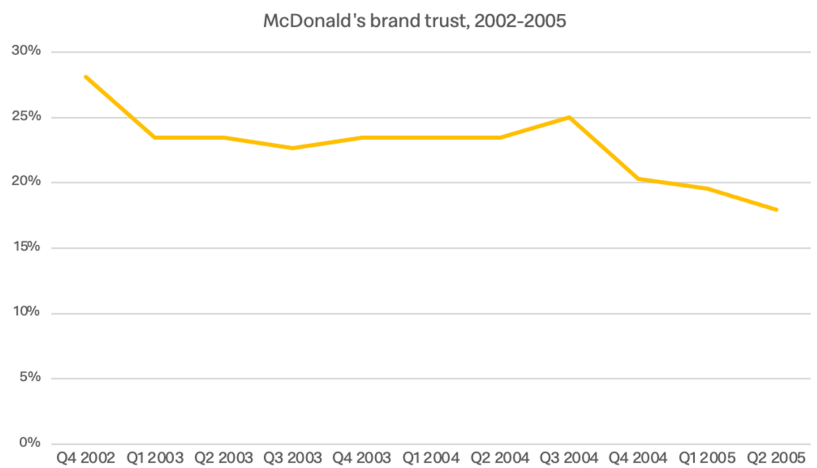


Figure 8

This required separate attention.

Although Trust and Love were correlated, analysis revealed that simply driving 'Love' would not be enough to also reverse our Trust problems.

Whilst Love was informed by the brand's overall associations, Trust scores were more specifically informed by food-related perceptions.

In this way, we needed to make separate efforts to improve both metrics.

Again, we set an initial target.

As with 'Love', to get 'Trust' back to where it had been, we aimed to reverse decline and:

Grow 'Trust' By 10 Percentage Points-Within 5 Years

.

And, again, once this target had been achieved, we didn't rest.

Looking for:

Continuous Positive Growth-Year-On-Year

Objective #4

Objective Type: From 2012, We Also Aimed To Grow McDonald's Market Share:

- Continuously Year-On-Year
- With the long-term aim of becoming a "10% Share Brand"

Objective: Market Share

Context: Over 6 years, we rebuilt Love and Trust to pre-McCrisis levels. However, by 2012, fragmentation meant new brands and occasions were now competing for the hard-won affections (and appetites!) of McDonald's customers. This meant shifting the focus of our marketing objectives:

From Beating Internal Milestones - To Overcoming External Threats

We needed a new way to keep score.

We continued to aim for improvements in Love and Trust, but now insisted on competitive gains. Moreover, we identified a new competitive measure for the overall impact of our efforts: Market Share

We set a target.

In 2012, our efforts had already driven share to 8.4%.

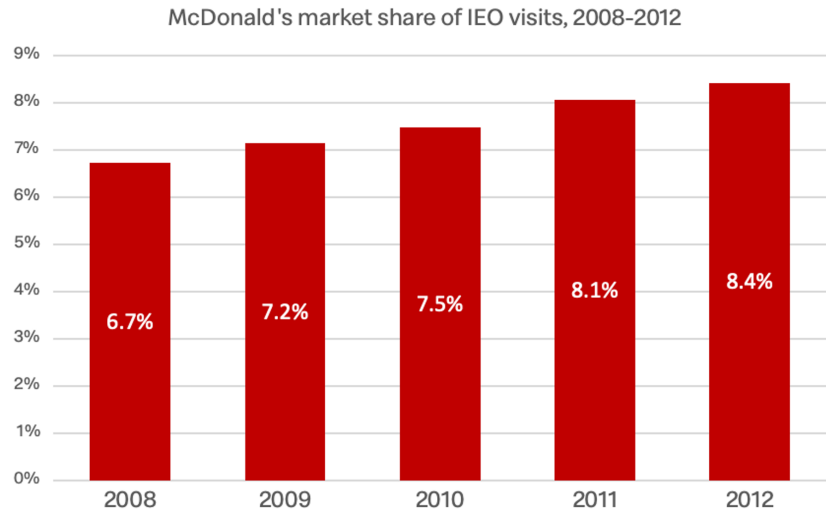


Figure 9

However, we now set an ambitious new target of:

Growing Market Share Continuously Year-On-Year-With the long-term aim of becoming a "10% Share Brand"

Given the category's expansion, and our estate's non-expansion, 10% became an aspirational but useful North Star for all our subsequent efforts.

Objective #5

Objective Type: Efficiency (e.g. cost per acquisition)
Effectiveness (incremental revenue)

Objective: To increase the efficiency and effectiveness of McDonald's advertising:

- Efficiency measured by: continued increases in ROI
- Effectiveness measured by: continued gains in incremental revenue from advertising

Context: Until 2006, McDonald's advertising had been largely promotion-focused. These campaigns had been successful in driving short-term sales, but their gains had quickly reverted to base levels once they had ended. The answer was to take an entirely new approach.

This was still 6 years before "The Long And The Short Of It" was published, but even then we believed complimenting McDonald's existing efforts with new streams of brand-building communications could:

Build The Strength Of McDonald's Brand (i.e. Love & Trust)- And So Improve The Short-Term Efficiency Of All Communications (Measured By Continued Improvements In ROI) - Whilst Also Cumulatively Building Base-Sales Over Time (As Shown In The Chart Below)

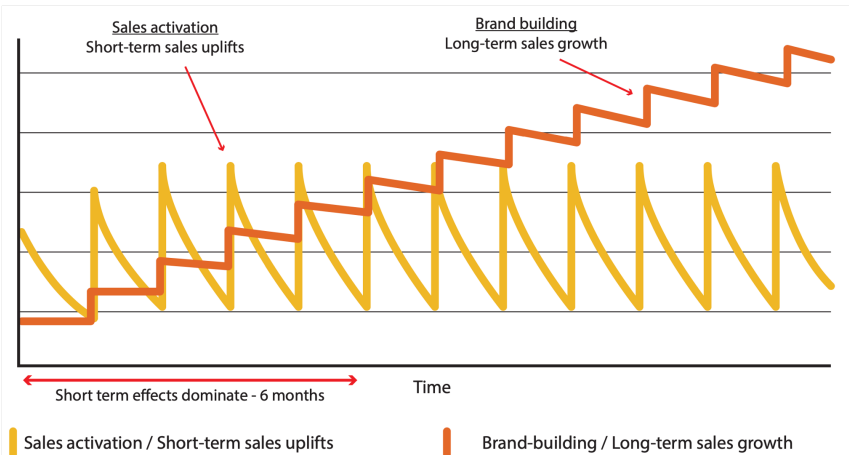


Figure 10

Alongside an increased media spend, we believed this would also significantly increase the overall effectiveness of our advertising. We looked to measure this through:

Continued Gains In Incremental Revenue Generated By Advertising

Objective #6

Objective Type: Popularity / Fame / Social Discourse

Positive Sentiment / Emotional Resonance

Objective: To Produce Advertising Campaigns That Could:

- Reconnect McDonald's with the category's customers
- Deepen that connection over time
- Resonate in wider British culture

Context: In 2006, the immediate task was to reconnect McDonald's with the category's customers.

This meant delivering advertising that could resonate emotionally with existing customers and those of our immediate competitors, measured through:

Campaign Tracking

Once this baseline was established, we looked to deepen the connection. This meant, pushing our work to contain ever-deeper insights, connecting more of what McDonald's did with customers' everyday experiences. We looked to measure this through:

Continuous Improvements In Campaign Tracking

Finally, we hoped this work would strike a chord in wider British culture. McDonald's is a brand everyone has an opinion on. Moreover, the negative sentiment surrounding the McCrisis had been largely amplified by media critics. In this way, it was essential our communications also changed opinion beyond the category. So, alongside our more category-focused measures, we also looked to measure:

Increased Positive Buzz Amongst General Population

Sources

- Text McDonald's internal data: Figures 1, 2, 4, 5
- Analytic Partners: Figure 6
- TNS FastTrack (McDonald's brand tracker): Figures 7, 8
- NPD Group (market share): Figure 9
- The Long & Short Of It, Binet & Field: Figure 10

INSIGHTS & STRATEGY

AUDIENCE

Families had been the beating heart of McDonald's business.

This audience had been the key source of McDonald's visits, making up a whopping 52% of the brand's customer base.

However, the McCrisis had shaken these foundations. Our research showed that 40% of McDonald's customers had become openly critical of the brand and the result had been the recent dramatic drop in visits.

This was our initial and most pressing concern. It was clear that, if we were to have any hope of turning around McDonald's decline in visits, we would have to win back the goodwill and custom of these families.

However, to ensure McDonald's transitioned from recovery to resurgence, we had to go further.

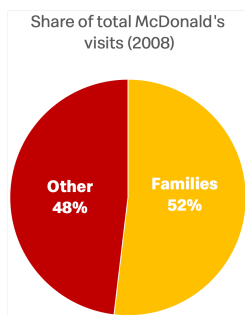


Figure 11

We hadn't been briefed to just right the ship - we had been tasked with using communications to return McDonald's to continuous long-term growth.

This meant growing the customer base – but this wasn't easy. McDonald's already had a very respectable 54% penetration of the IEO market.

Regardless, unlocking new growth meant looking beyond this sizeable heartland of McDonald's customers that already visited at least once a month.

We didn't want to waste our time targeting outright rejectors, but to sustain McDonald's growth we did now look to also embrace the long tail of the brand's less frequent customers: its lapsed loyalists, unconvinced trialists and, frankly, indifferent light users.

We reasoned that by speaking to all these receptive category customers, we would be able to drive continued increases in penetration whilst also driving frequency within the heartland.

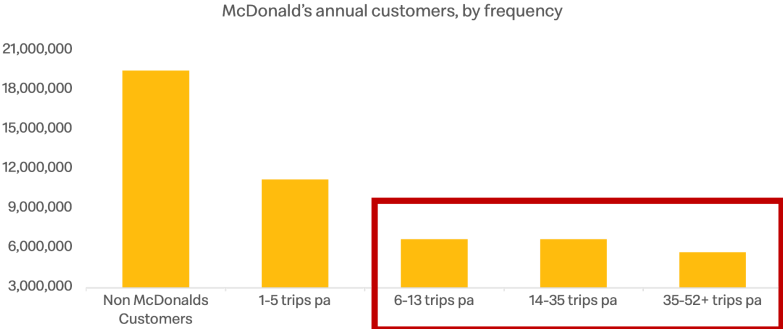


Figure 12

And we didn't stop there. To protect these sources of growth, we knew we would have to make an impact with people outside of the category as well - the people we knew our customers listened to...

To defend this new growth against further backlash, we needed to get the whole nation "Lovin' It."

The McCrisis demonstrated the devastating effect the wrong kind of press attention could have on the health of a brand.

If we wanted to ensure McDonald's continued growth, we had to stop this happening again.

This meant looking also beyond the category, to ensure our communications could also change the mood and content of the wider societal discussions surrounding the brand.

Put simply, we had to slowly transform McDonald's from national pariah to national treasure.

This big, populist audience strategy has been fundamental to McDonald's long-term success.

It has been key to facilitating the brand-building approach that has ensured 15 years of continued growth for McDonald's. No matter what culture, the category, or Covid has thrown its way.

THE INSIGHT

In 2006, we knew McDonald's customers weren't happy.

To understand this, we conducted qualitative research and a large-scale U&A study.

These studies showed that the category had two primary drivers of visitation: Love & Trust.

They also revealed McDonald's as the category's worst performer against both metrics, with brand tracking also confirming that, between Q4 2002 and Q2 2005: "A Brand I Love" Scores Had Declined From 39% To 25%- And "Trust" Scores Had Fallen From 28% to 18%

To recover from McCrisis, we clearly needed to establish a new connection with our audience.

To return McDonald's to growth, we needed to win back customers' Love and Trust.

McDonald's performance-importance matrix 2008

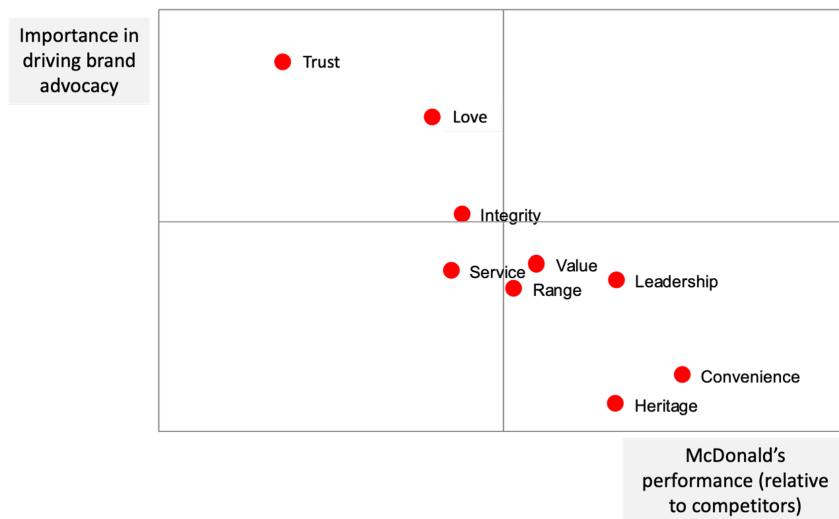


Figure 13

We also knew we'd never be able to be complacent again. Like in all relationships, McDonald's Love and Trust would need to be constantly nurtured.

In this way, we arrived at the foundational marketing insight on which McDonald's entire brand-building strategy has been built. We realised that to ensure the brand's continued growth, we had to:

Re-Earn McDonald's Place In The Hearts Of The Nation And Never Let It Go

There was no single campaign that could achieve this permanently. We knew it would take commitment and vigilance - constantly monitoring, readdressing and building this connection, to ensure the brand was never so vulnerable again.

So, to ensure McDonald's resurgence despite category fragmentation, we expanded this connection.

By 2012, the category's fragmentation and, in particular, the arrival of new premium-focused competitors like Byron and GBK had reset customer expectations.

Subsequently, our warning lights began to flash again, as McDonald's brand image metrics hit a plateau.

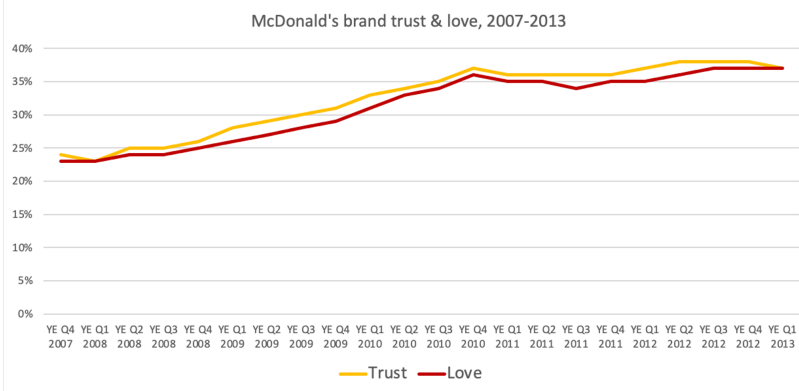


Figure 14

Faced with this new pressure on Love and Trust, throughout the following decade we pushed to deepen McDonald's place in the nation's hearts.

This meant investing record amounts in ethnographic research, to consistently fuel our communications with ever deeper and more emotionally powerful creative insights.

Then, to rebound from Covid, we elevated our connection.

Until 2020, we'd always been careful not to overreach. However, as the chaos of Covid swirled around the McDonald's brand, we looked outwards to find out what our customers now expected.

Conducting a nationwide study, we found our audience was now looking for the reassurance of leadership wherever they could find it. Even from brands. In this way, we moved our focus from just embedding McDonald's in the hearts of the nation, to also leading these hearts through the darkness of lockdown.

15 Years Of Creative Insights

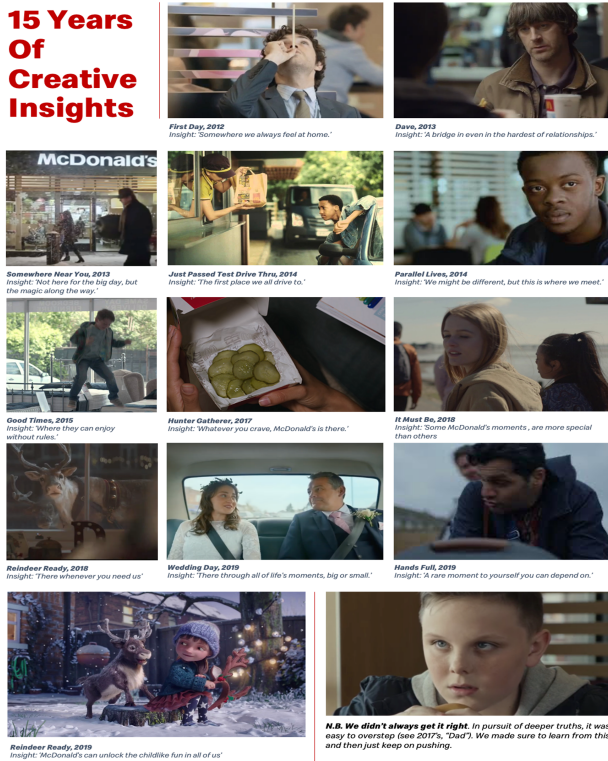


Figure 15

THE STRATEGIC IDEA/BUILD

In 2006, to establish a new audience connection we also needed to establish an all-new approach to communications.

Previously, McDonald's had used advertising as a promotional tool. However, our mission now was to:

Re-Earn McDonald's Place In The Hearts Of The Nation-To Rebuild Love And Trust-And So Return Customer Visits And Sales Revenue Back To Growth.

This meant adopting a radically different approach.

We introduced the Pillar Model: the foundation of all McDonald's brand-building.

This new model fundamentally refocused the business's investment in communications.

Until then, McDonald's had exclusively invested in two strands of promotional advertising: "Value" and "Variety."

However, this new 'Pillar Model' now added two strands of emotional brand-building: "Favourites" (i.e. Love) and "Trust" (Figure 16).

This required a leap of faith.

Stakeholders agreed on one condition: the new pillars had to deliver short-term sales equivalent to the existing promotions.

In fact, their returns exceeded all previous campaigns, with overall ROI nearly doubling from £2.34 (2007) to £4.46 (2011).

With each piece of proof, spend was incrementally upweighted, until the new model was fully embedded in the business with each pillar given its own marketing team and budget.

Then, to ensure McDonald's resurgence, we expanded our approach.

In addition to fueling it with ever-deeper insights, we also learned to use our brand-building more widely.

So, from 2012, faced with new competition from Greggs, we brought it to the previously transaction-focused Value pillar.

Then, in 2015, to address increased coffee and delivery competition, we evolved the model; creating an all-new "Establish" pillar focused on emerging occasions. The result was McCafé and McDelivery campaigns fuelled by our now iconic emotional storytelling, and a McDonald's brand that was always able to keep growing, despite category fragmentation.

Then, finally, to rebound from Covid, we elevated our approach to a whole new level.

As we looked to deliver a little of the emotional leadership that the nation was calling for, we forgot all compromises, went big, and dedicated our budgets to an all-time high investment in brand-building aimed purely at driving Love and Trust.

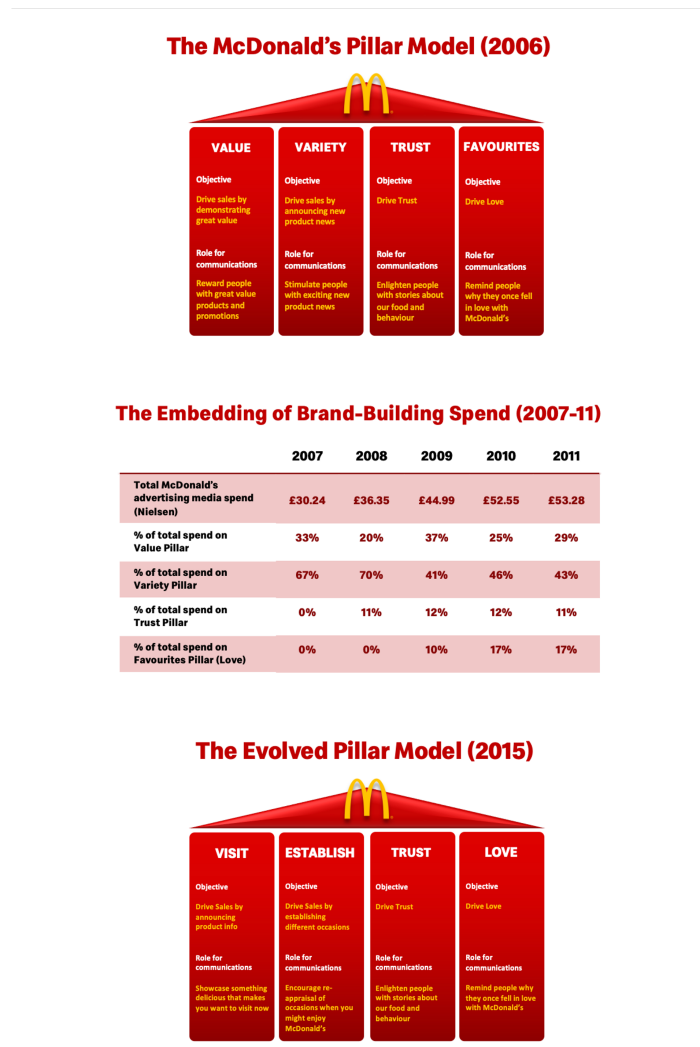


Figure 16

Sources

1. NPD Group - Figure 11
2. Kantar OOH survey - Figure 12 McDonald's U&A Study 2005 - Figure 13 TNS FastTrack brand tracker - Figure 14
3. Davies McKerr & BAMM - ethnographic partners
4. "Covid diaries" nationwide study - conducted in partnership with Britain Thinks

BRINGING THE IDEA TO LIFE

KEY ELEMENTS

McDonald's Fixed The Fundamentals.

Before we could introduce communications, the business needed to get its house in order.

Firstly, this meant reviewing the menu: introducing more balanced choices, reformulating nutritional profiles, improving ingredient quality, and adding premium offerings like Rainforest Alliance certified coffee.

Secondly, this meant investing in staff training and redesigning restaurants to put McDonald's in step with contemporary culture; out went the red and yellow plastic and in came softer greens, purples, wood and modern furniture.



Figure 17

Then the brand dropped the front.

With the launch of the website, makeupyourmind.co.uk, McDonald's introduced complete transparency to its practices, inviting customers to ask us any questions they wanted and to see for themselves.



Figure 18

Finally, McDonald's started on its brand-building journey.

In 2006, we were looking for a sea change in public opinion and, ultimately, consumer behaviour. And we wanted to build this for the long-term, driving cumulative gains and insulating McDonald's from further threats.

All this meant employing emotion, scale and reach – supporting our new Love and Trust pillars with an increasingly sizeable commitment to big, nationwide broadcast media.

Then, when the category and media landscape fragmented, we refined.

As the second decade of the millennium wore on, it was increasingly important that we also got our timing right; supplementing our plans to drive fame around specific new occasions.

To do this we increased our digital spend, conducted test and learns on emerging platforms, and embraced the power of sponsorship and media partnerships.

Finally, we harnessed this fame with a seamless digital experience.

With the arrival of Covid, in 2020, McDelivery, Drive-Thru and the My McDonald's App suddenly became central to the brand's experience.

To ensure this experience built the brand and business, we learned to fuel it with digital mass-reach and engagement content whilst also underpinning it with data-fuelled performance media.

KEY BUILDING BLOCKS

First, we defined McDonald's iconic brand tone.

Together with the executive team, we considered the brand's "aggressively defensive" stance in the McLibel case. We agreed that if McDonald's now wanted to establish a connection with its audience, it would need to adopt a very different stance indeed.

From here, McDonald's brand-building dropped the front, owned the brand's problems, and adopted a tone that was: "Confidently Humble"

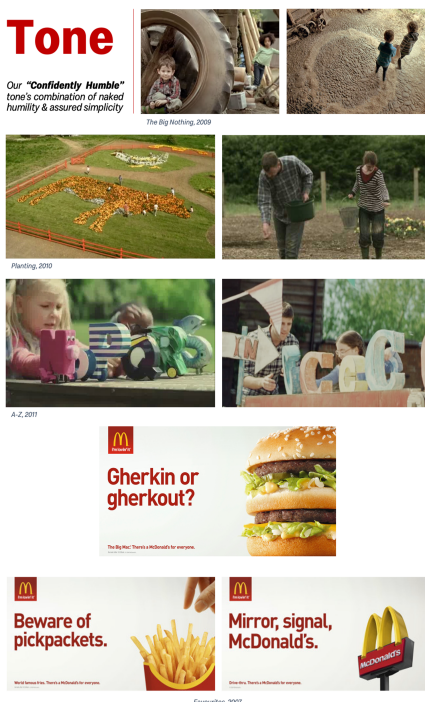


Figure 19

Over the next 15 years, this two-word phrase became ingrained into almost every aspect of McDonald's advertising strategy. It became the overarching philosophy for the crafting of strategic propositions, platforms and, most prominently of all, the advertising tone-of-voice.

Second, we fuelled our brand communications with emotive insight.

To re-earn McDonald's place in the nation's hearts, we had to show that it cared. To achieve this, we chose to fuel each piece of our brand communications with a very specific and ownable type of human insight.

Each insight needed to fulfil a 3-part formula:

Hearts Not Smarts

We've spent the past 15 years building McDonald's connection with its audience by leveraging insights that bypassed the head, to instead dart to the heart - the sort of amusing, touching, sentimental truths that instantly spark real emotion in real people.

Universal To Everyday British Life.

Our brand-building needed to speak to the whole nation, so this meant identifying insights that went beyond the niche or trendy, to instead connect with the universal experiences of everyday British life.

Of the brand.

McDonald's insights could never just be from wider culture, but the culture that surrounded the brand. Elevating these inherently ownable truths allowed us to simultaneously deepen our advertising's sense of human relatability, whilst always keeping it authentic.

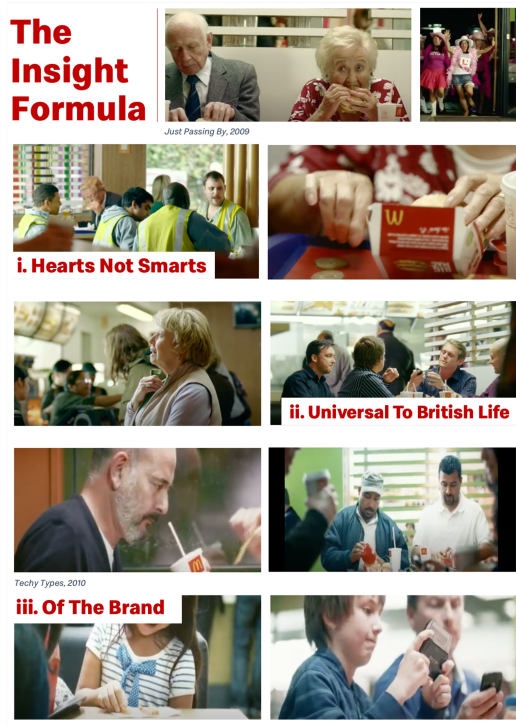


Figure 20

Advert by advert, this work established, expanded and elevated McDonald's place in the hearts of the nation.

Whilst, over the years, we evolved and adapted our brand-building to meet whatever challenges awaited, we also always stayed true to our initial principles, constantly sharpening and deepening them in pursuit of ever greater growth.

STRATEGY

Over the last 15 years, with each key challenge, we have pushed, evolved, and adapted our comms approach to overcome whatever new threat awaited and so keep the brand and business growing. No matter what.

From 2006-2011, we established our connection by employing "Emotion At Scale".

To ensure McDonald's recovery from the McCrisis, and return customer visits and revenue to growth, we sought to establish a new connection with the hearts of the

nation.

This meant fueling our Love and Trust pillars with big, nationwide, brand-building media. And lots of it

EMOTION AT SCALE	
Reaching The Hearts Of The Nation	To reach the broadest possible audience, we laid-down a broadcast approach cemented in TV, OOH and Print; unweighting investment in brand pillars as they were proven to pay back
Being Where Life Was Happening	To ensure cultural scale and resonance, we aligned our spots with "event TV" programming, from the nation's favourite soaps to the weekend's biggest shows
Keeping Our Gestures Grand	To ensure emotional impact, we negotiated the most premium spots & spaces for every touchpoint. i.e. first in break (TV & radio), early in book (print), most prominent panel (OOH)
Entering Into Digital	We began to employ digital video and new social channels (Facebook and YouTube) as their reach was proven, and tested digital display as an extension of print.
The Payback	MEDIA SPEND: More than doubled from £30.2m to £70.2m ROF: Improved from £1.54 to £3.06 per £1 spent

Figure 21

From 2012-2019, we expanded this connection by employing "Breadth With Brains."

As discussed, to ensure McDonald's resurgence despite category fragmentation, we expanded our use of brand-building. However, we also needed to bring some new brains to this approach.

This meant fine-tuning our message management and reach at a total AV level, whilst also driving disproportionate SOV around key occasions.

To achieve the latter, we drove further digital investment and increased the brand's use of sponsorship and media partnerships.

For example, in 2017, with the launch of McCafé, we partnered with C4 to target key coffee occasions through 'McCafé Moments.' Then, in 2019, for the launch of McDelivery, we used entertainment partnerships with ITV, to drive disproportionate share-of-voice around delivery moments.

BREADTH WITH BRAINS	
Dividing To Conquer	Expanding brand-building meant sharpening our approach to message management – strategically coinciding or separating campaigns, to leverage halos whilst avoiding overload.
From Tuning-In To Fine-tuning	As the media landscape fragmented in parallel with our category, we stopped thinking TV-first and, instead, pivoted to think AV-first; fine-tuning reach & frequency at a total AV-level (linear TV, short & long-form VOD & cinema).
Beating The Big Fish (In Smaller Ponds)	To help McDelivery do battle against the bigger media spends of the third-party delivery aggregators, we achieved disproportionate SOV in key occasions through partnerships with sports, gaming, movies and weekend entertainment
Maximising Digital	Digital had now become fundamental to our plan's incremental reach and impact. As the social media landscape evolved, we also conducted test & learn programmes with Instagram, Snap and Twitter to find our next proven reach driver.
The Payback	MEDIA SPEND: Continued to grow from £70.2m to £137.3m ROI: Improved from £3.06 to £4.59 per £1 spent

Figure 22

Then, 2020 onwards, we elevated McDonald's audience relationship, by going "Big or Bust!"

To ensure the brand and business could survive Covid and rebound into growth, we looked to deliver a little of the emotional leadership our audience was looking for.

So when reopening began, we stepped up. Whilst everyone else went short, we went long and went BIG; making an immediate and all-time high investment in emotional brand- building; dedicating 94% of budget and at least 3x the amount of our closest competitor.

We added to this reach by also pivoting the role of the My McDonald's App to deliver further emotional support through the dark days of lockdown (e.g. through DIY McDonald's recipes, football lessons with Peter Crouch, and a 3-day online Stormzy- headlined music festival).

Then to ensure this activity also kickstarted customer visits, we underpinned it all with data-fueled performance media driving to the brand's remaining channels: McDelivery and Drive-Thru.

BIG OR BUST	
Timing Our Run	To ensure our brand-building was business building, we analysed sales & ROI data to establish how many restaurants needed to open, and at what capacity, before each channel delivered a positive ROI. Then, when the threshold was met, we shifted from discrete media to national broadcast.
Fame Up & Fame Down	We built fame from the ground-up and media-down. So, after crowdsourcing our music, we exclusively released "Welcome Back" to fans via eCRM and social, and teased influencers with bespoke food-drops. We then switched to our highest ever brand investment (94% of budget), with long-form AV & geo-located OOH.
From Functional Service To Emotional Support	To drive further emotional connection at a time when we weren't otherwise able to have contact with our customers, we pivoted the role of the MyMcDonald's App to deliver lockdown entertainment (everything from DIY recipes, to an online festival)
A Fully Digital Experience	We created a seamless digital experience. Whilst still driving reach with standout formats and engagement-focused placements, we underpinned all activity with data-fuelled performance media. As well as driving app downloads, and delivery & drive-thru visits, this allowed us to grow our 1 st party database.
The Payback	MEDIA SPEND: Was higher than ever at £152.2m ROI: Continued to pay-back at £4.02 per £1 spent

Figure 23

IMPORTANT CHANGES TO CREATIVE WORK, CHANNEL PLANS, AND SPEND

By 2012, our simple brand-building ingredients had begun to re-earn Trust, rekindle Love and drive customer visits and sales revenue back into growth. If the marketing literature was to be believed, all our ingredients needed now was time and repetition. However, to continue this growth in the face of new challenges, creative consistency was not enough.

Category fragmentation inspired us to use our old ingredients in new ways.

As we've discussed, throughout the decade, we expanded our approach to also expand McDonald's place in the nation's hearts - making all pillars brand-building and looking for ever deeper creative insights.

However, our pillars and insight weren't the only ingredients we flexed to meet the new challenges that lay ahead.

As the years rolled on, we also learned to wield our "Confidently Humble" tone with skill, pushing and flexing it to meet the task at hand.

To re-energise Trust scores, we gave our tone a confrontational edge.

In the face of raised customer expectations driven by the Premium Burger trend, we pushed our “Confidently Humble” tone to confront the negative rumours encircling McDonald’s food credentials (Figure 24).

To take on the might of Greggs, we found humour in our humility.

With “Like Getting Your Money’s Worth”, we pushed our tone’s humility into comical territory, to position McDonald’s as the de-facto brand for comically savings hungry shoppers.

To make an impact within new occasions, we took things to extremes.

With “Great Tasting Coffee, Simple” we weaponised our humility, to puncture the pretension of the coffee category and propose McDonald’s down-to-earth value as the antidote.

Then to launch McDelivery and claim ownership of the occasion, we supercharged our “Confidence”, proudly declaring: “We Deliver.”



Figure 24

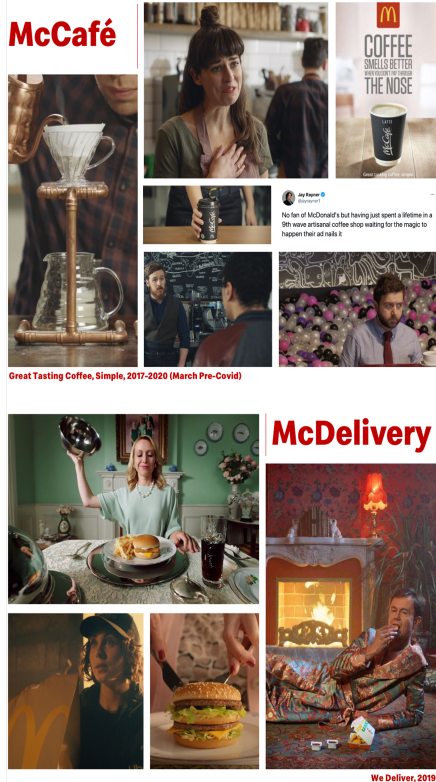


Figure 25

Finally, in 2020, the ultimate challenge required us to give our tone the ultimate push. In the face of lockdown, we stepped up and elevated McDonald's role to provide some emotional leadership.

To drive Trust, we humbly proposed competent solutions to our customers' primary anxieties (safety, money, society). These communications were partly enacted via activations but, where there was messaging we made sure to keep it reassuringly informative and simply told (Figure 26).

Then to drive Love, we turned the confidence "up to 11", broadcasting a bold "Welcome Back" and proceeding to deliver a little of the joy and positivity the nation had been asking for.

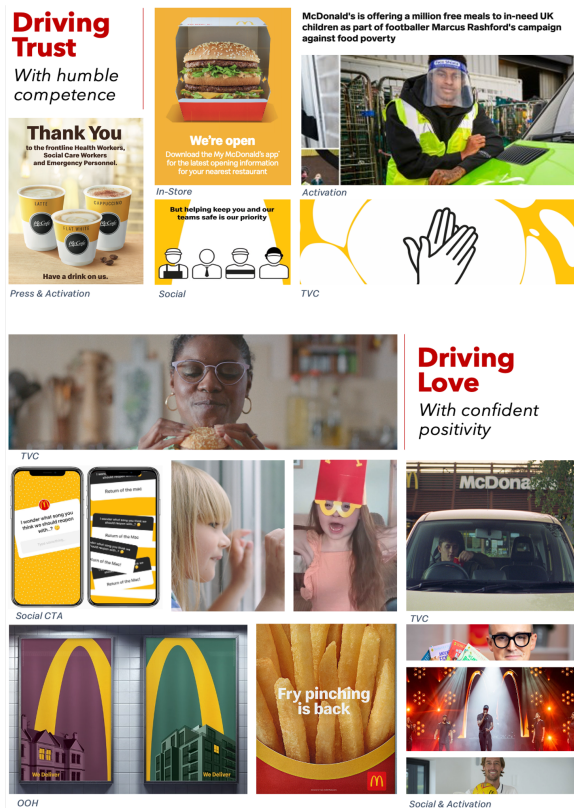


Figure 26

Sources

- Media Agency - Figures 21, 22, 23

RESULTS

RESULTS OVERVIEW

This has been a story about driving continued growth, no matter what. In total, our efforts have delivered:

15 Years Of Ever Increasing Love and Trust.

Our brand-building communications have worked purposefully to ensure that McDonald's key brand metrics have remained in almost constant growth, throughout this period. In fact, scores for Love & Trust have more than doubled

since 2007.

15 Years Of Ever Growing Customer Visits.

Despite the competitive pressures discussed, McDonald's ever strengthening brand has ensured the Golden Arches have never lost any of their pulling power. In fact, for the last decade-and-a-half, the brand has succeeded in continuously attracting new customers, whilst simultaneously offering existing ones new reasons to visit.

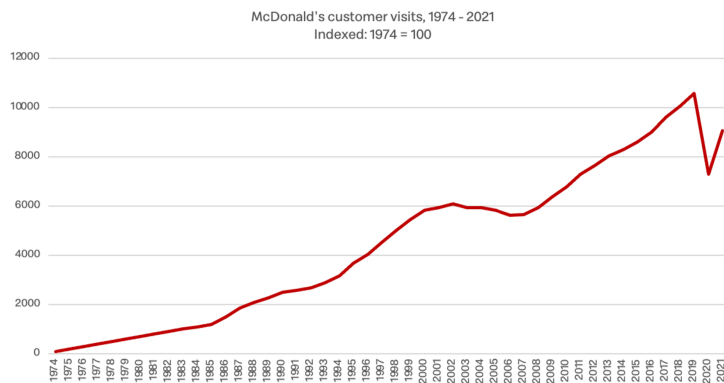


Figure 28

15 Years Of Ever Growing Sales Revenue.

Whilst traffic has grown from increased penetration and frequency, a stronger, more trusted and well-loved brand has also led customers to spend more at each visit. This means that McDonald's overall revenue growth has even outpaced its traffic growth.

In fact, prior to the pandemic, McDonald's sales grew every quarter from 2007 to 2020. This equates to:

54 Successive Quarters Of Sales Revenue Growth

15 Years Of Growing Despite Not Expanding.

In 2006, we were set an initial target of increasing sales revenue per restaurant by 30%, within 5 years.

By 2011, we had beaten this to achieve a 50% increase.

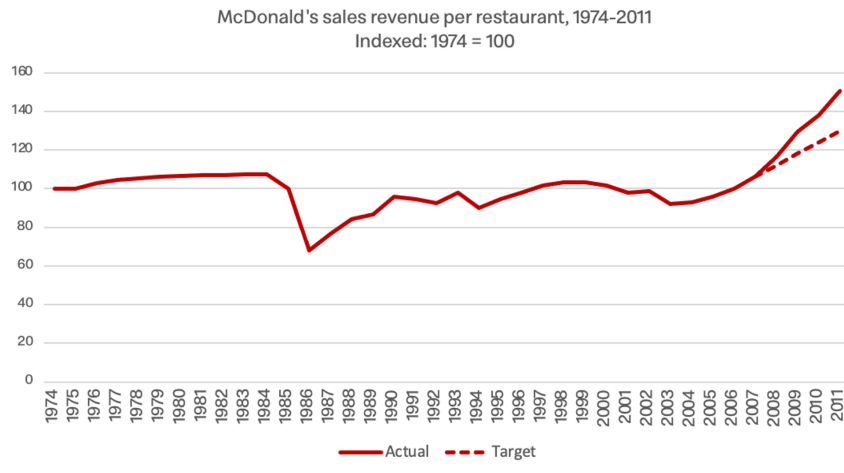


Figure 29

And, although it was no longer a KPI after 2011, we continued to grow at a similar rate across the next two 5-year periods as well:

Between 2011-2016, 36% Growth In Sales Revenue Per Restaurant + Between 2016-2021, 46% Growth In Sales Revenue Per Restaurant

Meaning that over the full 15-year period, sales per restaurant increased by a remarkable 198%.

The link between sales growth and restaurant growth that had underpinned the brand's UK success for 32 years had finally been broken.

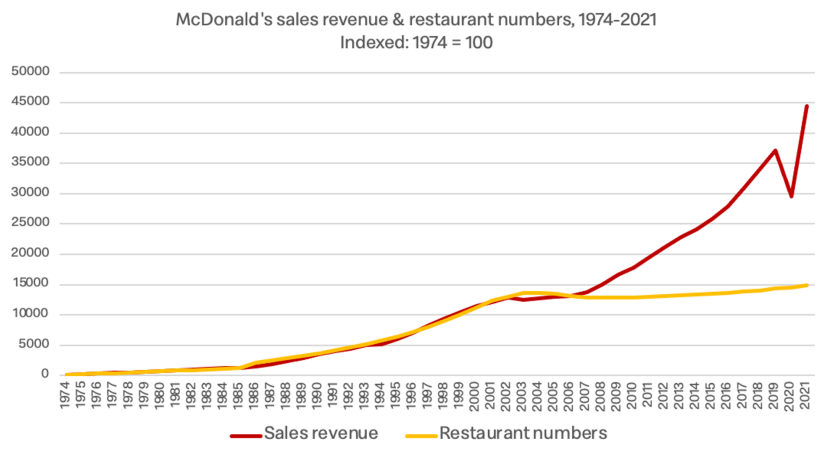


Figure 30

15 Years Of Incremental Sales Growth Attributable To Advertising.
 Despite McDonald’s share of voice remaining roughly constant, at around 30%, returns have increased for the period covered by this paper. In fact, the returns delivered by this investment have steadily risen from just £46m in 2007, to eventually reaching £618m in 2021.

In total, over 15 years, this advertising has contributed a remarkable: £4.7 Billion In Incremental Net Revenue

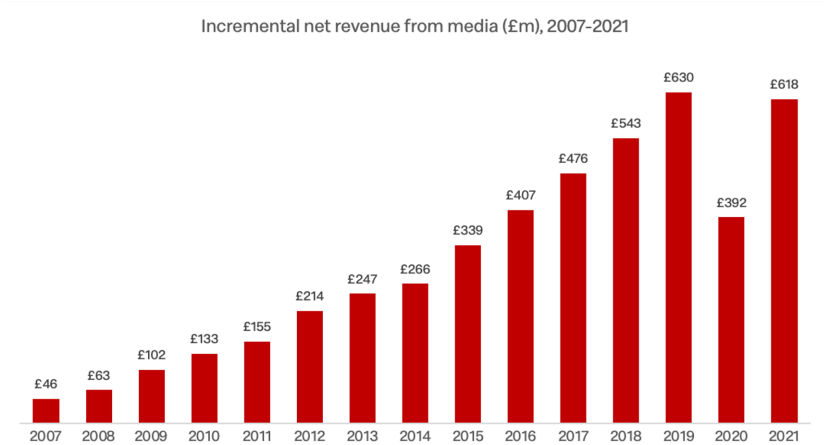


Figure 31

Objective #1

Objective: To Grow Sales Revenue Per Restaurant: <ul style="list-style-type: none"> • Initially, by 30% within 5 years • Then, by an additional 30%, in each 5-year period thereafter
Result: <p>Sales Revenue Per Restaurant:</p> <ul style="list-style-type: none"> • Up 50% in first 5-year period • Then by 36% and 46%, in subsequent 5-year periods <p>Overall Sales:</p> <ul style="list-style-type: none"> • Increased By 239%, from 2006 to 2021
Context: In 2006, we were set an initial target of increasing Sales Revenue Per Restaurant by 30%, within 5 years. By 2011, we had beaten this to achieve a 50% increase.

And we continued to grow at a similar rate across the next two 5-year periods, achieving 36% and 46% respectively.



Figure 32

Sales growth came via increases in both number of visits and average spend per transaction. Over 15 years, sales revenue increased by 103% (compared to 36% price inflation), suggesting a decline in price sensitivity among consumers over time.

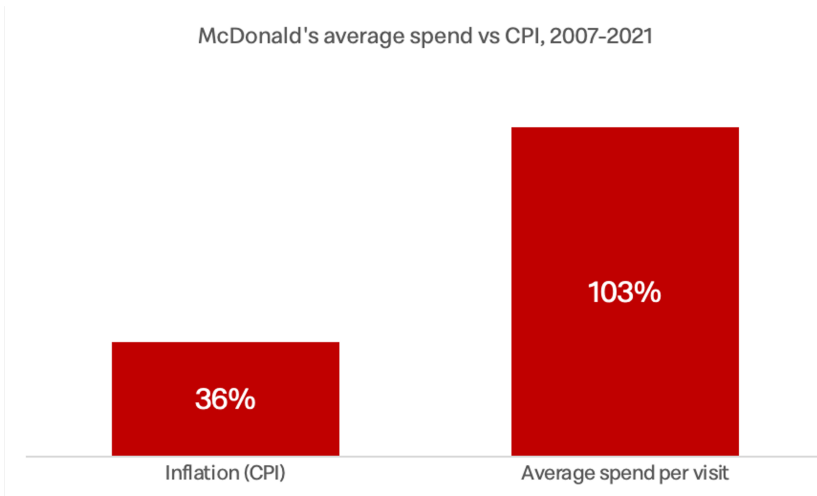


Figure 33

Objective #2

Objective: To Return McDonald's "Love" Metric To Growth:

• Initially, aiming for a 10-percentage point increase, within 5 years • Thereafter, insisting on continued positive growth year-on-year

Result: Love Scores:

• Grew from 23% to 37%, between YE Q4 2007 and YE Q4 2012 • Therefore, beating our target by 4 percentage points

Context Not only did our Love scores beat their 5-year target, but they continued to grow over the next 10 years.

By the end of 2021, they had eventually reached 51%, meaning they had more than doubled since 2007.

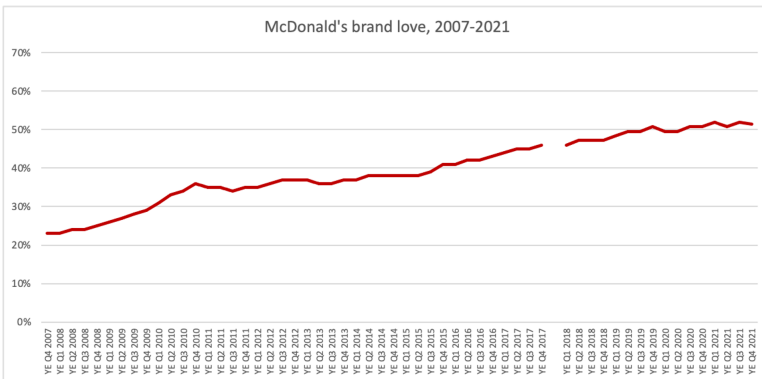


Figure 34

Among our key audiences of 16-34s and parents, Love was even higher, by 8 and 10- percentage points respectively.

This is not just a category effect.

Compared to the average score of our four main competitors*, McDonald's lead against this Love metric has increased from 2-percentage points in Q4 2017, to 8 percentage points in Q4 2021.

* KFC, Burger King, Greggs, Subway

NB. A change in brand tracking supplier in 2018, meant that we have had to weight the data shown in the above chart, assuming the last data point of supplier 1 matches the first data point of supplier 2.

Objective #3

Objective: To Return McDonald's "Trust" Metric To Growth:

- Initially, aiming for a 10 percentage point increase, within 5 years • Thereafter, insisting on continued positive growth year-on-year

Result: Trust Scores:

- Beat targets, delivering 14-percentage point increase (from 24% in YE Q4 2007 to 38% in YE Q4 2012)
- Then continued to grow, reaching 52% by YE Q4 2021

Context: As with Love, McDonald's Trust has now more than doubled since 2007.

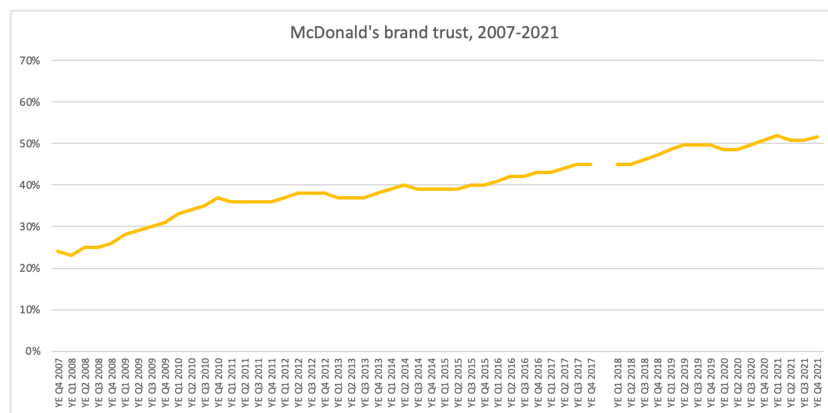


Figure 35

Additionally, as also achieved for Love, trust scores for our target audiences were even higher, by 5-percentage points for 16-34s and 10 percentage points for parents.

McDonald's has also stretched its lead over competitors.

In Q4 2017, we were 1-percentage point behind the average of our four main competitors. Whilst, by Q4 2021, we had achieved a 6-percentage point lead.

Objective #4

Objective: From 2012, We Also Aimed To Grow McDonald's Market Share:

- Continuously Year-On-Year
- With the long-term aim of becoming a "10% Share Brand"

Result: Market Share:

Grew every year from 2012 to 2021, starting at 8.4% and finishing at 13.2%.

Context: Market share growth was not a priority in 2007.

Recovery was our more pressing concern. However, we nevertheless grew share from 6.7% in 2008 to 8.4% in 2012.

Then, as the category fragmented, our priorities became more competitive.

We shifted the focus of our marketing objectives:

From Beating Internal Milestones-To Overcoming External Threats

We can now see that, over the following decade, our brand-building has allowed us to deliver on this.

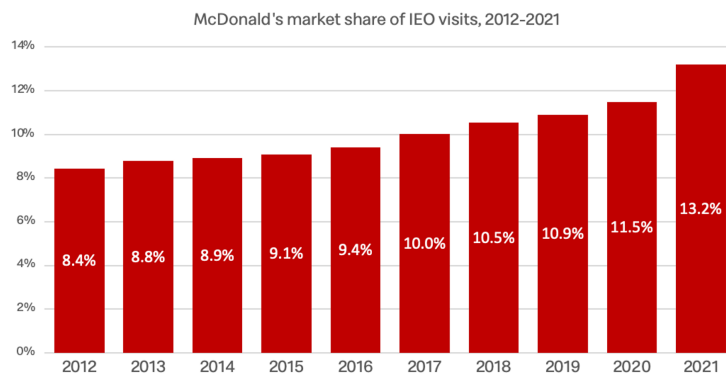


Figure 36

Much of this share growth came from traditional competitors and occasions, but...

Our Establish pillar comms also helped McDonald's to grow share in the new areas of coffee and delivery.

Previously, McDonald's had not been seen as market leader within these new occasions.

However, by driving awareness of our presence in those categories, we eventually became the biggest delivery brand and second biggest coffee brand within the

IEO category.

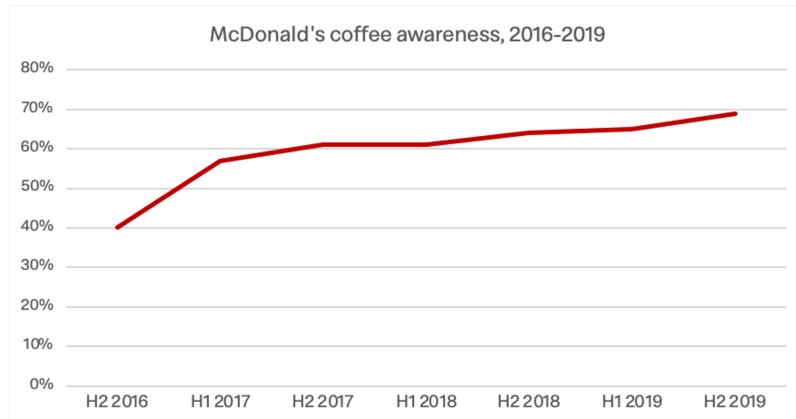


Figure 37

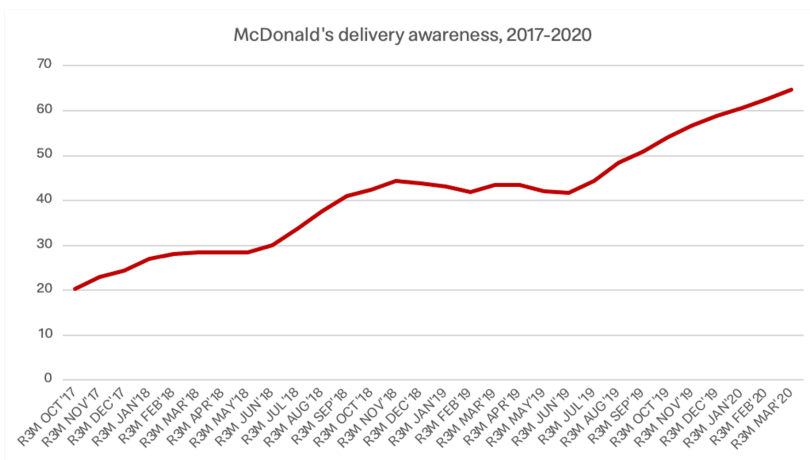


Figure 38

Objective #5

Objective: To increase the efficiency and effectiveness of McDonald's advertising:

- Efficiency measured by: continued increases in ROI
- Effectiveness measured by: continued gains in incremental revenue from advertising

Result: ROI

- Has continuously increased over the past 15 years
- Advertising has contributed an additional £4.7 billion of incremental sales

revenue

Context: Over 15 years, brand-building has driven increases in advertising efficiency and effectiveness.

With ROI scores increasing continuously over the period, whilst McDonald's spent more on media every year (by 2021, it was spending 5 times more than in 2007).

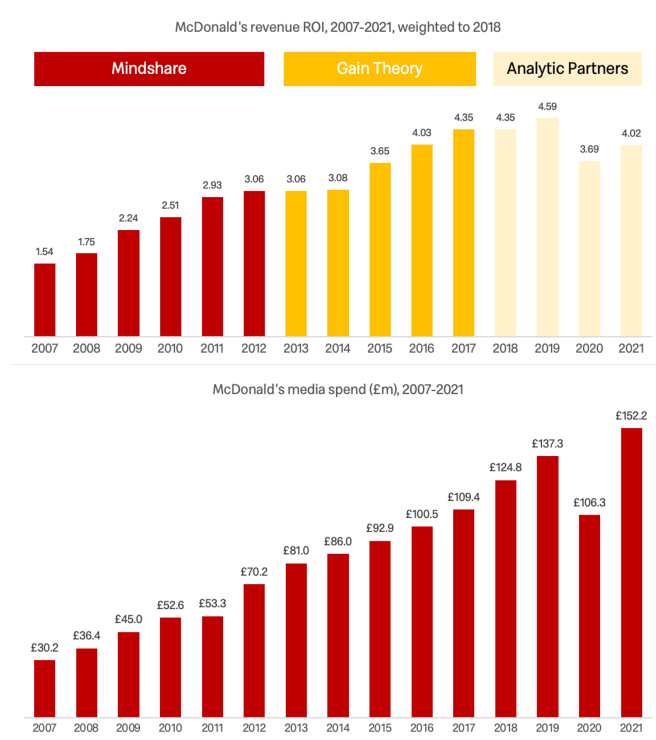


Figure 39

We can then establish the incremental short-term revenue that media has delivered.

Using the calculation $((ROI \times \text{media spend}) - \text{media spend})$.

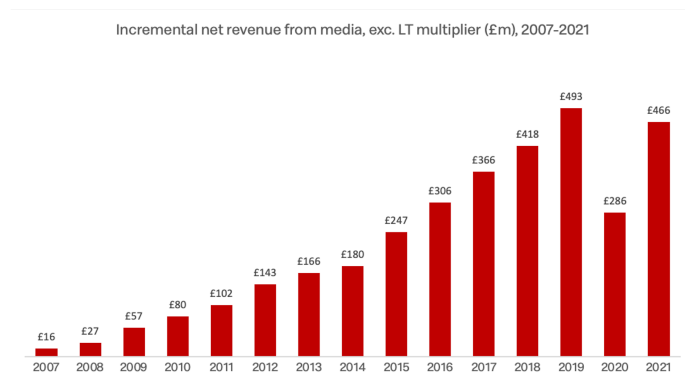


Figure 40

From here we can also determine the longer-term impact.

ROI is a short-term measure, whereas our new approach was dedicated to longer-term brand-building.

Econometric analysis has shown that, alongside direct sales, our advertising also impacted brand image which in turn delivered longer-term incremental sales. This improved short-term sales returns by a further 40%.

When combined with the short-term returns calculated above, we can see that:

Since 2007, Advertising Has Delivered Total Incremental Sales Of £4.7bn Amounting To An Average Of £313m Per Year.

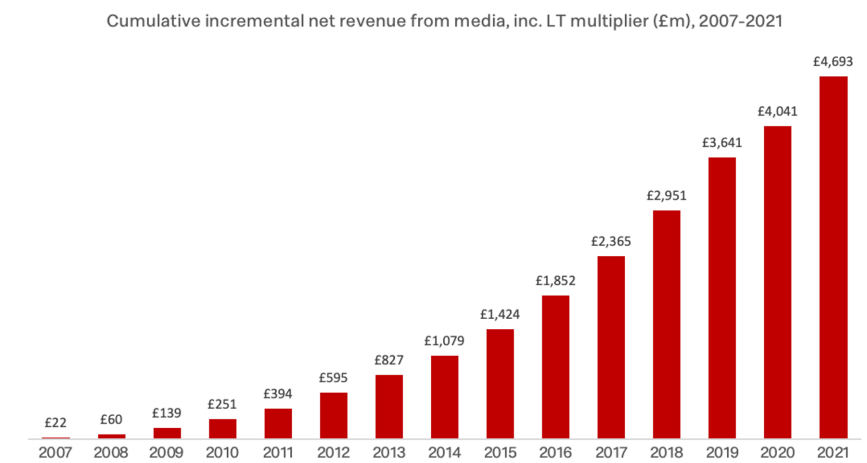


Figure 41

Objective #6

Objective: (To Produce Advertising Campaigns That Could:

- Reconnect McDonald's with the category's customers • Deepen that connection over time
- Resonate in wider British culture

Result: Campaign Tracking:

Over 15 years, all key metrics have shown continuous improvement

Brand Buzz:

- We have also seen a continuous trend of increased positive buzz amongst the wider population

Context: Both campaign trackers tell the same story: continuous improvement. McDonald's changed tracking supplier in 2015. However, whilst this means we can't show a 15-year trend, each tracker does demonstrate continuous improvement within their respective timelines against key metrics.

During our initial reconnection phase, perceptions of all campaigns improved by up to 74% against key metrics.

Our Love and Trust communications performed even more strongly, especially when it came to getting people to think differently about McDonald's.

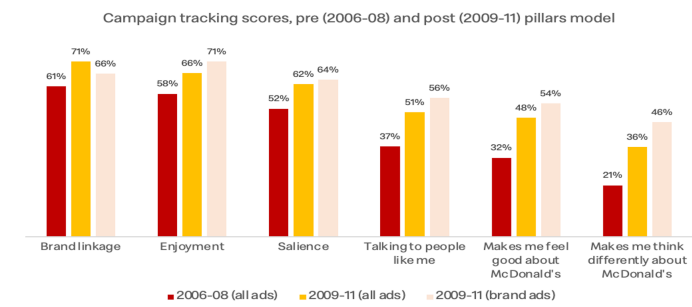
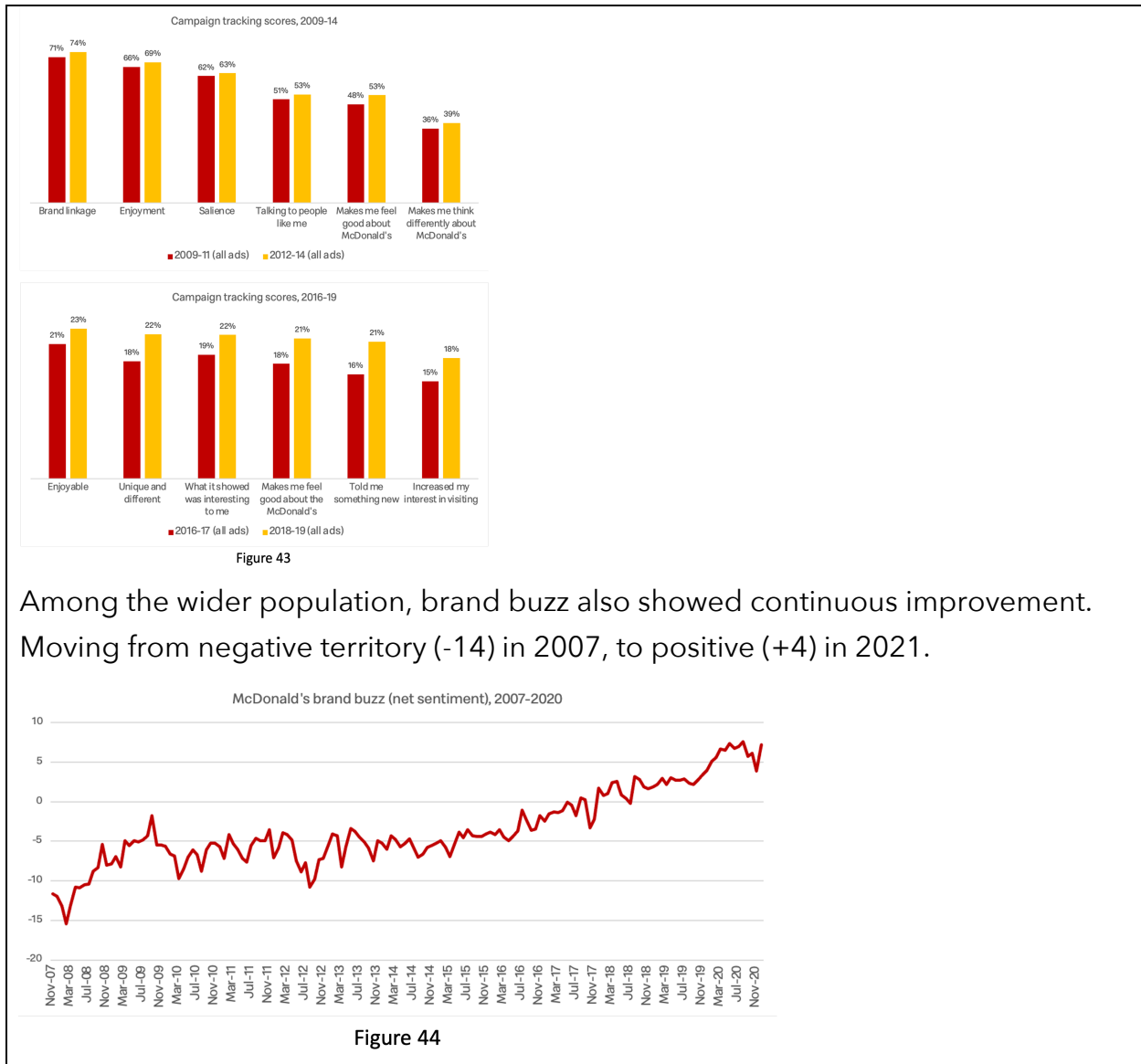


Figure 42

As we expanded our approach, we saw further improvement.

Firstly, we saw this on the old tracker, then on the new one, with the addition of the Establish pillar being particularly successful at increasing agreement with "Told me something new" and "Increased my interest in visiting."



Among the wider population, brand buzz also showed continuous improvement. Moving from negative territory (-14) in 2007, to positive (+4) in 2021.

ADDITIONAL RESULTS

As one of the UK's biggest brands, there are variables we should discount, to be confident of brand-building's role in driving these effects over the period.

This wasn't just a result of keeping pace with a growing category.

In fact, category growth has been virtually flat, averaging just +0.4% per year.

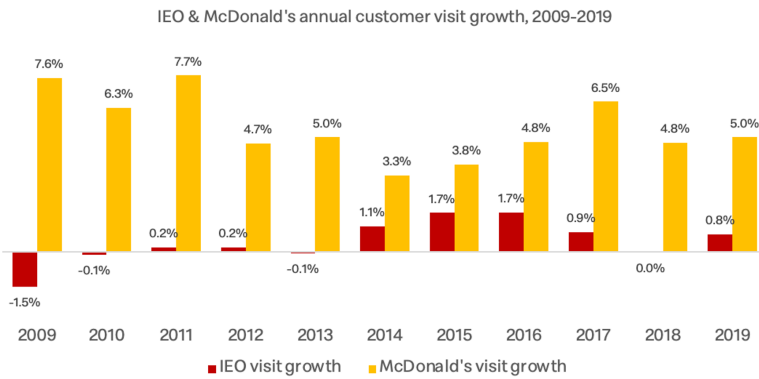


Figure 45

Despite this and category diversification, McDonald's has grown share every year so that it's now nearly double where it was in 2008.

This wasn't just a result of outperforming the competition.

McDonald's is one of the UK's biggest advertising spenders and you would expect this to deliver substantial commercial returns.

However, what's remarkable, is how these returns have increased despite McDonald's share of voice remaining roughly constant, at around 30%.

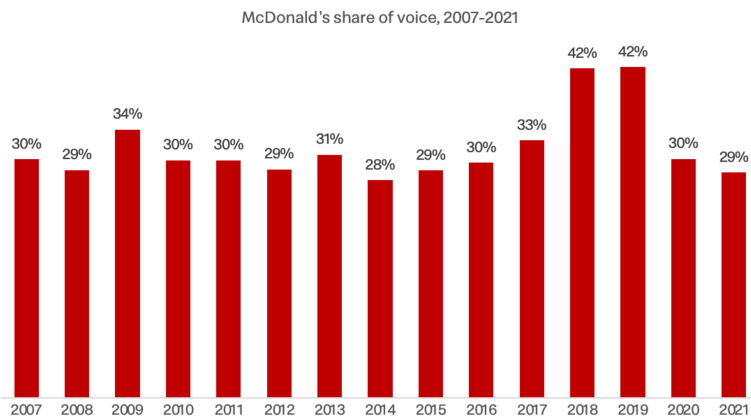


Figure 46

This wasn't just the result of opening new channels.

McDonald's was a latecomer to delivery, only entering in 2017 and advertising in 2019.

We can't even credit delivery for the brand's recent surge in market share, with McDonald's share of delivery still only matching that of its total business.

This wasn't just the result of low pricing.

McDonald's average transaction value actually increased significantly over the period, substantially beating the rate of inflation.

And this wasn't just the result of extending into other categories.

McDonald's range has grown as it has entered new categories, like coffee. However, this still makes up a relatively small amount of overall sales.

Instead, the lion's share of growth has come from the menu's unchanging staples.

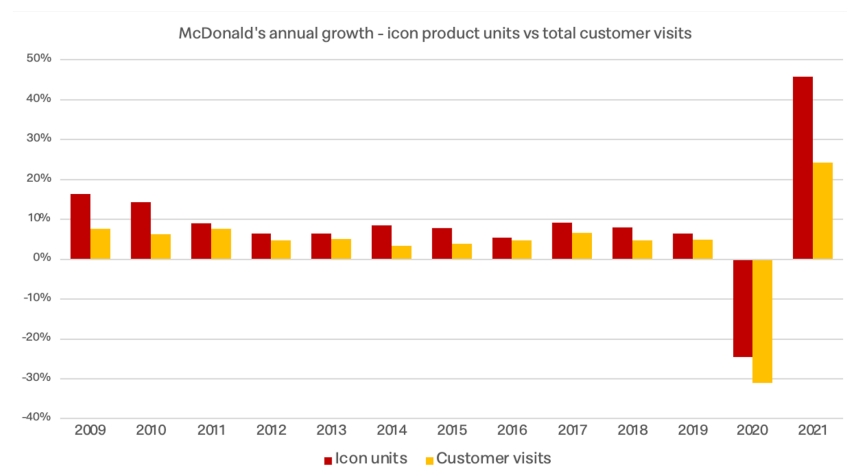


Figure 47

OTHER CONTRIBUTING FACTORS

- Other marketing for the brand, running at the same time as this effort
- Business Events
- Economy, Competitor Activity

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 In fact, category growth has been virtually flat, averaging just +0.4% per year.

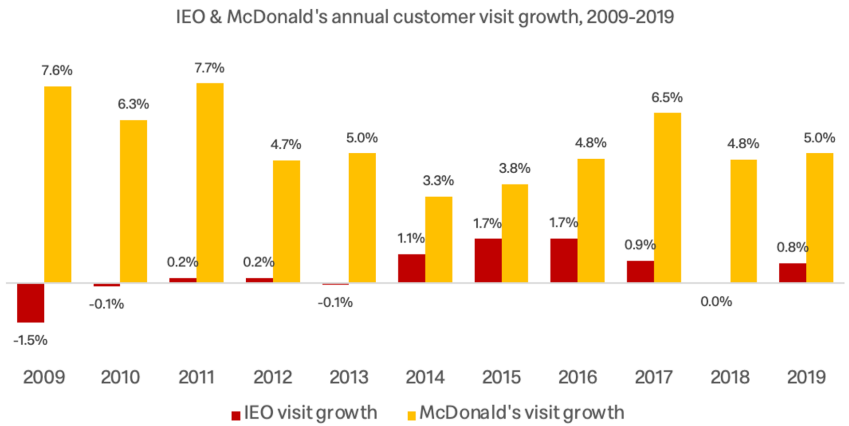


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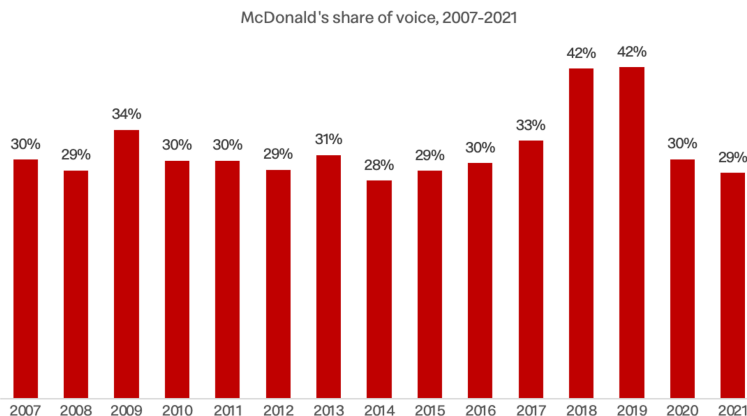


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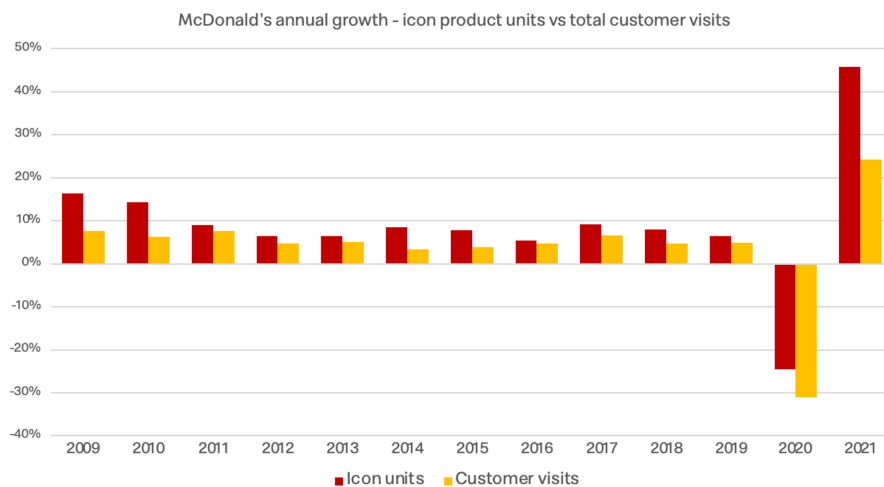


Figure 47

Sources

- TNS FastTrack brand tracker, Jan 2007-Dec 2021 - Figures 34, 35
- McDonald's, Jan 1974-Dec 2021 - Figures 28, 29, 30, 32, 47
- Mindshare, Gain Theory, Analytic Partners, Media Agency, Jan 2007-Dec 2021 - Figures 31, 39, 40, 41
- ONS, McDonald's, Jan-Dec 2007 vs Jan-Dec 2021 - Figure 33
- NPD Group - Figures 36 (Jan 2012-Dec 2021), 45 (Jan 2009-Dec 2019)
- McDonald's coffee tracker, Jul 2016-Dec 2019 - Figure 37
- Kantar HOT brand tracker, Aug 2017-Mar 2020 - Figure 38
- HPI campaign tracker, May 2009-Dec 2014 - Figures 42, 43

- Ipsos campaign tracker, Jan 2016-Dec 2019 - Figure 43
- YouGov BrandIndex, Nov 2007-Nov 2020 - Figure 44
- Nielsen AdIntel, Jan 2007-Dec 2021 - Figure 46

INVESTMENT OVERVIEW

PAID MEDIA EXPENDITURE (CURRENT YEAR/TIME PERIOD)

£5,000,000 and over

PAID MEDIA EXPENDITURE (PRIOR YEAR/TIME PERIOD)

£5,000,000 and over

COMPARED TO COMPETITORS IN THIS CATEGORY, THIS BUDGET IS

More

COMPARED TO PRIOR YEAR SPEND ON THE BRAND OVERALL, THIS YEAR'S BUDGET IS

More

The Pillar model fundamentally refocused communications investment; with brand-building spend rising to around 45% (in-line with Peter Field's category recommendation), where it's remained for the past 15 years.

Initially, this investment was largely focused on nationwide broadcast, but as the category's occasions fragmented, we increasingly augmented this with moment-focused digital and sponsorship.

Finally, to rebound from COVID, we went all-in, dedicating a whopping 94% of budget to brand-building.

No doubt about it: our spend has been big. However, its payback has been even bigger! Despite budgets increasing by 400% over 15 years, this advertising has returned £4.7bn of incremental revenue.

PRODUCTION & OTHER NON-MEDIA EXPENDITURES

£5,000,000 and over

High production values have been key to our brand-building approach.

To earn our audience's Love and Trust it has been imperative that our advertising connects emotionally. In this way, longer time-lengths, iconic well-loved music tracks and filmic cinematography have all become strategically essential investments.

Moreover, this is not an approach we have taken sporadically. To create a coherent brand that the nation can put its faith in, we have been careful to ensure this level of craft and care across every single 1 of the 600 executions that we have delivered each and every year, for the past 15 years.

OWNED MEDIA

Yes : In 2006, the opening salvo of our brand-building strategy was an owned website: makeupyourownmind.co.uk. For the first time, this allowed McDonald's to embrace complete transparency and welcome its audience into a conversation with a brand they could trust. Then, as channels proliferated, our use of owned media for brand-building became more sophisticated. The culmination of this was the MyMcDonald's App, fulfilling its potential as a brand-building channel during the dark days of lockdown. It was then that we pivoted its role from functional service to emotional support; offering a full line-up of proprietary entertainment, underpinned by data-fuelled CRM.

SPONSORSHIPS AND MEDIA PARTNERSHIPS

- Sponsorship - Live Activation
- Product Placement - Ongoing
- Unique Opportunity

As we expanded our brand-building approach, sponsorships and partnerships played an increasingly important role in generating disproportionate share-of-voice around the emerging coffee and delivery occasions.

With “McCafé Moments”, we pioneered programming-reactive sponsorship with Channel4, driving occasion-targeted relevancy and cut-through.

Then, when up against the might of big-spending third-party delivery apps, we entered into a long-term partnership with ITV. By surrounding key entertainment properties (e.g. movies and Johnathon Ross), we were able to own the key Saturday night delivery occasion throughout the year.

TOUCHPOINTS

- Cinema
- Digital Mktg. - Social Paid
- Digital Mktg. - Video Ads
- Direct Mail
- OOH - Billboards
- Print - Newspaper
- Radio
- TV

MAIN TOUCHPOINTS

1. TV
2. OOH - Billboards
3. Digital Mktg. - Social: Paid

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