

Title Slide	Larry Light, EVP - Global Chief Marketing Officer
Customer & Signage Montage	Next Year, McDonald's will be 50 years old. Consumers told us that we were acting our age. They told us they changed,
B&W	but we remained the same. They had fond memories of our brand.
B&W	But, as they grew up, they grew out of our brand.
B&W	We lost touch with our customers.
B&W	Our customers said they "lost that lovin' feeling" for McDonald's.
B&W	So, we re-examined everything...from our growth strategy to our marketing.
New Sign	We changed our growth strategy from focusing on building more stores,
Customers	to focusing on attracting more customers to our existing store base.
ili	In September, we launched "i'm lovin' it." "i'm lovin' it" is not a mere advertising slogan; the first time in history we are speaking with one brand attitude externally and internally.
Happy Crew	I'm lovin' it is an expression of our new brand attitude.
Customer	I'm lovin' it is already having an impact that is exceeding our expectations.
86%	Our total advertising awareness in our top 10 countries reached 86%...

96%	We set a new global benchmark in Hong Kong...96%! Wow! Where are those remaining 4%
Customers / Dublin Exterior	In less than one year, people's attitudes changed from giving us the cold shoulder to becoming suddenly cool. We are attracting more customers to our stores. Customer visits are up over 2.3 million per day.
Ili	<p>The WSJ rated "i'm lovin' it" one of the top 5 brand campaigns of 2003. According to a recent Roper report on global brands, we have reversed an unfortunate declining trend for our brand. McDonald's is back among the world's top ten most powerful brands.</p> <p>How did this happen? We changed our approach to brand marketing.</p>
Arch	<p>As a mass brand...we marketed a mass message through mass media appealing to masses of undifferentiated consumers. McDonald's <u>is not</u> a mass brand. Beware of the so-called "positionistas." They say that a brand can only stand for one thing in the mind of the market. This may make <u>some sense</u> for small brands. But for big bands – like McDonald's – it's <u>nonsense</u>.</p> <p>Identifying one brand position, communicating it in a repetitive manner is <u>old-fashioned, out-of-date, out-of-touch</u> brand communication.</p> <p>Simplifying a brand to a single position is not simplification, it is simplistic. Simplistic marketing is marketing suicide.</p> <p>A brand is a multi-dimensional, multi-faceted, complex message, not a single-dimensional, single-positioned, simplistic message.</p> <p>Customers will not accept monotonous, repetition of the same simplistic message. They want a dynamic, creative chronicle.</p>
Multi- montage	<p>And, big brands like McDonald's are not uni-dimensional. We are a multi-dimensional, multi-faceted, multi-segmented, many-sided brand.</p> <p>So, we changed from mass marketing a single message to multi-faceted, multi-segmented, many-sided marketing.</p>

Brand Journalism	<p>We think of our new marketing approach as “Brand Journalism.”</p> <p>It means telling the many facets of our brand story every day in 119 countries...</p>
Arch	<p>And yet you know it’s McDonald’s...it’s the chronicle of McDonald’s.</p> <p>Journalism is the collection and communication of news, events, and happenings.</p> <p>Journalism informs, entertains, persuades. It’s the same with Brand Journalism.</p> <p>Brand Journalism is a chronicle of the varied things that happen in our brand world, throughout our day, throughout the years.</p> <p>Our brand means different things to different people. It does not have one brand position. It is positioned differently in the minds of kids, teens, young adults, parents, and seniors. It is positioned differently at breakfast, lunch, dinner, snack, weekday, weekend, with kids, or on a business trip.</p> <p>Brand Journalism allows us to be a witness to the multi-faceted aspects of a brand story.</p> <p>No one communication alone tells the whole brand story. Each communication provides a different insight into our brand.</p> <p>It all adds up to a McDonald’s journalistic brand chronicle.</p>

Newspaper Clips	<p>We launched our new campaign with vignettes and hip-hop music...We wanted to dramatically communicate that McDonald's is changing.</p> <p>Some marketing observers concluded, "<i>This is McDonald's new look.</i>" "<i>McDonald's is using hip-hop!</i>" Wrong!</p> <p>A variety of music genres and communication styles followed...using a variety of media... to reach a variety of audiences... in a variety of ways... to tell a variety of aspects of our brand.</p> <p>You will not find the replication of single message in our brand communications. You will find a compilation of varied messages....</p>
Multi-montage	<p>Our multi-dimensional, multi-segmented, multi-layered approach to marketing requires multi media communications: sports, outdoor, indoor, special events, global, local, educational, musical, radio, television, print, on-line, off-line, and in the streets.</p>

ili	<p>Cultural marketing plays an important role. We aim to make our brand an integral part of the culture, and “i’m lovin’ it” a universal cultural expression. These all combine to build our brand chronicle.</p> <p>Great Brand Journalism requires solid principles.</p> <p>We have three:</p>
Surprise	<p>First – Surprise -- Predictability is the enemy of brand interest.</p> <p>I said we introduced “i’m lovin’ it” with hip-hop. That was meant to be a surprising way for McDonald’s to communicate, “We are changing!”</p>
Customer	<p>We surprised consumers by having a new image target of young adults. These are today’s optimistic, leading edge, fun loving, scene-makers. They are our brand’s aspirational focus.</p>
Customers in water	<p>We communicated our new brand attitude through a surprising array of new advertising, new packaging, new store designs, new products, new promotions, new uniforms, and so on. Everything communicates.</p>
Delight	<p>Our second principle -- Delight. Or, as Cole Porter put it, be “delightful, delicious, delectable, delirious, deluxe and de-lovely.”</p>
Musical Notes	<p>Very few things are as delightful as <u>music</u>. Music was an important part of the launch of our new brand attitude.</p> <p>A brand is very fortunate when people actually request hearing its music.</p>
MTV	<p>Our music made it to number two on MTV’s Total Request Live.</p>
Pop Stars	<p>And, around the world, pop stars are singing our song... like, Justin Timberlake ... and, Stomy Buggy in France ... Tony Santos in Spain</p>

	<p>... Lee Holm Wong in China...</p> <p>In addition to singing our music, we will be spreading the music. We are launching a downright delightful, free offer of downloads from</p>
Sony	<p>the vast Sony music catalogue with the purchase of a Big Mac Meal.</p>
Unique	<p>Our third principle is Uniquely McDonald's. McDonald's has many unique assets... for example, our Big Mac, our world favorite fries, our Golden Arches, our Ronald McDonald.</p>
Adult HM	<p>Our Happy Meal... and, now we have an adult Happy Meal.</p>
McKids	<p>Our McKids line of high quality, educational, fun toys, videos, games, CDs and clothing are uniquely McDonald's.</p>

Musical Notes	Our brand even has a unique <u>sound</u> ... We have a uniquely McDonald's musical signature... our 5-note audio logo.
Video Roll-in: Audio Only	<<< ba da ba ba ba >>>
ba da ba ba ba (in sync with audio)	
	<p>As people hear these 5 notes, they know instantly, it's McDonald's. Our goal is to register this audio logo in the mind of the market.</p> <p>(Pause)</p> <p>"Surprising, delightful, unique" are the cornerstones of our brand narrative.</p> <p>Take a look at these three commercials.</p>
Video Roll-in: 3 Back-to-Back	<<< Back-to-back: She's Mine; Ball Bag, Mother's Day >>>
ili	<p>One tells a story with a <u>surprise</u>. Another reflects a <u>delightful</u> attitude of fun and youthfulness. A third is <u>unique</u> in its manner and message. But, the varied individual messages all add up -- creating a chronicle communicating our great brand story --- brand McDonald's.</p> <p>Brand Journalism <u>is</u> how we will communicate our brand message. This has big implications.</p> <p><u>First</u>... This is the end of Brand Positioning as we know it. If you believe that small is beautiful, then adopt the view of one brand, one product, one position. We serve 47 million people per day. One day that number will be 100 million. We think that is beautiful.</p> <p>We will achieve that goal through multi-dimensional, multi-targeted, multi-faceted, multi-position marketing.</p>

	<p><u>Second</u>... The days of mass media marketing <u>are over</u>. A multi-position brand requires multi-faceted marketing. This is not a convenient cliché. It is a marketing reality requiring a massive re-allocation of marketing resources. In just a few years in the USA, McDonald's shifted from two-thirds of our media in prime time to one-third in prime time.</p> <p><u>Third</u>... We are re-conceiving the agency network relationships.</p> <p>We won't be limited to a single office of an agency for creative ideas... or, for execution of those ideas.</p>
Global Network	<p>We view each network as a global creative community. Just as global television networks rely on reporters stationed around the world, we expect our agency networks to take advantage of their creative resources stationed around the world.</p> <p>We see our agency networks as global creative communities of talent ready to work on any project. A global creative community will be more effective than creative ideas that always emanate from the same office.</p> <p>I should point out that in new business presentations the global networks say that they will operate as global creative communities. But, in practice, the recommended ideas always seem to come from the office with the creative assignment.</p> <p>Great brands need great ideas. Great ideas do not care where they come from. Let the best idea win.</p>
Germany	<p>After an extensive global review of ideas, our new <u>advertising</u> approach was born in <u>Unterhaching</u>, Germany. It is now being nurtured around the world.</p>
Outdoor Ad	<p>Brazil created some of the best <u>outdoor</u> I have ever seen.</p>
Packaging	<p>Our wonderful new <u>packaging</u> graphics were developed in <u>Birmingham</u>, England. We view this new global multi-faceted packaging as McDonald's print media that communicates our brand</p>

	message.
French Interiors	Our exciting new approach to <u>store design</u> was initiated in <u>France</u> . Again, multiple store designs to reflect the many dimensions of our brand.
T-shirt	The <u>Netherlands</u> created an “i’m lovin’ it” T-shirt promotion... The shirts are considered so cool that they became a retail success.
Salad	Our terrific <u>new salads</u> were developed in the <u>USA</u> .
Salads Plus	Developed as a new menu concept in Australia, the salads are now being introduced in Europe.
GoActive.com	A new website, GoActive.com was created in the USA.
Freedom within a Framework	Of course, not any idea will do. Freedom requires laws. The alternative would be anarchy. Our global creative policy is called Freedom Within a Framework. There is great creative flexibility <u>within</u> the framework, but no freedom <u>with</u> the framework.
Ili International Version	<p><u>Fourth</u>... We have redefined what a brand campaign is in a non-advertising-centric world. This impacts our campaign development and evaluation tools. The world has changed ... Market research must adapt. Market researchers are having difficulty. They still ask --What ad do we test when no one communication tells the whole story?</p> <p>When we evolved to Brand Journalism, our research teams -- internal and external -- merely gerrymandered the methodologies to fit the new situation ... but this is not correct. We are not living up to the creativity of our new approach.</p> <p>Evaluating a brand approach where each communication tells only one aspect of the brand story will require creativity in research, design and interpretation.</p> <p>In the middle ages, tapestries were used as chronicles of history. They were valuable narrative documents. When folded up... you saw only</p>

	<p>part of the story. But, when unfurled, you knew the full story.</p> <p>Brand Journalism is a tapestry created over time. As it is unfurled, it tells the endless story of our great brand, every day, in many ways, across many lands.</p> <p>Every day, we weave the fabric of our brand into a relevant and differentiating chronicle, a modern day tapestry of time... always surprising, always delightful, uniquely McDonald's.</p>
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