

McDonald's Brand Revitalization Strategy - Big Brands Will Never Die

MANAGEMENT DECISIONS

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Reaction and Decision

"Big brands will never die, they just get weak." This statement is emphasized by CMO Larry Light over and over during the McDonald's revitalization process from 2002 to 2005. He developed six general rules of brand revitalization for big brands in big trouble where he based McDonald's turnaround on.

Six Rules of Brand Revitalization by CMO

Rule #1: Refocus the Organization

The first step McDonald's management board decided on was to refocus the organization. McDonald's started its revitalization process by re-focusing on Ray Kroc's original vision to create "a happy place". According to him, a satisfied smile on a customer's face is McDonald's greatest reward.

Rule #2: Restore Brand Relevance

The second step in the management decision process was making McDonald's relevant to customers again which required a thorough knowledge of the marketplace and a deep understanding of the right market segmentation. A brand's promise is a verbal expression of the relevant and differentiating experience a brand will provide to every customer at every time.

Rule #3: Reinvent the Brand

To reinvent the brand, the third step was building up a consistent brand experience by bringing the redefined brand promise to life. The so-called five actions P's (people, product, price, place, promotion) were umbrella terms, covering the actions McDonald's had taken to achieve this goal.

Rule #4: Reinforce a Results Culture

All growth is not equally valuable. The fourth step in the revitalization process was to ensure a sustainable and realistic growth strategy within McDonald's Plan to Win.

Rule #5: Rebuild Brand Trust

As McDonald's was lacking in credibility, the fifth step in the revitalization process was to rebuild trust. In today's skeptical and uncertain world, both customers and employees demand more transparency, social responsibility and more integrity. The management board saw openness as an opportunity and invested in building trust externally among its customers and internally among employees.

Rule #6: Realize Global Alignment

The last decision focused on internal marketing at its central aspiration as employees needed to feel connected to the brand and its values. Set into action mode, to actually turn around such a large giant, ingrained in its process and well established in its reputation and consumer expectations, a thought through approach to now build the foundation for a long-term and sustainable success.

This was best approached by first, an internal and second, an external revitalization process.

Management Decision: External Brand Revitalization

Regarding the external brand revitalization, the new management team, under the lead of CMO Larry Light, rethought their organizational focus, which was lost due to the high decentralization in the different markets. The original core vision of offering a happy meal at a happy place for kids had not been achieved. Instead of focusing on the happy in-store experience, McDonald's first focused on the meal by introducing healthy meal options.

After having realized that McDonald's would never be a health food store, the management board went back to the founder's vision of selling happiness in a happy place. As a consequence, the focus was turned towards young adults and in April 2003, standard salads have been introduced to offer this target group an alternative when coming to McDonald's with their children. The fact that birth-rates are in decline forced McDonald's to turn around their strategy with focus on only families with kids towards a modern happy experience at McDonald's.

Larry was inspired for the new brand strategy of how to keep McDonald's forever young by Bob Dylan's song "Forever Young". This meant to not try to change the brand, but instead, he believed that the brand could live forever as long as it is kept young. This was a pivotal insight of not focusing on the actual age, but the attitude of staying forever young. As a consequence, McDonald's core essence of being a happy place had to be strengthened by the attitude of being forever young. The atmosphere in the restaurant was only appealing for children rather than for the new target group of young adults. Consequently, McDonald's modernized and optimized this atmosphere by introducing digital touch points, changing the music and introducing new staff uniforms for example.

After already having introduced these physical changes in September 2003, a new advertising campaign had been launched worldwide. In order to do so, a worldwide advertising agency competition had been announced and a German agency has won the contest. They introduced the idea of the "You-voice" through "McDonald's you will love it" by being consistent with the previous advertisement slogans such as "you deserve a break" or "we love to see you smile".

After the first enthusiasm, a young creative advertisement woman noticed that this was an old-fashioned way to talk to people and would not appeal to the new

target group of young adults. Therefore, the slogan had been changed to today's well-known "McDonald's I'm lovin' it". In addition to the "I-voice" proposal, the new slogan was underlined by sonic branding with a song written by Justin Timberlake.

In addition, the word "McDonald's" was not yet added to the slogan or logo in order to make McDonald's an iconic brand in people's mind. Thus, McDonald's started to introduce the McDonald's golden arches with the slogan "I'm lovin' it" (**Exhibit 1**).

Summing up, the success was huge. Not only sales had risen within 90 days and the stock has increased from 12.5 dollars to 65 dollars within three years but also customer satisfaction was on the rise after the implementation of the "I'm lovin' it" campaign (**Exhibit 2**).

Management Decision: Internal Brand Revitalization

Revitalizing a brand does not only mean a top-down decision-making process but also re-energizing everyone in the whole organization. The major task the board had identified was to re-create a brand culture aligned and inspired to deliver an exceptional brand experience to every customer, every time, everywhere. In order to solve the task, McDonald's turnaround required what Larry Light called the "Three Cs": clarity of direction, consistent implementation and commitment from top-down throughout the organizing by setting a new brand direction for employees to feel committed to the brand.

Late enough, the management board had noticed that the critical component of brand revitalization, namely employee pride, had been diminishing. People who worked on the brand did not really believe in it. Ray Kroc's vision of creating a happy place through serving people was lost until 2002.

Before they could launch the new "I'm lovin' it" campaign, they first had to revitalize the brand pride internally. The first step was creating proud brand leaders employees could trust. According to Larry Light:

"No matter what kind of brand you own, and no matter shape it is in, nothing is as positively contagious as a management team that passionately believes in the brand. As Jim Cantalupo expressed it, our competitors duplicate our standards, but they cannot duplicate the brand."

The second step required that external marketing budget should switch to internal marketing in order to make it possible that all employees could see the new campaign before it got launched first. This decision increased brand pride immensely and helped McDonald's becoming a brand with both happy customers and more importantly, happy employees believing in it. In achieving it, the board decided to change the working uniforms into a more casual look to make their employees proud of wearing them even on their way to work. This would have been the best way of free marketing McDonald's could get.

This management decision had been critical for McDonald's long-lasting success because before the launch of the "I'm lovin' it" campaign, the longest campaign had only been played for a maximum of two years. In comparison, "I'm lovin' it" is still alive today.

Exhibit 1 McDonald's New Logo since 2006



Exhibit 2 American customer satisfaction index scores of McDonald's restaurants in the United States from 2000 to 2017

