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Striving to Stay Golden

McDonald's shares candid comments about customers, sustainability and its vision for the future.

by *Kindra Gordon, field editor*

With 70 million customers per day, McDonald's® Corp. has a pretty good idea of what customers want. Keeping those customers happy is top of mind at the Golden Arches. McDonald's corporate website spells out clearly the company's mission and values: "McDonald's brand mission is to be our customers' favorite place and way to eat and drink ... We are committed to continuously improving our operations and enhancing our customers' experience ... We place the customer experience at the core of all we do. Our customers are the reason for our existence."

Today, because customers are changing, so too is the McDonald's of the future. Most notably for the beef industry, in January 2014 the burger giant announced that by 2016 it plans to begin purchasing verified sustainable beef.

Also rumored is a menu shift. Rather than serving the McDonald's cheeseburger exactly the same to everyone, McDonald's has been experimenting with customizable burgers. Last year, the company began testing a "build-your-own-burger" concept in California, allowing customers to pick what they want on their burger using a tablet

computer. It's similar to the menu concepts and variety of ingredients offered at Five Guys, Smashburger and Chipotle — and it is becoming increasingly popular with consumers.

In statements to investors and the press, McDonald's executives have acknowledged, "customization represents another important opportunity for our business" and that the concept has been a driver of sales, specifically helping McDonald's attract a different clientele and more of a dinner crowd. In February 2014, the company announced it will expand the build-your-own-burger concept to more stores, likely in Southern California to start.

"Looking ahead, we believe that we are taking the right actions to more clearly align with our customers' needs and build momentum to drive long-term profitable growth," McDonald's CFO Pete Benson said in a March 2014 *MarketWatch* article.

Natural and transparent

Consumers are also the driver prompting

McDonald's focus on healthier, higher standards for its ingredients. With chains like Chipotle seeing success with their focus on high-quality, natural ingredients, McDonald's is following suit. Apple slices were added to Happy Meals in 2011. The option to get a salad, fruit or vegetable instead of French fries as a side with value meals is starting to be offered. More fruits and vegetables on the McDonald's menu and other healthy options could follow.

Then there's that initiative to offer verified sustainable beef in McDonald's restaurants by 2016. Bob Langert, vice president of corporate sustainability for McDonald's, spoke candidly about this newest undertaking during the Cattle Industry Convention in February 2014 in Nashville, Tenn.

"Why are we changing?" he asked the audience rhetorically. "Because customers are dramatically changing."

Langert acknowledged the beef producers in the audience and said, "We feel with sustainability we can grow our business, and, in turn, grow your business. We are trying to drive our business forward and sell more beef."

Of their vision for the future, Langert said, "The customer is our primary business driver for McDonald's; we are trying to emotionally connect with consumers."

Langert admitted McDonald's still has work to do in making those connections. He said, "People attack what we do. Being misunderstood is tough. The average customer doesn't believe our beef is 100% beef. This comes from the fact that 98% of consumers are very disassociated with where food comes from."

He added, "I admit I used to be one of them. I grew up a city boy. But, over the last 20 years I've visited a lot of farms and

processors. I see a safe, abundant, high-quality food system."

Currently, Langert said he would grade McDonald's an F in not doing enough to educate consumers about food. "We need to engage more and be more transparent in where food comes from." To that end, McDonald's hired a chief digital officer this winter to better use social media to tell the story of food and McDonald's.

"We are going to do more with social media," Langert said.

Additionally, Langert indicated that in May, the company will announce its newest campaign called "Journey Together for Good," which will emphasize five core value areas that include: (1) food/nutrition; (2) sourcing; (3) giving back to the community; (4) protecting the planet; and (5) people.

Of this campaign, Langert said, "The world has changed. Growing a business and providing a social benefit are linked."

Defining sustainable

However, the future of McDonald's newest efforts — particularly their initiative for sustainable beef — remains vague. Langert said the company does not have a specific definition or criteria for "sustainable beef," adding, "which means we need to work together to figure out a universal definition for sustainable."

He said the company will look to the already established Global Roundtable for Sustainable Beef (GRSB) for guidance, and he acknowledged that McDonald's is dedicated to the three E's of a sustainable supply chain — ethical, environmental and economical.

"Our pledge is to continue to collaborate, not mandate," Langert added. Let's take charge in defining what is sustainable beef and not let activists do it for us."

Langert also emphasized to beef producers, "You might be sustainable, but you have to prove it; you have to have evidence points. Telling stories and saying, 'Trust us,' isn't enough. It's about doing more."

He added, "It's the same with us. We can't say McDonald's does good. We need to show it."

With regard to food production, Langert said, "I will continue to advocate for 100% transparency; we can't be too transparent."

As McDonald's moves forward on the sustainability issue, Langert encouraged beef producers to "step up to the table and be part of the conversation."

He added, "Find ways to measure, be willing to share and be transparent; be open to change. A mind-set difference turns this into an opportunity. Look at this and embrace it as a way to grow the beef business."

Langert admitted the behemoth change is not easy, even for McDonald's, but it does offer opportunity.

"We believe a commitment to sustainability will help grow our business," he explained. "Our vision for the future is for more and more people buying more and more beef. Let's create this future together. At the end of the day, we collaborate with suppliers. You need to make a living and be economically viable. We need to make beef attractive so [consumers] buy more and we can sell more."

Asked if he thinks consumers will pay more for verified sustainable food, Langert answered, "a little yes now, but a lot more yes in the future."



Editor's Note: Kindra Gordon is a freelancer and cattlemaster from Whitewood, S.D.

McDonald's: The world's largest small business

Bob Langert has worked with McDonald's for 31 years and says he is often accused by his family of having "ketchup in his veins." He believes McDonald's and America's beef producers have several things in common.

As an example, he says, "We share a huge passion for family and business. I've been with McDonald's 31 years, and my oldest daughter is 31 years old." Just like many farm families, he says, "My personal family and my business family are one and the same."

Also similar to farm families, Langert says many McDonald's franchises are multi-generational.

"Many McDonald's owner-operators want to pass their business on to the next generation, as well. I say we are the world's largest small business," says Langert.

Third, Langert says, "What we share most in common [with U.S. beef producers] is our commitment to selling beef — great-tasting beef."

McDonald's has five burgers that are now billion-dollar brands. They purchase 2% of the beef in the world for their 34,000 restaurants.

