McDonald’s

Burger and fries à la française
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French lessons for the world’s biggest fast-food firm

CAN a Frenchman revive Europe’s appetite for the Big Mac? Denis Hennequin, who ran McDonald’s in France, is now trying to repeat the success he had in his home country as the new head of the American fast-food giant’s European operations. On April 13th, McDonald’s said that, while it expects first-quarter profits to improve thanks to renewed growth in America, sales in Europe hardly grew at all.

Though it seems unlikely, France is the only place in Europe that has consistently loved McDonald’s since the first outlet opened there in 1979. McDonald’s might well be an icon of American culture and globalisation in a country whose people take to the streets to protest against both. And fast food would seem foreign in a society where a one (or two) hour break for lunch is still sacrosanct. Yet the French cannot seem to get enough of their “McDo”. A recent study by MKG Consulting in Paris found McDonald’s largely dominates the French restaurant sector, dwarfing rivals such as Elior, a French fast-food group, and Quick, a Belgian chain. McDonald’s now has some 1,040 restaurants in 750 cities in France, now its most profitable European subsidiary.

Why is McDonald’s doing so well in France? Mr Hennequin summarises his strategy for France as “upgrading and transparency.” He spruced up drab restaurants, improved the menu and introduced visitor days. Despite a long conflict at one Paris branch over low pay, which ended last year, he managed by and large to be on good terms with the country’s combative unions. McDonald’s wisely took a low profile in a court case against José Bové, an anti-globalisation campaigner who trashed a McDonald’s restaurant in the southern French town of Millau in 1999.

McDonald’s was clever in adapting food and décor to local tastes and concentrating on children, says Nicolas Bloch at Bain, a consultancy. The ham-and-cheese “Croque McDo” is McDonald’s version of a croque monsieur, a French favourite. McDonald’s teamed up with French companies to offer local fare, for instance fruit yoghurts produced by Danone, coffee from Carte Noire and the French soft drink Orangina. McDonald’s France buys 80% of its products from French farmers. It has even advertised in newspapers how many French cows, chicken, lettuce and tomatoes it uses each year.

Designer salads

Mr Hennequin will try to apply some of these lessons to other European countries. Sales in Germany and Britain, the two most important European markets, are sluggish. Italy and Belgium remain tricky. He established a “food studio” and a “design studio” at the company’s base in Guyancourt near Paris to research and develop new products and funkier interior designs for Europe’s restaurants. Under the stewardship of Olivier Pichot, a French three-star chef, the food studio’s first big foray was recently launched in Britain and Germany: “Salads Plus” adds eight healthier items to the staple of burgers and fries.

McDonald’s calls the new salad menu “a strategic change in the positioning of its menu in Europe”. It is a response to the rise of “fast casual” restaurants such as Cosi, a gourmet sandwich shop, and to concern over obesity. In America the company has already introduced a range of new salads.

Europe’s salad offensive also fits into the strategy of Jim Cantalupo, McDonald’s chief executive, who took over at the beginning of last year after the company hit a rough patch, which included its first quarterly loss since going public in 1965. Mr Cantalupo aims to reverse a diversification drive and to grow organically. “Focus on the core business is his leitmotif,” says Mr Hennequin.

If Mr Hennequin manages to replicate the French success throughout Europe, some say he could be destined for the top job at the fast-food firm’s head office in Oakbrook, Illinois. After all, Mr Cantalupo only agreed to come out of retirement to help get the firm back on track. And France has shown it can be done.