

SILVER

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CAWLEY NEA\TBWA

McDonald's Euro saver
Driving Frequency through Changing Times - Cawley Nea\TBWA

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Irish Daily Mail

INTRODUCTION & BACKGROUND

Euro saver advertising in Ireland has garnered national recognition and acclaim, become part of our cultural fabric, has been exported and adapted by our McDonald's European counterparts, and most importantly has achieved phenomenal, long lasting sales results for the brand.

Euro saver is McDonald's entry level or low price menu- with € or € items such as Hamburgers, Twisty Fries and McNuggets on offer. It is McDonald's most important strategic tool, driving people into the restaurant through a value based proposition- in effect resulting in more customers, more often. After an altogether successful launch in 2002, Euro saver sales had leveled off in '03 and '04, and had reached an all time low in Q1 2005.

In 2005, Cawley Nea\TBWA launched the award-winning Nonsense/ Sense campaign, followed by the similarly lauded, and awarded Johnny Logan Hold Me Now campaign in 2007, both resulting in hugely successful sales results and return on investment.

In 2009, Euro saver communications faced their toughest challenge yet- a recessionary Ireland, with the sharpest decline in visits to the informal eating out category ever recorded at the end of 2008. Conversely, Euro saver faced

more competition than ever before, with many restaurants offering value platforms such as 2 for 1s and Early Birds, and our traditional competitors increased media presence with recessionary value offerings. The McDonald's sales trend, which had been increasing steadily from 2005 to mid 2008, became flat and eventually fell into decline in Q3. Transactions* began to take on a very worrying trend, dipping dramatically from Q3 2008. TNS research advised that any sales increases would be dependent on frequency driving activities rather than penetration.

Thus, to turn around the McDonald's sales trend, Cawley Nea\TBWA was tasked with re-invigorating and re-inventing Euro saver in order to drive frequency.

Like the successful campaigns before it, we would use deep consumer and cultural insight to reframe and re-invent Euro saver within the spirit of the time.

This was coupled with an innovative, 'always on' media strategy encompassing TV, Radio, Outdoor and Online.

The results have exceeded all expectations:

- Agreement with key attitudinal statements increased significantly, including a 5.6% increase in people believing McDonald's 'is a Brand (place) for someone like me'
- Visits moved from 2.3 in a 4 week period to 3.1- meeting our objective of increased frequency
- There was a dramatic increase in transactions
- Euro saver net sales have increased by 34% from 2008 to 2009
- Through Euro saver, McDonald's have grown their market share by 9%- almost double our target of 5%

Throughout the campaign period, McDonald's absolute profit rose by 13%.

McDonald's have recorded an increase in Euro saver net sales that is over 4 times the total advertising spend over the period. The ROMI (Return On Marketing Investment) is a phenomenal 193%.

MARKETING OBJECTIVES

As McDonald's most important strategic tool, Euro saver had a number of crucial objectives which we needed to achieve in order to ensure the continuing success of the McDonald's brand in Ireland.

Improve brand perception

Euro saver advertising is tasked with increasing likeability and consideration of the McDonald's brand as a whole. This would be measured through percentage increase in agreement with KPI statements from the continuous, bespoke McDonald's TNS Research tool, FastTrack, such as:

- McDonald's is a company me/ my friends would be happy to work for
- McDonald's offers good value for money

Local relevance

Euro saver communications act as the platform for McDonald's overall objective of delivering on 'local relevance' to the Irish market. Euro saver is McDonald's primary advertising investment and as such has always been locally produced. Delivery of this crucial objective would be measured against increases in key Fast Track statements such as:

- McDonald's is a brand (place) for someone like me
- McDonald's is involved in my community

Increase frequency and sales

Euro saver communications were tasked with incrementally driving our existing customers into the restaurants more often. Because the number of people eating out was in sharp decline, we needed to increase sales through a frequency driving strategy, rather than one of penetration.

Grow Market Share

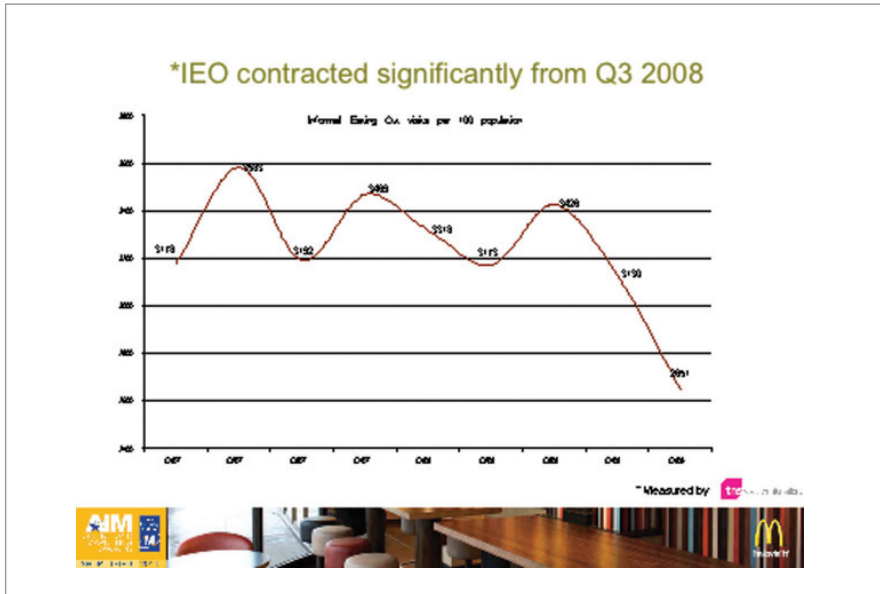
Finally, McDonald's had set Euro saver its most ambitious target yet- it was tasked with growing market share by a whopping 5% in a market that was in significant decline, but which was more competitive than ever before.

THE TASK

The Euro saver campaign had launched in 2002 to effortless acclaim and success- its very proposition was enough to drive sales to phenomenal

heights. The initial momentum of Euro saver had leveled off by '03/'04 and by '05 sales had decreased significantly. From 2006 to 2008, Cawley Nea \ TBWA communications campaigns (Nonsense/ Sense and Johnny Logan) had managed to return Euro saver to positive growth and success.

In 2008, outside forces began to impact on the McDonald's business. The recession had a resounding impact on the numbers of people eating out, with the informal eating out market contracting dramatically.



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Transactions began to take on a very worrying trend, dipping dramatically from Q3 2008.

TNS research showed that any sales increases would be dependent on frequency driving activities rather than penetration.

As well as that, McDonald's began to see more and more competitors entering the 'value' market, from all ends. 'Higher end' restaurants began to offer a number of value platforms including Early birds and 2 for 1 meals. Convenience outlets began offering meal deals, and our direct competition in

the form of fast food restaurants relentlessly communicated their recessionary ‘value’ offerings with renewed vigour.

We were tasked with returning Euro saver to growth and its former glory, and standing out from the crowd of ‘Value’ offerings which were now omnipresent within the category, in every convenience store and every restaurant throughout the country. How could we refresh and reinvigorate Euro saver once again? How could we get Irish people talking about it versus our competitors?

In short, our task was to stimulate sales growth by re-invigorating and re-inventing Euro saver. We would need to make it relevant, exciting and engaging once again.

THE STRATEGY

Many of our competitors reacted to the downturn by creating various tactical price promotions. However, McDonald’s stayed focused on its existing strategic value platform, the Euro saver menu, realizing that its brand equity would be our greatest asset in this challenging time.

Our strategy for Euro saver has always been a single-minded focus on developing deep consumer and cultural insights to tap into the spirit and context of the time, always positioning Euro saver as having a crucial role within it. Thus making it instantly relevant and engaging to a local audience.

In 2009, we remained faithful to our tried and tested formula, and once again set out to capture the zeitgeist, and find the role for Euro saver within it.

We started by conducting a thorough exploration of secondary research, ranging from consumer confidence and ‘mind and mood’ reports to psychological and best in class thinking on recessionary behaviour. We then undertook two rounds of deep dive qualitative research. We first conducted a series of in-depth interviews with our target audience of 15-34s, to capture the sentiment and deep emotional feeling of the time. Following this, we then carried out proposition testing in a number of focus groups, in order to decide on the best creative execution to express this.

Our benchmark was to once again be at the tipping point of the zeitgeist or spirit of the time, providing a cultural commentary to the country. Like the historic Euro saver campaigns, the 2009 phase of communications was born of a deep consumer and cultural insight.

2009 Context: Turning tide / uncertainty

Insight: Being a young adult has always been a time of change- leaving home to study, getting your first job, having your first serious relationship..... And these changes took on an even more sinister turn when coupled with the impending economic meltdown of the country. At the end of 2008, as the country was going into recession, young adults began to feel increasingly uncertain about their future, and even more fearful about these times of change.

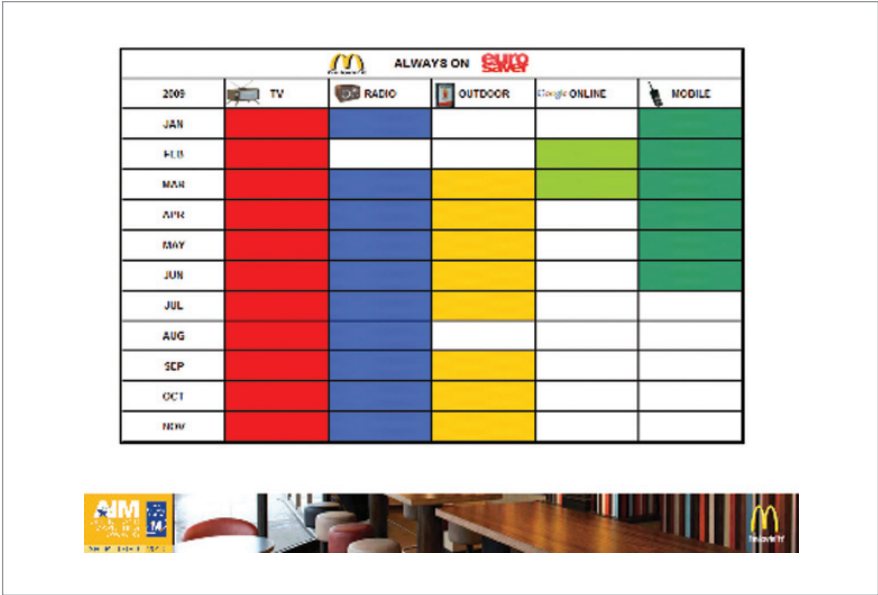
A McDonald's Brand Audit was conducted at the time, which revealed that McDonald's and Euro saver offered welcome stability during these troubled times. McDonald's, through Euro saver, could assume a confident stance by portraying itself as the reassuring constant which wouldn't change at all, even if cataclysmic change was happening daily in the country.

THE IDEA & COMMUNICATIONS ACTIVITY

Our communications idea for Euro saver has always been:
 "Euro saver is the solution in troubled times".

In 2009, as the tide began to turn and recession took hold, we aired 4 TV advertisements called 'Things can change quickly, so it's good some things don't change at all'. The creative executions depicted humorous situations where change was exaggerated and fast-forwarded (including a huge change in fashion trends occurring within the space of a day, and heartbroken parents saying goodbye to their son as he leaves for college callously transforming his bedroom into a seedy love nest within seconds). Euro saver was the reassuring constant which wouldn't change at all, even if cataclysmic change was happening in our hapless hero's lives. These executions cleverly demonstrated that McDonald's had always offered good value, perhaps in comparison to some of our competitors who were only doing so now because of the recession.

We aired these executions between January and May with 2,160 15-24 yr old TVRs and June to November with 1,230 15-34 yr old TVRs as part of an 'Always on Strategy' to drive frequency.



We also developed 4 radio ads specifically as a frequency driving technique, and used outdoor through close proximity sites to increase footfall into the stores.

Online was used as an interactive media to promote talkability of our campaign, including video banner ads on targeted sites, as well as a strong presence on You Tube and the McDonald’s website.

THE RESULTS

The Euro saver campaign of 2009 managed to capture the imagination of the nation once again; through its insightful commentary and ability to lead the zeitgeist. In doing this, we enabled Euro saver to stand out from the crowded competitive set, highlighting its uniqueness in the value arena.

Improved brand perception

We have seen significant increases across the selected KPI statements:

- An increase of 3.7% more people believing that McDonald’s offers good value for money

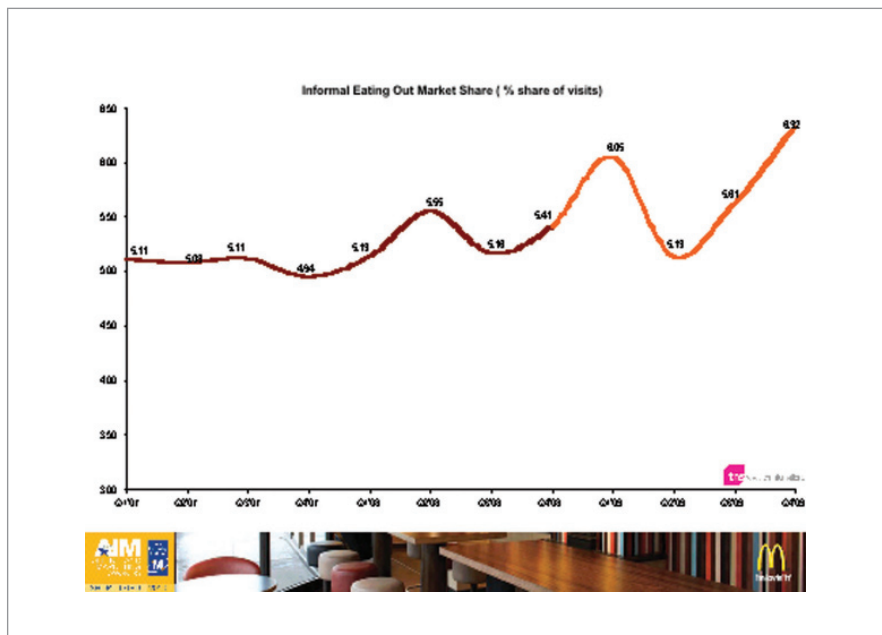
- An increase of 4.1% more people believing McDonald's is a company me/my friends would be happy to work for

Local Relevance

This insight-led campaign has resulted in an overall halo effect for the McDonald's brand in Ireland, delivering on the key objective of local relevance. Successfully achieving this was to be measured through two key statements, both of which have seen significant improvements:

- An increase of 5.6% more people agreeing that McDonald's is a brand (place) for someone like me
- An increase of 3.7% more people believing McDonald's is a brand that is involved in my community

Interestingly, the 'Things change quickly' campaign also captured the imagination of another nation entirely, as our Czech Republic colleagues ran our campaign in their own country, to widespread acclaim and success. It was the first time a McDonald's Ireland advertising campaign had ever been exported and adapted by another country, representing an historic first for Euro saver.



Increase frequency and sales

Most importantly, Euro saver delivered on its core objective of driving frequency to increase sales with visits moving from 2.3 in a 4 week period to 3.1.

As a result of successfully driving frequency, we also saw a dramatic increase in the number of transactions in the restaurants.

Euro saver net sales have increased by a staggering 34% from 2008 to 2009.

In terms of McDonald's % share of visits within the informal eating out category, we saw a dramatic uplift throughout the campaign period.

Finally, and most impressively, we grew our market share by 9%- almost double our initial target of 5%.

IMPACT ON BEHAVIOURAL ATTITUDE & PAYBACK

Throughout the campaign period, McDonald's also saw an increase in profitability within the restaurants- with a 13% increase in average store cash-flow.

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** Transactions: the actual number of customers who bought anything in McDonald's, i.e. individual till receipts*