Reviving the Corporate Brand: McDonald’s Turnaround and
Implications for Public Relations/Organizational Communication

Sylvia (Jiankun) Guo
University of Maryland

Grunig PRIME Fellowship Paper Submission
REVIVING THE CORPORATE BRAND

Abstract

This qualitative case study explored how, why, and the extent to which McDonald’s has accomplished its corporate rebranding endeavor (also dubbed as turnaround or brand revival) between March 2015 and July 2017, under the leadership of CEO Steven Easterbrook. Discourse tracing and textual analysis of top media articles, corporate communication materials, and financial statements suggested McDonald’s has been successful in reviving the corporate brand. Three themes explained its effectiveness: (1) shaking up the corporate culture with discursively powerful leadership, (2) searching for a dynamic rebrand identity that balanced continuity and innovation, and (3) enhancing stakeholder relations: learning from resistance and managing conflicts. This study provided empirical evidence for the enablers/barriers of corporate rebranding, and solutions to resolve tensions in the corporate branding practice. Most importantly, this study indicated the importance of public relations/organizational communication functions in corporate (re)branding, especially due to an increasingly participatory, relationship-centered, and cocreational approach in corporate (re)branding theory and practice. Recommendations for practitioners are provided, so are future research directions.

Keywords: corporate branding, corporate rebranding, brand management, leadership, stakeholder relations, corporate brand identity, discourse
Reviving the Corporate Brand: McDonald’s Turnaround and Implications for Public Relations/Organizational Communication

McDonald’s (MCD hereafter), the largest fast-food giant in the world, enjoyed unparalleled glory and glamor in the 1960s. It was among the biggest, most renowned corporate brands with its familiar golden-arch symbol, franchise stores in every corner of the American streets, and brand promises of cheap and speedy food and service. However, the brand had been under attack over the last few decades, with increased public concerns over health and nutrition. Between 2010 and 2014, the brand continued to decline, manifested in sales/profitability, guest visits, and corporate reputation/image. Several factors contributed to MCD’s poor performance: (1) changing food discourse on health and food quality, (2) changing customer tastes and preferences, (3) an increasingly competitive food marketplace typified by the fast-casual and better-burger restaurants that touted healthy and customized options.

To win back customers, MCD revamped and expanded menu items, to no avail. The perception of MCD as an unhealthy, irresponsible, cheap fast-food chain seemed ingrained in many people. In 2014, MCD experienced its largest sales descend, triggering investor anxiety and media speculations – can MCD survive the modern food environment? In response, MCD appointed Steven Easterbrook as the new CEO in March 2015, who then led a turnaround that eventually put the brand on the right path. This turnaround – a brand revival or rebranding endeavor – lasted about two years before MCD entered a long-term growth phase. It comprised multi-pronged initiatives that addressed food quality/service, operations/corporate structure,
REVIVING THE CORPORATE BRAND

communication/marketing, and stakeholder relations. By mid-2017, MCD has exceeded investment analysts’ expectations from a financial standpoint, and regained customer confidence.

Since MCD’s rebranding efforts appeared effective, how, why, and the extent to which the organization accomplished this challenge was worth studying. This was also important because increasingly more organizations engaged in rebranding as to evolve with time and environment. However, research showed that rebranding can be risky and many organizations have failed (Miller, Merrilees, & Yakimova, 2014). Furthermore, corporate (re)branding is multidisciplinary (Melewar, Gotsi & Andriopoulos, 2012), yet limited research has addressed corporate branding from a communication/public relations perspective. Therefore, this qualitative case study sought to answer this research question: how, why, and to what extent has MCD accomplished its rebranding between March 2015 and July 2017? Moreover, results would offer insights to communication/public relations practitioners as to how to best assist their corporate (re)branding efforts.

Literature Review

Corporate branding and rebranding literature (Balmer, 2010, 2012; Leitch & Richardson, 2003; Miller et al., 2014; Urde, 2013) situated this study, and offered theoretical lens and sensitizing concepts. Below, I discuss key concepts, themes, and tensions in the literature.

Corporate Brand and Brand Management

In this section, I discuss conceptualizations of a corporate brand, reasons for corporate brand management, and the differences between corporate and product branding. These are followed by an overview of three unresolved tensions in the corporate brand literature.
Conceptualizations of a corporate brand. A corporate brand is usually conceptualized as the distillation of part of an organization’s identity that forms a contract with stakeholders through delivering a corporate brand promise (see Balmer, 2012; Mingoine, 2015). It serves as a resource, a competitive advantage, an element of corporate strategy that enables an organization to distinguish itself through unique positioning, to build identification with various stakeholders, and to help customers navigate the marketplace. Therefore a strong corporate brand holds brand equity – the premium, intangible value that goes above and beyond the totality of the organization’s products and services. The concept emerged originally as a counterpart to product branding, and is gaining significance and urgency due to an increasingly saturated marketplace, complex stakeholder groups, turbulent organizational environment, and a general public distrust of all kinds of organizations (Edelman, 2017).

Two paradigms – the normative and social constructionist – disagreed on how a corporate brand should be defined. The normative view was more management-based, defining a corporate brand as “the conscious decision by senior management to distil and make known the attributes of the organization’s identity in the form of a clearly defined branding proposition” (Balmer, 2001, p. 281). Gradually, however, there was a growing recognition of corporate brand as socially constructed with an organization’s stakeholders, as an organization constantly interacted with its environment made up of different stakeholder groups (Leitch & Richardson, 2003). This relationship-centered, social constructionist approach stressed the interplay between an organizational culture and the corporate image held by its stakeholders (Hatch & Schultz, 2003). The corporate brand, therefore, is not simply a promise designed, controlled, and delivered to stakeholder by the management, but a meaning system constantly constructed and contested in
REVIVING THE CORPORATE BRAND

the organization’s interactions with stakeholders (Motion, Leitch, & Brodie, 2003), within the multiple discursive spaces (Leitch & Richardson, 2003). In this view, different individuals and groups of stakeholders (e.g., employees, customers, managers, media, etc.) may hold different expectations of the corporate brand (Balmer & Greyser, 2006), and can experience, interpret, and influence the corporate brand in various ways (Melewar et al., 2012). These two perspectives continued to offer divergent advice on corporate brand management, and constituted one of the unresolved puzzles in corporate brand management literature (Melewar et al., 2012).

Corporate versus product brand management. Many writings on corporate branding were focused on its differences from product brand management (see Balmer, 1995, 2001, 2012; Balmer & Gary, 2003; Schultz, Yun, & Csaba, 2005, Urde, 2013). While product branding has been around for decades, the emergence of corporate brands was relatively new. Product branding usually occur at the level of single or multiple products, contrived and managed by the marketing or advertising functions. By contrast, a corporate brand is conceptualized at a higher organizational level, usually derived from a relatively stable and coherent organizational identity, including its mission and vision, culture, core values, and competencies (Balmer, 1995, 2012; Urde, 2013). Therefore, the corporate brand is managed differently from the product brand, usually involving the entire organization, especially the executives (Balmer & Grey, 2003). Whereas a product brand targets its existing and potential customers, the corporate brand engages with a multiplicity of stakeholders, and as a result, the corporate brand management practice is multidisciplinary (Uggla, 2006; Urde, 2013). Urde (2013) developed a corporate brand identity matrix (CBIM), which detailed what a corporate brand can encompass. In this model, three levels of components: internal, external, and internal-external, constitute the
REVIVING THE CORPORATE BRAND

corporate brand. The internal elements include organization mission/vision, values, culture, and competencies; the external elements include relationships, positioning, and value propositions, and the internal-external elements include personality, expression, and brand core. Though Urde (2013) was biased toward a management-centered, normative approach to corporate branding, the CBIM illustrated a much broader, and multidisciplinary nature of corporate branding.

Unresolved issues and paradoxes in corporate branding scholarship. Melewar et al. (2012) summarized three interlinked tensions after reviewing existing research. The first consists of the tensions between the normative and socially constructed conceptualization of corporate brand. Whereas the latter more accurately reflects the reality, as brands are not solely controllable by the management (Leitch & Richardson, 2003; Pitt et al., 2006), this view has yet articulate how organizations can capture and communicate the brand in a single, integrated, and clear concept (Dacin & Brown, 2006). Secondly, tension remains in how different individuals and groups of stakeholders interpret, experience, and influence corporate brand (Melewar et al., 2012). This tension brings questions regarding how to align brand meanings within and among different stakeholders and management, and how to motivate employees to live the brand and convey brand meanings externally (Melewar et al., 2012). Yet, only limited studies explored stakeholders’ differing opinions of and impact on the corporate brand.

Thirdly, there is tension between the static versus dynamic view on corporate brand management. Scholars traditionally emphasized continuity, consistency, and coherence (Balmer & Gray, 2003; Knox & Bickerton, 2003), but recent research highlighted the constantly evolving nature of a strong corporate brand (Melewar et al., 2012). This is not surprising, given the flux of markets and organizations. To remain competitive, relevant, and distinct, organizations must
regularly review their corporate brands to ensure they meet the changes in the internal and external environment (Abratt & Mofokeng, 2001; Knox & Bickerton, 2003; Kay, 2006).

Research interest in the evolution of corporate brands has developed into a sub-area: corporate rebranding (see Merrilees & Miller, 2008; Miller & Merrilees, 2011; Miller et al., 2014). To better understand this phenomenon, Melewar et al. (2012) recommended researchers adopt a longitudinal design to explore how corporate brands accomplish continuity and evolution.

The three tensions in corporate branding (Melewar et al., 2012) contextualized the current study, which explored the extent to which MCD co-constructed brand vision with stakeholders (1st tension), resolved differing stakeholder expectations (2nd tension), and balanced brand heritage and innovation during the turnaround (3rd tension). Next, I discuss rebranding, its phases, enablers and barriers, which offered sensitizing concepts for data collection/analysis.

**Corporate Rebranding: Phases, Enablers and Barriers**

Corporate rebranding was defined as “the disjunction or change between an initially formulated corporate brand and a new formulation” (Merrilees & Miller, 2008, p. 538). This definition casts a wide net of many designations, such as brand repositioning, makeover, renewal, refreshment and reinvention (Miller et al., 2014). The scale of rebranding can range from minor cosmetic changes (e.g., changing name and symbols) to major radical ones (e.g., repositioning). Corporate rebranding is usually triggered by contextual and environmental factors, which could be external or internal (Muzellec & Lambkin, 2006). Miller et al. (2014) further divided triggers into two categories: urgent versus non-urgent, and proactive versus reactive. They recommended organizations take the initiatives during non-urgent times, because rebranding involves large investment with no guaranteed success (Amujo & Otubanjo, 2012;
REVIVING THE CORPORATE BRAND

Shetty, 2011). Despite the risks, corporate rebranding was found to enhance brand relevance and equity, and improve operational efficiency (Sonenshein 2010; Vallaster & Lindgreen, 2011).

Miller and colleague have conducted a series of studies to explore various aspects of corporate rebranding (Merrilees & Miller, 2008; Miller & Merrilees, 2011; Miller et al., 2014). Their most recent integrated review, based on 76 cases in 61 journal articles, distilled success indicators, rebranding phases, and factors facilitating and impeding corporate rebranding success (Miller et al., 2014). Firstly, Miller et al. (2014) based their corporate rebranding model on three success indicators: (1) increases in measures of business success (e.g., profitability, sales, favorable corporate reputation/image); (2) whether the case achieved the stated objectives for corporate rebranding; (3) strong, positive references to the overall case or to specific aspects of the case. Secondly, these scholars divided corporate rebranding into three phases: (1) brand revision, when the revised corporate brand is redefined; (2) stakeholder buy-in, when stakeholders are encouraged to buy into the revised brand; (3) corporate rebranding strategy implementation, when the revised corporate brand is made aware through an integrated approach and reflected in organizational conduct.

Finally, building on existing case studies, Miller et al. (2014) uncovered six enablers and five barriers across corporate rebranding phases. The six enablers include strong rebranding leadership, developing brand understanding, internal branding activities, continuity of brand attributes, stakeholder coordination, an integrated marketing program; the five barriers include an autocratic rebranding approach, stakeholder tensions, narrow brand revision, inadequate research, and inadequate customer consideration (Miller et al., 2014). Since some enablers and barriers are inverse aspects of the same phenomenon, Miller et al. (2014) boiled them down to
four critical issues that bear on the corporate rebranding process: (1) strong leadership – whereas leaders with strategically relevant experience and commitment to rebranding tend to contribute to the process, autocratic leaders who impose revised brand meanings on key stakeholders without seeking their consultation can detract from rebranding success (Hankinson, 2007; Gotsi & Andriopoulos 2007; Gotsi et al., 2008; Moore & Birtwistle, 2004); (2) a new corporate brand understanding – key to arriving at a viable revised brand understanding is researching multiple groups of internal and external stakeholders (Sonenshein 2010; Stuart & Muzellec 2004; Rhee & Han, 2006), while adopting a strategic management perspective with the aim to enhance corporate brand performance; also, a bold and broad corporate brand anchored to stakeholder needs and input would help the revised corporate brand remain distinct and competitive (Miller et al., 2014); (3) getting stakeholder buy-in – this issue emphasizes internal branding activities (Daly & Moloney, 2004; McDonald, De Chernatony, & Harris, 2001) and continuity of brand elements (Merrilees & Miller, 2008; Stuart & Muzellec 2004) that could reduce resistance from key stakeholders; (4) stakeholder tensions – this barrier issue is caused by inadequate stakeholder research, and conflicts among different groups of stakeholders with differing interests (Finney & Scherrebeck-Hansen, 2010). Research also suggested that organizations are particularly susceptible to internal stakeholder tensions when they shift to a new brand orientation (Merrilees, 2005), due to gaps between the old and new management perspectives. Therefore, Miller et al. (2014) recommended avoiding silos and stakeholder disconnect via better management of stakeholder relations. They called for more research to understand the value of a participatory, collaborative, co-creative approach for brand revision and stakeholder buy-in.

These four issues provided a theoretical lens to examine MCD’s brand revival endeavor.
REVIVING THE CORPORATE BRAND

Methods

This study employed a case study methodology (Yin, 2011), and followed a discourse tracing approach (LeGreco & Tracy, 2009) to collect textual data. A case study methodology investigates a phenomenon that occurs in its natural environment, places a strong emphasis on contexts, and uses several data sources for triangulation (Yin, 2011). In this study, several data sources were consulted: newspaper articles from three top outlets (New York Times, Wall Street Journal, and Reuters) from January 1, 2015 to July 31, 2017, McDonald’s external communication (website, investor reports, news releases, social media accounts), YouTube videos of CEO Steven Easterbrook, and a few proprietary research reports produced by a third-party public relations research firm, PRIME research. Though the researcher had no access to MCD’s internal management, I consulted with PRIME’s research directors, consultants, and analysts, who worked intimately with MCD during the turnaround. The PRIME reports included more than 100+ news outlets, both traditional and social. Therefore, these data sources provided a relatively objective, balanced view of MCD’s turnaround. To closely examine top news media data, I traced news discourse on MCD (LeGreco & Tracy, 2009), following PRIME expert advice on data collection using Google Custom Research. I searched all MCD-related news across New York Times (NYT), Wall Street Journal (WSJ), and Reuters, and focused primarily on those related to MCD’s turnaround over the past 2.5 years. The limit in width was overcome by the prestige of these news outlets and my conversations with PRIME research experts. Discourse tracing was suitable for studies documenting change and transformations, and I have documented MCD’s major actions and turning points in Appendix I.
Data analysis for qualitative research involves an iterative process (Hesse-Biber & Leavy, 2010). I collected and analyzed data simultaneously, and wrote research memos to record themes. I primarily adopted an abductive method (Timmermans & Tavory, 2012), by combining inductive and deductive analysis. Deductively, I used sensitizing concepts in the corporate (re)branding literature to help me make sense of data (e.g., brand continuity, stakeholder tensions and resistance); deductively, I attended to new patterns emerged from data, for example, the discursive strategies used by CEO Steven Easterbrook, which was rarely discussed in corporate brand literature. I then searched for additional literature to understand the phenomenon, for example, discursive leadership (Fairhurst, 2008). To complete analysis, I copied relevant news articles to word documents, divided by every six months. Then, I followed three rounds of coding (Saldaña, 2015): initial coding, focused coding, and axial coding (Charmaz, 2006). I pasted media content/CEO quotes that clustered around the same category. A summary of categories with illustrative quotes/contents can be found in Appendix II.

Results

In this qualitative case study, I examined how, why and to what extent MCD has achieved its rebranding success over the past two and half years. Four broad themes emerged from data, which are: (1) shaking up corporate culture with powerfully discursive leadership, (2) searching for a dynamic rebrand identity that balanced continuity and innovation, and (3) enhancing stakeholder relations: learning from resistance and managing conflict. Most findings were consistent with existing (re)branding literature, but this study will offer empirical evidence and practical recommendations for practitioners. Before an in-depth discussion of each theme, I first present data that indicate the degree to which MCD has achieved its turnaround success.
REVIVING THE CORPORATE BRAND

Brand Revival Success Indicators

To judge the extent to which MCD’s turnaround has been successful, I used Miller and colleagues’ (2014) rebranding success indicators, including (1) accomplishment of stated goals, (2) enhanced financial performance, and (3) third-party positive references. Media articles and financial statements of MCD over the past 2.5 years suggested that its brand revival has been mostly successful.

Firstly, the objectives for the turnaround were to improve MCD’s sales/profitability as well as customers’ perceptions of MCD, especially with millennials. MCD reported improved order accuracy, reduced turnover, and enhanced customer satisfaction by early 2016. The launch of all-day breakfast scored a win with about 78% of millennials (WSJ, 10/13/16). In 2017, CEO Easterbrook again reported improved scores on order accuracy and quality perceptions among customers, despite perceptions of declining service speed. Judged by these results, MCD seemed to be on track in achieving its stated goal of promoting customer perceptions and satisfaction.

The biggest, most visible achievement of the turnaround is MCD’s significantly improved financial state. MCD reported increase in sales and profitability since the 3rd quarter of 2015, due to streamlined operations, reduced overhead, and the debut of all-day breakfast. Sales continued to increase till the 4th quarter of 2016, when the all-day breakfast enthusiasm started to cool off. In response, MCD refocused on value-oriented, technology-assisted initiatives as well as overseas expansions and refranchising. Sales and profits started to clime again, topping investor expectations during first two quarters of 2017. By the time of this writing, MCD’s share values continues to improve, suggesting potentials for long-term steady growth. Therefore, MCD has
REVIVING THE CORPORATE BRAND

successfully achieved its second turnaround goal of reviving financial performance, also another key indicator of successful rebranding (Miller et al., 2014).

Thirdly, despite some skepticism and speculations, MCD has received largely positive media coverage over the past 2.5 years. This was especially true immediately after the debut of all-day breakfast and other higher quality food, use of digital tools, and MCD’s quarterly financial reports. Furthermore, its efforts toward better food, such as using chicken without antibiotics and cage-free eggs, were praised by food advocates. Admittedly, MCD has always been under the attack of various activist groups, with the Fight for 15 being the loudest. However, from the perspective of brand revival, MCD has earned relatively positive third-party references and therefore scored highly on the third indicator of rebranding effectiveness.

In summary, MCD’s turnaround has been largely successful. The burger giant has mostly achieved its stated goals, substantially improved its financial performance, and has scored wins with mainstream media, food advocates, and youth, at least some of them. Therefore, how and why MCD has achieved its success is worth studying for both scholars and practitioners. Three themes stood out as most significant in shaping MCD’s rebranding success, discussed next.

**Shaking Up Corporate Culture with Powerfully Discursive Leadership**

Whereas past MCD executives have constantly tweaked menu with little success, the turnaround led by CEO Steven Easterbrook was marked by significant changes on a corporate level. This corresponded to the distinction between corporate and product branding in literature (Balmer, 2012), which partially explained MCD’s rebranding success. This broad theme can be divided into three sub-themes: challenging legacies, stirring emotional connections, and employing expressive leadership.
Challenging legacies. CEO Easterbrook has been quoted by the media as an internal activist who enjoyed challenging legacy beliefs. Since taking the helm in March 2015, he had implemented numerous corporate-level changes that shook up the MCD culture. Firstly, he brought in many executive-level talents from outside of MCD, whereas MCD had the tradition of hiring and promoting from within. Easterbrook stressed this balance between retaining seasoned veterans and bringing fresh outsider perspectives, and this move infused MCD with innovative thoughts and kept executives on their toes. Secondly, the MCD culture was traditionally characterized as risk-averse, closed, and “too big to change.” Easterbrook incrementally changed that by (1) making bold menu changes including introducing all-day breakfast and fresh beef in the Quarter Pounder burger – products demanded highly by customers but denied by past executives due to perceived operational complexities, (2) launching digital platforms to engage customers and discuss food ingredients – enabling changing perceptions of MCD as an unhealthy, unhip, and irresponsible fast food chain, (3) implementing an operationally led turnaround with refranchising at its core and shedding management layers, thereby making MCD more nimble, agile, and entrepreneurial-spirited. Finally, MCD used symbolic moves that represented change and transformation. For example, when it moved its headquarter to downtown Chicago in 2016, an employee was quoted by seeing this change as “dramatic” because Oak Brooks was in the DNA of MCD; he added that the move created necessary angst for the corporation. Remodeling restaurants with self-serve kiosk and table services also signaled MCD’s seriousness in changing the brand meaning.

Stirring Emotional Connections. A masterframe and vision for the turnaround was to “transform MCD into a modern, progressive burger company.” Media continued to quote this
REVIVING THE CORPORATE BRAND

phrase, which repeatedly conveyed the determination and boldness of the management.

Secondly, MCD ceaselessly made adjustments during the turnaround, which sparked waves of excitement. For example, the all-day breakfast – long advocated by customers and franchisees – kindled consumer enthusiasm and helped MCD reverse its flagging sales. Just as the craze cooled off, MCD launched digital initiatives such as mobile pay and self-serve kiosk, and recently fresh beef in the Quarter Pounder; these moves triggered new waves of consumer interests and pushed financial performance to new heights. Looking over the past 2.5 years, MCD has constantly stirred positive emotions via various positive changes corresponding to its new brand vision. Thirdly, MCD proactively engaged with customers, leveraging digital tools. This targeted and personal communication style helped to create emotional connections between MCD and its customers. According to Easterbrook, “[MCD has] focused too intently on the functional components of value specifically price… This has emphasized the transactional, less emotional aspects of our brand.” Indeed, emotion is a significant differentiator between organizations with and without a successful corporate brand (Balmer, 2010). Finally, the MCD leadership struck a delicate balance between confidence and realism, and between optimism and vigilance; this conveyed a sense of humility and strong governance. For example, Easterbrook was quoted by suggesting the turnaround would be bumpy and rough, and that it must be embedded before moving onto a long-term growth stage. He cautioned especially when MCD reaped large financial gains via initiatives such as all-day breakfast. The next sub-theme tackles Easterbrook’s discursive power.

**Employing Expressive Leadership.** The 47-year-old British, Steven Easterbrook, took the helm at a time of MCD’s continued slumping sales, alienated customers, and steep competition
REVIVING THE CORPORATE BRAND

against the fast-casuals and better-burger companies. A self-claimed internal activist and change agent, he has worked inside and outside of MCD, led the turnaround of MCD restaurants in UK, and held the Global Chief Branding Officer position before taking the seat of CEO. Throughout the turnaround, Easterbrook displayed powerful discursive strategies before shareholders and media. Firstly, he created a sense of urgency when taking the CEO position. He was utterly honest about MCD’s struggle and indicated a need to act more urgently and boldly. Then, he invented a new brand vision that emphasized staying current (modern) and anticipating the future (progressive), which tempered shareholder anxieties and disappointment. These discursive maneuvers were crucial in setting the tone for the turnaround; in fact, media reported investors captured a sense of seriousness in MCD’s leadership after Easterbrook’s first meeting with them.

Over the past 2.5 years, Easterbrook’s discursive mastery assisted the turnaround repeatedly, manifested through empowering words, positive emotions, and unbridled honesty. For example, when MCD’s 2015 4th quarterly financial performance reached new heights, Easterbrook called the result as “a testament to the swift changes we made and the early impact of our turnaround efforts” but cautioned that “it would take at least six more months of positive same-store sales growth before the company moves from a turnaround mode to a growth mode.” When analysts circled doubts over whether all-day breakfast could sustain MCD’s financial state, Easterbrook pivoted the focus to other initiatives by saying “the bump from all-day breakfast gave the company some room to work on other things, like improving food quality, developing new promotional programs and improving the experience customers have in the drive-through lanes,” which “would help the company sustain growth as the enthusiasm over the breakfast program subsided.” He added that “we have a restless energy here, and we’ve just got going.” One
REVIVING THE CORPORATE BRAND

setback occurred at the end of 2016, when all-day breakfast craze indeed simmered down and the U.S. sales fell for the first time since mid-2015. During the critical moment, Easterbrook defended MCD’s with an optimistic attitude. He said, “we enter this period with our eyes wide open… We’re not sitting on our hands.” He suggested operational changes – not as visible as menu changes – has contributed to improved sales and would continue to help MCD reap benefits. In short, Easterbrook displayed tempered optimism during good times and supreme confidence during setbacks. His energy, spirit, and emotionally framed discursive skills were hallmarks of transformational leadership (Bass, 2005).

Finally, Easterbrook showed commitment to not only MCD’s turnaround but the corporation in general. Before becoming the CEO, he had debated with authors of the Fast Food Nation and scored points in the debate; he repeatedly shared with media his appetite for the Quarter Pounder with cheese. At the beginning of the turnaround, he visited high-priority markets and chatted with franchisees so as to enhance internal unity and alignment. In short, Easterbrook put a human face to the MCD corporate brand both externally and internally.

Searching for A Dynamic Rebrand Identity that Balances Continuity and Innovation

One of the greatest challenges for (re)branding consists of a delicate balance between continuity and innovation. The tension between the old and the new manifested itself in MCD’s turnaround. Broadly, there was a push toward innovation at the beginning of the turnaround, directed by a rebrand vision to make MCD modern and progressive. Toward the end of 2016, MCD re-embraced its value-based identity and re-focused on its core burger line and value offerings. This re-positioning was based on consumer research and environmental monitoring. However, the innovation that marked the beginning of MCD’s turnaround was in fact a return to
REVIVING THE CORPORATE BRAND

MCD’s core values – QSC&V, which stood for quality, service, cleanness, and value. Only the meanings of QSC&V have evolved with time, and MCD lagged behind before the turnaround. The shift back to a value-based burger chain identity reflected MCD’s willingness to co-create the brand meaning with stakeholders. Below, I discuss the two sub-themes.

**Fusion between the Old and the New (Quality, Cleanness, Service, and Value).**

Before its turnaround, MCD was considered by media to have lost its way in the evolving food market. Once the only hip and popular fast-food giant, MCD is now steeped in fierce competition on several levels. Its direct competitors are Burger King and Wendy’s, whose burger offerings are also renowned for being cheap and fast. Among them, Burger King (BK) has been known for its flame-grilled Whoppers, and Wendy’s for the use of fresh beef. Yet MCD has not been able to differentiate itself against BK and Wendy’s before its turnaround. On a farther circle, MCD faces competition against the so-called better burger companies, such as the Shake Shack, Five Guys, and Smashburgers. These burger chains feature more expensive but made-to-order, allegedly higher-quality burgers. Finally, the rise of fast-casual restaurants – such as Chipotle’s and Panera Bread – reflected and led a foodie culture that embraced natural, healthy, fresh, and less processed foods. Considered as the fiercest competitors against MCD, they nearly toppled the fast-food industry by appearing as socially responsible and in vogue, attracting droves of millennial customers. As a result, MCD’s previous CEO sought to emulate better-burger and fast-casual chains by adding customized and premium menu items. These efforts mostly failed: not only had MCD experienced continual slow sales, the bloated menu created operational complexities and consumer confusion. As franchisees have complained, MCD tried to be everything to everyone, and suffered from an identity crisis. The general anti-fast food
sentiment, epitomized by the Fast Food Nation and Super Size Me, also beleaguered MCD; many even speculated the demise of the entire fast food industry. MCD’s closed culture, lack of communication, and sheer size and scale made it an easy target for food activists. However, according to Bernstein Research (WSJ, 2015), the real problem for MCD was not fast food per se, as Five Guys and Shake Shack could testify. MCD must improve food quality and corporate image to keep up with the food discourse. Also, as MCD chased competitors, it gradually strayed from its core values: QSC&V (quality, service, cleanliness, and value). In short, MCD had lost its relevance and failed to justify its *raison d'être*.

The initial rebrand vision to transform MCD into “a modern, progressive company” reflected management’s resolve to progress the corporate brand. The executives, led by CEO Easterbrook, launched numerous unprecedented initiatives, but they simultaneously reflected a return to MCD’s core values. What changed, however, were the meanings of QSC&V. Therefore, the turnaround was a fusion of old and new, a union of a bold re-vision and back-to-basics strategies. Firstly, in terms of food quality, MCD emphasized upgrading food ingredients thereby fitting in the modern definition of quality. Between March, 2015 and mid-2017, a series of initiatives were unveiled, from using antibiotic-free chicken, cage-free eggs, real butter instead of margarines, to removing high-fructose corn syrup from sandwich buns, and rolling out Chicken McNuggets and breakfast items free of artificial preservatives. Additionally, MCD made small tweaks so food could taste better. The company experimented with toasting the buns longer, different searing methods, and in 2017, it introduced fresh beef into the Quarter Pounder. These actions added to the legitimacy and verity to the brand revision. Secondly, to improve service, MCD re-focused on speed by combining old and new methods – old being streamlining
REVIVING THE CORPORATE BRAND

operations and simplifying menu at the beginning of the turnaround, and new being tapping into
digital tools such as mobile pay and self-serve kiosks in late 2016 and early 2017, as well as
using technology to improve kitchen/counter communication. Thirdly, in terms of cleanness,
Easterbrook not only stressed sanitation but the décor and services to lend MCD a modern
impression. The management added table services in 2016, and announced to finance remodeling
of franchised stores, to make MCD more competitive against supermarkets and grocery stores –
These recent competitors are outpacing restaurants but have limited ability to provide supreme
dining experiences for the customers.

Among QSC&V, value was the only item that MCD executives hesitated at the beginning
of the turnaround, but embraced fully in early 2017. In hopes of changing consumer perceptions
of MCD being a cheap, low-quality fast-food chain, the leaders scratched value and stressed
QSC in early 2015, and continued to promote premium, customized menu options. Value
offerings still existed, such as the McPick 2, but they did not seem to hold high priority. In early
2017, MCD re-embraced its value-based burger chain identity as a result of research, and
focused more on cheap beverages and pastries and core burger products. Yet, this return to the
roots was imbued with new elements, such as using fresh beef in the Quarter Pounder –
unprecedented in MCD that were known for using frozen patties, and launching new value
bundles/platforms that reflected the modern definition of value. Simultaneously, MCD did not
completely discard but kept customized offerings to a minimum to continually woo customers
who pursue a hip foodie culture. In short, MCD case suggested that the old and new did not have
to be incompatible. Rather, the old brand promises can stand with new meanings, thereby
accomplishing continuity and innovation. In fact, it seemed unwise to haphazardly abandon
REVIVING THE CORPORATE BRAND

existing brand promises in the name of chasing trends, especially if old core values have drawn considerable patrons and represented the brand’s competencies. This segues into a discussion of co-creating the corporate (re)brand with key stakeholders.

Co-Creating Brand Meanings with Stakeholders via Research and Discursive Positioning. When tracing MCD’s turnaround over the past 2.5 years, there was a tangible embrace of research, relying on food experts, digital/social media tools, and third-party agencies. In contrast, MCD before the turnaround seemed to follow a hit-or-miss approach. More importantly, MCD executives seemed committed in turning research insights to actions, despite operational challenges. As a result, sales/profitability increased – sometimes substantially – whenever MCD embraced customers’ interpretations of the brand and their desired products. Additionally, by integrating differentiation and normalization in various discursive spaces that it operated, MCD substantially bolstered its discursive power.

Firstly, MCD leveraged cutting-edge research to co-create the corporate brand with stakeholders. For example, all-day breakfast has long been advocated by customers and franchisees, but denied by past executives due to operational difficulties and a mindset that resisted change. Not surprisingly, its debut spurred sizable sales and rekindled consumer fervor. Also, in 2016, MCD invested in research to (1) search for the best burger in the marketplace and (2) understand customers’ interpretations of the MCD brand. As for the best burger hunt, MCD assembled a sensory board to taste every burger on the market, and subsequently decided to use fresh beef in the Quarter Pounder. As for the brand meanings in consumers’ mind, MCD executives realized value-conscious customers’ affinity to the brand and many health-conscious millennials’ deeply ingrained aversion. In fact, research has shown that MCD was losing
REVIVING THE CORPORATE BRAND

customers to its direct competitors – BK and Wendy’s. Hence MCD’s return to its fast- and cheap-brand roots in early 2017. The return, enacted through cheap beverage and pastries, was well received by customers, and helped MCD tide over the only setback during the turnaround.

Notably, MCD tapped into digital tools for cutting-edge research that yielded accurate results and targeted solutions. The executives invested in media tracking tools, such as the Voice to monitor customer opinions, and hired talents and partnered with agencies specialized in digital analytics. For example, MCD consolidated with Omnicom for digitally focused marketing initiatives in August 2016, and PRIME research for media and communication monitoring. In October 2016, it hired about 200 employees to engage with millennials via social media platforms. The social media engagement further generated digital data that would inform targeted solutions. In early 2017, MCD invited talents such as Bob Rupczynksi and Farhan Siddiqi to the executive table, who excelled at using data-driven methods to enhance marketing, media, and communication. In April 2017, MCD unprecedentedly used an unbranded campaign that featured actress Mindy Kaling, which capitalized on search engine results and aimed at uncovering how youth searched for information and what sources they would trust. The recent push toward mobile pay also would help MCD understand consumer preferences and habits. In short, the digitally assisted, in-depth research not only helped MCD understand customer preferences and their meaning making of MCD, but also painted a tech-savvy corporate image.

Another way MCD co-created brand meaning with stakeholders was to position itself in multiple discursive spaces that integrated normalization and differentiation. This integration was recommended by corporate branding scholars favoring a discursive perspective (e.g., Leitch & Richardson, 2003). In brief, MCD was surrounded by several discourses: health and
REVIVING THE CORPORATE BRAND

sustainability, technology, integrity and social responsibility, and a burgeoning foodie culture that embraces quality and experience. These discourses reflected the general public’s mindset and would shape how the MCD brand got interpreted. Before the turnaround, MCD rested on its past glory and failed to upgrade food quality or service or communication efforts to meet customer expectations. In other words, it has deviated from “the new normal” – heightened societal standards that favored natural/fresh/healthy food, digital and personalized organizational communication, and corporate efforts toward transparency and sustainability.

To reverse the situation, most of MCD’s turnaround efforts aimed at regaining a solid footing and normalization in these discursive spaces. Importantly, not only did MCD amp up food, service, and digital initiatives, the executives were loud about the brand’s makeover to increase the brand’s discursive power. For example, Easterbrook launched the “Your Questions, Our Answers” communication campaign to answer questions related to food ingredients, supply chain, and sourcing, right when he became the CEO. Easterbrook also invited customers and media to the farms and kitchens of MCD to see how things happen behind the counter. MCD’s website also featured a variety of supply chain stories that humanized the corporate brand. To cement a firm place in the integrity/social responsibility discourse, MCD started to use real photos of its food, instead of perfectly staged ones, in its advertising copies, because the millennials were known for their distrust in anything that seemed staged. To catch up with a flourishing foodie culture that valued experiences more than possessions, MCD attempted to remodel restaurants and add table service so as to enhance the dining experiences. Importantly, though late to most of these trends, MCD sought to differentiate itself. The all-day breakfast debut tapped into an emerging breakfastarian food culture and helped MCD secure a brand
REVIVING THE CORPORATE BRAND

leadership position in this discursive space. MCD was also among the first to use cage-free eggs, garnering praise from food advocates and pressuring its competitors. In short, a crucial reason that MCD scored continually in its turnaround was the management’s ability to monitor and understand the discursive spaces that the corporate brand operated in, while striving for an integration of normalization and differentiation through product/service offerings and marketing/communication strategies.

Enhancing Stakeholder Relations: Learning from Resistance and Managing Conflicts

For a corporation of MCD’s size, scale, and repute, it was challenging to satisfy all its stakeholders, particularly when changes were introduced. MCD had to balance differing needs and interests among various stakeholder groups and segments within each. The turnaround was accompanied by stakeholder resistance and conflicts, particularly within and between customers, franchisees, shareholders, and front-line employees. MCD executives were able to manage conflicts, learn from resistance, and make adjustments, if not fully successful. Since coordinating stakeholders and gaining stakeholder buy-in were critical enablers for rebranding success in the literature (Miller et al., 2014), this section documents MCD’s stakeholder challenges and solutions during the turnaround, so as to offer insights to rebranding practitioners.

Firstly, stakeholders can be segmented according to levels of power, urgency, and legitimacy (Rawlins, 2006). MCD executives seemed to have prioritized customers, investors/shareholders, and franchisees during the turnaround, for good reasons. Shareholders held the power to determine resource allocation and MCD’s viability. Customers held urgency, power, and legitimacy by directly impacting MCD’s financial performance. Franchisees held power, urgency, and legitimacy to a lesser extent. As important internal stakeholders, their participation
REVIVING THE CORPORATE BRAND

in the turnaround could determine the level of customer service and implementation of the
turnaround, indirectly affecting MCD’s sales/profitability. Though frontline employees were also
crucial, and the Fight for 15 activists continued to attract media attention, employees lacked the
resource or power to significantly disrupt the turnaround. Therefore, this paper focused on three
groups of stakeholders that the turnaround directly hinged on: shareholders, customers, and
franchisees.

Firstly, shareholders split in their opinions as to how MCD should proceed at the
beginning of the turnaround. Some wanted MCD to focus on the basics, while others desired a
fuller MCD face-lift so as to compete with the fast-casuals. In response, Easterbrook framed the
turnaround as operationally led with minimal mentions of the menu, and appeared to both
streamline and optimize the food options as part of the operational change. During the
shareholder meeting when Easterbrook announced the turnaround plan, there was reportedly an
air of speculation, skepticism, slight disappointment, and “prove-it” sentiment (Reuters, 5/4/15).
Many investors were expecting bolder, more magical, and haven’t-thought-of ideas and menu
overhaul. However, Easterbrook responded by both being unequivocal about the solution,
maintaining optimism and confidence, and speaking the language of business. He told investors
that operational improvements were “where the greatest value can be created… for long-term
interests and shareholder returns” (NYT, 11/17/15). Furthermore, Easterbrook adjusted financial
reporting calendar from a monthly to a quarter basis, to take back some control and temper
shareholder uncertainties. This seemed to be particularly helpful before the turnaround gained
any traction. Toward the end of 2015, Easterbrook whet the appetite of investors by raising the
quarterly dividend to 89 cents per share from 85 cents by taking additional debt (Reuters,
REVIVING THE CORPORATE BRAND

11/10/15). Simultaneously, he denied shareholder recommendation to spin off MCD’s Oak Brooke properties via a real estate investment trust (REIT), with evidence of stronger sales and growth potentials. The series of push-and-pull maneuvering between MCD executives and shareholders showed the former’s eagerness to build mutually beneficial relationships while implicitly conveying MCD’s strong leadership that had a firm opinion and stood steadfastly behind their decisions. The level of dignity and confidence, plus expertise and track record, helped to earn shareholder respect.

The second group of MCD’s key stakeholders – customers – were top priority but difficult to satisfy. This was primarily due to conflicting consumer needs and interests. While some favored fresher ingredients and more customization, yet these preferences could drive up the prices or slow down the service, thereby alienating value- and speed-conscious customers. There were also conflicts among millennials, Gen X, and baby boomers in general: the millennials grew up with health gurus’ pontifications and criticism heaped on the fast food industry; the Gen X and boomers, however, grew up with MCD’s golden years and associated MCD with comforting offerings and casual décor – they may be scared away by MCD’s contemporary look and digital self-serve kiosks. In response to differing customer preferences, MCD employed experimentation, enacted by limited seasonal offerings and small regional testing before rolling out any menu item on a national scale. In Easterbrook’s words, MCD would “get it right rather than do it first” (Reuters, 5/4/15). Additionally, sales and research provided a yardstick of core patrons’ tastes. For example, as its premium burger met with customer resistance again in 2016, and since research showed MCD losing customers to BK and Wendy’s, MCD not only swiftly returned to its value-oriented roots but strengthened core burger
REVIVING THE CORPORATE BRAND

line and introduced fresh beef. With that said, MCD did not completely scratch premium, custom-made options, but narrowed it so as to continually satisfy a small segment of health- and nutrition-conscious customers. Simultaneously, MCD continued to improve food quality and tastes by tinkering with ingredients because these moves were well received by all customers.

Finally, franchisees as stakeholder group played a key role in successfully implementing turnaround strategies and satisfying customers, and they were most likely to resist change as they bore the brunt of any change initiatives. Unfortunately, MCD had not been keen to maintain goodwill with franchisees before the turnaround. In fact, franchisee relationship with MCD hit a new low right around Easterbrook’s becoming the CEO, due to past conflicts over labor, cost, operational complexities that slowed service and hurt sales. The fundamental tension between franchisees who desired simplicity and customers who favored customization seemed impossible to manage (Reuters, 5/4/15). Previous executives also tended to make decisions without franchisees’ knowledge (WSJ, 5/4/15), further upsetting these storeowners. As a result, Easterbrook was confronted with legacy problems and disgruntled followers in early 2015. To ease the strain and get franchisees on board with the turnaround, Easterbrook used several approaches. Firstly, he invested in time and energy to reduce complexity and streamline tasks, such as taking steps out of assembling menu items and changing the ways packaging was laid out; he also tapped into technology to improve counter-kitchen interactions. According to Easterbrook, “adding one thing and taking one thing off is not simplification” (NYT, 7/23/15). These moves showed Easterbrook’s seriousness in reducing franchisee burdens. Secondly, Easterbrook increased his visibility and approachability by visiting high-priority markets, and aimed to boost franchisee confidence in the turnaround by sharing his past rebranding experience.
REVIVING THE CORPORATE BRAND

in UK. He applied a more participative, collaborative leadership style by taking franchisee votes for major decisions. The all-day breakfast in fact gained an extremely high approval from the franchisees before being rolled out on a national scale. Thirdly, Easterbrook encouraged risk-taking and seriously considered franchisees’ ideas. Replacing frozen patties with fresh beef was actually brought up by a storeowner, and Easterbrook gave him the permission to test the idea, which led to a nation-wide offer and sparked customer excitement. Fourthly, the executives spoke the language of franchisees. When faced with resistance to invest in new equipment such as self-serve kiosks, executives would demonstrate returns, which was “key to convincing franchisees to make the switch” (Reuters, 11/17/16). Last but not least, MCD management unprecedentedly offered to help finance the upgrades in franchised stores, as long as enough store owners would support the executives’ decision for a nation-wide value offering. This move again suggested that the leadership walked their talk, and were in the same boat with the franchisees. In short, the MCD leadership was gradually reversing franchisee antagonism, by using a participatory management style, taking franchisee recommendations more seriously, and by proving their commitment and unity with words and actions.

Discussion and Conclusion

This qualitative case study explored how, why, and the extent to which MCD has accomplished its corporate brand revival (or rebranding/turnaround) over the past two and half years (March 2015 to July 2017). Data from top media articles, MCD’s statements and external communication, and third-party research reports suggested MCD’s rebranding has been largely successful. The corporate brand sustained revenue growth and increased stock values, topping investment analysts’ expectations several times. It achieved its stated rebranding goals of
REVIVING THE CORPORATE BRAND

reviving financial performance and improving stakeholder perceptions. Third-party references (media, food advocates, and research firms) were mostly positive. Having closely examined factors contributed to MCD’s turnaround success, three broad patterns emerged, including (1) shaking up corporate culture with discursively strong leadership, (2) searching for a dynamic rebrand identity that balanced continuity and innovation, and (3) enhancing stakeholder relations: learning from resistance and managing conflicts. This study therefore provided empirical evidence for the enablers/barriers of corporate rebranding (Miller et al., 2014), and potential solutions to resolve tensions in the corporate branding theory and practice (Melewar et al., 2012). Most importantly, this study indicated the importance of the communication/public relations function in corporate (re)branding, especially due to an increasingly participatory, relationship-centered, and cocreational approach in corporate (re)branding (e.g., Leitch & Richardson, 2003; Melewar et al., 2012; Mingione, 2015). Below, I discuss these three points in detail.

From a corporate rebranding perspective, Miller et al. (2014) uncovered four critical issues in corporate rebranding process, including leadership, branding revision, stakeholder buy-in and stakeholder tensions. All four issues accompanied MCD’s turnaround venture. Firstly, CEO Steven Easterbrook played a crucial role in the turnaround, not only by designing and strategizing rebranding initiatives, but also by his strong discursive and framing skills, experience and commitment to the rebranding, boldness in challenging legacy beliefs, and his internal approachability and external authenticity, all of which helped inspire stakeholder confidence and humanize the brand. These findings provided strong evidence as to how transformational (Bass, 2005) and discursive leadership (Fairhurst, 2008) could positively shape the corporate rebranding success, therefore filling in the gaps in corporate rebranding literature.
REVIVING THE CORPORATE BRAND

(Miller et al., 2014). Secondly, MCD invested in in-depth, cutting-edge, thorough research in designing and fine-tuning the corporate brand vision and identity. Though executives initially envisioned MCD to compete with fast-casuals and better burger chains with customized menu options, they later embraced a value-oriented burger roots as recommended by research results. In fact, MCD’s financial performance soared once the management pursued key customers’ vision and interpretations of MCD. With that said, the bold vision at the beginning of the turnaround – to transform MCD into a modern, progressive burger company – was sufficiently bold to spark stakeholder excitement and broad enough to fit in various product/service offerings. This corresponded with strategic ambiguity (Eisenberg, 1984) – a strategic maneuver sometimes employed by the management to accommodate differing interpretations of an initiative, which provided at least some assistance for successful implementation. Finally, MCD’s turnaround was peppered with stakeholder resistance and conflicts, particularly during implementation. MCD executives worked around the roadblocks by speaking the language of specific stakeholders (e.g., shareholders, franchisees, customers), encouraging internal risk-taking and participation, prioritizing within and among stakeholder groups, offering shareholder returns and franchisee assistance, and most importantly, demonstrating powerful leadership with dignity, confidence, tempered optimism, and a track record of strong performance. These insights can help other corporate brand managers and executives overcome barriers in their rebranding endeavors.

In terms of resolving tensions in the corporate branding literature (Melewar et al., 2012), this study demonstrated the possibility of (1) complementing the normative and social constructivist perspectives, (2) accommodating differing interpretations of the corporate brand,
and (3) achieving dynamic brand alignment by combining continuity and innovation. For (1) and (2), organizations need to leverage cutting-research and environmental scanning to understand customer understanding of the brand as well as societal trends and discourses that ground the brand. Then, management can develop and revise visions that are both bold/exciting and broad/ambiguous to allow for differing interpretations. For (3), MCD’s case demonstrated that organizations can progress the meanings of original value statements while retaining the linguistic forms. In fact, this is critical as organizations must evolve with turbulent environment and fierce competition; yet traces of consistency offered comfort and reassurance to stakeholders.

Last but not least, this study suggested that communication/public relations functions can play a hugely important role in corporate (re)branding, due to their communication and relationship-building expertise. This is especially so with corporate (re)branding practices assuming a discursive, relationship-centered, social-constructionist, and co-creational turn (Leitch & Richardson, 2003; Melewar et al., 2012; Mingione, 2013). Specifically, these two closely related, sometimes overlapping functions can assist corporate (re)branding in the following aspects. Firstly, from a communication standpoint, practitioners should enact the role of discourse strategists (Motion & Leitch, 2007; Motion & Weaver, 2005) and aid in corporate (re)branding in the following ways: (1) creating emotional, inspirational, and personalized organizational communication messages via multiple channels to build an emotional, humanized, and authentic corporate brand; (2) coaching CEOs in their communication, framing, and discursive skills, so that they could speak the language of specific stakeholders, balance optimism and realism, increase approachability internally and inspire confidence externally; (3) assisted in creating a bold and broad brand (re)vision that allows for multiple interpretations (i.e.,
REVIVING THE CORPORATE BRAND

strategic ambiguity) while generating stakeholder excitement. Simultaneously, constantly revising the linguistics of (re)branding vision so as to be anchored in stakeholder needs, preferences, and understandings of the corporate brand; (5) openly communicating corporate (re)brand efforts and initiatives so as to gain the share of voice in outstanding discourses and issues, such as social responsibility, integrity, sustainability, technology-savvy, and so forth.

From a relationship-building perspective, organizational communication/public relations practitioners should enact the role of *boundary spanners* and *relationship builders* (Dozier, Dozier, & Grunig, 2013; Ledingham, 2003; Hon & Grunig, 1999; Huang, 2005; Ki & Shin, 2006). They could contribute to corporate (re)branding in these areas: (1) tapping into various media tracking and digital analytics tools to research stakeholders’ multiple, differing, and potentially fragmented interpretations and expectations of the corporate brand, while prioritizing stakeholder groups by means of urgency, legitimacy, and power (Rawlins, 2006); (2) helping the top management and executives understand stakeholders’ needs, input, desires, interpretations, and visions for the brand, thereby informing more participative, co-creational, and relationship-centered corporate brand strategies; (3) attending to stakeholder tensions and resistance when implementing corporate (re)branding initiatives, and seeking to balance interests and resolve conflicts. Though achieving complete buy-in and perfect alignment is not always possible, as the MCD case could testify, leadership’s display of concerns and commitment to action could substantially reduce internal antagonism and inspire trust and confidence. In brief, these recommendations, based on a systematic study of MCD’s case over the time span of 2.5 years, cemented connections between corporate (re)branding and public relations/communication both theoretically and practically.
REVIVING THE CORPORATE BRAND

This study has several limitations. Firstly, the majority of media data were derived from top mainstream outlets. Future research can investigate other outlets, especially those favoring citizen opinions. Interviews could be conducted with MCD’s management, franchisees, and front-line employees, to gauge their perceptions of the brand revival experience and levels of success. Interviewing MCD’s public relations/communication function can provide more direct insights into their input to the turnaround endeavor. Finally, results from this single-case study can be tested in other case studies, and quantitative methods can develop measures and metrics for successful corporate (re)branding process.

References


REVIVING THE CORPORATE BRAND


REVIVING THE CORPORATE BRAND


REVIVING THE CORPORATE BRAND


REVIVING THE CORPORATE BRAND


REVIVING THE CORPORATE BRAND


Appendix I – Turnaround Changes and Initiatives of MCD’s
Note: only those most relevant corporate changes/turnaround initiatives are included

<table>
<thead>
<tr>
<th>Date/Time</th>
<th>Turnaround Initiative</th>
<th>Quotes/Comments/Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>Revenue fell 2.4% to $27.44 billion as net income declined 15% to $4.76 billion; a 2014 consumer report survey of 21 burger brands ranked MCD at No. 21, the last place.</td>
<td>SE promised more changes: “Don’t be surprised to be surprised,” he said, “I’m comfortable making big decisions that are required to get the turnaround going.”</td>
</tr>
<tr>
<td>3/1/15</td>
<td>Steve Easterbrook took over as the new CEO</td>
<td>Destination was to make MCD “a modern, progressive burger and breakfast restaurant” where “customization and made-to-order are essential and where executives align our food story around consumers’ definition of quality and value (NYT, 3/8/15)</td>
</tr>
<tr>
<td>3/4/15</td>
<td>SE presented a new vision of MCD to investors, shareholders, and franchisees</td>
<td>&quot;It was something unheard of in the upper echelons of McDonald's at the time,&quot; said a former colleague, who did not wish to be named. &quot;He was a breath of fresh air.&quot;</td>
</tr>
<tr>
<td></td>
<td>Started &quot;Your Questions, Our Food&quot; marketing campaign; SE blogged about MCD and invited consumers to farms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MCD announced plans to curtail antibiotic use in chicken in the US</td>
<td>Later to the game due to large size; put pressure on competitors and would significantly impact how poultry is raised</td>
</tr>
<tr>
<td>4/1/15</td>
<td>SE raised wages for the 90,000 employees at MCD’s company-run stores to $1 above local minimum wages, to be completed by the end of 2016</td>
<td>Some franchisees felt pressured to follow suit, squeezing their profit margins; also stimulated speculations about replacing employees with machines</td>
</tr>
<tr>
<td>4/15/15</td>
<td>A survey (with questionable sample size) suggested further strained management-franchisee relationships</td>
<td>Published by Janney Capital Markets restaurant analyst Mark Kalinowski: franchisees complained about wage raise at company-owned stores and customization</td>
</tr>
<tr>
<td>4/20/15</td>
<td>1st conference call with investors and analysts</td>
<td>SE described himself as a &quot;champion of simplicity&quot; who values personal accountability and &quot;progress over perfection.&quot;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/4/15</td>
<td>SE unveiled plan for turning MCD into a &quot;modern, progressive burger company&quot; – mostly operationally led (restructuring, refranchising) and improving food quality/service and corporate image</td>
<td>Still an improvement from where they were before SE’s appointment was announced in January; shareholders praised SE’s confidence</td>
</tr>
<tr>
<td>May 2015 1st quarterly financial report</td>
<td>Profit fell a steeper-than-expected 32%, as sales at U.S. restaurants open at least 13 months fell 2.6%</td>
<td>Changes in food preparation</td>
</tr>
<tr>
<td>June, 2015</td>
<td>Hired Robert Gibbs, former Obama administration press secretary, to be global communications chief, and brought in Silvia Lagnado, a former marketing executive at Bacardi Ltd. and Unilever PLC, to be global marketing chief</td>
<td>Outside hires that were not common for MCD – a company that used to hire and promote from within</td>
</tr>
<tr>
<td>July 2015 2nd quarterly financial report</td>
<td>Still in decline: sales in its stores open at least one year dropped 0.7 percent, extending a string of sales declines</td>
<td>Changes in food preparation</td>
</tr>
<tr>
<td>8/4/15</td>
<td>Appointed two new board members with ties to the health-care industry: Lloyd Dean, chief executive of Dignity Health, and John Mulligan, chief financial officer at Target Corp. and a member of the Minnesota Children’s Hospitals and Clinics board</td>
<td>MCD cut 225 corporate jobs amid restructuring</td>
</tr>
<tr>
<td>9/9/15</td>
<td>MCD announced it would begin phasing out the use of eggs from hens housed in cages</td>
<td>An effort to shed overhead and management layers to make MCD more nimble and agile and more cost-conscious</td>
</tr>
<tr>
<td>9/24/15</td>
<td>MCD named a new head of strategy (Chris Kempczinski, previously executive vice president of growth initiatives and president of international at the former Kraft Foods Group Inc) and a new global chief people officer (hired from within)</td>
<td>SE sought to strike a positive note in a conference call with investment analysts, emphasizing the strong performance in international markets… He warned, however, that reviving MCD’s lagging business in U.S. would take time.</td>
</tr>
<tr>
<td>September, 2015</td>
<td>Debut of all-day breakfast (MCD’s biggest operational change in years, trumpeted with a marketing and social-media blitz)</td>
<td>September, 2015</td>
</tr>
<tr>
<td></td>
<td>MCD named a new head of strategy (Chris Kempczinski, previously executive vice president of growth initiatives and president of international at the former Kraft Foods Group Inc) and a new global chief people officer (hired from within)</td>
<td>SE said that combining strong talent from outside and inside the company “amplifies and accelerates performance”</td>
</tr>
<tr>
<td></td>
<td>MCD announced it would begin phasing out the use of eggs from hens housed in cages</td>
<td>Decision supported by The United Egg Producers; decision lagged behind Burger King (first pledged to use cage-free eggs among fast-food titans)</td>
</tr>
<tr>
<td></td>
<td>MCD named a new head of strategy (Chris Kempczinski, previously executive vice president of growth initiatives and president of international at the former Kraft Foods Group Inc) and a new global chief people officer (hired from within)</td>
<td>SE said that combining strong talent from outside and inside the company “amplifies and accelerates performance”</td>
</tr>
<tr>
<td></td>
<td>September, 2015</td>
<td>Some customers have long clamored for but the company has resisted because of logistical limitations in its kitchens; some franchisees complained about complicating operations and slowing service</td>
</tr>
</tbody>
</table>
# REVIVING THE CORPORATE BRAND

<table>
<thead>
<tr>
<th>October 2015 3rd quarterly financial report</th>
<th>MCD profit hit all-time high (global sales at established restaurants were up a much better-than-expected 4 percent in the third quarter, ending six straight quarters of flat or falling results; shares by sales jumped more than 8 percent to a record $110.88 in early trading)</th>
<th>MCD said result primarily from all-day breakfast and other tweaks: buttermilk crispy chicken sandwich, butter instead of margarine; SE said the trend would continue in the current quarter. “…Marked a major inflection point in MCD’s turnaround,” analyst David Tarantino of Robert W. Baird &amp; Co. said in a note to investors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>End of 2015</td>
<td>Introduced the McPick (2 for $2): gives customers a choice of two items from a menu of four for $2 total</td>
<td>Sought to convince customers to spend more money and to shake the chain’s reputation for serving cheap food; franchisees complained little to no profit margins</td>
</tr>
<tr>
<td></td>
<td>MCD declined REIT – staved off pressure to spin off the Oak Brook, Ill., company’s vast real estate holdings, announcing plans instead to return more cash to shareholders, reduce spending and sell about 4,000 company-owned restaurants to franchisees by the end of 2018.</td>
<td></td>
</tr>
<tr>
<td>In January 2016, 4th quarterly financial report of 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 2016, 1st quarterly financial report</td>
<td>MCD reported a 35% increase in profits, the third straight quarter of positive results.</td>
<td>Largely driven by all-day breakfast; indicated MCD has begun to compete more effectively against hipper, faster-growing rivals</td>
</tr>
<tr>
<td>3/1/16</td>
<td>MCD in Sweden has redesigned its iconic red and yellow cardboard boxes to transform into virtual reality headsets</td>
<td>Instead of partnering with entertainment company, MCD sought to reach the early digital adopters in the Nordic country</td>
</tr>
<tr>
<td>3/31/16</td>
<td>MCD announced plans to add more than 1,000 restaurants in China</td>
<td>SE aimed to turn China into company’s No. 2 market, which could be difficult with nimble local rivals and increasing health-conscious consumers</td>
</tr>
<tr>
<td>April 2016</td>
<td>Changes in value menus: from McPick 2 for $2 to 2 for $5 to other bundled deals</td>
<td>Satisfied franchisees but incurred consumer protests on social media</td>
</tr>
<tr>
<td>5/25/16</td>
<td>Protesters wanting higher wages and improved working conditions outside of MCD headquarter during its annual meeting</td>
<td>SE denied former CEO’s statements that workers would be replaced by robots if MCD had to pay the $15 hourly wage</td>
</tr>
<tr>
<td>June 2016</td>
<td>MCD announced to move headquarter to downtown Chicago from Oak Brook in IL</td>
<td>So as to stay closer to customers and provided talents with more exciting work environment, said SE</td>
</tr>
<tr>
<td>June 2016, 2nd quarterly financial report</td>
<td>Sales increase slowed; lower than investor expectations (same-store sales grew just 1.8 percent in the United States)</td>
<td>Restaurant food inflation is outpacing the increases at supermarkets and the gap is widening (shifting competitors)</td>
</tr>
</tbody>
</table>
## REVIVING THE CORPORATE BRAND

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/1/16</td>
<td>MCD started to remove high-fructose corn syrup from sandwich buns; also rolled out Chicken McNuggets, breakfast items free of artificial preservatives</td>
<td></td>
</tr>
<tr>
<td>8/29/16</td>
<td>MCD consolidates agency business with Omnicom; Omnicom will be MCD’s new partner for all of its U.S. national marketing initiatives</td>
<td></td>
</tr>
<tr>
<td>8/31/16</td>
<td>MCD’s U.S. chief Mike Andres to retire; 30-year veteran to be succeeded by executive Chris Kempczinski</td>
<td>Chris Kempczinski came over from Kraft Foods Group, where he served as president of international and vice president of growth initiatives.</td>
</tr>
<tr>
<td>9/29/16</td>
<td>MCD raised quarterly dividend 6%, flipping more cash to shareholders as it continued to benefit from its turnaround plan</td>
<td></td>
</tr>
<tr>
<td>10/13/16</td>
<td>MCD said it expected to book pretax charges of about $130 million in its September quarter related to its previously announced restructuring and refranchising efforts</td>
<td></td>
</tr>
<tr>
<td>10/13/16</td>
<td>MCD turned to social media to draw millennials; recently hiring 200 people to bolster its digital efforts</td>
<td></td>
</tr>
<tr>
<td>10/17/16</td>
<td>More executives announced to exit/retire</td>
<td>Karen King, chief field officer, plans to retire at year-end. Erik Hess, 51, a senior vice president of customer experience focused on menu and strategy and insights, is also planning to retire.</td>
</tr>
<tr>
<td>October 2016, 3rd quarterly financial report</td>
<td>MCD’s earnings topped expectations U.S. sales growth cools as some say more menu changes may be cooked up</td>
<td>A two-for-$5 menu and Chicken McNuggets made without preservatives helped boost U.S. sales.</td>
</tr>
<tr>
<td>11/17/2016</td>
<td>MCD’s USA in tech push plans for self-serve kiosks, mobile ordering; also introduces screen ordering and table service</td>
<td>Hoped to reshape the diner’s experience; hope to address one of the biggest problems the company’s restaurants have faced in recent years: slower food delivery to customers, caused by more items on the menu; has tested the order system in 500 revamped restaurants, or what it calls its “just-for-you experience”</td>
</tr>
<tr>
<td>12/8/16</td>
<td>MCD picked private equity firm Carlyle and local outfit CITIC Group as buyers for China and HK stores</td>
<td>Having a local ally in CITIC, China’s oldest financial conglomerate, could help MCD better understand local tastes and handle future difficulties.</td>
</tr>
<tr>
<td>1/12/17</td>
<td>MCD’s has set a long-term target of being 95% franchise-owned from 83% now</td>
<td>The model is attractive because it allows a restaurant company to expand into new markets without having to put up the capital.</td>
</tr>
</tbody>
</table>
### REVIVING THE CORPORATE BRAND

In January 2017, 2016 4th quarterly financial report

Sales at established U.S. restaurants fell for the first time in six quarters as the novelty of all-day breakfast failed to overcome competition from supermarkets and other food sellers.

MCD’s and other U.S. restaurant operators are battling competition from convenience stores, supermarkets and meal kit delivery services…Supermarkets have been passing lower food costs on to shoppers, while restaurants are raising menu prices to offset the impact of minimum wage increases.

1/20/17

MCD expanded in far-flung regions of Russia

Breaking from its usual strategy in Russia, MCD’s has teamed with a franchisee in Siberia, a local businessman based in the region with connections, experience and a management team.

1/27/17

MCD would sell its Nordic restaurants to British equity firm Terra Firma Capital Partners Ltd's founder and chairman Guy Hands

3/1/17

MCD decided to embrace its fast-food identity; going back to basics and cost-conscious patrons

MCD pledged not to chase customers who rarely eat fast food. Instead, MCD has made more of its hearty breakfast items available all day, priced soda and coffees at $1 and introduced new Big Mac sizes—all at the behest of cost-conscious regulars.

3/13/17

McDonald's will switch to fresh beef from frozen in its Quarter Pounder burgers at most of its U.S. restaurants

The change, which will involve just its Quarter Pounders for now, marks one of the biggest moves MCD has made to turn around its struggling U.S. business.

3/22/17

MCD taps Bob Rupczynksi as head of media and customer relationships

Tapped data-driven ad executive to help it bolster its digital marketing efforts around the world

4/5/17

MCD’s appointed Morgan Flatley as U.S. chief marketing officer, Farhan Siddiqi to head U.S. Digital and Linda VanGosen as the head of U.S. Menu

4/17/17

MCD used ad (unbranded) campaign that featured actress Mindy Kaling that capitalize on search engine results

The ads are meant to play on how teens and twenty somethings use their phones while watching TV, while also acknowledging “how they’re discovering information” they trust… “They are very influenced by word of mouth and what their peers say,” said Deborah Wahl, chief marketing officer of MCD

In April, 2017 1st quarterly financial report

Sales increased due to all-day breakfasts and cheap drinks; U.S. restaurants, which drive more profit than any other market despite more than four straight years of traffic declines, are taking direct aim at Wendy's with the introduction of cooked-to-order Quarter Pounders made from fresh beef.

“Our greatest opportunities are at the core of our business,” Chief Executive Steve Easterbrook told investors. The tighter focus led to better-than-expected sales globally and in its critical U.S. market in the first quarter.
### April, 2017
A higher-end, customizable “Signature Crafted” burger menu will debut nationwide.

Those burgers will also be made with fresh beef next year.

### 5/11/17
MCD’s offers to pay 55% of the costs of restaurant changes, called “Experience of the Future” initiative; Upgrades would involve installing self-order kiosks, upgrading dessert counters, buying new employee uniforms and installing table-locator technology that enables employees to bring customers’ food to the table.

Underpinning the upgrades is the renewed emphasis MCD’s is placing on offering its food at affordable prices. The company is making its funding dependent on franchisees’ approval of national advertising to support a new value menu of items priced at $1, $2 and $3 set to launch in January.

The majority of its U.S. franchisees approved the advertising funding and will be renovating their restaurants.

### 5/24/17
'Fight for 15' targets MCD’s shareholder meeting

MCD said it invests in its workers by helping them to earn degrees and acquire on-the-job skills; it raised the average hourly pay to around $10 for workers in the restaurants it owns.

### In July, 2017 2nd quarterly financial report
MCD’s U.S. same-restaurant sales beat estimates; posted its biggest jump in global sales at established restaurants in five years….McDonald’s reported net income of $1.4 billion, or $1.70 a share, up from $1.09 billion, or $1.25 a share a year ago. Analysts were expecting $1.62 a share.

The revenue was helped by promotions on beverages as well as the launch of signature crafted sandwiches. The chain reported better-than-expected domestic same-store sales growth in the second quarter, contributing to the strongest global same-store sales and traffic growth in more than five years.

---

**Appendix II – Summary of Results with Illustrative Media Content/Executive Quotes**

<table>
<thead>
<tr>
<th>Title</th>
<th>Description</th>
</tr>
</thead>
</table>
| Shaking Up Corporate Culture with Powerfully Discursive Leadership | }
### Challenging Legacies

Brought in outside talents to the executive table while retaining internal seasoned veterans

| McDonald’s Chief Executive Steve Easterbrook said Thursday that combining strong talent from outside and inside the company “amplifies and accelerates performance,” as it named a new head of strategy and a new global chief people officer. ... Mr. Kempczinski is the third senior hire from outside in recent months at a company long known for preferring internal candidates—reflecting Chief Executive Steve Easterbrook’s desire to shake up McDonald’s corporate culture. (WSJ, 9/24/15) 

Mr. Easterbrook, who describes himself as an “internal activist” intent on challenging “legacy” thinking at the company, appointed a virtual outsider to fill the role Mr. Andres is vacating. Chris Kempczinski, former president of Kraft Foods Group Inc.’s international business, joined McDonald’s last year as executive vice president of strategy, business development and innovation. Some former McDonald’s executives say it is unusual for a noncompany veteran to hold such a high post at a company known for its deep bench of internal talent. McDonald’s normally promotes from within. (WSJ, 10/17/16) |

| Changed corporate culture from risk-averse, closed, too-big-to-change to risk-taking, open and transparent, and nimble/agile |

<p>| Mr. Andres said even seriously studying the idea required a change in mind-set at McDonald’s that has been driven by Mr. Easterbrook, a self-described “internal activist.” “We’re more comfortable taking more risk” Mr. Andres said. (9/1/15, WSJ) ...Mr. Easterbrook, who is approaching his second anniversary at the helm, has been trying to change that. The company has eliminated many corporate positions as part of a plan to reduce administrative expenses by $500 million by the end of 2017, and he has been pushing management to let go of what he calls “legacy thinking.” He has hired an outsider to run the U.S. business. Mr. Easterbrook told investors in June that “when the pace of change in the world outside is quicker than the pace of change within, you start to get left behind.” (WSJ, 1/12/17) |</p>
<table>
<thead>
<tr>
<th>Used symbolic moves to signify bold changes to external stakeholders and keep internal employees on their toes</th>
<th>&quot;Moving our headquarters to Chicago is another significant step in our journey to build a better McDonald's,&quot; Chief Executive Officer Steve Easterbrook said in a statement….Easterbrook said the move would bring the company closer to customers and offer employees an exciting work environment. (Reuters, 6/13/16) “The move downtown is representative of a dramatic change. Oak Brook is in our DNA,” said one of the people familiar with the executive changes. “I look forward to seeing Steve continue to shake things up. It creates some angst, but I think it’s what is needed.” (WSJ, 10/17/16)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stirring Emotional Connections</strong></td>
<td>Created and repeatedly used a bold vision and masterframe: “transforming MCD into a modern, progressive burger company.” Easterbrook has described himself as an &quot;internal activist&quot; willing to challenge the status quo to remake McDonald's as a &quot;modern, progressive burger company.&quot; (Reuters, 5/3/15)</td>
</tr>
<tr>
<td>Continually adjusted and refined initiatives to spark waves of surprises and excitement</td>
<td>“That’s why we’re working on a number of other initiatives,” he told investors during a conference call, referring, in part, to a new mobile app through which customers can receive coupons. “This isn’t a single-initiative turnaround plan.” (WSJ, end of 2015/early 2016) Mr. Easterbrook said the bump from all-day breakfast gave the company some room to work on other things, like improving food quality, developing new promotional programs and improving the experience customers have in the drive-through lanes. He said those initiatives would help the company sustain growth as the enthusiasm over the breakfast program subsided. (Reuters, 1/25/16)</td>
</tr>
<tr>
<td>Engaged with millennials with social media to forge and cement emotional connections</td>
<td>Millennials “want to buy into a brand not just from it,” he [Easterbrook] said in an interview with The Wall Street Journal last summer. “What we’ve got to do is find interesting and engaging ways to share that information with millennials, not old-fashioned corporate lecturing.” “We have focused too intently on the functional components of value, specifically price,” Mr. Easterbrook said. “This has emphasized the transactional, less emotional aspects of our brand.” (NYT, 11/10/15) Inside a high-tech room at McDonald’s Corp.’s MCD suburban Chicago headquarters, employees tap away at computers responding to tweets and crunching data on what’s trending on social media, long a standard practice at most consumer companies... “We seemed deaf and mute,” said Paul Matson, director of social and digital engagement at McDonald’s USA, a position created just last year. (WSJ, 10/13/16)</td>
</tr>
<tr>
<td>Balanced optimism and realism to convey a sense of humanness, vulnerability, and humility of the corporate brand.</td>
<td>“Part of the risk I want to avoid in the business is coming off the turnaround agenda sooner than is right. So we achieved growth in the third quarter, which was a little sooner and a little stronger than most people expected..... But one quarter does not make a turnaround, so I’m keeping a relentless focus within the organization and within my communication broadly that we are going to stick to the turnaround plan until it’s truly embedded...” (NYT, 11/17/15, interview with Easterbrook) He [Easterbrook] added it would be tough for the firm to re-ignite the kind of rapid growth it enjoyed before 2012, as Chinese diners now had far greater choice and often looked for more healthy options. (Reuters, 1/25/16) “Progress will be bumpy and uneven,” he [Easterbrook] said Monday. “But the U.S. is now on the right path.” (WSJ, 5/4/15)</td>
</tr>
<tr>
<td>Employing Expressive Leadership</td>
<td>Created a sense of urgency and cultivated a sentiment of serious change to temper shareholder disappointments</td>
</tr>
<tr>
<td>Used empowering words, foregrounded positive emotions, acknowledged challenges, and showed dignity when faced with undesirable requests</td>
<td>“We have a restless energy here, and we’ve just got going,” Mr. Easterbrook said. (NYT, 4/22/16) Chief Executive Steve Easterbrook on Friday defended McDonald’s plans to keep sales up. “As to what’s to be excited about going forward, there’s plenty,” he said… “We enter this period with our eyes wide open,” Mr. Easterbrook said. “We’re not sitting on our hands.”… (WSJ, 10/21/16) Easterbrook, who debuted his turnaround plan in May, on Thursday said: &quot;While our second quarter results were disappointing, we are seeing early signs of momentum.&quot; (Reuter, 7/23/15)</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Showed commitment to both the turnaround and the corporate brand through words and actions.</td>
<td>Easterbrook, who says he is partial to the company’s quarter pounders with cheese, also opened up what had been seen as a closed corporate image, inviting consumers to visit its farms and blog about them and launching a website to answer food questions…. He even took on one of the chain’s fiercest critics, “Fast Food Nation” author Eric Schlosser, and scored points in a live TV debate on food quality, such as healthier options, and better animal welfare standards. (Reuters, 2/5/15)</td>
</tr>
</tbody>
</table>

**Searching for a Dynamic Rebrand Identity that Balances Continuity and Innovation**
| Fusion between the old and the new (quality, cleanness, Service, and value) | Rebrand vision was in fact a return to the original brand promises and core values – QSC&V (quality, service, cleanness, and value); only the meanings have changed with evolving food discourses and environment | “Consumer tastes are changing; the things they’re inquisitive about are changing,” he said, “and we’ve got to be seen to be moving with those.”…”Modern is meeting needs of consumers today. Progressive is anticipating the needs of our customers tomorrow,” said Easterbrook. (Reuters, 5/4/15) Easterbrook, now eight months into his tenure as CEO, has announced plans to speed up service, simplify menus and boost food quality. (Reuters, 10/22/15) While McDonald’s challenges are new, Mr. Easterbrook’s back-to-basics strategy in some ways echoes one McDonald’s adopted the last time it found itself in a big slump. (NYT, 10/22/15) “I believe we can own the modern definition of value,” McDonald's Chief Executive Steve Easterbrook said at the company's investor meeting last week, where he said new value platform was in the works. (Reuters, 11/17/15) “Our No. 1 priority is — and it’s as simple as it sounds — is to run better restaurants and consistently. ... and we know that the biggest difference we can make to positively influence customer choice is deliver a higher standard, a more consistent standard, of day-to-day restaurant experience. And that’s the fundamentals — we call it QS&C — fundamentals of hot, fresh, tasty food; fast, accurate and friendly service and in a clean and inviting environment”… (NYT interview, 11/17/15) |
| Embracing value-based burger identity with new elements enabled/necessitated by evolving time and discourse | … the fast-food chain said it is going to embrace its identity as an affordable fast-food chain and stop chasing after people who will rarely eat there. (WSJ, 3/1/17) McDonald’s announced on Thursday that it would use fresh beef instead of frozen patties in Quarter Pounder burgers in most of its restaurants by mid-2018, the latest step in the company’s efforts to overhaul its menu and image. (NYT, 3/30/17) |
| **Co-creating brand meanings with stakeholders via research and discursive positioning** | Leveraged in-depth, cutting-edge research and consumer insights to co-create MCD’s brand identities with various stakeholders | A “sensory” panel is helping McDonald’s refocus on flavor, and the company is testing using fresh instead of frozen beef, different cooking techniques and an ordering system for made-to-order, customized burgers. Steve Easterbrook, who became chief executive last year, said the company is trying new things and rethinking “legacy beliefs.” (WSJ, 10/6/16) Omnicom will work with McDonald’s to build a new “agency of the future,” she said. “In selecting this agency, we will have access to top talent, technology and thinking with digital and data at the core.” (WSJ, 8/29/16) Millennials were using Twitter to bemoan the fact that breakfast at McDonald’s wasn’t available beyond 10:30 a.m., and awareness of that demand helped encourage McDonald’s last year to offer breakfast food all day. (WSJ, 10/13/16) |
Positioned MCD in various discursive spaces that balanced normalization and differentiation thereby gaining discursive power

<p>| “Some of the changes may be a little on the late side, but it was McDonald’s that kicked off the move to cage-free eggs,” said Nomura Securities analyst Mark Kalinowski. “We’ve seen a slew of restaurants announce they’re going cage-free since McDonald’s announced the move.” (WSJ, 8/1/16) And the company got a lot of publicity for new, more environmentally friendly and simple packaging. (1/25/16, Reuters) The more aggressive embrace of franchising follows a widening trend in the restaurant industry, with many big brands unloading locations to avoid the volatility of labor and commodity costs. (WSJ, 5/4/15) The burger chain also is racing to keep up with rivals who have been quicker to embrace the so-called clean-label movement. (WSJ, 8/1/16) McDonald’s is reacting to a shift in consumer tastes toward healthier, more natural foods and competing with other restaurants that are overhauling their menus to feature items free of processed ingredients. (8/1/16, Reuters) “Our customers are so tech savvy. This is the world they live in,” Mr. Jackett said. (3/1/16, WSJ) McDonald’s USA Chief Marketing Officer Deborah Wahl acknowledges millennials are tricky to influence because of their distrust of anything that seems staged. For that reason, McDonald’s recently stopped using photos of perfect-looking food in its advertising, opting instead for close-up shots that reveal a burger’s imperfections, including lettuce, which isn’t very photogenic. (10/13/16, WSJ) | Enhancing Stakeholder Relations: Learning from Resistance and Managing Conflicts |</p>
<table>
<thead>
<tr>
<th>Prioritized stakeholder groups holding highest levels of power, urgency, and legitimacy</th>
<th>Countering investor/shareholder skepticism/anxieties by framing the turnaround, offering more returns, and conveying strong leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&quot;Investors probably wanted something magical, something big, something they hadn't thought of,&quot; said Langley, who still has a &quot;sizeable position&quot; in McDonald's stock. &quot;McDonald's doesn't work that way, they tend to get back to their knitting and what they do best.&quot; Howard Penney, restaurant analyst at Hedgeye Risk Management, wanted Easterbrook to be bolder.&quot;It doesn't feel like he's taking charge. It doesn't feel like he's making difficult decisions,&quot; Penney said. As a result, analysts said, the wait-and-see continues. (Reuters, 5/4/15)</td>
</tr>
<tr>
<td></td>
<td>&quot;Judging by the immediate investor reaction, there appears to be more of a 'prove it' sentiment among investors, rather than an full embrace of Mr. Easterbrook's plan,&quot; Miller Tabak &amp; Co analyst Stephen Anderson said in a client note. (Reuters, 5/4/15)</td>
</tr>
<tr>
<td></td>
<td>Still, investors seem encouraged by Mr. Easterbrook’s sense of urgency. “Sometimes new CEOs are catalysts for meaningful positive change, and we have certainly seen an attitude from Easterbrook that matches that,” Mr. Kalinowski said. (WSJ, 5/3/15)</td>
</tr>
<tr>
<td></td>
<td>“I’ve been unequivocal that this is an operating growth led turnaround, you know, grow the business, that’s where the greatest value can be created, it’s where the long-term interests of all of our stakeholders are and, at the same time, we have taken a challenging look at other aspects of our business that we think is good for the business, will support the turnaround but also reward shareholders-... So we’ve had a really rigorous look at our business, but the fundamental headline is this will be an operating growth-led turnaround, and I believe Wall Street has heard that and appreciates it.” (NYT interview, 11/17/15)</td>
</tr>
<tr>
<td></td>
<td>The company whet investor appetite by raising its quarterly dividend to 89 cents per share from 85 cents. Executives said McDonald's would take on additional debt to help fund its plan to give more money back to shareholders through share buybacks and other programs. (Reuters, 11/10/15)</td>
</tr>
</tbody>
</table>
| Navigating conflicting customer tastes and preferences through experimentation, testing, simplified menu with diversified offerings | “It's better to be right than to be first to market,” McDonald's Chief Executive Steve Easterbrook said recently. (Reuters, 3/14/17)

“What I’ve encouraged is, Let’s get it right rather than do it first,” Mr. Easterbrook said in a conference call with reporters. “But when we do press go, we have a pretty good track record of getting things done quickly.” (Reuters, 5/4/15)

On Thursday, Easterbrook said winning back customers remains a top priority in the United States, where competition is fierce and speed is key. (Reuters, 10/22/15) |
| Overcoming franchisee resistance via leadership meetups, participatory decision-making, and framing initiatives in financial terms | “So on the one hand you have your customers saying they want more customization, which could mean more complexity, and on the other hand you have your franchisees telling you they want more simplification and less complexity. That’s a really difficult challenge to manage your way through.” (Reuters, 5/4/15) Mr. Easterbrook said that McDonald’s was working on multiple ways of reducing complexity and streamlining tasks for its franchisees, like taking steps out of assembling menu items, changing the way packaging is laid out and changing technology to improve communication between the counter and the kitchen. “Adding one thing and taking one thing off is not simplification,” he said. (NYT, 7/23/15) The move could help McDonald’s franchisees who have struggled with slowing sales, though it also creates new costs and complexities. To address their concerns, McDonald’s began testing all-day breakfast about six months ago in San Diego and later in Nashville and Mississippi, and in June, convened a seven-member task force of franchisees to study a nationwide rollout.... Despite the risks, McDonald’s said an “extremely high” percentage of franchisees voted in favor of offering all-day breakfast.... (WSJ, 9/1/15) “Being relatively newer to the U.S. business, one of the priorities I’ve made is to really work on being visible and approachable right across the U.S. I visit all of the highest-priority markets around the world, clearly, because that’s fundamental to our turnaround, but nowhere more so than the U.S. I wanted to expose myself to them so I can learn and listen and understand the frustrations they have but also share my experience of having led turnarounds, albeit on a smaller level, around U.K. and Europe, and just see what I can do to help. We’ve had such open conversation, such robust dialogue, and the alignment…” (NYT interview, 11/17/15) |