

Restaurant Research's Benchmark Analysis Report

McDonald's

7/10/09

Executive Summary

i'm loving it... McDonald's continues to fire on all 8 cylinders as it pushes further ahead of the competition. It's not just a marketing story although that is a key element - it is also a tale about a relevant menu that is right for the time along with modern facilities that represent the next step in QSR evolution. Now back to the marketing story – of course it helps to have an ad budget that is 93% larger than the second biggest QSR marketer (Subway), however, more so, we continue to be impressed how McDonald's spends this enormous sum. Appealing ads are busy building one of the strongest global brands at the same time they consistently hit on promoting all day parts in what seems like a never ending conquest to take share. Further, McDonald's menu is not enormous but it seems to offer something for everyone from value to premium, from healthful to indulgent, something for the young and for the old. This is why the company's marketing people seem so adept – they have a lot of good stuff to communicate. It is really a virtuous cycle between marketing and the menu in our opinion. Now McDonald's is training its sights on upscale coffee in order to broaden its appeal to the snooty – lookout Dunkin and Starbucks. In any case, and in turn, all this scale and profit allows McDonald's to reinvest in its facilities (which already enjoy one of the best unit economics in QSR) – providing customers with a unique, modern experience that further differentiates McDonald's from its peers. If there is one thing we think McDonald's could do better its operations. It's not that they are bad, but in our opinion they should be as excellent in operations as they are in the rest of the brand's attributes – obviously a tall order for such a large system. In summary and in conclusion: i'm lovin' it.

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RR Clients

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More About Us

Restaurant Research LLC leverages an extensive network of industry players as part of its annual Concept Benchmark Analysis due diligence process for 22 large US restaurant chains. Also, RR tracks store level data for all major chains with system-wide sales in excess of \$1B across all major restaurant segments in order to produce 11 key Industry Data Topic reports. For more information please contact us at info@ChainRestaurantData.com or 203-405-1901.