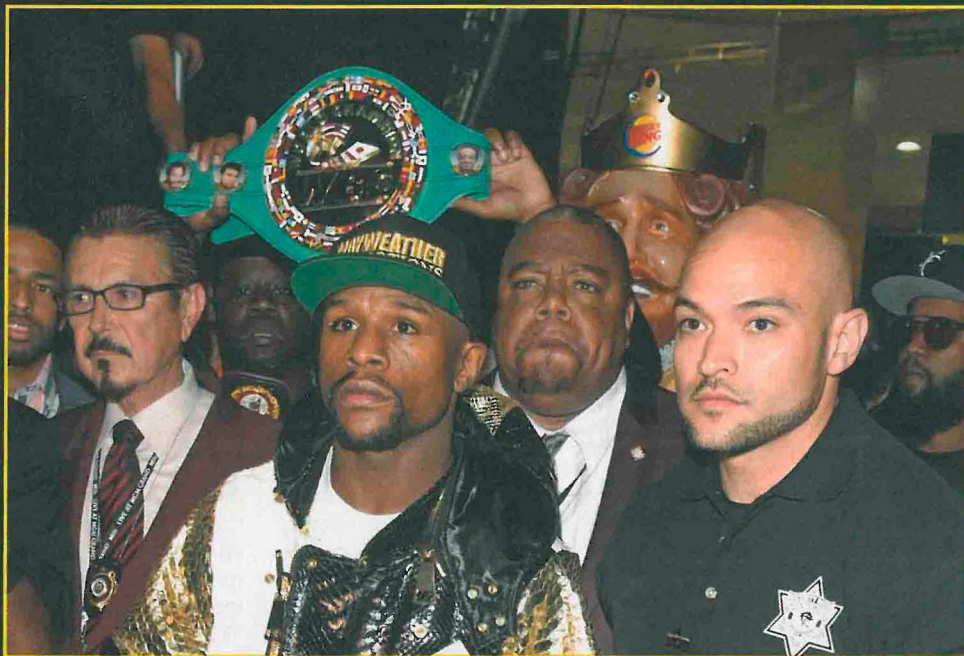


Long Live the King



We mean the one with the funny crown

► **Burger King's tightfisted managers crank out quirky marketing suited to the Digital Age**

► **"They're generating an enormous amount of publicity at a very modest cost"**

On the night of the Floyd Mayweather-Manny Pacquiao fight in Las Vegas in May, most **Burger King** franchisees were unaware their brand had found a way to advertise during the commercial-free event, which drew a record 4.4 million pay-per-view sales, almost double the previous high, and was viewed by millions more worldwide. So when the King, the chain's robed mascot, emerged into the MGM Grand's arena just off Mayweather's left shoulder, Shoukat Dhanani's phone started to light up. His company, **Houston Foods**, owns about 460 Burger King restaurants, and he represents his fellow franchisees on the company's marketing council. "Everyone wanted to know what was

up with the King," he says. Besides the millions of viewers globally, within hours the King's appearance in Mayweather's entourage alongside Justin Bieber was all over **Twitter** and **Facebook**, generating big-time buzz for the restaurant chain.

Media types speculated that Burger King paid Mayweather \$1 million to pull off the stunt, a fraction of the tab for a 30-second Super Bowl ad. "They're spending that money very wisely," Dhanani says. "What we used to spend and what we used to get, and what we spend now and what we get, it's a big difference."

Burger King, which counts Bill Ackman and Warren Buffett as two of the largest shareholders in its parent company, **Restaurant Brands**

International, has developed a knack for viral advertising. Under the management of its famously stingy controlling shareholder, **3G Capital**, since 2010, the chain has managed to muscle into the daily conversations on social media that increasingly define pop culture. Franchisees say the buzz has translated into higher restaurant sales. And the company is doing it for far less than what **McDonald's** spends on advertising.

"Burger King has really found a way to get attention by doing the unexpected and somewhat irreverent," says Tim Calkins, a marketing professor at Northwestern University's Kellogg School of Management. "They're generating an enormous amount of publicity at a very modest cost." ►

◀ About a month after the King's surprise appearance at the Las Vegas fight, the mascot again popped up at the Belmont Stakes, in the private box of trainer Bob Baffert, before American Pharoah ran for the first Triple Crown in almost 40 years. Because the horse had become a celebrity, Burger King marketers figured—correctly—that TV

4:1

The size of McDonald's estimated U.S. advertising fund vs. Burger King's

cameras would pan to Baffert before the race, again putting the King in the sight of millions and sparking social media buzz. The appearance reportedly cost Burger King only \$200,000, which

Baffert donated to charity.

The King's horse race cameo was partly about selling more chicken. A few days before the race, the company had rolled out national TV ads featuring the King to promote its 10 chicken nuggets for \$1.49 deal. "We strive to create moments for Burger King to fall into organic conversations about what's current and what's trending," says Axel Schwan, Burger King's global chief marketing officer. "Our goal is to enmesh the brand into the fabric of pop culture."

Burger King likes being edgy, Schwan says, and it has proved that it doesn't mind doing things that might make other brands blush. In August, as the company pushed a new spicy version of its chicken fries—a cult favorite the chain returned to the menu after a flood of social media requests—it tweeted a picture of what appeared to be a stack of pornographic magazines. The skin books, their cover images blurred, were set next to a box of Fiery Chicken Fries, and the tweet read: "Hotter than your summer reading list. #fierychicken-fries." Less than a week later, a similar tweet featured blurred-out images of bikini-clad women with this message: "Hotter than your browsing history."

In an age when office chatter has moved from last night's TV episode to the latest viral video, part of Burger King's marketing advantage has been its

willingness to move quickly to exploit a constantly churning Internet news cycle. After the company reentered France in 2013, following a 16-year absence, social media there were besieged with negative comments from French customers complaining about long lines at the restaurants. Burger King didn't waver in the face of the apparent customer service crisis. Instead, it printed some of the "angry tweets" on construction panels at the new locations as proof it had heard the negative feedback. That gambit generated millions of retweets, won a marketing award, and again showed Burger King to be a brand that isn't afraid to ignore conventional wisdom. "The better it is you understand what you stand for, the easier it is to react quickly," Schwan says.

McDonald's remains the world's largest restaurant company, and its sheer size has pushed Burger King to take marketing risks to stay competitive. In 2014, McDonald's had roughly five times Burger King's ad budget, with money for Super Bowl ads and sponsorships of the FIFA World Cup and the U.S. Olympic team. But Allen Adamson, North American chairman of branding firm Landor Associates, says size advantage doesn't go as far as it used to because of social media. "If you have the right spark, it will generate more buzz than paid media," he says. "Good content travels so powerfully that every year the playing field gets more level."

In June 2014, Josh Kobza, Burger King's chief financial officer, said the company would rely more heavily on data to make sure its marketing was cost-effective and reaching the right customers, and was "shifting channels toward more digital and social media." David Palmer, an analyst at RBC Capital Markets, recently said Burger King's marketing had "been among the most effective in U.S. fast food" in the past few years. Besides ad agencies **David, RockOrange**, and **Pitch**, Burger King uses marketing shop **Code & Theory** for social media and **Scout**, a sports-focused subsidiary of Horizon Media, for planning the King's high-profile boxing and racing gigs.

Relying on cheaper social marketing fits nicely with 3G's management approach. In the fast-food industry, it's common for franchisees and company-owned restaurants to pay about 4 percent of gross sales each month into an advertising fund that's administered at the corporate office. That means

that in the U.S., McDonald's had about \$1.42 billion in its marketing pot in 2014, funded mostly by franchisees. McDonald's corporate owns about 19 percent of its restaurants worldwide, and the company reported spending \$808 million on marketing last year. But after 3G Capital took over Burger King, it started selling off hundreds of company-owned restaurants to reduce costs. Five years later, the parent owns only 52 restaurants, all in the Miami area. So it pays next to nothing for advertising out of the corporate coffers. Last year, Burger King collected an estimated \$345 million in U.S. advertising money, less than a quarter of the haul at McDonald's.

The huge ad budget differential is one reason Burger King is likely to continue rolling out marketing stunts such as its open letter to McDonald's in August, asking its longtime rival to help it create a hybrid burger from the two chains' ruling sandwiches; its sale would benefit charity. For the price of two full-page newspaper ads, Burger King and its hypothetical "McWhopper" lit up the Twitterverse and quickly generated chatter around its brand across social media. "It was perfect guerrilla marketing," says Landor Associates' Adamson. "There was nothing McDonald's could have done. They were instantly checkmated." —*Craig Giammona*

The bottom line Burger King's mascot stunt at the Belmont Stakes cost only \$200,000 but sparked a social media frenzy worth more.

A knack for attracting social media attention has allowed Burger King to punch above its weight in the Twitterverse