

Term Paper Outline

Purpose: to show how unhealthy fast food is for people and the pricing and cultural strategies they use to pull customers in.

The benefits of the frozen fry and downfalls of the beef and chicken

Why do people of any culture feel they are getting something better from McDonald's?

Germany and it's worship of McDonald's

McDonald's numerous false advertising charges and the impact it made on the company

Advertising battles of the fast food industry

How franchising benefits the fast food industry and their expenditures

Staffs low wages compared to companies earnings for the fast food industry

The MacDonald brothers and their big downfall

The effects of fast food on children and why the industry markets to them

How the fast food industry treats animals

McDonald's effect on the environment and society

How the fast food industry improves it's image

The success of the Dave Thomas TV advertising campaign and other winning and losing campaigns

The effectiveness of TV ads in the fast food industry

How much do fast food companies spend on marketing

The effectiveness of local marketing campaigns for fast food restaurants

The media magic that made McDonald's what it is today

The history and the wealth of McDonald's

In conclusion fast food is an ever growing industry. Although very unhealthy customers go there for the convenience and low prices. This is a money making industry for the franchisees and marketing industry.

Term Paper

The Benefits of the Frozen Fry and the Downfalls of the Beef and Chicken

McDonald's started selling fries to customers in 1966 when Ray Kroc discovered J.R Simplot's idea. The people loved it so much it became the greatest valuable thing on the McDonald's menu. Simplot continued to sell the frozen fries to McDonalds but, also started selling to other fast food places. J.R Simplot is not only known as one of the richest people in the United States from selling his frozen fries but, he also owns one of the largest cattle ranches in the U.S. J.R Simplot's fries were purchased for \$0.30 per lb. McDonald's and other fast food places would deep fry them and sell them for \$6 per lb: therefore, making a significant profit. (Fast Food Nation, 2001)

J.R Simplot once said "the only thing I did smart, and just remember this-99% of people would've sold out when they got their first 25 to 30 million. I didn't sell out. I just hung on." J.R Simplot was a very successful man and he made a very beneficial product for McDonald's and other restaurants that bought his product. He never revealed the flavouring used for his fries which was a smart thing to do in order to prevent followers from being as successful as he was. The reason fast food and the frozen fry are so successful is because Americans spend 90% of their earnings on processed food. (Fast Food Nation, 2001)

The frozen fry is very beneficial because the fast food industry can easily make a profit off of it. The beef and chicken on the other hand are not as beneficial to the industry and the farmers. For example a chicken farmer has to pay \$150,000 to make one chicken house yet he would only make \$12,000 a year. This is not making a profit its making debt. Another downfall of beef and chicken is the fact that the factory farming system basically tortures animals. Even though these animals don't have any legal rights anyone would still have that on their conscience after eating the chicken or beef. Also, many people have gotten food poisoning from eating the chicken or beef from fast food restaurants this is as a result of it not being cooked or processed properly. These reasons create a downfall for chicken and beef compared to the frozen fry. (Fast Food Nation, 2001)

Why do people of any culture feel they are getting something better from McDonald's?

People all around the world love McDonald's regardless of how unhealthy the food is. McDonald's exploits children, harms the environment and society and lies constantly to the public to try and create a better image. People seem to overlook this in favour of the taste of the food and the perception that McDonald's is a popular place to go. McDonald's is cheap so, people that don't have a lot of money feel good because they can buy a whole meal there without breaking the bank. They feel welcome there and this makes it seem like they are getting something better and this keeps them coming back. (The Sign of the Burger, 2002)

It seems people of any culture prefer a burger and fries over their own traditional foods. Advertising and marketing strategies within McDonald's help this perception that McDonald's is a wonderful place to be. Such advertising campaigns as you deserve a break today and I'm Lovin

it help them reach their target market with the proper message to lure them in. People often eat a lot when under stress with their life and McDonald's targets people's stressful feelings so, they will eat their food to ease their stressful feelings. (The Sign of the Burger, 2002)

Germany and its Worship of McDonald's

McDonald's first European restaurant was built in Munich, Germany December 1971. The address is still 26 Martin-Luther street, Obergiesing. Their head office is in Munich and Germany currently has 1211 McDonald's locations. This was also the first McDonald's restaurant to serve beer as this is normal for every fast food outlet in Europe. McDonald's is the largest eat out company in Germany. The people there have developed a bit of an obsession for Ronald McDonald. An example of this would be many statues of Lenin being taken down and statues of Ronald McDonald going up in their place. Ronald McDonald statues have been put up all over eastern Germany. (McDonald's Advertising, 2009)

Replacing a statue that represents the first leader of the Soviet Union Vladimir Lenin seems morally wrong. There are many different statues of him around the world but, why would anyone replace him with Ronald McDonald. This is because McDonald's in the technical sense has taken over the world and Americanized foreign countries historical roots. The people of Germany seem to be alright with this as there haven't been any public outrages on the Ronald McDonald statues being put up all over eastern Germany. The people of Germany obviously love McDonald's to an extreme extent because how else would they be able to open 1211 locations and still make a significant profit. (McDonald's Advertising, 2009)



McDonald's numerous false advertising charges and the impact it made on the company

McDonald's uses false advertising almost as much as they exploit children. In their advertising they advertise good healthy nutritious food and market it to children. In 1985 Stephen Gardner assistant attorney general of Texas decided to take a stand and was going to charge McDonald's if they did not stop with the false advertisements. McDonald's even uses false advertising on their website. (The Sign of the Burger, 2002) On the website it claims "McDonald's serves a range of high-quality foods that can fit into a balanced diet". Balanced diet usually means healthy but, their food is most certainly not healthy in the least. (www.mcdonalds.com)

There are also some videos on their website one of them is called "McDonald's U.S.A Animal Welfare Working with the experts to continuously improve." In the video Todd Bacon (senior director of quality systems McDonald's U.S.A) makes claims such as "our philosophy, when it comes to animal welfare is we're always looking at ways to continuously improve" and "we don't know everything about all of the issues but, yet we have a responsibility to understand

them”. What they are doing is stepping around the issue because even I know everything about what is going on in the factory farming system just from reading one book. They claim they don’t know everything that’s going on but, truth be told they do, if they didn’t they would have to be living under a rock. They need to do more than make a video claiming they are helping when they aren’t. This does nothing for their corporate image because anyone can see they are lying through their teeth and trying to reword everything in their favour. (www.mcdonalds.com)

In the 90’s McDonald’s was commanded by the British Advertising Standards Authority to remove 2 newspaper advertisements. The first one said they used less food additives than they do. The second one said their packaging was highly recyclable which it isn’t. In another instance McDonald’s was asked to cease and desist at a time when they had a lot of negative press. They failed at trying to turn it into positive press. What they did was create a multimillion dollar ad campaign claiming their food is of good nutrition and they have calcium enriched buns. This was obviously found to be a complete lie. McDonald’s heavy presence in the media creates a big impact on us whether we think it does or not. They masterfully influence us on our decisions to eat there even if they have to risk a lawsuit over false advertising. (The Sign of the Burger, 2002)

Advertising Battles of the Fast Food Industry

In the Fast Food Industry companies are constantly trying to one up the other. This usually involves inventing something similar to the other one. Consumers get confused as to who made it first. Wendy’s has been the top innovator because they have always had the most variety first. In February of this year McDonald’s came out with a chicken breakfast sandwich. This put them in a direct battle with Wendy’s Sandwich trio and Burger King’s Sandwich family. Also subway is

the home of the \$5 footlong which is considered a sandwich with value. This gives McDonald's bigwigs something to seriously worry about. (MCD's Secret Sauce: It embodies Value, 2009)

The most significant battle in the fast food industry is under way right now, between Subway and McDonald's. Subway is expanding rapidly with the amount of franchises they have and are building. Although Subway is nowhere near McDonald's in sales the expansion still gives McDonald's something to worry about. Subway is also much healthier than McDonald's as they sell sandwiches not high in calorie everything on the menu. Subway knows what their customer wants. Don Fertman Subway's development director says "Our customer wants quality products, not pure convenience and customization, more or fewer vegetables on the sandwich, cucumbers or no peppers, made exactly the way the customer wants it." Quality is something McDonald's claims it has but, doesn't because they don't have control over all of their franchisees. This will make it difficult for them to beat Subway in the future. (Subway set to overtake McD's in omnipresence, 2009)

How Franchising benefits the fast food industry and their expenditures

McDonald's was not the first to franchise a company but, they refined the concept in order to expand their business without any risks in developing new ideas. The first fast food chains to start franchising were Kentucky Fried Chicken and Dunkin Donuts. When franchising first started for McDonald's in the 1950's any given franchisee would make more than the McDonald's founder. By the 60's and 70's the McDonald's franchise was making new millionaires within their company. (Fast Food Nation, 2001)

To become a franchisee today it would cost 1.5 million with Burger King and a McDonald's franchisee would only have to pay 0.5 million this is because McDonald's usually owns the property. Franchising usually makes everything easier for any given fast food chain. The only problem would be issues with encroachment. In the fast food industry companies sue other franchisees for encroachment. This is when another fast food restaurant builds within their land space. (Fast Food Nation, 2001)

Subway is a classic example of a franchise gone bad. Subway was involved in more legal issues than Burger King, KFC, McDonald's, Pizza Hut, Taco Bell and Wendy's all put together in the 90's. Subway has way too many locations they are too focused on selling franchises and not focused on their product enough. It only costs \$100,000 to become a franchisee for subway which is why there are so many. The worst part of Subway's franchising strategy is the fact that they use our taxes. The Small Business Administration (SBA) finances new fast food chains and American tax payers end up paying a percentage for these fees. In 1996 6% of their new locations were funded by the SBA. (Fast Food Nation, 2001)

Staffs low wages compared to companies earnings for the fast food industry

The Fast Food industry is a multibillion dollar industry, McDonald's advertising budget alone in 2003 was \$1.21 billion for the "I'm Lovin' It" campaign. In 2003 they were also 19th out of 25 of the worlds biggest marketers, named by Ad Age. McDonald's earnings per year are \$2 billion dollars and they get 35 million customers worldwide each day. They are the world's biggest real estate, beef and chicken purchaser. (U.S Market Leaders, 2009)

McDonald's has been a very fast growing company and they make a lot of profit and advertising is an investment for them yet they continue to pay their employees minimum wage and they do not allow unionization. Unionization is prohibited because of the high turnover rate for employees 120-150% this is as a result of low wages and uncomfortable work conditions. It is also prohibited because McDonald's likes to avoid confrontation with its employees although they don't have any problem suing other people. Fast Food restaurants are usually understaffed in order to have the income remaining high. (The Sign of the Burger, 2002)

Employees in Indonesia are only paid wages of \$0.57 per hour. This is completely unfair considering how much the fast food industry makes per year. Where does this money go? The companies executives and not the workers making the food and dealing directly with the customers. These jobs in the fast food industry are harder and more stressful than you think. The workers deserve more credit or they are going to go somewhere else for better treatment and wages. (The Sign of the Burger, 2002)

The McDonald brothers and their Big Downfall

Dick and Mac McDonald are the creators of McDonald's. (Fast Food Nation, 2001) Their name is now on 9,300 McDonald's restaurants around the world. Some people think the name was just made up and Ray Kroc came up with the whole concept this is completely untrue. The first McDonald's that the brothers opened was in Pasadena in 1937 they cooked hot dogs and mixed milkshakes themselves. They had 3 carhops to serve customers in the parking lot. Their second more successful restaurant was opened in San Bernardino, California which was a boomtown at the time. Their drive in was very small and the building was an odd looking octagonal shape

and the only inside seating was stools. It quickly became the place for teenagers to go in the 1940's. They now had 20 servers hired to serve 125 cars in the lot. (Behind the Arches, 1986)

Their restaurant in San Bernardino was a huge hit and it made an annual profit of \$200,000. The brothers were now considered rich. Each year they split a profit of \$50,000 and then they moved into a \$90,000 mansion just northeast of San Bernardino. They also purchased new Cadillac's on a regular basis. By 1948 the McDonald brothers were getting bored with their routine and wealth, "we just became bored. The money was coming in and there wasn't much for us to do." (Behind the Arches, 1986)

Right after this, things with the business started going downhill. Their staff kept leaving and they were unreliable. They usually lost them to competitors if not, they went for higher paying jobs. The brothers then did some research on sales and discovered that 80% of their sales were from hamburgers. They needed to find a new target market, not just teenagers so, they came up with the self service system. Dick said "our whole concept was based on speed, lower prices and volume. We were going after big, big volumes by lowering prices and by having the customer serve him or herself. It was obvious the future of drive-ins was self service." In order to renovate the store they closed for 3 months in the fall of 1948. They fell to 1/5th of the profit they were earning before the renovations "even old customers would ask us when we were going back to the old system." (Behind the Arches, 1986)

It took them 6 months to recover from the large drop in sales. This happened when they started selling French fries and milk shakes which generated a new target market which was families and children. By the mid 1950's they were making a profit of \$350,000 annually. The brothers started their speedy service system 2 whole years before they even met Ray Kroc. When they

remodeled the building the brothers thought to put golden arches on either side of the building and hired someone to make them glow. The building was like a fishbowl the customers could see everything to prove that they had a very clean, productive, and quality made restaurant. (Behind the Arches, 1986)

The brother's only disadvantage was they had no idea how to expand their restaurant's business. Ray Kroc knew exactly how to do this he met the McDonald brothers in 1954 when he was selling them the multimixer for their milkshakes. Kroc became interested in McDonald's when he noticed they were buying more and more machines. By the time he came for his visit they had purchased 10. Ray Kroc called and set up a meeting with Dick McDonald. He was amazed at the amount of cars in the parking lot and the fact that the orders were being filled in 15seconds. People didn't mind waiting in line at all because McDonald's was the cleanest and best quality food in town. Kroc asked the McDonald brothers "when will this die down?" "Sometime later tonight" Dick replied "Some way I've got to become involved in this." Kroc declared. The brothers ended up selling their business to Ray Kroc in 1961 and only got 1 million each out of the deal. (Behind the Arches, 1986) If they had stayed on as the founders of McDonald's their yearly income would've been 180 million. Kroc had to borrow money to buy them out but, that definitely paid off in the long run. (Fast Food Nation, 2001)



The Effects of Fast Food on Children and Why the Industry Markets to them!

The fast food industry deliberately markets to children and is fully aware of it. They do this because they figure if they have a consumer convinced to eat their product at a young age then they will have them for life. In recent years there has been an increase in childhood obesity and since the fast food industry markets their unhealthy foods to children they are partly to blame. When children are eating unhealthy foods they lack motivation to do any physical activity. (Fast Food, 2005)

Children and teenagers are eating so unhealthy that they are not receiving very many essential nutrients in their eating habits. Their intake daily consists of high calorie and low nutrient foods and this may be as a result of one in three meals being eaten outside the home in the average American household. Foods which are eaten outside the household are generally higher in calories, fat, saturated fat, salt and lower in nutrients. Fast Food companies direct a large amount of their marketing at children because it is highly effective and; therefore, creates a bigger profit. (Fast Food, 2005)

Marketers have directed their attention more to children in recent years because they make an attractive target market. Children and teenagers control a massive amount of spending power

which goes over 500 billion in purchasing power. This is mainly as a result of children being more spoiled these days because parents tend to give up and give into begging, nagging children. (Fast Food, 2005)

The decrease in kids physical exercise lately may also be as a result of concerns regarding neighborhood safety. These changes in our society encourage indoor activity that requires sitting on the couch and watching a screen instead of playing sports with friends outside. Children remember advertising messages at a young age of seven or eight. Children of this age can identify product brands and create preferences of their own. Marketers claim their main target market is eight to twelve year olds explaining that their reasoning is because children and girls are maturing faster. Marketers admit openly to marketing to children even though on most levels it is wrong. L. Kramer says “kids are a growing demographic and the companies are trying to get in on the ground floor.” (Fast Food, 2005)

To encourage children to buy products, marketers have many tactics. The amount spent on marketing to children younger than 17 was \$1.6 billion in 2006 according to the Federal Trade Commission. (Dollars Spent on Kids much lower than thought, 2008) Some of this goes towards market research. The elements that advertisers use to draw children in are the packaging, typefaces, images and content. Advertisers claim advertising to children increases their knowledge and education. This can be argued on many counts and most would say advertising to children is more like deception or brainwashing rather than providing education. I. Teinowitz has a different opinion “the idea that commercialism in general is evil is very misguided. It is the engine that drives our economy.” Advertisers sell foods that aren’t nutritious to children; research has proven this to be true. (Fast Food, 2005)

Television watching by children has been decreasing in past years because they are more focused on the internet or playing video games. The reason children from the ages of seven to eight can identify with brands so easily is because they can't tell the difference between commercials and television shows. With the amount of commercials being aired it is hard to see through all the clutter and we wonder if any of these advertisements are memorable. There are more commercials being aired for unhealthy foods than there are for healthy foods: therefore, children who observe more commercials intake more calories. McDonald's offers extra items such as toys, movie coupons and play areas to draw children in and eat their unhealthy food. The fast food industry depends on busy working parents to give in to their children's begging for fast food and, the problem is half the time they do. (Fast Food, 2005)



How the Fast Food Industry Treats Animals

The fast food industry tortures animals for cheaper labor prices and a larger profit. This is disgusting and completely inhumane in many ways. The fast food industry treats millions of animals inhumanely. These animals suffer in many ways including having to live in a very

confined space, being overfed, being mutilated, neglected and being slaughtered alive. The process of the inhumane treatment of animal's takes place in the factory farming system of modern agriculture. The only reason fast food supports this is because it is the fastest and cheapest way to produce their product. This practice is completely unacceptable and it should most definitely be outlawed because even though we do eat these animals they have feelings too and we as a society should respect that. (Fast Food, 2005)

These animals are deprived of exercise and are kept in such a confined space that they can't even turn around. It is not unheard of when animals kill each other just to gain more space in their cages. The reason they are deprived of exercise is to manipulate their bodies energy into producing more food for us. These animals also endure other methods to make them grow faster and that is drugs to genetically alter them. This is very unhealthy for the animals and can cause chronic pain and crippling. These animals have no legal protection against any of these practices that would be illegal for any dog or cat. (Fast Food, 2005)

Chickens are killed in atrocious amounts every year in the U.S 8.8 billion to be exact. This is more than one for every human on earth so, this is way more than the U.S needs to be killing. Chickens are also given drugs to genetically change their growth rate often they are fully grown by the time they are six to seven weeks old. The genetic mutation process is very hard on the chicken's body and they often die because their heart and lungs cannot keep up with the rapid growth and this is called ascites. This is not the only cruelty chickens must endure. They also fight through dehydration, bacterial infections, respiratory diseases and heart attacks. Another thing that chickens suffer from is having their beaks cut off with no pain relief because they were killing their cage mates to gain more space. Maybe this is a sign to give them more space instead of torturing them further. Chickens are killed inhumanely at 2 years old because their egg

production has stopped when normally on a farm they would live up to 8 years old. When chickens are slaughtered they are awake for the entire process, put upside down, throats slit and immersed in scalding water for feather removal. Would this be humane for any dog or cat no so, why not chickens? (Fast Food, 2005)

The living conditions for cows are similar. They have only 20 square feet of space which is very confined for a cow. Cows are also tortured without anesthetics these practices include branding, castration, and dehorning. Cows are fed a disgusting and unnatural variety of food this includes high bulk grains, leftover restaurant food, expired dog and cat food and poultry feces. Cattle are transported often as one cow could be born in one state, fattened in another and slaughtered in another. The conditions for travelling are brutal because cows are often trampled, suffer from temperature extremes, are not fed, are dehydrated and lack veterinary care. When calves are born in the factory farming system they are taken from their mothers so humans can have the mothers fresh milk. When the mother is done producing milk after 3 to 4 years she is slaughtered for meat. (Fast Food, 2005)

Another animal that suffers because of the fast food industry is pigs. They suffer from similar brutalities that the chickens and cows go through. The piglets are weaned from their mothers at the age of 3 weeks and they all live in very confined spaces. The confined spaces that the pigs are subjected to can cause erratic behaviour similar to the chickens behaviour. The difference between the chickens and pigs is, the pigs bite each other's tails and fight with each other. So, the farmers decided to prevent this by cutting of their tails and break off the ends of their teeth all without an anesthetic. Many pigs die during transportation 17,000 per year to be exact and

420,000 arrive crippled. When the pigs have reached the slaughterhouse most of the time when they are immersed in the scalding water they are still alive much like the chickens experience. Pigs have also been killed by being slammed against walls and being hammered to death. (Fast Food, 2005)

All animals have feeling and fish do too. In the U.S the average person eats 15 pounds of fish every year and fishers bring in 19 billion pounds all together each year. Fishers use trawlers the size of football fields and these trawlers don't only catch fish but everything in their path. They catch sharks, rays, crabs and starfish 20 pounds for every pound of shrimp and they all die during the process. The fish die by either bleeding or suffocating to death for up to 24 hours. Commercial fishing practices kill hundreds of thousands of mammals every year and this is a very inhumane and unfair death for every mammal inhabiting our waters around the world. A corporation such as Burger King and McDonald's claim to be addressing the issue of animal welfare but, this is doubtful as none of the abuse has stopped so far. Slaughterhouses kill many animals every hour this includes 1,000 pigs, 400 cattle and 11,000 chickens. As a society we need to be more aware of this issue and work to fight the fast food industry on these inhumane practices because animals have feelings too. (Fast Food, 2005)



McDonald's Effect on the Environment and Society

McDonald's advertises itself as a nutritious place to eat and an environmentally friendly company. This is untrue on too many levels to count because McDonald's counters this by damaging the environment and society. McDonald's is notorious for one particular court trial against Helen Steel and David Morris. The purpose of the trial was to stop them from criticizing their company and stop the distribution of flyers and making the public aware of McDonald's downfalls. The trial took place in London England and it was the longest trial in English history lasting 314 days over three years. The verdict was a substantial blow for McDonald's. The judge ruled that they do exploit children, use false advertising, are partly liable for cruelty against animals and pay low wages to workers. Helen Steel and Dave Morris were asked to pay 60,000 pounds to McDonald's because they failed to prove all of their points. They rejected this and McDonald's didn't take the trial further. During the trial the McLibel Support Campaign fully supported the trial against McDonald's and the distribution of fliers against them. (Fast Food, 2005)

McDonald's food is so unhealthy that it increases your chance of getting diabetes, a heart disease and other various diseases. McDonald's is a very powerful medium and is the most successful fast food company in the world. Their main goal is to make as much money as possible to profit their shareholders. They seem to have a lack in judgment for everything else. McDonald's advertises consistently worldwide but, regardless of these efforts the cons seem to outweigh the pros and some people look down on McDonald's and work to take them down. McDonald's has a very negative effect on the environment and society and this is why campaigns against them have grown in the past year. (Fast Food, 2005)

The annual profit of McDonald's is 40 billion worldwide and they spend 2 billion of that on advertising and promoting their products. They try to keep up their image by saying they are green, a fun place to eat and have good nutritious food. All of these things have been uncovered and proved to be completely untrue. The public feels they should do something about this and exploit them for lying to us. McDonald's has been caught in the act many times. They were forced to confirm that they were rearing cattle in countries that were formerly rainforest land which is seriously harming the environment. Also the cattle release methane into the air which is a flammable hydrocarbon and it has been proven to cause global warming. Another serious affect on the environment are the chemicals used in the factory farming system. These chemicals wreck the wildlife, plants and soil. They also contribute to global warming by polluting the environment with their plastic and paper packaging which is not recyclable. (Fast Food, 2005)

Every year on October 16th there is a worldwide protest against McDonald's. People participate in the protest in dozens of countries. They distribute leaflets and picket in front of stores as well as clean up McDonald's garbage. There is an entire website dedicated to exploiting McDonald's it's called McSpotlight and has had millions of hits. These campaigns are definitely making an

impact as the chief executive of McDonald's claimed that 2001 was the worst year and 2002 was even worse this shows they are not making progress. These types of multinational companies are trying to make the world their oyster and our society is standing up and making them listen to us instead of the other way around. (Fast Food, 2005)



The Success of the Dave Thomas TV advertising campaign and other winning and losing Campaigns!

Dave Thomas was the founder of Wendy's the third largest fast food chain in the world. He was dedicated until his death at the age of 69 in early 2002. Even though Dave was hospitalized on December 14th, 1996 and had coronary bypass surgery he still continued to do the commercials. Dave said "You've got to look at the big picture" Wendy's goes way beyond just hamburgers their menu includes fresh salads, baked potatoes and grilled chicken which are all healthy choices for anybody. In 1996 the 500th Wendy's commercial featuring Dave was being aired while he was undergoing open heart surgery so, he could continue on and do 900 commercials. (Wendy's won't dump Dave ads—For Now, 1996)

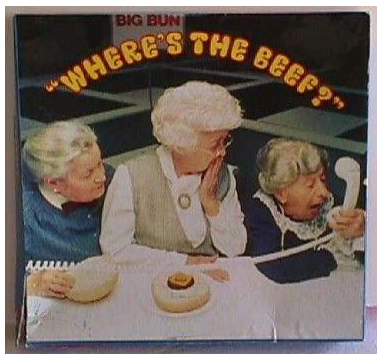
The reason the Dave Thomas campaign was so successful was because he had a direct, honest delivery. He seemed to be a very friendly guy in the commercials and he was very involved with Wendy's and it was not unusual for him to pay a visit to his stores. Everyone knows who Dave Thomas is because he personalized Wendy's as his own restaurant by appearing in the advertisements. The Wendy's "where's the beef" campaign is still remembered today. He started appearing in the commercials for Wendy's in 1989 and continued until his health stopped him. (Dave Thomas, 2002) After he was unable to be in the commercials Wendy's had a difficult time coming up with a new advertising plan. (After Death of Founder..., 2002)

Wendy's needed to make a change in their advertising as they couldn't use Dave anymore and they would never find someone as honest as he was. Ron Kirstien an old friend of Dave's and chief executive of Wendy's largest franchisee said "I don't think you'll ever see a person more believable speak about a product; you just can't replace that." The ad agency with the challenge of bouncing back from Dave's death and absence in Wendy's advertisements was Bates, New York. Don Calhoon said "Dave was a real person to us and he will be remembered that way." At this time after Dave's death Wendy's was having trouble standing up to competitors like McDonald's and Burger King as their advertisement's became stronger and Wendy's was stuck in a rut. (After Death of Founder...., 2002)

Wendy's is currently a very strong competitor with it's "You know when it's real campaign." Wendy's has always been a tough competitor for McDonald's and Burger King because their menu has more variety. In 2003 McDonald's launched a new entrée salad product but, Wendy's had Garden Sensation Salads before McDonald's. (MCD's Secret Sauce: It embodies Value,

2009) Wendy's was also a first for other ideas such as, extended store hours and better nutritional information for customers. Wendy's has strong media, message, and creative because they are different from their competitors and true to their word. Customers notice this and appreciate it. (Wendy's International, 2003)

Wendy's most success advertisement campaign was "Where's the Beef?" which is now recognized as an expression that questions the basis of an idea, event or product. The campaign aired in 1984 in the U.S and made fun of a nonexistent fast food chain called home of the big bun. The bun is so big the beef looks very small. (Dave Thomas, 2003) In 1995 McDonald's tried to target an adult market by launching the Arch Deluxe Sandwich in a massive campaign. The campaign and the sandwich failed and were taken off the menu quickly. The biggest fast food advertising campaign loser would be "Where's Herb" created by Burger King's ad agency in 1985. The ad agency was J. Walter Thompson firm and they were never hired back. The campaign confused customers because they were being asked to go to burger king and find herb but, his identity was unknown. If they said "I'm not Herb" in their order they would get a discount. Mostly the campaign just confused people and they did not enjoy participating in it. (en.wikipedia.org, 2009)



The effectiveness of TV ads in the fast food industry

Television advertisements are very effective if used properly. The strategy behind the commercial is as important as the creative aspect. The ad agency's that work for these big budget advertisers seem to realize this. Connecting with the target market is also very important. It is impossible to reach everyone with the same ad because not every age group likes the same things.

McDonald's seems to understand this with their current ad campaign "I'm Lovin' it." They're targeting a younger age group. Dan Dahlen exec VP- restaurants and retail at Nielsen IAG says "they've gotten the most out of their TV investment because they know who they're targeting and what to say and when to say it" regarding McDonald's. Other big budget fast food companies have achieved success with celebrity endorsements and spokes people. Subway is currently using Michael Phelps as their celebrity to promote their \$5 footlong during the football season. Wendy's used their founder Dave Thomas in 900 commercials until he died now they're using a "You know when it's real" campaign which is proving to be very effective. (MCD's Secret Sauce: It embodies Value, 2009)

Fast Food companies always show their food in their advertisements which is very effective because it gets the customers mouth watering for a burger. Wendy's "you know when it's real" campaign is most effective because in the commercial they compare a frozen patty to their fresh refrigerated patty. It looks much more appealing and is a lot fresher than the competitors frozen patty. Subway's celebrity athlete Michael Phelps can also be effective because everyone easily

recognizes him and therefore pays more attention to the advertisement. Wendy's and Subway are currently using two very different strategies but, they are both effective in a strategic and creative aspect on television.

How much do fast food companies spend on marketing?

The fast food industry is a multibillion dollar industry. They think of marketing and advertising as an investment which is difficult to believe. Fast Food Companies hire Ad agencies to get the job done for a significant price. This is because most of these companies choose to advertise on TV which is very expensive. Television has been proved to reach the majority of the target market if used properly.

McDonald's is the leader of the pack by far with an ad budget of \$820 million in 2008. (Take cover! Marketing blitz..., 2009) Their "I'm Lovin' it" campaign is doing very well so, the large budget paid off. Burger King the runner up to McDonald's in the fast food industry and they spent \$294 million on measured media in 2008. (Note to Tv nets: Hit up Burger King, 2009) Wendy's is third in the industry spent \$305 million in U.S measured media in 2008. (Week in Review, 2009) Subway which is last in the race spent \$375 million in 2008 on media. (Subway set to overtake McD's in omnipresence, 2009) Subway seems to be upping the ante with their advertising and taking a more serious approach to catching their target market's attention. They need to work harder than McDonald's, Wendy's and Burger King because they are fairly new to the advertising game while these other fast food companies have been in it for years.

The effectiveness of local marketing campaigns for fast food restaurants

As viewers we don't recognize how important local marketing campaigns are. They usually fall under the local franchisees responsibility for any fast food company. McDonald's had a successful campaign in Seattle in 2007. The campaign started by giving out coasters to different bars around the city. The coasters supported no drinking and driving. On each coaster there was a picture of a double quarter pounder and it said on each coaster "How many Patties do you see?" on the other side it said "2, if you got that wrong, be smart. Take a cab." McDonald's also had their own personalized cab outside with flaming fries on it to take the people home if they needed a cab. This is a great way to promote McDonald's and help the community with keeping drunk drivers off the road. The campaign was very successful in increasing McDonald's customer volume at night. There was an increase of 6% from 10 to midnight and the sales goal was fully reached. Local marketing only works if the franchisees are experienced with it. In McDonald's and Subway this is common. (Best of non traditional media, 2007)

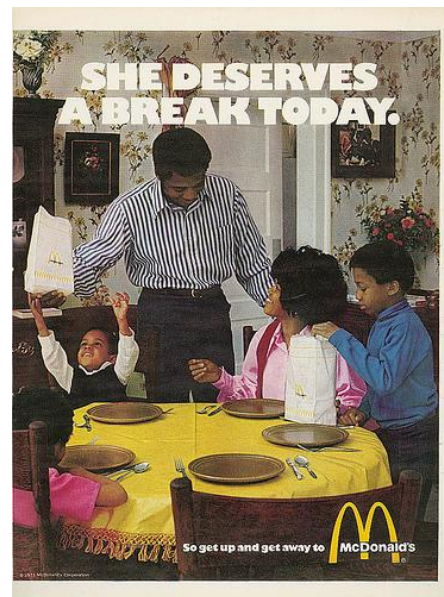
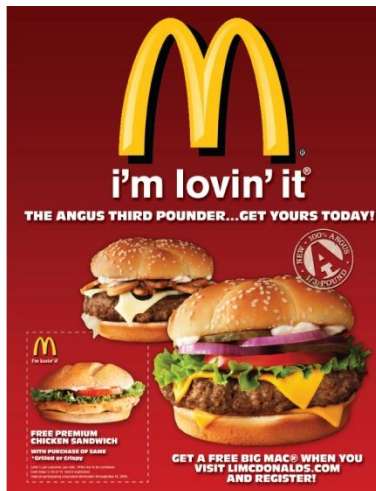
The Media Magic that made McDonald's what it is today

During the 1960's Fred Turner was ready to set up an expansion plan for McDonald's but, there was one thing missing and this was marketing. Before Turner was president McDonald's franchisees took care of the local marketing of their product but, this was not a very effective strategy for the expansion. They needed something recognizable throughout the whole nation. At this point in time McDonald's didn't even have a marketing department. They desperately needed this to develop an advertising plan for their new national target market. (Behind the Arches, 1986)

By 1967 Turner wanted to triple the amount of stores in 5 years in order to do this they needed to create awareness about McDonald's. They needed to advertise to the public an image of a clean, efficient, fast service restaurant. The best way to do this was network television and this remains the same today. At this time fast food was not advertised on television so, McDonald's had no experience in this area. McDonald's started advertising on network television in 1968 after the Operators National Advertising Fund(OPNAD) started in 1967. This fundraiser was started by McDonald's franchisees and they contributed 1% of all store sales to the advertising fund they raised 3 million dollars in no time. By 1974 OPNAD had raised \$20 million and by 1985 they had raised \$180 million. The amount spent on advertising in 1985 was \$302 million. McDonald's was just getting started with their media magic. (Behind the Arches, 1986)

Today, McDonald's has the most expensive marketing and advertising budget in the world to promote one brand. McDonald's received great recognition by advertising on television because no one else in the food industry had ever done so. Fred Turner wanted McDonald's to be known as the best in the marketing industry and he knew he needed help. So, he hired D'Arcy Advertising from Chicago. They took claim to advertising McDonald's image as ray kroc used to say "we're not in the hamburger business, we're in the entertainment business." Media buyer Paul Schrage also said " So when it came to national advertising, we felt we had to add something to our message that was different. We wanted to position ourselves with an extra dimension- a charm or warmth that no one else had." (Behind the Arches, 1986)

McDonald's hired a new advertising agency in 1970 called Needham, their advertising strategy "food, folks and fun" is still used in McDonald's current strategies. Today McDonald's Marketing department produces 130 new television advertisements each year at a rate of \$20 million. The most successful promotion McDonald's has ever had is the Happy Meal and it is now a staple item on every McDonald's menu. Paul Schrage who is the former chief marketing officer of McDonald's for more than 17 years said "We will never forget our history of grass roots. Never." (Behind the Arches, 1986)



The History and the wealth of McDonald's

The first McDonald's ever was opened by Rich and Mac McDonald in Pasadena in 1937. Their first outlet didn't even serve hamburgers which is what the restaurant is renowned for today. The brother's second location opened in San Bernardino California and they became rich with their business there. Even though they became rich by 1961 they were bored of the restaurant business

and ended up selling it to Ray Kroc who took McDonald's to new and improved heights. (Behind the Arches, 1986) The brothers sold for only \$2.7 million and they would've been making \$100 million per year today if they kept their McDonald's. Closed with a handshake Kroc agreed to give the brothers a royalty of 1% on all gross sales but, the brothers didn't get this in writing so, they never got it. (Fast Food Nation, 2001)

By 1962 the first McDonald's magazine ad is shown in Life magazine. The first Ronald McDonald character played by Willard Scott is created to advertise McDonald's in 1963. The 1 billionth burger was sold in 1963 as well. The first non U.S McDonald's opens in Richmond, British Columbia Canada. In 1968 the Big Mac goes nationwide. The McDonald brother's Big M restaurant original McDonald's is shut down when Ray Kroc opens one of his down the road in 1970. The first Germany McDonald's opens in Munich in December 1971, alcohol is also on the menu and this is the first European McDonald's to sell alcohol. Just nine years later in 1980 the 600th location opens in Germany. By 1972 McDonald's annual revenue is up to \$1 billion with only 2200 locations. By 1979 the happy meal starts all throughout the U.S. (en.wikipedia.org, 2009)

The tragic death of Ray Kroc happens on January 14th, 1984. In the year 1990 McDonald's Canada opens the first Soviet McDonald's in Moscow. McDonald's wins the most controversial court case in the history of British law, The McLibel case and this was not a positive victory for McDonald's. Only half of the arguments are victory's for McDonald's. In the year 2000 Fast Food Nation is published by Eric Schlosser a book that bashes McDonald's repeatedly. In 2002 Restaurants and Institutions magazine proves in their poll that McDonald's is 15th in food quality

in the category of hamburger chains. In 2003 the world famous “I’m lovin’ it” campaign begins. Just 4 years after Fast Food Nation comes out a movie called Super Size Me which is a documentary film about McDonald’s is released. In the movie Morgan Spurlock only eats McDonald’s for 30 days and is then advised by his doctor to stop because he is basically killing himself. In 2006 McDonald’s and Disney split from their 10 year partnership. Disney claimed it was because McDonald’s was so strongly associated with childhood obesity. This year McDonald’s started their angus Burger promotion which is completely unoriginal. (en.wikipedia.org, 2009)

Conclusion

Fast Food is a multibillion dollar industry and advertising is seen as an investment for most companies. The media magic their ad agencies creates wonders for their customer volume and sales so, in the end it is highly beneficial. Advertising is also the only way to battle with the competition and beat them in winning the customers over. For every fast food advertisement there must be a target market or the message is lost and the campaign fails.

McDonald’s has proven to be smart in their marketing efforts. Although they have created many law suits in the past they have without question advertised their way out of bad publicity. However, I don’t think they will ever live down the McLibel Trial because they only won 50% of it. Their website needs help with wording things properly and truthfully or they will have another lawsuit on their hands. They torture animals, exploit children, serve unhealthy food and claim it’s nutritional, harm the environment and society and then they deny everything and claim nothing ever happened. This is what you call bad publicity yet, they continue to achieve sales

because people enjoy their crappy food. Part of this is advertising, it's good and people like it which is another reason why they eat there.

It's beyond me why anyone would eat at McDonald's after seeing or hearing about Super Size Me. To be fair McDonald's did discontinue that option after the movie aired but, doing so still doesn't solve the issue. Their food has been said to be part of the childhood obesity issue because it is so fattening. Of course McDonald's denies this but, they are of partial blame for many things. There are some people who do eat McDonald's every day and it's a wonder why they don't stop because they must have very severe health problems.

McDonald's has also been asked to stop with certain advertisements in the past. This is because the advertisements were so false they went against regulations. This is exactly what McDonald's is currently doing on their website which is a form of indirect advertising. They have advertised to children for years and have been asked to stop advertising healthier food because it most definitely isn't.

McDonald's has been the leader in the fast food industry for a long time but, Burger King and Wendy's have proven to be close competitors. Even Subway is gaining on all three of these big budget marketing moguls. Burger King's advertising is often confusing and their mascot is a little bit creepy so, I don't see how they are second and Wendy's is third. Wendy's had great success with Dave Thomas as their spokesperson and since his death they have had to change their tactics. Their current campaign, "You know when it's real" has proven to be very effective

with good shots of the food that make your mouth water. They have also stayed true to their word.

In the end I would not recommend anyone to eat fast food regularly. On the other hand I would recommend them to invest in the fast food industry. Even during a recession they're still going strong. In conclusion Fast Food is an ever growing industry. Although very unhealthy customers go there for the convenience and low prices. This is a money making industry for the franchisees and marketing industry.

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