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## CMO INTERVIEW

Iconic brand McDonalds is known for adapting and customising its business strategy depending on the playing field. They have so called, 'Indianised' their menu in order to be accepted in society and by doing so, they have positioned themselves as a valued quality food chain. They introduced Chicken Nuggets to its menu last year which became a huge success and according to **Arvind Singhal**, Director – Marketing, McDonalds India (West & South) they would bring in a complete breakfast menu by this year.

McDonalds in India operates under two separate franchises, Hardcastle Restaurants Pvt. Ltd. for West and South and Connaught Plaza Restaurants Pvt. Ltd. for North and East. They have something called as a marketing board, where both the marketing directors sit and scull national strategies.

When they entered the Indian market in October 2006 they had to face the challenge of being thought as an international and costly brand. Their first campaign said, "feel at home when you come to McDonalds" to be friendly and approachable. Since then they have consistently connected to Indian audiences with their 'extra value meals' and 'Har choti khushi ka celebration' campaigns. And of course, providing localised products without losing out on McDonalds international taste and appeal is a consistent challenge for the marketing team here.

An alumnus of IIM-Kolkata and IIT-Mumbai, Singhal joined McDonalds in 2007 after gaining over ten years of experience in companies like Telco, Asian Paints, Marico, Nokia and lastly Reliance Communications. Singhal brought in aggression in McDonalds' marketing activities which according to him was 'a little cautious in treading their stretch forward'. He was instrumental in bringing in new product offerings on the menu and taking their communication from price positioning to an emotional value positioning. The company increased its marketing budget by almost 15-20 per cent last year and will increase it this year too.

Arvind Singhal speaks with impact's **Dipali Banka** about his plans of taking the brand McDonalds forward.

Excerpts:

# EXTRA VALUED

### How do you plan to take forward your stand on providing value to the consumer? What are your communication and business targets?

Our value affordability platform will continue to have a thrust behind the brand. For example, we have just started our communication for a new variant in *aloo tikki* which is our branded affordability platform. And this quarter we will continue that focus. Second key piece that we would be talking about is our extra value meals and third is our core value products. We would build further on our core offerings which are McVeggie and McChicken.

### How are you using internet and social media to build your brand?

To be very honest, we have not really used it much till now. We have done a bit in reaching out to our consumers by generating games with Zapak and tied up with cartoon network for Olympic Games, but I would say we are getting into it, slowly.

### How unique is Indian consumer behaviour compared to other markets?

I think the beauty of the Indian consumer is that, they are like onions, you keep peeling them and you keep discovering new things about them. There is a huge section of society which is at a very different pace in terms of its brand awareness and association level, while there is another set of consumers who might not be upto that level but they are all aspiring. So, I would say, the hallmark of Indian consumers, which might not be as visible across the globe is that they are very aspirational, irrespective of their disposable income or strata. Secondly, I think Indian consumers are highly value conscious. Even a SEC A+ person looks for value. I have seen people buying a Mercedes and haggling for extra airbags or extra years of service and so on.

And third thing, which is quite a recent phenomenon, is that people have become very discerning. If an organisation or brand is not giving the right value at the right time, Indian consumer does not think twice before



Arvind Singhal, Director – Marketing, McDonalds India (West & South)

**Facts**  
**Creative Agency**  
 Leo Burnett  
**Media Agency**  
 Madison  
**Advertising & Marketing spends**  
 Rs. 60-70 crore

switching.

**Who would be your biggest threat? Would it be KFC, Pizza Hut, dominos or local fast food joints?**

I actually think brands like KFC, Pizza Hut and Dominos have been the biggest boon because the pie is actually increasing, acceptance of product is increasing. The only threat that I see for McDonalds is when people stop thinking about consuming food outside. As long as consumers want to eat out, and want quality and value for money, we are in business.

**How many stores do you plan to have by the end of 2010?**

Currently we are around 190 stores across

# EAL

the country and this year the plan would be to add another say 40 stores nationally. So roughly we would have around 230-240 stores by the end of 2010.

**What has been the best media mix that has worked for you?**

It would depend on what kind of message you want to communicate, but I think for our kind of business and geographic presence, television is the lead medium and still works very effectively for us. It is the best ROI medium and the most potent medium to communicate, either for brand or promotional messages. In our media mix also, TV gets the lions share when it comes to the spends. And we are seeing increasing impact when we create a multiplier effect by taking the campaign on radio and internet, as that gives an add on effect to the whole campaign which we are putting together. Off late we have also started evaluating press for our store launches.

**How do you view the kind of advertising that is happening in the space today?**

Most of the advertising is happening on two things, one is increasing the food appeal and acceptance of the consumer. And I think second kind of advertising is trying to take it to the emotion part of it. I think it is quite a good work getting done, although I would love if there is more happening around that. It will help us to accelerate the pace of growth in the market.

**What do you think is the next innovation in the category?**

I feel the next wave which would come in a most significant manner would be convenience in fast food. Some people have done well on that, some people are still finding their way there. This whole idea of home deliveries is going to become even more important considering the limited parking space and jammed roads. Another convenience, to my mind, is the presence of drive-throughs. In India we don't see many drive-throughs, but considering the increasing number of four wheelers on the road, paucity of parking spaces



and time, I feel drive-throughs are again going to play a very critical role going forward.

Another thing, would be about value addition. How much more value can I provide to my customer. It could be innovation in product or service, maybe an online order and serve system could become the next wave.

**Do you plan to add few more global products in your India menu?**

Yes, we are evaluating a few more products but I won't be able to divulge those details right now. We are looking for more product introductions this year. In fact, we might have a complete menu coming up next year.

**Has there been any instance that the company might have lost its way with a particular strategy and had to revisit it to get it back online?**

I think the only thing which I would have wanted to rewind would be the time that we entered the Indian market. If we would have entered the Indian market maybe two to three years earlier, things would have been different.

**What has been your key learning as a brand manager?**

Actually there are many; first I would say is that you don't learn anything in office. You really need to be in the market, with the consumers to really know what is working and what is changing...the closer you are to the reality, the better and sharper marketer you are. This is because consumers are evolving really fast today and if you don't understand those trends, you will be left behind. The whole game in marketing is to understand forthcoming trends depending on the behaviour shifts today.

Second learning that I have gained is that you cannot be hundred per cent sure on lots of things before you take decisions. So you need to be 80-85 per cent sure and the remaining, if your gut says so, just go for it, because, if you keep waiting to be 100 per cent sure, it might be too late for you.

**Over your ten years of industry experience, how do you think the marketing landscape has changed in terms of strategy implementation?**

I think there is quite a lot of shift which has happened in the product lifecycle itself. Well, it still applies, but I think the cycle has shrunk quite a lot today. For example, if earlier you launched a product, it would be there in the market for maybe 10-15 years. Take the case of Maruti 800. It has been in the market for such a long time. But we don't see an Alto lasting more than few years and I am not sure if the next model is going to last that long.

Secondly, I think if you do not give consumers a quality product at a great value, they are not going to accept it. It is no longer a seller's market. And the third thing that I am observing is the idea of co-creation. Today consumer are deciding what marketing strategies they want and are playing more active role in that process. And I would attribute quite a lot of that to the internet

**Which is one brand that you wish you had worked on?**

I think it would be Vodafone, because that is another brand after Nokia that I completely admire. I have worked with Nokia for some time. But I admire the way Vodafone has transformed itself over the years. The company has changed hands, ownerships have changed, the name of the brand has changed, but still it has consistently focused on the consumer and has a huge association and likeability.

**Which is one marketing term which you love to hate?**

Strategy- because I feel everything is common sense and we just epitomise saying - 'let's have a marketing strategy', whereas what we mean is just deliver to consumer and do things that you want to do. That is why I love to hate the term 'strategy'.

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