

## Innovating in Recession

How we launched a brand new category for the world's most famous hamburger chain to grow in difficult times.

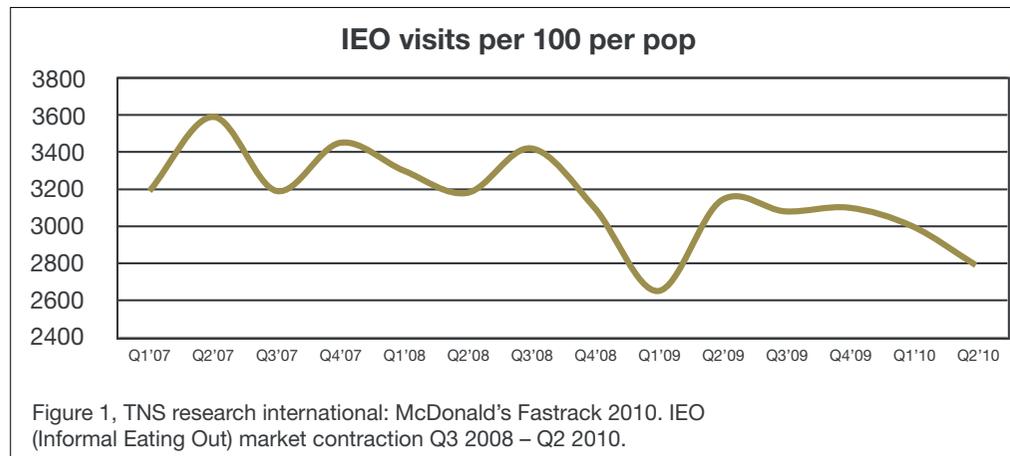
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### Introduction & Background

McDonald's served its first customer in Ireland in May 1977 in its iconic restaurant on Dublin's Grafton Street. By 2010 the operation had grown to 77 restaurants, operated by a combination of franchisees and the company itself, employing 3,600 people, and serving 150,000 customers each day. Internationally, McDonald's was rated by Interbrand in 2010 as the world's sixth most valuable brand and can be accurately described as the world's Most Famous Hamburger Chain.

This success is built on an ethos of continual improvement, with success defined as growth in all areas, year on year, week on week which presented a challenge in the Irish market in 2010. With Gross Government Debt at year end 2009 sitting at 70.9% of GDP, Ireland was broke and debt ridden. Unemployment hit 12% in 2010, the second highest level in the European Union<sup>1</sup> and consumer confidence was low at 60%, compared to over 100% during the boom years of 2005-2007.<sup>2</sup>

For companies operating within the food sector, the effects were profound. McDonald's is defined as a Quick Service Restaurant (aka 'Fast food') within the wider Informal Eating Out, or 'IEO' sector and in 2010 visits to the IEO sector continued a contraction which started in 2008, as below.



<sup>1</sup> Source: European Commission

<sup>2</sup> ESRI / Trading Economics.com <http://www.tradingeconomics.com/ireland/consumer-confidence>

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Worse still, 49% of Irish people expected their disposable income to shrink further, and 53% planned to eat out less in 2010<sup>3</sup>.

In 2010 McDonald's direct QSR competitors, Burger King, Subway and KFC, were pursuing a dual communications strategy combining premium messaging with value messaging, with widespread vouchering throughout the IEO sector. Even 'upmarket' / table service market players were discounting, offering meal deals, early bird discounts, and moving into McDonald's territory.

As the largest player in the QSR sector (48% market share at end 2009<sup>4</sup>) McDonald's business felt a proportionately larger hit. With a market shrinking it was time for an aggressive approach; it was time to steal growth. This case study outlines how the communications campaign launching a brand new product created an unmatched increase in market share, and a highly impressive commercial return for our client's investment in creativity.

### Marketing Objectives

The business agenda for McDonald's in 2010 was all about growth, which the business had identified, would come through innovation within the menu. A new product launch would need to achieve the following objectives:

- ▶ Growth through innovation – Units, Guest Counts, Day Part (lunchtime)
- ▶ Steal share from our competitors
- ▶ Increase in taste / quality ingredients scores
- ▶ Increase overall brand awareness through our Wraps campaign
- ▶ Specific quantitative targets were as below:

<sup>3</sup> TNS research international, McDonald's Fast Track 2010

<sup>4</sup> TNS research international, McDonald's Fast Track 2010

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### Company Profile

#### CAWLEY NEA\TBWA

At Cawley Nea\TBWA we believe that the convergence of INSIGHT, IDEA and TECHNOLOGY is where truly inspiring, creative and effective work is born. It's what drives our talented multidisciplined teams every day. But more importantly, it's what generates the ideas that excite our clients and their brands across every medium.

#### MEDIAWORKS LTD

Mediaworks is owned by Core Media, Ireland's largest and fastest growing media buying group. Our success is built on better client and consumer understanding which we believe places us in a better position to provide a competitive advantage for our clients.

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### Marketing Objectives

Business Objectives	Target
Sales (units)	29,645 (average weekly)
Penetration (Guest Counts <sup>5</sup> )	+2%
Comparative Sales	+1%
Market Share	Increase
Daypart (lunchtime)	Growth of +2%

Added to these were several complementary marketing objectives. The launch communications needed to increase specific brand image metrics, as identified by the brand team as being key drivers for business.

Measure	Pre Launch
Taste of food	39%
Top Quality Ingredients	30%
Food choice I can eat regularly	27%
Brand Awareness first mention	28%
Brand Awareness all mentions	58%

<sup>5</sup> Guest Counts equates to customers who complete a transaction, ie purchase any item on the menu

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### Marketing Objectives

Increasing market penetration and share would entail recruiting new users, many of which in the context of a declining market, would come from competitors.

So the menu innovation to be introduced needed to deliver a stretch to McDonald's well established menu, in order to attract current non-users. This need tied in with a global brand shift from a provider of 'fast food' to a provider of 'good food fast', an extension beyond the classic 'Hamburger and Fries'. Quantitative research undertaken with 800 customers arrived at **Wraps** as the product to achieve this. We needed to recruit new users for the Wraps product, and at that, users who would return, and buy more.

### Advertising Objectives:

The objective set for advertising was to ensure the business objectives were achieved through a launch campaign for Wraps- a completely new food platform for McDonald's. Consumer reaction to the product in the testing phase outlined how consumers regarded this as something quite different for McDonald's, representing a completely new taste profile.

So this launch needed to be disruptive to capture attention, to be clear in conveying an unexpected message for McDonald's, and to establish a sustainable positioning for McDonald's Wraps as a plausible, differentiated lunch time option. A significant investment by the brand in a permanent core menu extension.

### The Task

What was difficult or interesting about it?

The key task was to encourage consumers to choose McDonald's as a viable destination for a lighter lunchtime option despite the trend for eating out less. This meant not only launching a new product, but a new category previously not associated with McDonald's. In doing so, the task challenged widely held perceptions of the standard McDonald's offering for non-consumers; Wraps were something which didn't come in a bun.

This task was made no less daunting by the growing decline in the lunchtime market, a market which was in effect compressing, as 'table service' restaurants began to trade

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### The Task

down into the QSR sector offering a plethora of deals, offers, and discounts, and QSR competitors all around were losing share of market. The approach taken needed to drive the brand's value, premium and quality credentials, without cheapening the offering through money-off deals.

This wasn't the first time McDonald's were leaving their comfort zone; this launch built on learning's' from what was the biggest menu launch of the previous decade – that of 'Salads Plus launched in 2004 as part of a global brand response to the 2002 publication of popular nonfiction works '*Supersize Me*' and '*Fast Food Nation*' which both decried the structure and practise of global QSR brands.

The Wraps launch represented a significant investment by the brand in a menu extension with the task of achieving very real growth objectives in customer visits, sales and ultimately, a positive reflection on McDonald's market share numbers. The final piece made the task all the more challenging.

### The Strategy

The brand and agency team drew on insights from several key pieces of research, which formed the strategic framework for the wraps launch positioning and campaign.

Good Food Fast in Ireland = Real, Fresh and Generous

The brand and agency team had undertaken qualitative research into what 'Good Food Fast' meant to Irish informal dining customers in 2010<sup>6</sup>, which identified the key signifiers of 'good food' as **fresh**, implying visually attractive, incorporating salad, prepared to order and without additives; **real**, as a by word for non-processed, wholesome food; and **generous**, capable of satisfying hunger.

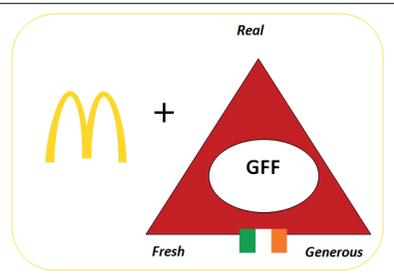


Figure.2 Good Food Fast in Ireland, source Outsourced Insight 2010

<sup>6</sup> Outsourced Insight qualitative research project, 2009

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### The Strategy

#### Audience seeking Affordable Treats

The team then reviewed the audience of young adults and their habits. Certain key trends emerging in 2010 were pertinent to the launch, these included:

- ▶ The enduring appeal of tasty, new foods – including snacks, for many consumers considered to be one of the few pleasures left<sup>7</sup> [in face of shrinking disposable income]
- ▶ The emergence of 'Affordable' premium treats or smaller treats presented as being a little bit special<sup>8</sup> and for which consumers were happy to pay.

#### Premium & Affordable

This last trend detailed with a further insight around value. In straitened times, naturally consumers were turning to brands which offered value. But more than this, in the context of IEO sector, they were also seeking taste, reliability, portion satisfaction, and convenience - their assessment criteria went beyond price. Combining premium with the affordability implicit in any McDonald's offering<sup>9</sup> provided a niche for wraps, differentiated from competitor offerings such as Subways 'Sub of the Day' which focussed on price, or on size, such as KFC's 'Wrapstar'.

#### Taste

Brand image tracking research consistently highlighted 'Taste of Food'<sup>10</sup> as the top driver of penetration for all key target groups. 'Variety' [across the menu] was further identified as a key frequency driver. These key audience insights lead to the strategic framework for communications for the Wraps launch, which can be described as **'Freshly Prepared Disruption'**.

The focus on **fresh** ingredients needed to be carefully crafted to create an alternative lunchtime choice for consumers not currently considering, but open to, McDonald's. This could only be achieved if our product and the surrounding messaging were presented in a plausible, desirable and appetising manner which was unexpected – but also relevant.

<sup>7</sup> Bord Bia 2009 Consumer Research

<sup>8</sup> The future laboratory, 2009

<sup>9</sup> In 2010 just over half of all IEO users considered McDonald's prices to be 'affordable' and for the brand to offer 'Good value', TNS research international, McDonald's Fast Track 2010

<sup>10</sup> TNS research international McDonald's Fast Track September 2009

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### The Strategy

The team were briefed to generate the buzz and change consumer perceptions through communications which would lead with 'fresh' but also convey convenience and portability, pivotal for lunch time business. On a placement level, the communications needed to disrupt the lunch time routine, and unlock opportunity among the work based adult audience using unexpected placements and times of day which intensively targeted lunch time.

#### Communications/ Media Strategy

Awareness media had a key role to play here i.e the media which build and sustain high audience coverage levels over a period of time in order to build awareness and recall (TV, outdoor and press).

However within the aim of driving awareness we believed a real opportunity existed, namely the key lunch time period. We explored aiming to own the lunch time window, through media selected to interrupt our consumers from the moment when they start to consider what they are going to have for lunch up until they enter a restaurant.

We called it the lunch time consideration window, which, we felt was reasonable to assume commenced mid-morning. We wanted to initiate this conversation, stimulate desire for our Wraps range, build the anticipation during the morning and crucially, seal the deal.

We populated this strategy by identifying and buying as many of the relevant media contact points we could i.e. Social media sites, time targeted emails, daypart spot buys, etc. We also looked to build anticipation and desire with relevant interruptive messaging e.g. the anti 11 o'clock break: "Hold off on your 11 o'clock break and have a delicious McDonald's Wrap for lunch"! The radio planning included non office-based working adults e.g. salesmen, tradesmen, people who work in the home.

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### The Idea & Communication Activity

#### Creative positioning

For such a complex, tiered set of messaging, the communication solution was remarkably simple. A simple strong presentation of the product, with clear articulation of its core credentials was needed to deliver a clear, informative message to our audience-who were not expecting this from McDonald's.

We honed in on two simple messages from a copy perspective – that of freshness, and portability. However the actual creative iterations needed to do much more. We needed to demonstrate the breadth of our range, in locations that supported our portability message.

We couldn't afford to produce our own TV, and selected an existing UK produced TVC to run in Ireland. The ad led with a message of portability, featuring a range of individuals accomplishing every day tasks with one hand while the other held a Wrap. By adding our own voiceover script we were able to introduce something of our quality message within the ad, but needed to place considerably more emphasis on 'fresh', 'quality', 'taste' in other communications which we originated.

To that end, our lead image demonstrated our wrap in a vibrant and fresh manner. In fact, it showed the wrap literally 'overflowing' with freshness, through the dramatic 'tumbling' positioning of each appetising complimented by the headline "Freshness all wrapped up". The wrap itself was in the act of embracing the ingredients.

The second execution in our suite featured a visual of the range freshly prepared wraps. This key message in this case was regarding the portability of the wrap and the fact this was a new addition to the McDonald's menu. We addressed head on the unexpected nature of the launch with the line "It's new, but you'll easily pick it up".

So while we had the look and the line for our campaign, an equally important part of the equation was the location. This meant choosing media synonymous with being on the move, thus making message and media work harmoniously, especially considering our portability message. We blended traditional transport media alongside innovative builds to bring our campaign to life. We wrapped buses. We wrapped Luas columns to look like our product. We wrapped the morning free sheet. We even wrapped popular home



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### Behaviour

pages. All of which culminated in campaign that elicited the message:

'New McDonald's Wraps are a range of delicious tasty wraps that are so good, you won't want to put them down'

### Media Strategy

The media strategy reflected the communications solution. Our media platform had to generate large coverage levels in order to build awareness and recall levels of this brand new range for McDonald's. However, our media strategy also had to deliver on the freshness and portability aspects of the Wraps range.

### Television

Television had a vital role to play in helping build mass awareness of the Wraps range amongst the target audience. In addition to the airtime bought and to help build awareness levels quickly, we secured a weekend sponsorship of all TV3's non-sponsored programmes and executed a primetime takeover on 3e where we sponsored all programming from 7 to 9pm for one month.

Television was also the ideal medium to showcase the visual appeal and freshness of the Wraps range. To enhance these quality cues further we planned significant up-weights for both the position in break (first and last spots in a commercial break) and peak levels for this campaign. Position in break and peak airtime access are the two most important TV airtime quality criteria. Programming was skewed towards women as this audience had been identified by the client as being more likely to purchase the product.

### Radio

A fundamental requirement of any McDonald's campaign is to ensure that we support all McDonald's restaurants on both a national and local level. We planned a national radio campaign, complemented by regional and local stations, to ensure coverage of all 77 McDonald's restaurants. Crucially radio provided the opportunity to reach people while they were out and about, or at work, thus delivering strongly on the portability aspect of the communications solution.

We also sponsored the pre-lunch radio shows across the summer on regional and

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### Behaviour

local stations, thus enabling us to reach potential customers as they considered their lunch options. This sponsorship element included station outside broadcasts and online display advertising on the radio station websites. To augment the sponsorship activity, radio spots were positioned before the pre-lunch period, thus reaching customers as they were deciding on their lunch options.

Radio Sponsorship to Drive Frequency & Trial	
98FM	Barry Dunne 10am to 1pm
Cork's Red FM	Red @ Work 10am - 2pm
Beat FM	Beat at Work 9.50am- 12.50pm
Spin South West	Spin @ Work 9.45am - 2.45pm



### Press

One of the key communication strategy requirements of this campaign was to emphasise the visual appeal of the Wraps range and in particular the freshness aspect. Full page colour adverts in glossy print titles were used to deliver here while also generating large audience levels. Only glossy titles were used to convey the freshness and the quality of the range.

To generate cut through in press we wrapped the Metro Herald (morning free sheet) with a high quality glossy wrap to stand out and showcase the quality and freshness of the McDonald's Wraps range.



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#### Outdoor

A large multi format outdoor campaign was planned on a national, regional and local level. Outdoor advertising helped guarantee mass awareness, established Wraps as a permanent McDonald's food platform and showcased the visual appeal of the product.

Both 48 and 6 sheets were positioned within close proximity to all 77 McDonald's restaurants to help drive trial of the Wraps range.

To generate extra impact and talk ability we built a 3-D special around the Luas column on Stephen's Green during the launch period. As the shape of the product was similar to that of the Luas unit the special build was an excellent addition.

To build on the portability aspect of our communications strategy, transport media were used to target consumers on the go. We bought the City Impacts format (12 sheets on the side of the Bus Eireann commuter service fleet) to deliver a strong presence in smaller urban centres where there was a McDonald's restaurant. Meanwhile a Sky Link bus super rear targeted Cork.



We also wrapped the Air-coach (a bus service in Dublin which serves Dublin Airport) for the summer and ran T-Sides in Dublin to augment our coverage in the capital.



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Posters were also positioned in department stores across Ireland to reach the female element of our target audience while they were shopping.

Work based adults were targeted through experiential marketing via special Wraps mouse mats which were dropped into offices in the Dublin area.



### Digital

Digital advertising allowed the McDonald's target audience to interact and engage with the Wraps campaign online. We planned high coverage sites to drive awareness online.

To emphasise the quality of the food we ensured the Wraps adverts were placed on quality sites only and in premium positions such as the pre-roll position on the RTE Player.

Online impressions delivery ran from 10am with an up-weight in the important pre-lunch period. Homepage takeovers and interactive pushdown specials were employed to deliver extra stand out for the campaign online.



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### Summary

The campaign which launched Wraps for McDonald's in 2010 carved a new niche for the brand, and a menu extension which was not only successful in its own right, but also provided a lift across the brand evidenced in sales returns, and improved brand perceptions. Crucially it increased market share by a whopping 24% in a climate where every fraction of increased business was hard fought. This was a launch campaign which worked against the odds in a contracting market, in a recession, targeting an extremely uncertain consumer.

McDonald's is the world's best known & most successful hamburger restaurant. The challenge and opportunity to engage the Irish consumer with a message which was quite unexpected was a good one, achieved with a strong, disruptive and exciting launch campaign.

Wraps are now a permanent part of the McDonald's menu and the original campaign has been augmented and refreshed in successive years, all the time leading with the same core messages.

This case study demonstrates how even one of the world's most well-known brand offerings can be extended to achieve growth through innovation when all else around is contracting.

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