

# Competitive Update

6/7/2010



## Promotions: Food | 6/4/2010

Today is National Donut Day, and Dunkin' Donuts, America's all-day, everyday stop for coffee and baked goods, is celebrating by announcing the winning donut in the company's second-annual "Create Dunkin's Next Donut" contest while also giving people the sweet offer of a free donut. The grand prize winning donut is "Monkey-see Monkey-donut," a bananas foster-filled donut with chocolate icing, topped with Reese's Peanut Butter shavings, created by donut devotee Rachel Davis of Sharon, Massachusetts. Rachel wins \$12,000 and her donut will be sold in participating Dunkin' Donuts restaurants nationwide beginning this fall. To commemorate National Donut Day and the announcement of the grand prize winning donut, today participating Dunkin' Donuts restaurants throughout the country will offer guests a free donut of choice with the purchase of any beverage, limited one per customer while supplies last.



## Promotions: Food | 6/2/2010

KFC is 'So Good,' that, for 5,000 lucky fans, it's free! In honor of the launch of KFC's new global advertising tagline, 'So Good,' the world's largest chicken chain is cooking up a free food giveaway for 100 of the brand's fans in each of at least 50 restaurants across all 50 states on June 17. Want your local KFC to give out free food? First, fan, friend, follow or synch up with one or all of KFC's social media channels: Facebook, Twitter or MySpace. Then nominate your city by posting on one of KFC's social media pages why your community is 'So Good.' If you prefer, you can also send your nomination via e-mail to [sogood@kfc.com](mailto:sogood@kfc.com). KFC will review all submissions and select at least one KFC in each state where 100 lucky customers will receive FREE \$5 Big Crunch Boxes on June 17. On June 14, KFC will distribute a secret password through all of their social media channels that can be used to score a free lunch at the selected restaurants. The 'So Good' tagline is the first-ever global ad campaign in the 70-year history of the brand. The campaign, launching in the U.S., Canada and France, with other international markets to follow, is aimed at recognizing and embracing real, genuine moments of shared joy. The first commercial to feature 'So Good' is the spot for the \$5 Big Crunch Box, created by Drafftcb Chicago. The creative treatment of the 'So Good' tagline includes the phonetic phrasing of "So S - O - G - Double O - D Good," as well as a 'So Good' song.



## Promotions: Food | 6/2/2010

McDonald's this summer will introduce an Angus Snack Wrap, a snack-sized version of its high-priced Angus burger. The Angus Snack Wrap goes on sale in the New York area June 14, and will be sold across the U.S. starting Aug. 10 with the backing of national advertising, McDonald's Marketing Director Marta Fearon said in an interview. With a suggested price of \$1.99, the Angus Snack Wrap beefs up McDonald's snacking line up that executives said have been a key driver of the chain's recent sales growth. The item can also help profits, as executives have said that other wraps, with suggested prices of \$1.49, on McDonald's menu help entice customers to trade up from Dollar Menu items, which have slim margins. The trade-up could help McDonald's increase the average amount a customer spends, which has taken a hit, especially in the morning due to the new Dollar Breakfast Menu, at a time when McDonald's finds itself with less pricing power. Fast-food customers are snacking more often, stopping in after the lunchtime or breakfast rush to grab a pick-me-up. Snacking sales held up well during the recession too, says Bonnie Riggs, restaurant analyst at market research firm NPD Group. While customer traffic fell 3% at fast-food restaurants in the 12 months ending in March, customer traffic during snacking hours was down just 1%. The Angus Snack Wrap takes half of the third-pound hamburger patty used on the Angus burgers and wraps it in a flour tortilla. It comes in the three varieties of the Angus sandwiches: mushroom and Swiss, bacon and cheese, and deluxe with lettuce, tomato, red onions and other toppings.



## Promotions: Drink | 6/3/2010

As part of its product differentiation strategy, McDonald's will launch oatmeal nationwide in 2011, McDonald's CEO Jim Skinner said. The company has been testing fruit and apple oatmeal with 280 calories and low in fat and sodium. McDonald's menu strategy includes a continued focus on promoting the brand's iconic core products while delivering innovative new products to keep its menu relevant. Successful product innovations include the Third-Pound Angus Burgers and Snack Wraps and on the beverage side, the McCafé line. The beverage line rollout will be complete by July, when smoothies will launch nationwide. Most U.S. stores now feature the new frappes, which continue to exceed expectations. Beverage sales are up 38% year to date as of April, following a 25% increase in 2009. McDonald's president and COO Don Thompson said during the Q&A portion that drip coffee also is an important component of the beverage platform and has been providing strong sales lift. He added that with the right operating platform in place thanks to the McCafé builds out, the company plans to continue to develop new beverage offerings.

## Promotions: Games/ Movies/ Plastic | 6/4/2010

In collaboration with the Consumer Product Safety Commission (CPSC), and as a precautionary measure, McDonald's USA today issued a voluntary recall of its four ShrekForever After glassware recently offered in its U.S. restaurants. Customers should stop using the glasses and visit [www.mcdonalds.com/glasses](http://www.mcdonalds.com/glasses) beginning June 8 for instructions on how to return them and get a refund. McDonald's safety standards are among the



highest in the industry and the company has a strong track record. To be clear, the glassware was evaluated by an independent third-party laboratory which is accredited by the CPSC, and determined to be in compliance with all applicable federal and state requirements at the time of manufacture and distribution. However, in light of the CPSC's evolving assessment of standards for cadmium in consumer products, McDonald's determined in an abundance of caution that a voluntary recall of the ShrekForever After glasses is appropriate. The ShrekForever After glassware was offered in four glass designs at McDonald's restaurants beginning May 21. The four designs include Puss n' Boots, Shrek, Princess Fiona and Donkey. Customers can get instructions to return the glassware and request a refund by visiting [www.mcdonalds.com/glasses](http://www.mcdonalds.com/glasses) beginning June 8. Customers can also call McDonald's toll-free number at 1-800-244-6227. Previous McDonald's promotional glassware is not involved in the recall.



**Promotions: Drink** | 6/2/2010

Inspired by the belief that everyone deserves a great cup of coffee, Seattle's Best Coffee is focusing on new beverages that highlight the company's commitment to high quality, freshly brewed coffee. The star of summer this year at Seattle's Best Coffee is the Cookie Dough JavaKula blended beverage. This new premium blended beverage is made with smooth, cold brewed coffee and a combination of cookie dough syrup and white chocolate sauce and topped with a signature chocolate baton, whipped cream and a sprinkle of chocolate chip cookie crumbles. The key ingredient in the Cookie Dough JavaKula is the Seattle's Best Coffee cold brewed coffee concentrate, a concentrated coffee extract produced by using a special cold brewing process. The cold brewing process extracts the delicious flavors of coffee and leaves behind undesirable acids and oils, resulting in a bold, slightly sweet, smooth-tasting coffee with the added benefit of more than 50 percent less acidity than conventional brewing methods. Cold brewed coffee is used as the base for the Seattle's Best Coffee JavaKula blended beverages, coffee milkshakes and Hand Shaken ColdBrewed Originals. Other new summer seasonal offerings at Seattle's Best Coffee include: Peach CremeKula blended beverage – a chilly beverage featuring a creamy blend of sun-ripened peaches blended with ice and topped with whipped cream. Seattle's Best Coffee is also bringing back a favorite beverage from last summer – the Peach FruitKula Blended Beverage, a refreshing non-coffee blended beverage. A favorite summer coffee since 1998, Beach House Blend packaged coffee returns in a one-pound whole bean package. Beach House Blend, which can be brewed hot or served over ice, offers a refreshingly mild citrus flavor, delicate aroma and smooth finish.



**Promotions: Drink** | 6/2/2010

Starbucks has said that its rollout of the 'Via' instant coffee brand has not resulted in lower sales of its premium brewed or bagged ground coffee, a prospect that analysts had worried about. In comments made at a conference, Chairman and CEO Howard Schultz said that the new range had in fact helped add "significant" incremental growth to overall sales. Schultz added that Starbucks expects Via to contribute \$100m in sales in its first year, and said the range is a "mirror image" of whole-bean and ground coffee in terms of margins. Schultz also said the coffee chain is working to launch Via at 30,000 distribution points, including wholesalers, grocery and drug stores, and will introduced an iced version later in June. In his speech, he also said that Starbucks continues to look towards international markets, saying the company is "studying very carefully" markets such as China, India, and Vietnam. He said that if the company does decide to enter new markets, it may do so as part of a joint venture or in a licensing deal.



**Promotion** | 6/1/2010

This Father's Day Weekend (June 19-20), Wendy's is helping Canadians treat Dad and change the lives of foster children at the same time. Wendy's fourth annual Father's Day Frosty Weekend provides an easy, tasty way to support foster care adoption and help the 30,000 children in Canada who are waiting for permanent families. During Father's Day Weekend, Wendy's will donate \$1 from every Frosty product sold to the Dave Thomas Foundation for Adoption - Canada, a non-profit public charity dedicated to increasing the number of foster care adoptions in Canada. Before Father's Day, Wendy's customers can show their support by purchasing a Frosty pin-up for \$1 with all proceeds going to the Dave Thomas Foundation for Adoption - Canada. Pin-ups are now being sold at participating Wendy's locations across the country. The money that is raised during the weekend will support the Dave Thomas Foundation and its signature program: Wendy's Wonderful Kids (WWK). This program fulfills a critical need by funding seven full-time adoption recruiters to match parents with foster care children, available for adoption. Over the past three years, WWK recruiters have found loving, permanent homes for 80 children.