

McDonald's Hello Kitty Promotion

McDonald's Hello Kitty Promotion case is useful in the classroom for discussion of consumer behavior, sales promotional tools, international marketing, and public relations. The fact that the Hello Kitty Promotion in Singapore and the Teenie Beanie Baby Promotion in the United States had similar circumstances makes it an easy case for American students to understand and discuss.

In addition to the three questions written at the end of the case, I would suggest discussing the following marketing issues as they apply to McDonalds' Hello Kitty Promotion:

1. Discuss the use of McToys as a sales promotional tool for McDonalds. What is the purpose of McToys? What does McDonalds hope to accomplish by offering these McToys? What is the desired marketing effect?

McDonalds uses the McToys as a sales promotional tool to drive interest (and sales) in their Happy Meal product among young children (the primary target market). The toy serves as a special "surprise" for this market upon consumption of the primary contents – the food. The desired marketing effect of offering these toys is to renew interest in the Happy Meal product among young children.

2. Who is the target consumer for McDonalds' Happy Meal product? Was Hello Kitty an appropriate McToy to include in the Happy Meal? Why? Did the McToy have the desired effect with the Happy Meal's target market?

The target consumer for the McDonalds' Happy Meal is typically children under 12 years old – both boys and girls. The Hello Kitty dolls were acceptable toys for this age group and were available in both girl and boy figures. Assuming that the toys in the Happy Meal are used to increase the target market's interest in the product, the Hello Kitty McToy may have been unsuccessful. The angry mobs of people waiting in queue for the toy were not interested in the food contents of the product – only the toy. Additionally these people were mostly adults, and did not represent the primary target market. Therefore, this McToy increased interest and sales with a different target consumer.

3. Discuss the issues that were identified in the case that may have fueled the craze for Hello Kitty dolls. Why didn't McDonalds see this coming?

The factors mentioned in the case that contributed to the Hello Kitty craze included limited supply of the product accompanied by intense demand, an aftermarket for the toy which substantially (and financially) rewarded those who were able to take possession and resell the product to others who weren't so lucky, the use of a highly popular product which the case referred to as the manufacturer's "largest money spinner," exclusive sale of these toys in McDonalds outlets (the product was not available in other stores), and a

significantly lower price for the Hello Kitty product compared to similar merchandise sold in department stores. It seems the aftermarket, which provided opportunity for immediate financial gain to those who were able to acquire the McToys, was probably the most influential of the factors. McDonalds probably did not see this coming because fast food tends to be a convenience good that seldom sees large fluctuations in supply and demand. Collectibles, on the other hand, are often in a position of limited editions, exclusive distribution, and high demand. It is not surprising that McDonalds didn't anticipate this very different response to the collectible Hello Kitty dolls.

4. Comment on each of the ideas submitted to McDonalds by Singaporeans. Discuss whether you think each idea is a good solution.

Holding Lucky Draws – This technique may end in the same situation, as consumers eagerly wait in line to get a chance to enter the drawing. This technique also encourages “losing” feelings among those customers who do not win the drawing. These bad feelings may influence how the customer feels about McDonalds overall.

Stadium Sales – This technique would also draw large crowds, but would solve the space allotment problem. Unfortunately, this technique doesn't have the desired effect for McDonalds of increasing sales among the target market. Without being at a McDonalds restaurant, the company would have no opportunity for accompanying sales.

First to Call Hotline – This technique may jam telephone lines furthering angering customers unable to get through to make their purchase. Additionally, McDonalds would have no opportunity for accompanying sales.

Coupons in the Queue – This technique would simply delay the process of allocation. Lines would still be formed, and customers would return in mass another day to collect their dolls.

Quiz – This technique would require incredible manpower to implement. It would also not allow for accompanying sales.

Flood the Market – This technique will alleviate the low supply and high demand problems. Coupled with a good distribution system, this might work. With high supply, however, demand for this collectible product may wane. Demand for collectibles is often influenced by limited supply. This may not be so much of a problem, however, as it would provide the Hello Kitty dolls to the kids for which they were intended.

Sell Dolls Everyday – This technique coupled with flooding the market would space out collection and reduce the crowds as long as the customers were certain they would be able to get a doll. Limiting the number of dolls the customer could buy would help to ease the problems as well.

Increase Price – Increasing the price of the dolls would reduce the opportunity customers have to benefit financially from the purchase. This would perhaps limit the number of people who could afford to buy the product. McDonalds, however, intended this product to be accessible to their primary target market – young children – who would probably not be able to afford the increased price.

Police Control – If McDonalds continued with current distribution methods for Hello Kitty, police control would be essential. A police presence – although an expensive addition to sell a product at cost – would have a calming influence on the crowd.

Metal Barricades – Metal barricades would provide order to an otherwise disorderly crowd. However, it would be better to try to reduce the size of the crowd altogether, and find ways to generate interest among the primary target market.

5. According to the case study, McDonalds responded to the negative publicity from the Hello Kitty Promotion in the next day's newspaper. How should one handle negative publicity? Did McDonalds do the right thing?

When confronted with negative press, a company should acknowledge the problem, issue a public apology, and communicate the manner in which the company intends to resolve the problem. McDonalds followed this procedure in issuing a statement in the next day's newspaper that acknowledged the problem, apologized, and discussed how they intended to rectify the problem.

6. Why was McDonalds' second Hello Kitty promotion – the Royal Costume Collection – more civilized? What had changed?

McDonalds' preparation and new understanding of the collectibles market resulted in a much more orderly distribution of Hello Kitty's Royal Costumer Collection. McDonalds purchased a greater number of dolls for distribution in order to increase supply levels, it limited per person purchase to 4 dolls, and hired security personnel for crowd control.

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