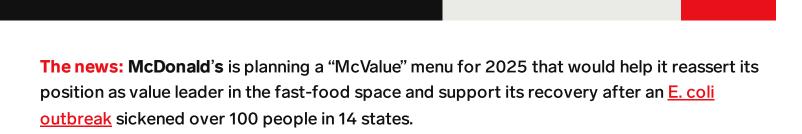


McDonald's plans to double down on value in 2025

Article





- The quick-service restaurant (QSR) will extend its \$5 meal deal into the first half of 2025 and introduce an offer to buy one item—like a double cheeseburger or McChicken sandwich—and get an additional item for \$1 more.
- Restaurant operators are currently voting on the new McValue initiative, but it's likely to pass.

The big picture: McDonald's new value platform is a clear sign that the QSR price wars will continue into 2025 as <u>fast-food operators lean heavily on deals</u> to persuade budget-conscious customers to return to stores.

That strategy has had mixed success so far.

- The <u>popularity of McDonald's \$5 value menu</u> helped US same-store sales return to growth in Q3—at least until the E. coli outbreak occurred.
- Burger King's summer promotions and Fiery menu failed "to cut through all the value messages in the market," Joshua Kobza, CEO of parent company Restaurant Brands International, said on the company's Q3 earnings call.
- Limited-time offers (LTOs) and other deals at KFC and Pizza Hut underperformed in Q3 relative to expectations, Yum Brands CEO David Gibbs noted, due to the intensely competitive and highly promotional environment.

Our take: Offering a value menu is now table stakes for fast-food operators, but discounts alone won't get customers through the door.

That's something McDonald's understands keenly—which is why it's also turning to LTOs like its Chicken Big Mac and "Collector's Edition" vintage-inspired cups (and the pending return of the McRib) to generate buzz and draw customers to stores.

While its new menu should help restore McDonald's reputation for value, it will first have to convince consumers that its food is safe to eat.



Brand Attributes That Are Dealbreakers/Important to Consumers Worldwide in the Brands They Buy/Use, April 2024

% of respondents

Good value for the money	91%
Offers the best quality	90%
I trust it	88%
High quality customer service	87%
Convenient to find, buy, and use	86%
Has a good reputation	86%
l love it	85%
I trust the company that owns the brand	82%
Note: top 8 of 13 responses Source: Edelman, "2024 Edelman Trust Barometer Special F June 13, 2024	Report: Brands and Politics,"
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