

CHAPTER CASE STUDY: McDonald's

For years and years, McDonald's stopped serving breakfast at 10:30 a.m. And for years, McDonald's number one request from customers was for breakfast to be available later into the day. McDonald's listened, and by 2015 the first steps were underway.

In April 2015, McDonald's began testing a limited all-day breakfast menu in San Diego. It did not include McGriddles or biscuits but did include Steak, Egg & Cheese Bagels and Cinnamon Coffee Cake. By July, an internal memo suggested franchisees and operators should prepare for a potential all-day breakfast menu as soon as October.

Then October 2015 came, and McDonald's did indeed launch all-day breakfast nationwide. Customers were ecstatic, but some of the initial excitement faded when the actual menu was announced. Due to limited kitchen space, stores would offer either biscuits or McMuffins, but not both. And fans were very disappointed that McGriddles were not available. Some franchisees reported chaos in the kitchens as they adjusted to serving breakfast and lunch items simultaneously.

Due to the popularity of the item, McDonald's began testing all-day McGriddle sales at stores in Tulsa, Oklahoma in January 2016. By March, they began testing an expanded all-day breakfast menu including McGriddles, biscuit sandwiches, and McMuffins and locations in Tulsa and North Carolina.

After almost a full year of watching sales, listening to customers, and testing new markets, in September 2016, McDonald's announced their shift to one national all-day breakfast menu. This will give customers more of their favorite breakfast items any time of day, no matter where they are

in the country.

The expanded all-day breakfast menu will include: Egg McMuffin; Sausage McMuffin with Egg; Sausage McMuffin; Bacon, Egg & Cheese Biscuit; Sausage Biscuit with Egg; Sausage Biscuit; Bacon, Egg & Cheese McGriddles; Sausage, Egg & Cheese McGriddles; Sausage McGriddles; Hotcakes; Hotcakes and Sausage; Sausage Burrito; Fruit & Maple Oatmeal; Fruit 'N Yogurt Parfait; and Hash Browns (varies by restaurant).

All-day breakfast has been McDonald's most successful initiative in years, leading it out of slumping sales. So the expanded menu comes as no surprise. "All-day breakfast has been, clearly, a very strong catalyst for momentum," said Kevin Ozan, McDonald's CFO.

Steve Easterbrook, president and CEO of McDonald's, also said the company saw a 6 percent improvement in overall customer satisfaction year-over-year, likely the result of changes it made to its menu, and promotions such as McPick 2, which allows customers to pick two items for \$5.

McDonald's joins Jack In The Box, Bojangles, and Sonic Drive-In among the fast food chains serving breakfast all day. Jack In The Box has their full breakfast menu available all day. Bojangles serves their fresh baked biscuit breakfast sandwiches all day, and Sonic Drive-In has offered an all-day breakfast menu for years, featuring their ultimate breakfast burritos.

McDonald's made other changes recently in addition to expanding breakfast. They switched from margarine to real butter in 2015 and announced they would fully transition to using cage-free eggs in nearly 16,000 restaurants in the United States and Canada by 2025.

Sources: "McDonald's USA Expands its Popular All Day Breakfast Menu This Fall," *McDonald's Newsroom*, July 6, 2016, accessed October 20, 2016, <http://news.mcdonalds.com/US/news-stories/2016/McDonald-s-USA-Expands-its-Popular-All-Day-Breakfa>; S. Whitten, "McDonald's expands all-day breakfast menu," *CNBC*, July 6, 2016, accessed October 20, 2016, <http://www.cnn.com/2016/07/06/mcdonalds-expands-all-day-breakfast-menu.html>; W. Filloon, "McDonald's Expanding All-Day Breakfast Menu to Include, Well, Everything," *Eater*, July 6, 2016, accessed October 20, 2016, <http://www.eater.com/2016/7/6/12106268/mcdonalds-all-day-breakfast-expansion>.