

Meat of the Matter: Bye, Bye Burgers?

By **Dan Murphy** February 08, 2017



The Golden Arches are as ubiquitous a sight along American roadways as stop signs and red lights, both of which are symbolic of the response consumers have been delivering to the global fast-food chain of late.

Even as a new biopic, “The Founder,” serves up an energetic, entertaining portrayal by actor Michael Keaton of McDonald’s late CEO Ray Kroc, who built a string of Midwest burger joints into a franchise empire, the movie casts Kroc as a conniving, amoral entrepreneur who cheats the original McDonald brothers out of what would have been hundreds of millions of dollars they should have earned for creating the “Speedie Service” concept that became the operational model for the entire fast-food industry.

The movie takes the audience back to the ‘50s and ‘60s, when the novelty of fast food was compelling, and the public’s taste for hamburgers, fries and shakes seemed virtually bottomless.

But fast-forward some 60-plus years and boy, have things changed, especially with the Millennial Generation, who came of age just as the fast-food industry began to recede from its can-do-no-wrong peak of popularity.

As far as many Millennials now in their 20s and 30s are concerned, the Big Mac is becoming at best irrelevant, an object of derision, rather than desire. In fact, market research has revealed that just one in five Millennials has ever eaten a Big Mac, a stat that’s highlighted in a thought-provoking article titled, “Burgers That Matter.”

The author of that piece, Henk Hoogenkamp, is one of the world’s foremost developers of formulated foods and a consultant to both retail marketers and foodservice operators looking to capitalize on consumers’ increasingly refined and highly specific appetites for restaurant fare, take-out food and ready-to-eat products that must be tasty, nutritious, convenient and affordable.

McDonald’s and its me-too competitors in the fast-food arena have always been brilliant at the latter two aspects, but a lot less successful at the other two attributes.

Indeed, as Hoogenkamp pointed out, McDonald’s has been under assault on the upscale end of the foodservice spectrum, thanks to the emergence of “gourmet” burger chains, such as Five Guys, Smashburger, and In-N-Out Burger.

At the same time, Ronald is serving a lot fewer Happy Meals these days, as the coveted younger demographic of consumers increasingly gravitates to a plethora of healthier menu choices, ethnic options, and vegetarian alternatives offered by an array of “fast-casual” outlets, as the fancier — and pricier — quick-service restaurants prefer to be called.

Hoogenkamp, who’s done consulting at the highest levels of the foodservice industry, predicted that McDonald’s will continue to lose market share in the United States due to a “weakening of the brand perception” within the fast-food burger sector and a loss of relevance among younger, more health-conscious consumers.

A structural challenge

Here’s the problem, and it’s a dilemma faced by many large organizations: the very systems that fueled their growth and success in the past now becomes an obstacle going forward.

In many ways, it’s as much a human dilemma, as it is an organizational hurdle. How do people, or a company, shift gears and change their culture and character?

There’s only been about ten thousand business books written on the subject, and probably twice as many self-help titles attempting to provide a pathway.

In McDonald’s case, and to a certain extent their fast-food competitors, as well, the use of frozen burger patties, instead of fresh ground beef; standardized sandwiches instead of customer-centered choices; and probably most critically, the reliance on pre-made, warmed-over menu items isn’t just its operational component that’s depressing sales, it’s an ingrained structural flaw that requires a reinvention that’s tough to contemplate, much less execute.

For example: The relentless pursuit of cost-cutting certainly drives profitability, but only as long as the marketplace accepts an accompanying level of product quality.

Even worse, as Hoogenkamp elegantly detailed, McDonald’s branding as the ultimate destination for food that’s fast and cheap makes it increasingly difficult to re-imagine the menu board. As he noted, “Legendary are the [company’s] failed introductions of the Arch Deluxe, Sirloin Burger, Angus Burger, and the Lean Deluxe.”

So where does McDonald’s go from here? Same place every other growing food company is heading: Better quality, improved service, and full transparency in sourcing, labeling and preparation.

In 1954, when Ray Kroc first seized on the potential of take-out food served fast and cheap, he was ahead of the curve in terms of how America’s suburban lifestyles were evolving.

The next foodservice visionary, whoever he or she turns out to be, is already raising the bar on quality, flavor and value in ways that may ultimately just as revolutionary.

The opinions expressed in this commentary are those of Dan Murphy, veteran journalist and columnist