Restaurant Research®

Concept Analysis & Benchmark Report

McDonald's 2024-2025

Executive Summary

McDonald's enjoys substantial brand equity as the largest and possibly most influential restaurant chain, with an "I'm lovin' it" positioning around: brand trust (built around billion-dollar iconic brands including the Big Mac, Quarter Pounder, chicken nuggets & fries); compelling price/value & convenience; and culturally relevant marketing. A focus on its core, iconic menu items (that resonate with 80% of consumers who prefer products they are familiar with) provides needed operational benefits. Recent menu upgrades include: "The best burger initiative" which renders hotter burgers with meltier cheese; success with its McCrispy chicken sandwich (with further opportunities identified to grow in the chicken category); and plans to merchandise Krispy Kreme's donuts to boost breakfast & snack daypart sales. Notably, the chain offers an abundance of attractive value platforms that sooth significant core menu price increases over the last several years. The brand's effective marketing taps into today's youth & culture, with an emphasis on social media influencers, and a 40%+ digital mix stands to benefit from corporate plans to boost its martech investments (especially around its loyalty program which has 34MM active members). The chain's strong domestic comp growth over the last 2 years is indicative of the system's fundamental strength and reflects: strategic menu price increases; strong operations; effective marketing campaigns featuring the core menu; and continued digital & delivery growth. In conclusion, while McDonald's is well positioned in QSR as the go-to brand, the chain may have to make more margin unfriendly price adjustments for its lower-income customers in the near term while it continues its very important work of improving its service speed.

Table of Contents

Parent Company Summary

Parent Company	Ticker	Corp. Debt Rating	Net Debt (1)/ EBITDA	EV/ EBITDA	Stock Performance		
					2023	TTM	Apr-24
McDonald's Corporation	MCD	Baa1	3.61	15.60	12.5%	-7.5%	
$1B+ Chains			5.49	15.52	21.1%	3.3%	

Table of Contents

	Page		Page		Page
Strengths & Challenges	2	Operations	10	Closings	18
RR Dashboard	3	Tech & Equipment	11	Remodeling	19
System Statistics	4	Sales & Market Share	12	Franchise Summary	20
Marketing Strategy	5	Unit Economic Summary	13	Menu Exhibit	21
Marketing Spend	6	Unit Economic Trends	14	State Unit Map	22
Menu Strategy	7	New Build Costs	15	State Unit Detail	23
Menu Trends	8	New Build vs. Buy Analysis	16	Photos	24
New Products & Promotions	9	Development	17	RR Overview	25

(1) Net Debt includes operating leases.

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