SIX RULES FOR

Brand Revitalization

Learn How Companies Like McDonald's Can Re-Energize Their Brands

Larry Light

Former McDonald's Chief Marketing Officer and Current CEO of Arcature LLC

Joan Kiddon

President, COO of Arcature LLC

Praise for *Six Rules for Brand Revitalization*

"The six rules for brand revitalization have been validated in a number of key turnarounds. They are indispensable in today's recessionary times. A must read for every manager who confronts declining brand sales and profitability."

—**Jerry Wind**, The Lauder Professor and Professor of Marketing,
The Wharton School, University of Pennsylvania

"The automotive retail industry has been trying hard to change more than a half century of negative image caused by some tradition of customer-unfriendly practices and unfavorable media coverage. We have combined Larry's branding concept and his six rules with our company's customer-first heritage and are making significant progress."

—**Shau-Wai Lam**, Chairman and CEO,
DCH Auto Group

"Light tells the story of the McDonald's revitalization in a way that makes it seem like you were there. With his depth of experience and insight, he extracts principles that are applicable in any situation. If your brand is stagnating or in decline, this is a MUST read."

—**David J. Reibstein**, The William S. Woodside Professor and
Professor of Marketing, The Wharton School University of Pennsylvania

"Larry and Joan have laid out a great set of guiding principles for any business executive—whether they are revitalizing a brand or making sure it stays relevant."

—**Russ Smyth**, CEO, H&R Block;
former President, McDonald's Europe

"Brand revitalization—impossible to accomplish without the Executive Suite's overriding desire for a strong/clear brand platform and execution of the brand that recognizes the company's potential for risk and rewards.

"Management must have the ability to not only possess the vision but allow and encourage others to express the brand through many of the touch-points to customers, employees, vendors, and the media. It's fundamentally important to realize that although management should be the steward (caretaker) of the brand, it's not the sole owner."

—**Steve Bagby**, President,
BAGBY ideas >360°, Chicago, Illinois

"The notion that a strong brand is the difference between business success and failure is truer today than ever before. This book not only offers a unique insight into how the McDonald's brand was successfully revitalized but, even more importantly, it describes six very useful rules for how to revitalize any brand."

—**Hans Straberg**, President and CEO,
Electrolux AB, Sweden

"This book is a must-read for anyone working with a brand, be it weak or strong, new or mature. The dynamic duo of Larry Light and Joan Kiddon share their keen insights into brand thinking and execution in a real-life example in which they turned around one of the world's best brands. Larry and Joan provide a good thought process to ensure your brands perform, grow, and add value."

—**Lars G. Johansson**, Senior Vice President, Communications and Branding,
Electrolux AB, Sweden

"The principles described by Larry Light and Joan Kiddon are the basis for the approach to brand management that has been an essential element of building brands at 3M. *Six Rules for Brand Revitalization* captures the vital elements for building and revitalizing brands and is a must read for anyone that wants to improve their business."

—**Dean Adams**, former director,
Corporate Brand Management, 3M

"This is a story of how true commitment to a brand combined with strong leadership contributes to brand development. It demonstrates that big brands can be revitalized. With Larry and Joan's clear explanations, we learn six simple rules about brand management. However, we should never forget not to just learn them by heart but to use our heart in making brand decisions. Because in the end, it is the human factor that matters."

—**Maria Campillo**, Brand Consultant,
Grupo Sanborns, S.A. de C.V, Mexico

"Joan Kiddon and Larry Light synthesize their key concepts and principles into what can be considered the missing masterpiece in the brand management literature. *Six Rules for Brand Revitalization* features the McDonald's turnaround case and is based on Larry's 360° experiences as a leading consultant, executive, advertiser, and professor, linking all of the most important marketing battlegrounds."

—**Uriel Alvarado**, Regional Marketing Manager, Latin America,
Saxo Bank, Denmark

"Having worked with Larry and Joan while I headed M&M/Mars, I am delighted they have finally written a book encapsulating their principles and processes. This book demonstrates the fundamental truth that brand building begins with understanding changing consumer wants. Creating, building, maintaining, and strengthening consumer relevance is the key to brand success. This book is a gift for those who believe in brands and know that marketing is bigger than just advertising. This is a delightful read…I could not put it down."

—**Howard Walker**, former President,
M&M/Mars

"Over the past two years, Larry has been a great partner in transforming our organization to a more customer-centric one. His insights on how to align employees' motivations and capabilities to marketing strategy will be invaluable to any senior management team embarking on a major turnaround initiative or embarking on a customer-driven growth journey."

—**Vincenzo Picone**, Global Chief Marketing Officer,
GE Capital

"This is an emotional, dramatic, and true story that captures how a handful of aggressive, fiercely passionate leaders were able to turn the gigantic global ship of McDonalds around, and set her on the brilliant course she sails so smoothly today. It was truly miraculous. I know, I was there."

—**Cheryl Berman**, Chairman Emeritus,
Leo Burnett USA

This page intentionally left blank

SIX RULES FOR Brand Revitalization

Learn How Companies Like McDonald's Can Re-Energize Their Brands

Larry Light and Joan Kiddon,
Arcature LLC

Vice President, Publisher: Tim Moore
Associate Publisher and Director of Marketing: Amy Neidlinger
Wharton Editor: Steve Kobrin
Editorial Assistant: Pamela Boland
Development Editor: Russ Hall
Operations Manager: Gina Kanouse
Digital Marketing Manager: Julie Phifer
Publicity Manager: Laura Czaja
Assistant Marketing Manager: Megan Colvin
Cover Designer: Alan Clements
Managing Editor: Kristy Hart
Project Editor: Anne Goebel
Copy Editor: Geneil Breeze
Proofreader: Water Crest Publishing
Indexer: Lisa Stumpf
Compositor: Nonie Ratcliff
Manufacturing Buyer: Dan Uhrig

Publishing as Prentice Hall
Upper Saddle River, New Jersey 07458

Prentice Hall offers excellent discounts on this book when ordered in quantity for bulk purchases or special sales. For more information, please contact U.S. Corporate and Government Sales, 1-800-382-3419, corpsales@pearsontechgroup.com. For sales outside the U.S., please contact International Sales at international@pearson.com.

Printed in the United States of America

Second Printing November 2010

ISBN-10: 0-13-604331-3
ISBN-13: 978-0-13-604331-7

Pearson Education LTD.
Pearson Education Australia PTY, Limited.
Pearson Education Singapore, Pte. Ltd.
Pearson Education North Asia, Ltd.
Pearson Education Canada, Ltd.
Pearson Educatión de Mexico, S.A. de C.V.
Pearson Education—Japan
Pearson Education Malaysia, Pte. Ltd.

Light, Marvin Lawrence, 1941-
Six rules for brand revitalization : learn how companies like McDonald’s can re-energize their brands / Marvin Lawrence Light, Joan S. Kiddon. -- 1st ed.
p. cm.
ISBN 0-13-604331-3 (hardback : alk. paper)
1. Branding (Marketing)—Management. 2. Brand name products--Management. 3. Product life cycle. 4. McDonald's Corporation--Case studies. I. Kiddon, Joan S., 1949- II. Title. III. Title: Brand revitalization: learn how companies like McDonald’s can re-energize their brands.
HF5415.1255.L54 2009
658.8'27--dc22

2008034733

We dedicate this book to the memories and the leadership of both Jim and Charlie, who loved the McDonald's brand with passion and who lived the McDonald's brand with pride.

—Larry Light and Joan Kiddon

This page intentionally left blank

Contents

Acknowledgments

This book would not have been possible without the encouragement and support of professors George Day, David Reibstein, and Yoram (Jerry) Wind. They believed that the McDonald's turnaround was not only a great business case but the basis for a business leadership book. Our sincerest thanks go to our editor Martha Cooley who more than once helped us to find the best way to put all the pieces together, and to our project editor Anne Goebel who had extraordinary patience shepherding us through the editing process with tact and graciousness. Special thanks goes to our colleague here at Arcature LLC, Margaret Phillips, who helped us keep the business running as we wrote. And, of course, we want to thank our families for continuing to put up with us and love us… Joyce, Laura, and Michelle Light, and Chloé and Olivia Kiddon, and Naomi Levine.

This page intentionally left blank

About the Authors

Larry Light is CEO of Arcature LLC, a leading global brand consultant. He served as Global Chief Marketing Officer for McDonald's during 2002-2005, the crucial years of its marketing turnaround. Working with organizations ranging from Nissan, 3M, to IBM, he has developed breakthrough principles, concepts, techniques, and processes for nurturing, managing, and building brands for enduring profitable growth. Light was formerly Executive Vice-President at BBDO, responsible for market research and media; Chairman and CEO of the international division of Bates Worldwide; and a member of Bates' Board of Directors.

Joan Kiddon is president and COO of Arcature LLC. She consulted on McDonald's key strategic projects during the brand turnaround. Kiddon began her marketing career at BBDO in New York, moving to BBDO/West in Los Angeles where she was the Director of Market Research. After several years as an independent consultant, she joined Arcature LLC in 1991.

This page intentionally left blank

Preface

In 1998, McDonald's hired Arcature LLC, our consulting firm, to help develop a global brand direction. The client was Charlie Bell, the Managing Director of McDonald's Australia and Asia/Pacific region. Charlie's career advanced quickly, and he soon became President of the International Division of McDonald's. He asked us to lead a project to refine and help implement the global brand direction. But because of various organizational and cultural roadblocks, the recommended strategy did not get implemented. In 2002, at the biannual operator convention, Jack Greenberg, who was the McDonald's CEO at the time, observed that, "Marketing is broken at McDonald's."[1] He announced that McDonald's was initiating a search for a Global Chief Marketing Officer. After several months of searching for a candidate, Charlie Bell called. Using his true Aussie charm, Charlie asked, "How would you like to put into practice what you preach? Join the team and help us to turn around this business. This is a great opportunity to demonstrate that what you say works. Unlike most consultants, you would be accountable for implementation and the results." Few consultants have this opportunity. I accepted the challenge.

I had worked in the advertising business as the Chairman and CEO of the international division of Bates Worldwide and was a member of the Bates Board of Directors. Prior to Bates, I spent 16 years at BBDO in New York, becoming the Executive Vice President responsible for both marketing and media.

Over the years, working on both the agency and the consulting sides of marketing, I developed strong viewpoints, principles, concepts, techniques, and processes for nurturing, managing, and building brands for enduring profitable growth. Based on my experience

[1] *PROMO* magazine, April 29, 2002, http://promomagazine.com/news/marketing_mcdonalds_seeks_exec/.

with brands such as Nissan, Post-it notes, IBM, *The New York Times*, McDonald's, and others, I became interested in the profitable growth opportunity of brand revitalization. The opportunity at McDonald's gave me the chance to put these ideas into practice firsthand.

Even though the McDonald's business was showing signs of weakness, I shared Charlie's conviction that the McDonald's brand could be revitalized. There was no question in my mind that with the brand's reservoir of goodwill, and with a refocus on the potential of a revitalized McDonald's brand, the business could be restored to enduring profitable growth. My belief in rejuvenating the McDonald's brand was a constant theme from the moment in July 2002 that Charlie Bell called about the global CMO appointment.

At the end of 2002, an article about McDonald's appeared with the title, "Hamburger Hell."[2] I still remember the cover artwork with its dark, menacing flames. This was not the only one of its kind. Article after article described the unfortunate conditions of McDonald's. Reporters, analysts, observers, activists, franchisees, employees, marketing consultants, everyone had something negative to say: McDonald's was "out of date"; "too large to be turned around"; "Its time is passed."[3]

A little more than one year later, as I spoke before a meeting hosted by *The Economist* magazine in March 2004, I opened my speech by quoting different headlines: "The Sizzle is Back"; "Eye Popping Performance"; and "McDonald's Leaves Analysts Upbeat on

---

[2] Gogoi, Pallavi and Arndt, Michael, "Hamburger Hell," *BusinessWeek*, March 3, 2003.

[3] Articles such as these were appearing: Browning, E. S. and Gibson, Richard, "McDonald's Arches Lose Golden Luster," *The Wall Street Journal*, September 3, 1997; Leonhardt, David, "McDonald's: Can It Regain Its Golden Touch?" *Business-Week*, March 9, 1998; Tatge, Mark and Copple, Brandon, "McMissteps," *Forbes* December 10, 2001.

Prospects."[4] And, after another year, McDonald's was being described as an incredible turnaround business case.[5]

In a conference call hosted by David Palmer of UBS, he said the McDonald's turnaround is "one of the great brand recoveries in corporate history."[6] The financial web site, The Motley Fool, observed that "The world's largest fast food chain has reinvented itself and spruced up its income statements thanks to the late Jim Cantalupo."[7]

In October 2004, a Piper Jaffray report headlined, "Victory Lap for Plan to Win." The report went on to observe, "Aided by its Plan to Win, MCD posted a worldwide same-store sales gain of 5.8%, fueled by a domestic 8.5% jump. Defying what few critics remain, MCDs domestic base continues to produce best-in-class same-store sales aided by a sustained program to catapult the business to the next level."[8]

Over the years, we have developed processes, principles, and concepts to help revitalize brands. That is the story of this book.

The brand turnaround was a highly disciplined operation. We had a well-organized process. We followed a focused, controlled plan. But, this is not just a story about the revitalization of McDonald's. Several important lessons from this experience can and do apply to a wide variety of situations, including business to business, services, as well as consumer products.

---

[4] Articles about the McDonald's recovery started appearing as early as April 2003: Buckley, Neil, "McDonald's Back to Black," *The Financial Times*, April 29, 2003; Lambert, Emily, "Arches Turn Golden Again," Makers & Breakers column, *Forbes*, September 1, 2003; Buckley, Neil, "McDonald's Beefs Up Sales," *The Financial Times*, July 30, 2003; Leung, Shirley, "McDonald's Net Increases 12.5%, Bolstered by Strong US Sales," *The Wall Street Journal*, October 12, 2003.

[5] By December 11, 2007, as the brand continued to reap the effects of the Cantalupo/Bell turnaround, McDonald's stock hit an all-time high of 63.13. www.wsj.com historical charting.

[6] David Palmer, UBS conference call, September 2004.

[7] The Motley Fool, October 15, 2004, www.fool.com.

[8] Piper Jaffray, Analysts' report, Company note: Oakes, Peter H., CFA, Sr. Research Analyst and Scott R. Waltmann, Research Analyst, October 20, 2004.

I had the great pleasure to work with two extraordinary business executives, Jim Cantalupo, CEO, and Charlie Bell, COO, who became my very good friend. With Jim's untimely death at the Owner-Operator Convention in April 2004, Charlie became the company's youngest CEO. Soon after Charlie's appointment, he died, too. It was a heart-wrenching experience for me as it was for everyone.

In addition to the leadership of Jim and Charlie, Matt Paull, the Chief Financial Officer, was an important early supporter on the leadership team. He was a passionate believer that revitalizing the McDonald's brand was critical to enduring profitable growth. Also, I had a terrific global team of brand marketers led by Dean Barrett and Jackie Woodward.

Turning around the McDonald's brand was an incredible business experience. My three years at McDonald's were exhilarating and emotionally draining. There were the highs of launching McDonald's first-ever common brand direction worldwide campaign in 119 countries. There were the lows of the sudden deaths of my two most important supporters, Charlie Bell and Jim Cantalupo.

This book is not just mine but theirs as well. Above all, the new brand direction—at the core of the turnaround—would not have been as successful without both Jim's and Charlie's unwavering support. I base this book not only on recollections but also on the well-documented publicly available information about McDonald's. There are a lot of versions of the turnaround. Some are accurate and some are not. So, aside from the lessons that can be learned from the actions that were taken to revitalize the McDonald's brand from 2003 to 2005, this book is also a chance to describe what really happened as McDonald's went from hell to well.

—Larry Light

Introduction to the Rules and the Rules-Based Practices

The plan of this book is to share the Arcature principles and practices that contributed to several brand turnarounds, including McDonald's. I structured the book around the Six Rules of Revitalization. These are the guiding principles for rejuvenating a brand and creating a brand revitalization mindset. Within each Rule are the practices we followed. Rules are important: They provide the beliefs, commitments, learning, and framework that bring thinking to life. But rules without actions are theory without throughput.

The book's structure is shown in Figure 0.1. The driver for brand revitalization, as for all brand building is enduring profitable growth. We must have growth—grow or die, some say—but that growth must be both profitable and enduring. This means that we must have more customers who buy or visit more often who are more loyal and are more profitable.

Using these Rules and the rules-based practices embedded within, brand owners, brand managers, and brand teams will see how to revitalize a brand while generating a brand revitalization-centric mindset. I use the McDonald's story, as well as other examples to illustrate and demonstrate how this can be a winning approach.

To begin, I believe it is essential to recreate and share the context that existed and precipitated the McDonald's revival.

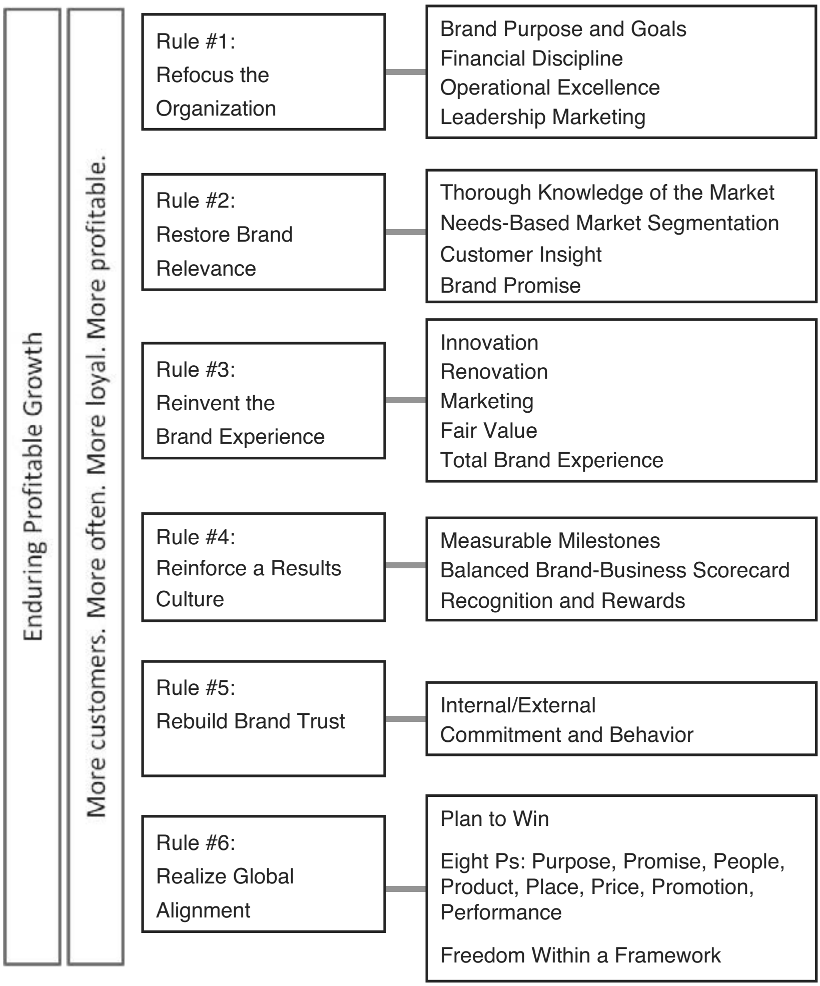

Figure 0.1 The Six Rules for Brand Revitalization

1

Background to the Turnaround

Big Brand in Big Trouble

In February 1996, McDonald's stock traded at 27 times earnings. But in July 1997, McDonald's second quarter profit growth was just 4%, with a 2% decline in earnings from the US business.

When I joined McDonald's in September 2002, the stock price was down to $17.66 from a high of $45.31 in March 1999. McDonald's reported its first-ever quarterly loss of $344 million since it went public in 1965, with same-store sales down 1.9% in Europe, 6.1% in Asia-Pacific, and 1.4 % in the United States.[1]

In December 2002, after McDonald's stock declined 60% over three years, the board of directors replaced Jack Greenberg with Jim Cantalupo as CEO, who they wooed out of retirement. Jim was a McDonald's veteran who had led the international division beginning in 1987. By March 12, 2003, the stock price was just above $12.[2]

---

[1] The Associated Press (AP), December 17, 2002.

[2] *The Wall Street Journal*, Stock Charting, historical quotes, Dow Jones & Company, Inc., http://online.wsj.com/public/quotes/main.html?symbol=MCD+mod=moj_companies+type=djn.

McDonald's sales were in decline, market share was shrinking, franchisees were frustrated, employee morale was low, and customer satisfaction was even lower.[3] The loss column was full.

On the plus side, McDonald's had one great asset: Consumers had truly fond memories of their McDonald's brand experience. People recalled their happy experiences at McDonald's as a child. Parents remembered their parents taking them to McDonald's. Unfortunately, this great asset was not generating great profits: The problem was that the majority of consumers did not have recent fond experiences.

What Went Wrong?

Many things contributed to the decline of the McDonald's brand between 1997 and 2002. It was not a precipitous fall: The brand had been declining slowly, painfully, and publicly for some time. The simplest analysis of what went wrong is that McDonald's violated the three brand-building basics for enduring profitable growth:

- Renovation
- Innovation
- Marketing

---

[3] The business press had been tracking the McDonald's decline for some time. A prescient article in *Business Week* ran on October 21, 1991, titled "McRisky" by Lois Therrin. Another *Business Week* article in the March 17, 1997 issue by Greg Burns had the headline "McDonald's: Now It's Just Like Any Other Burger Joint." In that article, Damon Brundage of NatWest Securities Corp. said, "They have transformed one of the great brands in American business into a commodity." Other articles critiqued the tactics and the marketing such as "Same Old, Same Old," *Forbes*, Copple, Brandon, February 19, 2001; "McDonald's Is Missing the Mark," *BrandWeek*, Miller, David, November 12, 2001.

Three Basics for Enduring Profitable Growth

- Renovation
- Innovation
- Marketing

Reckitt Benckiser is the world's biggest maker of household cleaning products. Up to 40% of its sales are generated by products that are less than three years old. Bart Becht, the CEO, says that the company's success is due to a culture that is innovative and entrepreneurial.[4]

McDonald's failed to continuously improve its brand experience by ignoring these three criticalities: renovation, innovation, and marketing. McDonald's focused on cost reduction instead of quality growth of the top line.

When the image of the brand was deteriorating, instead of investing in brand experience renovations and innovations, McDonald's focused on monthly promotions rather than on brand building. Instead of brand building marketing communications, the focus was on monthly promotional tactics designed to drive short-term sales at the expense of brand equity.[5] One member of my global team called this the "fireworks" approach to marketing: big bursts of activities that dissipated quickly.

As a result, between 1997 and 2002, we witnessed the sad decline of a mismanaged and mismarketed brand. The brand misery was

[4] *The Economist*, "Cleaning Up," February 16, 2008.

[5] *PROMO* magazine, April 29, 2002, "One McDonald's executive said the chain has too many marketing messages 'cluttering the airwaves and minds of its customers,'" http://promomagazine.com/news/marketing_mcdonalds_seeks_exec/.

played out in the press.[6] One analyst saw a faltering brand that was lacking in food quality, pleasant service, and helpful employees.[7] Mark Kalinowski at Salomon Smith Barney was highly critical of the management of the McDonald's brand, and in response to management's briefing on revamping the exteriors of the restaurants, he said, "Having a better looking building does nothing to fix rude service, slow service, or inaccurate order fulfillment."[8]

There were some bright spots, such as France. Under the leadership of Denis Hennequin, menu modifications and redesigned interiors brought customers into the restaurants. In Australia, Charlie Bell's idea of McCafé offered quality coffee, tea, and pastries in a quieter, more attractive atmosphere. Whether a complete McCafé, or a more limited coffee offering, the Australian experience proved that improving McDonald's coffee quality and variety has a positive effect on sales. It takes effort to revitalize a big, mature brand like McDonald's. It also took a lot of effort to sabotage this great brand. To set the context for the massive revitalization, here are some of the strategies and activities and the thinking behind those initiatives that helped to send the brand on its downward spin.

Ready, Set, Open

As same-store sales declined, McDonald's focused on building new stores as the primary growth strategy. Instead of increasing the

---

[6] Carpenter, Dave, "McDonald's Stock Hits 7-Year Low," AP, September 20, 2002; "McDonald's Warns on Profits, Stock Tumbles 13%," Reuters, September 17, 2002; Foster, Julie, "You Deserve a Better Break Today," *BusinessWeek*, September 30, 2002; Leung, Shirley, "McDonald's to Serve Up First Loss," *The Wall Street Journal*, December 18, 2002; Buckley, Neil, "McDonald's Posts Loss, Cuts Growth Target," *The Financial Times*, January 24, 2003; "McDonald's Stock Fall to 9-Year Low, AP, February 13, 2003.

[7] Kalinowski, Mark, Salomon Smith Barney, September 9, 2002.

[8] Chu, Vivian, "McDonald's Warns on Profits; Stock Tumbles 13%," Reuters, September 17, 2002.

number of customers visiting existing stores, McDonald's focused on increasing the number of stores. The major strategic road to growth was to open new restaurants, open new countries, and generate traffic with the fireworks of monthly tactical promotions and price deals. At an analysts briefing, Michael Quinlan, then chairman and CEO, said in January 1998, "You can look for about 2,200 worldwide and maybe 350 net new restaurants in the US…" as restaurant expansion plans for 1998 are likely to replicate last year's.[9] This projected rate of expansion is approximately equivalent to a new store opening every four hours.

Even as the company increased the number of restaurants by about 50% over ten years, market share declined.[10] Yet, CEO Jack Greenberg continued the growth strategy based on the rapid opening of new stores. Due to this focus on expansion over organic growth, franchisees reported that revenues and profits per existing store were cannibalized. For every new McDonald's that opened, franchisees reported that nearby stores lost between 6% and 20% of their revenues. McDonald's reported six quarters of earnings decline in 2001 and 2002.

There are consequences to overzealous expansion as a growth strategy. It was not possible to properly staff and train people to provide a quality McDonald's experience at this rate of store openings. Service suffered because people had to be trained too quickly. The focus changes to efficiency at the expense of effectiveness. You lose your connection to your core promise as you race to ribbon-cuttings.

McDonald's was at the bottom of the fast food industry on the University of Michigan survey of customer satisfaction.[11] In a 2001

---

[9] Gibson, Richard, *The Wall Street Journal*, January 23, 1998.

[10] Leonhardt, David, "McDonald's: Can It Regain Its Golden Touch," *BusinessWeek*, March 9, 1998.

[11] American Customer Satisfaction Index, University of Michigan, historical scores, www.theacsi.org

survey conducted by Sandelman and Associates, McDonald's came last among 60 fast food brands in terms of food quality ratings.[12]

Not surprisingly, the declining performance of McDonald's demoralized the franchisees. According to Reggie Webb, who operated 11 McDonald's restaurants in Los Angeles, "From my perspective, I am working harder than ever and making less than I ever had on an average-store basis."[13] Regular evaluations showed that the quality of the brand experience declined. The declining measures of these factors demoralized the system. So, McDonald's decided to discontinue the practice of regular store evaluations. Mike Roberts, head of McDonald's USA, revived the measurement program in the United States in 2002. Later, McDonald's expanded this measurement program around the world.[14]

Starbucks is a good example of what can happen when you lose that connection to your brand experience. As an unintended consequence of growing too fast, the distinctive experience of the Starbuck's brand became diluted. Howard Schultz returned as CEO of Starbucks.[15] He committed himself and the organization to restoring the unique customer experience of Starbucks.

As McDonald's focused on building more stores, consumers were demanding better food, better choices, better service, and better restaurant ambiance. McDonald's took its eye off the goal of making the brand better and focused on merely making the brand bigger.

---

[12] Eisenberg, Daniel, "Can McDonald's Shape Up?," www.time.com, 2002.

[13] Gogoi, Pallavi and Arndt, Michael, "Hamburger Hell," *BusinessWeek*, March 3, 2003.

[14] Garber, Amy, "No mystery: shopping the shops gains in popularity," Nation's Restaurant News, December 13, 2004.

[15] In first quarter 2008, Starbucks began a revitalization of the brand, bringing Howard Schultz back, eliminating noncoffee items, and closing the restaurants one evening in February for a retraining/inspiration internal marketing event, namely: *The New York Times*, January 30, 2008; *The New York Times*, January 31, 2008; *The Wall Street Journal*, January 31, 2008, as examples.

Buying and Modifying

Inside the hallways at Oak Brook, Illinois, some members of the leadership team lost faith in the inherent profitable growth potential of the McDonald's brand. They questioned the continued relevance of the brand.

The prevailing view was that significant profitable growth could not be achieved organically. A consultant advising top management stated that to be a growth stock, it was necessary to satisfy Wall Street's desire for 10% to 15 % annual growth.

So, instead of focusing on the organic growth of the McDonald's brand, McDonald's diverted its investment dollars to focus on growth by opening new stores and growth by acquisition of other brands. McDonald's seemed to adopt the concept, "BOB…Believe in Other Brands."

McDonald's acquired new brands through a series of acquisitions: Chipotle, Donato's, Pret-a-Manger, and Boston Market. This strategy only added to the depressed feelings among McDonald's franchisees.

In addition, new brand development efforts were given "green lights." There were investments in new concepts such as "McDonald's with a Diner Inside," and the development of a "3-in-1" McDonald's including not only a diner, but also a bakery and an ice-cream shop all under one roof. Whether it was the investment in new stores, acquisitions, or new concepts, the return on incremental investment was poor.

Flops, Fads, and Failures

McDonald's engaged in a frenzy of high-profile failures originally initiated to jump-start the brand. Here are a few of the more highly publicized ones:

- The high-priced Arch Deluxe was designed to bring adults into the franchise. Advertising featured kids turning up their noses at the mere mention of the Arch Deluxe, thereby sending a message that McDonald's was not for them. Alienating kids was certainly not a basis for profitable growth at McDonald's, the home of Ronald McDonald.

- The extraordinary Teeny Beanie Baby promotion had kids dragging parents in for the toys while tossing the food into trash bins. But, this had the unintended consequence of reinforcing the image of Happy Meals as a toy with food as an incidental attachment rather than as great-tasting food with a toy promotion attached.
- The unfortunate Campaign 55 confused people. It was nearly impossible to distinguish between the Campaign 55 "My Size Meal" and the still existing "Extra Value Meal" promotions.
- As profit pressure increased, McDonald's focused on cost management rather than on brand management. Costs were reduced by cutting product quality, no longer toasting the buns, modifying recipes, changing operations, and reducing staff in the stores. The belief was that the consumer would not notice—or, would not care. They did notice. They did care.

Love It or Leave It

At McDonald's, with a decline in food quality, poor service, inadequate product offerings, and order mistakes, it was not surprising that tactical, opportunistic monthly promotions became the dominant marketing focus. Happy Meals had become a promotion of a desirable toy, rather than a promotion for desirable food. This is not a way to build an enduring brand. Overemphasis on the deal rather than on the brand results in customers becoming deal loyal rather than brand loyal.

For brands to live forever, they must be loved forever. McDonald's leadership fell out of love with the McDonald's brand. And, consumers, franchisees, employees, and the financial community also fell out of love with the McDonald's brand.

The various tactics, strategies, and initiatives diverted attention from focusing on the number-one priority of revitalizing the McDonald's brand. Instead of being brand believers, McDonald's management became brand batterers. So it was no wonder that the beleaguered McDonald's brand posted its first-ever quarterly loss at the end of 2002.

The Times Are Changing

As if the loss of faith in the brand, and all these mistaken strategies were not enough, McDonald's ignored challenging developments in the marketing environment. Consumers were more informed, more skeptical, and more demanding. They were becoming more environmentally conscious and more health conscious. The issue of childhood obesity, which previously had only bubbled below the surface, became a major problem.[16] Issues such as these were subjects that few people at McDonald's even wanted to acknowledge, let alone discuss and prepare for. Instead of brand leadership, McDonald's resisted the developments in the changing world. This resistance to change is best captured in a *BusinessWeek* article in which Michael Quinlan, then chairman and CEO, said, "Do we have to change? No, we don't have to change. We have the most successful brand in the world."[17]

Ray Kroc's Vision

To further describe the context for the turnaround, it is worth briefly recapping Ray Kroc's story. It illustrates how truly unfortunate

---

[16] *The New York Times*, *The Wall Street Journal*, *The Economist*, *Advertising Age*, *BusinessWeek*, assorted articles, 1996-1998.

[17] Leonhardt, David, "McDonald's: Can It Regain Its Golden Touch?," *BusinessWeek*, March 9, 1998.

the state of affairs was in 2002. Ray Kroc was a visionary, a truly passionate dreamer. At an age when most people retire, Ray Kroc's vision was to create "a happy place." He envisioned the creation of a convenient, affordable, and pleasant way of eating quality food for a newly mobile, optimistic America. He democratized eating out.

Ray Kroc was relentless about making sure every customer feels special. He said that one of the greatest rewards is the satisfied smile on a customer's face.[18]

Unfortunately, the devolution from Ray Kroc's game-changing vision to a cheap-food-fast strategy generated customer scowls instead of smiles. Ray Kroc's vision was not just to be convenient and cheap. This would be a brand travesty. Ray knew that to deliver an exceptional McDonald's eating experience required more than being convenient and cheap. It required a dedication to quality, service, cleanliness (QSC), and a commitment to treating all customers with respect.

McDonald's leadership had become disconnected from the core values of the brand. The corporate memory turned dull. The connections to the founding principles were disregarded. Not surprisingly, customers became more and more dissatisfied.

Chain of Supply

While the front-of-the-restaurant experience was suffering, the McDonald's operational efficiency hummed along, focusing on cost efficiency rather than brand effectiveness.

McDonald's operations are second to none. There is really nothing like the McDonald's supply chain. How many times have you been to a restaurant where your waiter says the specials are no longer

[18] Kroc, Ray, with R. Anderson, *Grinding it Out*, Contemporary Books, 1977.

available? Now think about how you do not hear crew members at McDonald's telling you that Big Macs or fries are not available?

Think about the fact that each Extra Value Meal sandwich comes with a hamburger, chicken, or fish, condiments, a side item, and a napkin, not to mention a drink, a cup, and a straw. And that is just for the hamburger and chicken and fish sandwiches. Don't forget the breakfast sandwiches, Chicken McNuggets, various salads, a variety of desserts, other beverages, and so on. There are also a variety of packages and cups. The complexity of ensuring that the right inventory is in each of 30,000 restaurants, more than 50 million times a day in more than 100 countries, is an awesome challenge. For example, consider a simple product such as the famous fries:

- **Fries**—Potatoes, salt, red fry box (three sizes), napkin, ketchup. Three sizes; five items.

Customers do not really consider this logistical miracle. Yet, it is all delivered at remarkable speed. It is all very efficient.

From an operational standpoint, all the food and accompanying items were in the restaurants. Sadly, what customers were too often experiencing in the front of the restaurant or at the drive-thru was an efficient yet off-putting experience of sloppy, inconsistent, and unfriendly service; inaccurate orders; and dirty outdated facilities. One customer described to me how he held his five-year-old son over the toilet rather than allow him to sit in a bathroom that was remarkably filthy.

This was the consumer, franchisee, and corporate environment when I joined McDonald's. It was not a pretty picture; McDonald's was not a happy place. But at least I was familiar with the causes for the challenges that lay ahead.

How McDonald's Declined

- Focus on growth by opening new restaurants
- Focus on growth through acquisition
- Incremental degradation of food, service, quality, and cleanliness
- Focus on cost management over brand management
- Focus on price and convenience alone

The Opening Salvo

For several years, Joan Kiddon and I worked with McDonald's on a brand strategy project. We advised on the development and articulation of a global brand promise led by Charlie Bell. I gave many presentations to groups of McDonald's employees around the world. We got to know the McDonald's brand and the McDonald's culture very well.

When Charlie Bell offered me the global CMO opportunity, he explained that McDonald's had never had a global CMO. Charlie pointed out that Paul Schrage, who retired in 1997, was really just a chief advertising officer. He was excellent at advertising judgment. But, according to Charlie, this new global CMO responsibility was greater than just advertising. It required a global redefinition of the brand's approach to marketing. Marketing would be about more than just advertising and tactical promotions. He said that McDonald's had decided to look outside for a leader with the right marketing perspective for the job. But, an outsider would need about a year to become familiar with the brand and cultural issues. He believed that with my McDonald's experience, I would be able to start immediately. And, he knew that I believed in the brand.

Mats Lederhausen, senior executive responsible for strategic planning, strongly reinforced Charlie's view that McDonald's needed a global CMO with a global marketing perspective. Both Mats and Charlie also convinced me that McDonald's would have to go outside to find such a person. My concern was whether the McDonald's culture would accept an outsider.

On August 31, 2002, I flew to Knoxville, Tennessee, to meet with then-CEO Jack Greenberg. Jack was under pressure to make McDonald's healthy again. He told me, "Eighty percent of our problems are in marketing. Marketing is broken. Marketing is not working." He said, "Your role is bigger than your title. You will be like a senior partner in a law firm. You will be a member of the executive leadership team."

What's Going On?

Before accepting the offer at McDonald's, I interviewed the top management. Among others, I spoke with members of the senior leadership team, including Matt Paull, Mats Lederhausen, Mike Roberts, Claire Brabowski, and Jim Skinner. There was amazing consistency in these conversations: The McDonald's business model is built on increased distribution. It was the "field of dreams" approach to growth—in other words, "build it and they will come."

They all agreed that the McDonald's brand was in trouble. They recognized that recent growth was attributable only to the opening of new restaurants, not increased visits to restaurants. They recognized that the brand image was suffering. Everyone seemed to agree that the business model was not working anymore, but no one had outlined what specifically was wrong and what had to be done.[19]

---

[19] Personal conversations, August 2002.

Joan and I discussed the McDonald's offer. We analyzed my discussions with the management team. We considered all the ramifications for our consulting practice that we had nurtured and grown over the past 20 years. What would this mean for our consulting business? How would we manage with one of us in Chicago and the other in Stamford, Connecticut? We concluded that this was a unique opportunity—an opportunity to put into practice our principles and to be accountable for results.

We saw the challenges. But we believed in the principles and process, and we knew that it could happen—we could help change and shape the trajectory of the brand.

Lack of Relevance

With the help of Joan Kiddon, we reviewed marketing research, read what we could find in the corporate archives, reviewed presentations and speeches, read McDonald's PR, met with a wide variety of people in different functions, and visited stores. I met with crew members, store managers, franchisees, and McDonald's executives. I talked to people who were familiar with the original brand vision, such as Fred Turner (Ray Kroc's right-hand man), Al Golin (Ray's PR advisor), David Green (previously chief marketing officer for International), Keith Reinhard (of DDB advertising), Cheryl Berman (of Leo Burnett advertising), Paul Schrage, Denis Hennequin, Dean Barrett, and others. It was clear from all of this information that McDonald's had lost its way. It was also clear that the brand had lost consumer relevance.

Loss of brand relevance was the key issue. The overarching challenge, then, was how to make the McDonald's brand relevant again. As a brand loses relevance, the customer base shrinks, and there is a decline in customer loyalty. At the same time, price sensitivity increases. Sales, market share, and profitability decline. The times had changed, and yet time stood still at McDonald's.

Many issues needed to be addressed:

- Outdated store designs
- Inconsistent advertising
- Overemphasis on deal promotions
- Declining product quality
- Lack of successful new products
- Poor service
- Insensitivity to increasing health consciousness
- Insufficient relevant choices
- Decline in Happy Meal sales
- Shrinking customer base
- Lack of organic growth
- Inadequate training
- Decreased franchisee confidence
- Reduced employee pride
- Inconsistent global brand focus

Successful brand revitalization would have to address all these issues. The first priority was a refocusing of the growth strategy. Jim Cantalupo redefined the growth goal from trying to grow by merely opening more stores to focusing on attracting more customers to our stores. Instead of the original plan of opening 1,300 new stores for 2003, Cantalupo reduced this to opening about 600 new stores.[20]

How would McDonald's meet its profitable growth objectives? Jim said, "We will grow by becoming better and not just bigger. We are going to do fewer things and do them better."[21] To be better, not

[20] Cohen, Deborah, "McDonald's to close 175 restaurants," November 8, 2002, www.rense.com.

[21] Garber, Amy Zuber, "McD Cooks Up New Strategy to Turn Around Chain," *Nation's Restaurant News*, April 21, 2003.

just bigger, McDonald's needed to move from being supply-driven to demand-driven. The mindset had to change from selling what we want to provide, to providing the brand experience customers want.

To restore McDonald's brand relevance, everything needed to be reexamined. Nothing was sacred. Everything communicates. Brand revitalization includes more than just advertising and promotion. It includes training, product development, store design, pricing, packaging, public relations, and human resources.

In late September 2002, in various conversations, I was told that McDonald's had lost focus on the brand. McDonald's had become so cost-driven that the focus was on finance rather than on brand-building. People were feeling that there was a lack of direction. McDonald's had lost its way.

McDonald's forgot Ray Kroc's (founder of McDonald's) view that we cannot just be a provider of convenient, low-cost food; we are an experience: We have entertainment value.

The McDonald's habit was to excite the owner-operators and try to address their concerns with new advertising at the biannual owner-operator conventions. Instead of focusing on the real challenges, the focus was on the advertising. In some cases, advertising created for the convention was rarely seen by consumers, if seen at all.

So, for example, when research showed that McDonald's service experience was a negative, rather than investing in improving the service, McDonald's launched a new advertising campaign, "We love to see you smile." Of course, consumers reacted negatively. Why should they smile, when the quality was cut, the service was inadequate, and the stores were not attractive?

Therefore, not surprisingly, among the first things I was asked to address was the need to develop new advertising. Creating new advertising is fun and makes for great conventions, but without addressing the real underlying problems, it does not produce great marketplace results.

New advertising without more fundamental brand experience improvements will not work. Merely launching new advertising is not a solution to a brand's ills.

For example, the Ford Motor Company launched an extensive advertising campaign touting its quality: "Quality is Job One." But, the product experience did not live up to the promise. After a 17-year investment in this message, Ford decided it was time to jettison this tagline.

Ford is now focused on improving quality. In June 2007, *The Wall Street Journal* reported that "Ford Motor Company made significant strides in a closely watched annual quality study in which each of the Dearborn, Michigan, auto maker's domestic brands came in above the industry average, helping the company close the gap with top Asian auto makers and distance itself from domestic counterparts."[22]

"The J.D. Power and Associates annual Initial Quality Study (IQS) released Wednesday, showed long-time leader Toyota Motor Corp. continuing to lose ground in the study, with its high-volume Toyota brand slipping behind Honda Motor Co. and barely outpacing Ford's Mercury brand. Ford was the most-awarded company on a vehicle-by-vehicle basis."[23]

However, to this day, Ford still suffers from a quality perception brand disadvantage. Now, that quality has improved, Ford can focus on marketing communications to close the gap in brand quality perceptions.

---

[22] *The Wall Street Journal*, "MarketWatch," June 6, 2007.
[23] Ibid.

Crisis of Complacency

Charlie Bell often reminded me that the McDonald's brand needed more insistence, consistence, and persistence. He would say that McDonald's fostered a culture of stagnation that breeds complacency. It is true that large companies sometimes suffer from a "complacency virus." Organizations like McDonald's have a tendency to stay with something that worked too long, assuming that all the benefits would continue to accrue without ever having to make a change. Doing things in the same old way, assuming that what worked once during the best of times would continue to work even though times had changed, would not help the brand stay relevant. It was just like Michael Quinlan said…why change? Complacency got in the way of generating passion and instilling pride.

Brand Re-Energization

Revitalizing a brand means not only must top management be the brand leaders, everyone in the organization must be a re-energized brand champion. So, to revitalize a brand, the major task is to re-create a brand culture aligned and inspired to deliver an exceptional brand experience to every customer, every time, everywhere.

My interviews with senior management and franchisees supported the idea that without a true commitment to the McDonald's brand promise, without the organizational change and accountability, McDonald's would not evolve. The turnaround at McDonald's would require what I call the *Three Cs*—clarity of direction, consistent implementation, and commitment from the top down throughout the organization.

The Three Cs of Turnaround

- Clarity of direction
- Consistent implementation
- Commitment from top down

Clarity of direction involves a clear statement of the brand purpose, promise, and goals. Consistent implementation requires that the organization must be aligned around that common focus and process. And commitment of the leadership means that people look up, not down, to determine whether they should also be committed to the new brand direction.

Passion and Pride

The sense of malaise and dispirit in the hallways of Oak Brook was overwhelming. Employee pride—a critical component of brand revitalization—had dissipated; people who were working on the brand did not really believe in the brand. Ray Kroc's vision of creating a happy place through serving people was lost. The sense of pride about working at McDonald's was gone: On Kroc Way and French Fry Alley, it was more funereal than fun-loving and friendly. People were experiencing a crisis of confidence.

Pride is not the same as satisfaction. Pride is bigger than just being satisfied with your job. Proud employees are engaged in their work: They are committed to helping inside and outside the company walls.[24]

Jon R. Katzenbach, a founder and senior partner of Katzenbach Partners, a national strategic and organizational consulting firm, had

---

[24] White, Erin, *The Wall Street Journal*, Theory & Practice (column), June 18, 2007.

this to say about employee pride: "Pride is more powerful than money. Employee pride is the powerful motivational force that compels individuals and companies to excel."[25]

Internal marketing is critical to brand accomplishment. To help revitalize employee pride, Rich Floersch, was hired from Kraft Foods as the new executive responsible for HR. His goal was to re-energize the employees through improved employee communications, and improved training. His leadership was a significant contributor to the brand turnaround.

When *Merriam-Webster's Collegiate Dictionary* announced that "McJob" would be added to its dictionary as a word describing "low paying and dead-end work," Jim Cantalupo reacted swiftly. In an open letter to Merriam-Webster, he argued that the term is "an inaccurate description of restaurant employment" and "a slap in the face to the 12 million men and women" who work in the restaurant industry. McDonald's e-mailed the letter to media organizations around the world. Cantalupo also wrote that "more than 1,000 of the men and women who own and operate McDonald's restaurants today got their start by serving customers behind the counter."[26] This kind of leadership passion and pride contributed to the rebuilding of employee pride. For successful brand revitalization, internal marketing must precede external marketing.

Cost Cutting Versus Brand Building

Brands get into trouble when cost management replaces brand management. Unfortunately, when brands get into trouble, the focus often turns to cutting costs rather than to brand revitalization. Cost managers become risk averse.

---

[25] Katzenbach, Jon, Katzenbach.com, January 1, 2003.

[26] Open letter from Jim Cantalupo to Merriam-Webster, Reuters, November 10, 2003.

Sears

Sears is an example of what happens when costs are cut to the degree that the brand becomes debased. Financier and Sears' Chairman, Eddie Lampert, whose hedge fund ESL Investments owns 49.6% of Sears, invested in computer systems for operations but did not invest in the stores and the in-store experience. The result is that in 2008, the stores are poorly stocked, dimly lit, and dirty. No wonder sales are down and profits have declined precipitously. And, as reported in May 2008, Sears Holdings posted a $56 million first-quarter loss.[27]

When a brand gets into trouble, enthusiasm and entrepreneurial spirit are often replaced by brand stubbornness. Standing still is for statues, not for brands. Brand lifelessness leads to brand losses, not to brand loyalty. The first step in brand revitalization is to face the facts of failure.

However, instead of trying to make each restaurant a more desirable destination, McDonald's focused on cost reduction rather than on brand building.

Our Leading Edge: Our Leaders

By the end of 2002, Jack Greenberg was gone. As mentioned previously, the retired former vice chairman and president Jim Cantalupo replaced Jack. Jim promoted Charlie Bell to become the new

[27] Kardos, Donna, "Sears Swings to a Loss as Weak Sales Hit Results," *The Wall Street Journal*, May 29, 2008; Jacobs, Karen and McCormick, Gerald E., "Sears Holdings Posts Unexpected Loss on Markdowns," Reuters, May 29, 2008; Fabrikant, Geraldine, "Sears Holdings Reports an Unexpected Loss," *The New York Times*, May 30, 2008; Birchall, Jonathan, "Sears Suffers Dismal Quarter of Poor Sales," *Financial Times*, May 30, 2008.

president and COO. Jim and Charlie's leadership focused on rebuilding the McDonald's brand with a renewed sense of urgency.

These were the two right people at the right time to lead the turnaround of the company. When Jim took the helm in January 2003, he refocused worldwide attention on not just being bigger but getting bigger by creating a better McDonald's experience. He stated that "Focus and discipline get the job done. That's what we're about. If we execute at a higher level, it is going to pay dividends on the top line."[28] We had to "right the ship."

Franchisees welcomed the renewed focus on the Golden Arches. "We have a lot of confidence and faith in the McDonald's brand," said Reggie Webb, a franchisee of 11 McDonald's restaurants in Southern California. "The best way to maximize on that future is to focus 100% on the McDonald's brand." Reggie was also the leader of the franchisee organization. He was among the original franchisee leaders supporting the new brand revitalization priorities.

Charlie Bell started working for McDonald's when he was 15. At 19, he was the youngest Australian store manager, eventually joining the Australia board of directors at 29 years old. Charlie held the positions of president of McDonald's Asia/Pacific, Middle East, and Africa Group, and president of McDonald's Europe before Jim chose him to be president and COO. He became my biggest supporter. His leadership was essential to the development of the McDonald's Brand Promise as well as the McDonald's Plan to Win.

It was an incredibly heady time. The doom-and-gloom scenario was transformed by Jim and Charlie's enthusiasm and unquenchable belief in the McDonald's brand. Together, they turned the sense of brand urgency into a galvanizing brand rallying cry of "being bigger by being better."

---

[28] Day, Sherri and Elliott, Stuart, *The New York Times*, April 8, 2003.

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."[29]

The Plan to Win

Brand management is not a marketing concept; it is a business management concept. The McDonald's Plan to Win was built on this mindset. It could not be a regional initiative. It had to be global: consistent across geography, across time.

The Plan to Win is a business construct that is built on three pillars:

- **Brand direction**—Where do we want to be?
- **Freedom within a framework**—How do we plan to get there and what actions will we take?
- **Measurable milestones**—How will we measure performance?

Three Pillars of the Plan to Win

- Brand direction
- Freedom within a framework
- Measurable milestones

The Plan to Win is designed to guide brand thinking, the setting of priorities, and the development of a viable and feasible action plan.

[29] Buckley, Neil, "Burger Boss Needs to Flip the Fortunes of Big Mac," *The Financial Times*, December 17, 2002.

It is a business concept, crossing functions and geographies and organizational boundaries. It is the most powerful tool in a manager's toolbox. It affects every aspect of the business. The Plan to Win has four goals at its base:

- Attract more customers.
- Convince customers to purchase more often.
- Increase brand loyalty.
- Become more profitable.

In other words, more customers, more often, more brand loyalty, more profitable; these are the bottom-line goals for brand revitalization.

Four Goals of the Plan to Win

- More customers
- More often
- More brand loyalty
- More profitable

The Plan to Win is based on a disciplined thought process we call the *Eight Ps*. The Eight Ps of the Plan to Win represent eight critical areas for brand and business success: Purpose, Promise, People, Product, Place, Price, Promotion, and Performance.

Eight Ps of the Plan to Win

- Purpose
- Promise
- People
- Product
- Place
- Price
- Promotion
- Performance

Purpose and *Promise* define the brand direction. The brand purpose defines the overarching mission of the brand, and the brand promise is the contract with our customers. It is a promise that if you buy this brand, you will get this experience. A brand promise answers the question "what kind of brand experience do we wish to promise and deliver to every customer every time?"

The final P in the Plan to Win is *Performance*. Performance is the definition of the measurable milestones to assess our progress in brand revitalization.

The Five Action Ps

What are the actions we will take to achieve the measurable milestones? This brings us to the five action Ps: People, Product, Place, Price, and Promotion.

Delivering the brand promise is not determined by good intentions. It is accomplished by the actions we take. The five action Ps define how we plan to achieve the bottom-line goals of more customers, more often, more brand loyalty, and more profit. How we expect to deliver our promise across each of the five action Ps (people, product, place, price, and promotion) is articulated in the Plan to Win.

The details of the Plan to Win are discussed in Chapter 9, "Realizing Global Alignment: Creating a Plan to Win." The Plan to Win is a brand action blueprint. Adhering to the Plan to Win is critical for building brand revitalization.

Brand Power

Our goal is to increase the value of a brand by increasing the power of the brand in the mind of the consumers.

A powerful brand is built on four elements:

- **Identity**—That particular set of ownable characteristics by which your brand is known

- **Familiarity**—Customer perception that they have enough knowledge about a brand to have an opinion about it
- **Specialness**—Perception of relevance and differentiation
- **Authority**—A reputation as a quality, leading, trustworthy source

To be a powerful brand, your brand goal must be to become the most familiar, highest quality, leading, most trustworthy source of a relevant and differentiated promised experience.

Brand Power
• Identity • Familiarity • Specialness • Authority

Losing Brand Power

Familiarity with the brand identity is the easiest to achieve. And, increasing familiarity contributes to brand power. Studies have shown over the years that "share of voice" correlates with "share of mind."

The next step is not just to be familiar, but to be familiar with something special. Relevance and differentiation are the first to go when a brand is in trouble. Imitators or a better innovation can sap your brand's differentiation. Changing times can deflate brand relevance.

Authority takes the longest to build. And, once it declines, it is difficult to rebuild.

Familiarity is the last component of brand power to disintegrate. Once familiarity scores drop, the brand is on the oblivion train to commodity corner.

A Powerful Brand Is a Valuable Asset

Valuable brands do not just happen; we must make them happen. It takes a never-ending commitment to creating, nurturing, defending, and strengthening an enduring bond between a customer and a brand.

Summary

This was the state of affairs leading up to end of 2002. McDonald's was a brand in trouble. The brand had slipped and was mired in mediocrity. McDonald's leaders had fallen into the trap of believing that merely being bigger was enough rather than becoming bigger by being better. They believed that more of the same would continue to bring fortune and fame. They believed in a world that no longer existed and in customers who would never change. In 2002, McDonald's was a big brand, but it was tarnished. It was familiar, but it had lost relevance, differentiation, and authority. McDonald's was a brand ripe for revitalization.

This page intentionally left blank

INDEX

G

H

I

J–K

L

M

Q–R

T

U–V

W–Z