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## Small Fry, Big Spender: McDonald's and the Rise of a Children's Consumer Culture, 1955-1985

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LOYOLA UNIVERSITY OF CHICAGO

SMALL FRY, BIG SPENDER: MCDONALD'S AND THE  
RISE OF A CHILDREN'S CONSUMER CULTURE, 1955-1985

A DISSERTATION SUBMITTED IN  
CANDIDACY FOR THE DEGREE OF  
DOCTOR OF PHILOSOPHY

DEPARTMENT OF HISTORY

BY

KATHLEEN D. TOERPE

CHICAGO, ILLINOIS

MAY, 1994

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## ACKNOWLEDGEMENTS

I would like to thank McDonald's Corporation for permitting me research access to their archives, to an extent wider than originally anticipated. Particularly, I thank McDonald's Archivist, Helen Farrell, not only for sorting through the material with me, but also for her candid insight in discussing McDonald's past.

My Director, Lew Erenberg, and my Committee members, Susan Hirsch and Pat Mooney-Melvin, have helped to shape the project from its inception and, throughout, have challenged me to hone my interpretation of McDonald's role in American culture. This is, perhaps, not the work they each would have written, but the final product owes much to their expertise and insight.

Most of all, my thanks goes to my husband, Tom. He has been my technical advisor on the inner workings of corporate marketing and finance, and the inner workings of our computer. He rescued me from our children when I needed to work, translated financial statements, clipped articles, typed graphs, edited chapters, spent many late nights talking about McDonald's, and cheerfully endured leftovers or Big Macs for supper. It is to Tom that I dedicate this dissertation.

God may or may not be dead, but Ronald McDonald  
surely is immortal. There will be burgers forever!

Jon Carroll  
Ronald Revisited: The World of Ronald McDonald

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CHAPTER 1  
INTRODUCTION

His appearance on a Saturday afternoon drew 5,000 excitable visitors in a mere two hours. The audience was fidgety and noisy. The manager called them a mob. It took six police to keep the crowd under control. Teenagers at a rock concert? No, merely a visit by Ronald McDonald to one of the more than 11,000 restaurants operated or franchised out by the McDonald's Corporation.<sup>1</sup> Since 1948, when brothers Richard and Maurice McDonald unveiled their fast-food prototype in San Bernardino, California, McDonald's has been selling Americans on the cleanliness of its kitchens, the speed and efficiency of its service, and the wholesomeness of its image.<sup>2</sup> America's children heard none of these entreaties. A likable, carrot-haired clown invited them to visit "his house" and have fun. *That* they heard, and they came by the millions.

Even McDonald's was surprised at Ronald's popularity.

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<sup>1</sup>"McDonald's Newsletter" (May 1967), McDonald's Corporation Archives, Elk Grove Village, Illinois. This specific visit occurred on April 28, 1967, in Wilmington, Delaware.

<sup>2</sup>In referring to the marketing, financial, or operational functions of the corporation as a whole, the third person singular "it" is used. The third person plural, "they, them, their," is used in cases where the reference is to individual units or licensees, rather than to the overall corporation.



Originally created in 1963 as a regional, short-term advertising gimmick, the literally colorful clown has even overshadowed the equally colorful character of Ray Kroc. Kroc became the guiding hand of McDonald's after he signed on as the McDonald brothers' exclusive licensing agent in 1954. That Ronald is so popular, however, is strong testimony to a dramatic shift in child consumption patterns in the years following World War II. Children as young as three and four, mere preschoolers, began to participate in everyday purchasing decisions for the family. They whined--or begged, bargained, or cajoled--to go to McDonald's and their parents, overworked and attracted by the new convenience and ease of eating out, acquiesced.

Children constituted a significant consumer niche in three ways. First, they directly purchased items themselves; a function that increased as the children matured. Second, they influenced parental purchases, either through active requests or by their natural liking or disliking of certain products. Most importantly, however, children eventually matured into full-fledged consumers whose brand loyalties, advertisers hoped, continued into adulthood.<sup>3</sup>

McDonald's marketing message reached children at all three levels. The message took such root that parents drove

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<sup>3</sup>Charles Hull Wolfe, Modern Radio Advertising (New York: Funk & Wagnalls and Printers' Ink, 1949), 175.

out of their way to avoid passing the local McDonald's.<sup>4</sup> By the late 1960s, children became McDonald's prime marketing target as the corporation battled against competitors Burger King, Burger Chef, and newcomer Wendy's.

To insure its success, McDonald's developed a three-fold marketing program based on an image of McDonald's as fun, an image of Ronald as friend, and an image of the corporation as wholesome and benevolent. While Ronald attracted the children, the perception of McDonald's as wholesome reassured parents.

In an era characterized by fears of teenage crime, communists, and the atom bomb, drive-in restaurants bore the stigma of delinquency. In contrast, McDonald's prohibited teenage rowdiness and aggressively positioned itself as a safe and sanctioned outlet for young children. Like Walt Disney, whose animated fairy tales sanitized film consumption for youngsters (nickelodeons were notoriously uneven in their appropriateness for young audiences), Ray Kroc made McDonald's culturally "safe" for children.

Most importantly, McDonald's actively and consciously pushed down the age at which children assumed a significant consumer function. Before Ronald McDonald, a three-year-old was simply not considered a consumer. Children that young,

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<sup>4</sup>Dictaphone memo from Dick McDonald to Ray Kroc (October 1957), reprinted in The Legacy Series, dictaphone tape transcript (Oak Brook, IL: McDonald's Corporation, 1988), 16-17.

little more than babies, were thought incapable of the discrimination necessary to developing brand loyalty, a prerequisite to the consumer socialization process.<sup>5</sup> Food products, especially cereals and candies, and toy gadgets sold via radio and comic book advertising, targeted youngsters aged seven and older. Comic books, by definition, required a literate audience. And children's radio serials extended beyond the attention span of restless and visually-oriented toddlers and preschoolers. But McDonald's succeeded in encouraging a friendship between Ronald McDonald and youngsters using the medium most suited for very young children, television.

Television perfectly met McDonald's marketing needs. As analyzed by Vance Packard, television became the most modern medium for the creation and fulfillment of the desire

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<sup>5</sup>Exactly how children develop consumerization skills is still debated. The most convincing theory posits that a child's processing of consumer information is dependent upon his/her cognitive level, with a child reaching substantive consumer awareness skills by ages eight or nine. Scott Ward, Daniel B. Wackman, and Ellen Wartella, How Children Learn to Buy: The Development of Consumer Information-Processing Skills (Beverly Hills, CA: Sage Publications, 1977), 23, 178. Texas A & M marketing professor James McNeal, however, suggests that parents' modelling of their own purchasing habits, rather than the child's cognitive level *per se*, enables a child to evaluate and differentiate between products. Still, McNeal's thesis tacitly parallels Ward, et al.'s findings in concluding that a child does not possess legitimate independent purchasing power until age seven with the acquisition of more mature discrimination skills. James Utah McNeal, "The Development of Consumer Behavior Patterns in Childhood" (Ph.D. diss., University of Texas-Austin, 1964), 8, 61, 86.

for consumer goods.<sup>6</sup> Children were especially vulnerable to the carefree images of what was thought to constitute the "good life" for the post-World War II family. In 1969, for example, Ronald McDonald reached nearly 5.5 million children aged two through eleven through the family television set, via network advertising on Saturday mornings.<sup>7</sup> McDonald's not only saturated children's television air-time with Ronald commercials, but scored points with parents by sponsoring educational and family prime-time programming. To the chagrin of its competitors, McDonald's, through television, parlayed children's personal love and friendship for a fantasy character into a psychologically abstract, yet unshakable loyalty toward a corporation.

Television alone, however, does not explain the phenomenal success of McDonald's. The McDonald brothers, who had tripped their way through a series of odd jobs during the Depression and World War II, provided McDonald's with its operational formula for success: a limited menu with low prices delivered through an assembly-line system. Ray Kroc, with his often garish sales skills, then developed an innovative franchising program that nurtured

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<sup>6</sup>Vance Packard, The Hidden Persuaders (New York: David McKay, Inc., 1957), 31. Packard's sinister description of children being covertly observed by motivational researchers who recorded the youngsters' "happy or scornful" reactions to television programs and commercials makes McDonald's early emphasis on philanthropy seem almost innocent by comparison.

<sup>7</sup>"McDonald's Newsletter" (November 1969), McDonald's Corporation Archives.

entrepreneurship while protecting the corporation's need for control. And historical timing also played a crucial role.

Fast service restaurants were not totally novel in the late 1940s; some stands were already two decades old, a product of earlier interest in recreational motoring. But automobile ownership skyrocketed after World War II and McDonald's became one of hundreds of small, upstart businesses across the country that greeted American families as they made their way across the burgeoning interstate system.

The \$26 billion interstate highway system linked the fast sprouting suburbs to each other and to the cities they encircled.<sup>8</sup> Without the phenomenal pace of suburbanization in the 1950s and 1960s, the McDonald brothers' unique fast-food assembly line would have been stillborn. Church steeples, manicured lawns, bicycles in the driveways, and station wagons were what McDonald's looked for when surveying sites for early McDonald's franchises. With 90% of its business coming from the child-centered "family trade," McDonald's tapped into one of the statistically and culturally most significant phenomena of the twentieth

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<sup>8</sup>The \$26 billion represents monies appropriated in the Interstate Highway Act of 1956. Historically, federal aid for highways dates back to the end of World War I. Mark Rose, Interstate: Express Highway Politics, 1939-1989, rev. ed. (Knoxville, TN: University of Tennessee Press, 1990), 8.

century: the Baby Boom.<sup>9</sup>

Over 82 million children were born between 1945 and 1965, a demographic bulge that reversed a steady decline in the birth rate since 1900. Looking for growing room and eager to unwind after the tense years of Depression and war, American families flocked to the suburbs, creating communities geared, almost exclusively, to the raising of children. Postwar Americans confidently pointed to a bustling domestic economy and eagerly embraced the newest consumer goods, many of which catered to the needs of Baby Boom youngsters.

As a corporation that found its niche catering to America's youngest consumers, McDonald's reflected the changes endemic to American society after World War II. McDonald's solicitousness toward children mimicked the doting behavior of their own parents. Its wholesome image netted almost instantaneous popularity and attested to American families' dual needs for convenience and security. Dubbing its hamburger, fries, and shake the "All-American Meal," McDonald's capitalized on the patriotic boosterism of the Cold War years. Serving millions of meals annually in a "patty-to-patron production line," McDonald's and its sleek stainless steel interiors epitomized what Alfred Chandler

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<sup>9</sup>"McDonald's: Supplement to 1965 Annual Report," publicity brochure, 9, McDonald's Corporation Archives; Ray Kroc, "Appealing to a Mass Market," interview by Nation's Business 56, no. 7 (July 1968): 73.

labelled the "modern business enterprise."<sup>10</sup> Finally, Ray Kroc's hybrid franchising system successfully merged both small-scale entrepreneurship and corporate conformity, proving that the two polarities could be harmonized. Thus, a study of McDonald's becomes a prism both to analyze the disparate social changes of the postwar decades and to view their convergence under the golden arches.

Chapter 2 of this study examines the corporate history of McDonald's, especially the contributions of the McDonald brothers who delivered to Ray Kroc in 1955 a unique food concept in its infancy. Kroc "raised" McDonald's, even protectively referred to it as "my baby," and instilled in it his own unshakable belief in the American capitalist system.<sup>11</sup>

Chapter 3 takes a step back, analyzing McDonald's precursors both in the convenience food industry and in the marketing of consumer products to children. McDonald's corporate success drew upon the licensing experiences of earlier roadside eateries, particularly that of Howard

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<sup>10</sup>Max Boas and Steve Chain, Big Mac: The Unauthorized Story of McDonald's (New York: E.P. Dutton, 1976), 23; Alfred D. Chandler, Jr., The Visible Hand: The Managerial Revolution in American Business (Cambridge, MA: Belknap Press, 1977). McDonald's exceeded Chandler's definition by vertically integrating not only production and distribution, but consumption as well, highlighting the importance of the consumer whom Chandler glosses over.

<sup>11</sup>Ray Kroc, "I'm the Hamburger Man," interview by Julie Woodman and Judy Shoen, Institutions: Volume Feeding Management 71 (15 September 1972): 73.

Johnson's. Similarly, McDonald's co-opted a host of proven child marketing strategies developed by periodical and radio advertisers since the 1890s. Unlike the earlier child marketers, however, McDonald's targeted an unprecedentedly young audience for its products. Thus, children aged three to sixteen provide the focal point for this analysis of child consumerism, with the major emphasis on the youngest of these children.

Chapters 4, 5, and 6 analyze McDonald's relationship to children during the 1950s and 1960s. Chapter 4 examines the dominant social and cultural trends of these immediate postwar decades and firmly situates McDonald's within the context of an increasingly populous and suburban, yet psychologically insecure consumer society. McDonald's marketing strategy from 1955 to 1963, that is, the years prior to the creation of Ronald McDonald, forms the focus for Chapter 5. These years marked the emergence of philanthropy as a marketing tool, at first on a small scale and later expanding to a largess of billions of dollars. Chapter 6 focuses on Ronald McDonald, who created an image of McDonald's as fun and solidified McDonald's leadership in the children's market.

The wholesome image of McDonald's, so carefully nurtured by Ray Kroc since 1955, had, by 1980, become almost irreparably sullied. Chapter 7 examines the changing social and political climate surrounding McDonald's during the



1970s and 1980s when a plunging birthrate forced McDonald's to question its marketing commitment to children. Chapter 8 details McDonald's recommitment to the children's market, marked by a program of aggressive television advertising that incurred the wrath of children's advocacy groups.

Finally, Chapter 9 offers some concluding analysis on the role of McDonald's in the growing consumerism of children, including children worldwide, and updates the study to the present time. This chapter looks at beginnings as well. It plants the seeds for further research and offers an answer to the critics who decry child consumerism as immoral or unethical.

#### Comments on Sources

In the past forty years, McDonald's has deliberately molded an image of itself as a cultural institution, in the vein of Sears, Roebuck earlier in this century. Conscious of its own history, McDonald's has developed an extensive archival collection; it is this original source material that forms the research core of this analysis.

Notable among the vast array of archival documents examined are McDonald's monthly newsletters to all licensees and the on-going editions of its "Marketing Manual." The "McDonald's Newsletter" clearly charts the corporation's increasing interest in children from both a consumer and philanthropic point of view. Reflecting McDonald's own evolution, the earliest years of the "Newsletter" stressed

basic operational concerns (equipment maintenance and food supply and preparation) while the later years' issues focused on advertising, public relations, and protecting the image of McDonald's. The various "Marketing Manuals," updated irregularly, hone the use of corporate philanthropy as a marketing tool. Together, the "Newsletters" and the "Marketing Manuals" reveal how the evolving persona of Ronald McDonald, from gimmick to friend, mirrored the corporation's own increasingly complex commitment to children.

Complementing the documentary archival material are the dozens of McDonald's commercials collected by McDonald's Archives. These commercials aired on network television from the late 1960s, when McDonald's intensified its efforts at securing the children's market, to 1985--the terminus of this study. Primarily one-minute spots, these commercials provide the mental meeting place for the dialogue between Ronald McDonald and American youngsters. It is here that children are told that McDonald's is fun, that they and their parents "deserve a break," and that all that McDonald's does is done "for you." Thus, they are an important means of communication for both clown and corporation.

Secondary source material included books and articles specifically about McDonald's and more general works which examined the expanding consumer function of children. In

1983, Bowling Green University Popular Press published Ronald Revisited: The World of Ronald McDonald, updated from the 1978 version and both edited by Marshall Fishwick.<sup>12</sup> An eclectic anthology, the essays examined McDonald's primarily from a material culture perspective, with anthropological and ethnographic themes predominant over historical ones. Although Fishwick supplied an introductory essay on the origins of clowning and Ronald McDonald graces both title and cover of the work, there is very little analysis of Ronald and, surprisingly, almost nothing on children.

An analysis of McDonald's operations and corporate history is John F. Love's McDonald's Behind the Arches.<sup>13</sup> Drawing upon the hundreds of interviews he conducted with McDonald's corporate employees, suppliers, and licensees, Love, a former editor of BusinessWeek, credited Ray Kroc with creating a new form of franchising that minimizes investors' risk.

Ray Kroc's own 1977 autobiography, Grinding It Out: The Making of McDonald's, portrayed a salesman in a life-long quest to fulfill the American capitalist promise of

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<sup>12</sup>Marshall Fishwick, ed., Ronald Revisited: The World of Ronald McDonald, rev. ed. (Bowling Green, OH: Bowling Green University Popular Press, 1983).

<sup>13</sup>John F. Love, McDonald's: Behind the Arches (New York: Bantam Books, 1986).

becoming a self-made millionaire.<sup>14</sup> While occasionally self-promoting, Kroc offered an insider's vision of McDonald's place on the American cultural landscape, a vision that continues to guide the corporation ten years after Kroc's death.

McDonald's has changed the way Americans share their traditional family meals. John and Karen Hess' The Taste of America provided insight into the nutritional debate surrounding McDonald's in the 1970s and 1980s, though it glossed over McDonald's broader social import.<sup>15</sup> Conversely, Joanne Finkelstein, in Dining Out: A Sociology of Modern Manners, correctly sensed that what McDonald's was peddling was not only hamburgers and convenience but, more important psychologically, a "sense of family unity."<sup>16</sup> It was a unity that was cemented by the children, who comprised the chief target audience for McDonald's commercials.

Children all too often are seen as the recipients of historical change, rather than as its agents. Their marginal power status dilutes their real significance and, in the case of McDonald's, is deceptive. Although

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<sup>14</sup>Ray Kroc with Robert Anderson, Grinding It Out: The Making of McDonald's (Chicago: Henry Regnery Co., 1977; reprint, Chicago: St. Martin's Paperbacks, 1987).

<sup>15</sup>John L. and Karen Hess, The Taste of America (Greensboro, SC: University of South Carolina Press, 1989).

<sup>16</sup>Joanne Finkelstein, Dining Out: A Sociology of Modern Manners (New York: New York University Press, 1989), 4.

McDonald's directed its earliest advertising at parents through focused images of the restaurants' cleanliness, convenience, and value, it simultaneously equated McDonald's with "fun." By the late 1960s, advertising primarily to parents gave way as McDonald's went full throttle after the children's market.

The filtering down of consumer behavior to a preschooler level requires the child to prematurely assume adult behavior patterns. Psychologist Joshua Meyrowitz, in Growing Up in America: Historical Experiences, examined the maturation process of post-World War II children and concluded that television, McDonald's primary advertising medium, has substantially flattened out the social differences between adults and children. By exposing children to adult situations, including consumerism, television has diminished the reality of childhood as distinctively innocent.<sup>17</sup> Looking at an earlier generation of children, Small Worlds: Children and Adolescents in America, 1850-1950, edited by Elliott West and Paula Petrik, concluded that consumer behavior by youngsters was widespread even before World War II.<sup>18</sup>

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<sup>17</sup>Joshua Meyrowitz, "The Adultlike Child and the Childlike Adult: Socialization in an Electronic Age," in Harvey J. Graff, ed. Growing Up in America: Historical Experiences (Detroit, MI: Wayne State University Press, 1987): 612-31.

<sup>18</sup>Elliott West and Paula Petrik, eds., Small Worlds: Children and Adolescents in America, 1850-1950 (Lawrence, KS: University Press of Kansas, 1992).

McDonald's drew upon, honed, and perfected advertisers' earlier strategies to create a children's consumer market, and much of the credit for the current state of preschooler consumerism belongs to McDonald's.

But McDonald's significance extends beyond children. Its principles, symbols, and even its trademarked "McLanguage" have thoroughly insinuated themselves into the social and cultural fabric of twentieth century American life. The object of both scathing criticism and unabashed praise, McDonald's has been seen as alternately the best and the worst of what contemporary American life has to offer. Both judgments are extreme. In the shadow of Sears, Roebuck and Ford Motor Company earlier in this century, McDonald's is a prime example of how a corporation pursuing the profit motive becomes a cultural force. For Sears, Roebuck, its success was founded upon the innovation of mass distribution; Henry Ford built his automotive empire on the assembly line. The McDonald brothers drew from both these technological precedents and added the marketing dynamism of Ray Kroc to make McDonald's an "American Phenomenon."

## CHAPTER 2

### AN AMERICAN PHENOMENON

We're going to mow them down. . . . Look, it is ridiculous to call this an industry. This is not. This is rat eat rat, dog eat dog. I'll kill 'em, and I'm going to kill 'em before they kill me. You're talking about the American way of survival of the fittest.<sup>1</sup>

Ray Kroc, Institutions: Volume Feeding

Ray Kroc took his business seriously. Although neither he nor the McDonald brothers initially intended to change history, Kroc was justified when he told McDonald's shareholders in 1966 that "I sincerely believe that what we [have] created is an institution."<sup>2</sup> With 1992 sales of nearly \$21.9 billion dollars, McDonald's Corporation has peddled more than 80 billion hamburgers to consumers in the United States and in 66 foreign countries, making it one of the most recognized brands in this country and in the

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<sup>1</sup>Ray Kroc, "I'm the Hamburger Man," interview by Julie Woodman and Judy Shoen, Institutions: Volume Feeding 71 (15 September 1972): 73.

<sup>2</sup> Quoted in "McDonald's Newsletter" (June 1966), McDonald's Corporation Archives. Kroc frequently used this and similar lines in his public speeches and interviews.

world.<sup>3</sup>

Before it became a "phenomenon" and a force for cultural change, however, McDonald's had to distinguish itself from the hundreds of eclectic drive-ins that dotted post-World War II America. This task required the unique and combined contributions first of Richard and Maurice McDonald, and, later, of Ray Kroc. The McDonald brothers, long fascinated by Henry Ford's streamlining success, contributed the technological creativity that allowed McDonald's to serve patrons a full meal in two minutes or less. Ray Kroc's creativity lay in his marketing skills, honed through peddling everything from ribbons, to paper cups, to Florida swampland. Though often at odds with each other--McDonald's Corporation frequently referred to Kroc as its "founder," ignoring the brothers altogether--Kroc drew upon Richard and Maurice McDonald's contributions in creating what he later called his "personal monument to capitalism."<sup>4</sup>

Maurice (Mac) McDonald was born in 1900. His younger brother Richard (Dick) arrived in 1908. Like Kroc, they were American-born sons of immigrant parents. Their parents hailed from Ireland and settled in Manchester, New

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<sup>3</sup>McDonald's Corporation Annual Report, 1992, McDonald's Corporation Archives. Figures are for 1992.

<sup>4</sup>Ray Kroc with Robert Anderson, Grinding It Out: The Making of McDonald's (Chicago: Henry Regnery, 1977; reprint, Chicago: St. Martin's Paperbacks, 1987), 61. Page references are to the reprint edition.



Hampshire, where their father worked in a shoe factory. The senior Mr. McDonald evidently did quite well for himself as both his sons were able to graduate from high school, still a rarity for working class youth of the time. The family's prosperity did not last long. By 1930, economic hard times had taken a toll on Manchester's economy. With his father newly unemployed and no future prospects for himself, Mac McDonald moved to California and found work in the fledgling moving-picture trade in Hollywood.<sup>5</sup>

The 1920s were robust years for the upstart industry and even the browbeaten economy of the 1930s proved friendly to the movies. Dick McDonald soon joined his brother and together they set up the cumbersome lighting and movie sets needed on Hollywood's back lots.<sup>6</sup> Whatever their later differences with Kroc, the McDonald brothers were equally reaching for success, measured for them in owning their own business.<sup>7</sup> In less than ten years, the brothers opened and shuttered a movie theater, an orange juice stand, and a hot dog concession. There was opportunity in California's burgeoning numbers--population increased over 87% between 1920 and 1940--but exactly where to find it eluded them,

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<sup>5</sup>John F. Love, McDonald's: Behind the Arches (New York: Bantam Books, 1986), 10.

<sup>6</sup>Ellen Graham, "McDonald's Pickle: He Began Fast Food But Gets No Credit," Wall Street Journal, 15 August 1991, sec. A, 1; Love, McDonald's Behind the Arches, 10; Kroc Grinding It Out, 70.

<sup>7</sup>Love, McDonald's: Behind the Arches, 10.

until 1937.<sup>8</sup>

Then, the brothers teamed up with a local barbecue cook and opened a small carhop drive-in restaurant in Arcadia, near the Santa Anita racetrack. Their customers, mostly the regulars and tourists who visited the track, proved to the brothers that the drive-in format had the potential for success.<sup>9</sup> Other upstart businessmen were realizing the same thing. In 1932, the Pig Stand, recognized widely as the first carhop drive-in, had debuted on the corner of Sunset and Vermont in Hollywood.<sup>10</sup> By the early 1940s, dozens of drive-ins dotted the major car routes on the West Coast. While some, like Carpenter's and Herbert's in Los Angeles, were elaborate businesses complete with training films for carhops, the majority were little more than shacks.<sup>11</sup>

In 1940, the brothers secured a \$5,000 loan from the Bank of America and unveiled their new, bigger drive-in

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<sup>8</sup>Ibid.; J. Kenneth Props, "The Tapes: R.A.K. [Ray Allen Kroc] Remembered," 23 January 1984, McDonald's Corporation Archives, 2-3. Props is McDonald's informal company historian. He started with McDonald's in 1962 as a real estate representative and became director of licensing in 1970. Although he did not serve under the McDonald brothers, his research fills in many of the gaps of McDonald's earliest years under the McDonald brothers; U.S. Bureau of the Census, Statistical Abstract of the United States, 1946 (Washington, DC: U.S. Government Printing Office, 1946), table 6, pp. 6-7.

<sup>9</sup>Kroc, Grinding It Out, 70.

<sup>10</sup>Love, McDonald's: Behind the Arches, 11.

<sup>11</sup>Ibid., 10-11.

restaurant in San Bernardino.<sup>12</sup> Little more than a desert town, San Bernardino was sixty miles east of Los Angeles, where much of the earliest drive-in trade centered. The McDonalds' new drive-in, an octagonal shaped building, was built with stainless steel and glass exterior walls and a fully exposed kitchen, in keeping with the "circular orthodoxy" of drive-in architectural design.<sup>13</sup> It also took full advantage of San Bernardino's location.

Sitting at the end of Route 66, San Bernardino was the gateway to the San Bernardino National Forest, the Death Valley National Monument, and Palm Springs. In the 1930s and 1940s, it held the world's largest navel orange center and was studded with manufacturing, retailing, mining, and railroad industries. In 1948, the city was on the verge of a massive population growth. Between 1950 and 1960, population rose nearly 80% to over 800,000 people.<sup>14</sup> A steady increase in suburbanization over the previous two decades resulted in more than one-third of San Bernardino's

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<sup>12</sup>Kroc, Grinding It Out, 70.

<sup>13</sup>Harry E. Werner, "Drive-In Restaurants and Luncheonettes," Architectural Record 100 (September 1946): 105; Jeffrey L. Meikle, Twentieth Century Limited: Industrial Design in America, 1925-1939 (Philadelphia: Temple University Press, 1979), 171-72.

<sup>14</sup>U.S. Bureau of the Census, Statistical Abstract of the United States, 1965 (Washington, DC: U.S. Government Printing Office, 1965), table 12, pp. 17-18.

residents living in suburban communities by 1959.<sup>15</sup> In 1948, these changes were still nascent, however, and McDonald's earliest customers were tourists and working-class laborers. Within a decade, San Bernardino proved itself "one of the West's and the country's, least ballyhooed and most underrated markets."<sup>16</sup>

Dick and Mac McDonald had found a winner in their San Bernardino restaurant. They featured twenty-five different menu items, specializing in ribs barbecued on an open pit in the rear lot of the building. By 1948, the drive-in registered annual sales of over \$200,000 and the brothers comfortably split the \$50,000 to \$75,000 they were clearing in profits. But they were still dissatisfied with their business.<sup>17</sup>

Many of the drive-in's problems centered around their female carhops. Decked out in majorette costumes, the girls attracted as much attention as did the food. "Oh, what a headache they were," Dick McDonald later remembered. "The fry cooks were always trying to date the carhops," and if they were snubbed, they [the cooks] dallied filling the food orders.<sup>18</sup> Customer complaints swelled on weekends when as

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<sup>15</sup>"Advertisers' Guide to Marketing for 1960," Printers' Ink, 30 October 1959, 187-89.

<sup>16</sup>Ibid.

<sup>17</sup>Love, McDonald's Behind the Arches, 12-13.

<sup>18</sup>Ibid., 12; Graham, "McDonald's Pickle," 1.

many as 125 autos vied for both parking spaces and service from the twenty carhops employed by Dick and Mac McDonald.<sup>19</sup> The McDonald brothers were not alone in their carhop troubles. Other drive-ins were also experimenting with eliminating carhops. A 1949 BusinessWeek article previewed the opening of the "Motormat" drive-in in Los Angeles. Plagued by slow carhops and customer complaints, the Motormat used radiating conveyor belts to transport meals to its customers, taking on the appearance of an unwieldy, mechanical octopus.<sup>20</sup>

Dick and Mac McDonald's solution was equally radical. In the autumn of 1948, the brothers shut the door on their money-making restaurant. Autumn was typically a slower season for drive-ins and the profitable summer season just past gave the brothers the necessary capital for the conversion they proposed. Three months later, the McDonald brothers' San Bernardino drive-in reopened as the first modern fast-food restaurant.

Since the early 1930s when they opened their first food stand, Dick and Mac McDonald, like other food entrepreneurs, had been looking for a better way to prepare and serve food. Even with rising sales, the average carhop could only handle six cars simultaneously and it was difficult to extract

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<sup>19</sup>Graham, "McDonald's Pickle," 1.

<sup>20</sup>"Eating on Assembly Line at California Drive-In," BusinessWeek, 23 July 1949, 23.

profits from low-priced food when coupled with the high employee costs.<sup>21</sup> Long fascinated by Henry Ford's streamlining of automobile production, the brothers deliberately adapted Ford's principles of standardization, assembly-line procedures, and division of labor to create their own modern experimental restaurant.<sup>22</sup> Applying "a manufacturing style of thinking to a people-intensive service" business, they modified every phase of their operations.<sup>23</sup>

First, they fired all the carhops. That single action addressed many of the brothers' frustrations, but created a new dilemma of how to serve the food. They found their solution in converting the drive-in to a self-service format, similar in concept to a cafeteria, with patrons placing and picking up their own orders at several counters. In three months, the brothers redesigned the kitchen layout and equipment and retrained the few male employees they needed to service the counters. The most important aspect the McDonald brothers redesigned, however, was their menu.

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<sup>21</sup>Werner, "Drive-In Restaurants and Luncheonettes," 100.

<sup>22</sup>By 1940, the word "streamlining" connoted efficiency, economy, and order, rather than its more precise definition of "bringing distribution in line with production." In revamping their San Bernardino unit, the brothers responded to both the denotative and connotative meanings of "streamlining." Meikle, Twentieth Century Limited, 179-80.

<sup>23</sup>Theodore Levitt, "Production-line Approach to Service," Harvard Business Review (September-October 1972): 45; Love, McDonald's Behind the Arches, 13.

The brothers chose a limited menu, much as Ford had limited the options available on his Model T. The efficiency of this streamlined food preparation system resulted in a lowering of operating costs for McDonald's and a decrease in prices for its customers. The result was a fifteen-cent hamburger, an outrageously low price even for the 1940s.

The new McDonald's opened in December, 1948 to a flurry of activity, but their customers were more than a little confused. They would "sit out front in their cars and honk their horns. . . . They missed the carhops."<sup>24</sup> The drive-in's teenage patrons especially disliked the new system and soon deserted McDonald's in search of the more "traditional" carhop format. The McDonald brothers could not have been more pleased. Teenage customers had always been a second source of headaches for Dick and Mac McDonald. Rowdy teenagers hot rodding their cars or motorcycles lent an unsavory image to burgeoning drive-ins across the country. The teens loitered in the parking lots until late in the evening, both attracting the attention of police and discouraging families from stopping for a meal. By 1948, McDonald's was San Bernardino's "number one teenage hangout" and the purchases the teens made simply did not compensate for all the trouble necessary to keep them in line.<sup>25</sup> In their newly redesigned restaurant, the brothers prohibited

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<sup>24</sup>Graham, "McDonald's Pickle," 1.

<sup>25</sup>Ibid.

loitering and posted private security guards to enforce their "no hot rodding" rule. The teens soon left. With the teens gone, the McDonald brothers happily welcomed those who would become their most loyal consumers, the American family.

In a telling omen of the future, the brothers' first customer in their revamped drive-in was a young girl buying a sack of hamburgers for the family dinner.<sup>26</sup> For every teenage patron they lost, McDonald's gained a mother, father, and two or three children. Desiring convenience, Mom and Dad found it in McDonald's quick and efficient service. Indeed, the real innovation of the brothers' new system was to pre-grill the hamburgers based on a general knowledge of how many burgers would be needed each hour. The vigorous volume of patrons assured that no burger was left standing for more than a few minutes. Speed became the key word in the revamped drive-in with the goal of filling orders in "20 seconds rather than 20 minutes."<sup>27</sup> A small hamburger-like man nicknamed "Speedee" became the restaurant's new symbol and his smiling face matched the

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<sup>26</sup>Love, McDonald's: Behind the Arches, 16. Love is quoting McDonald's employee Art Bender, who was working the counter window that day. Dick McDonald agrees that the first customer was a young girl, nine or ten years old, but claims she purchased a ten-cent bag of fries. But since french fries were first added to the menu in 1949, a year after the modified drive-in reopened, Bender's recollection is likely more accurate. Graham, "McDonald's Pickle," 1.

<sup>27</sup>Graham, "McDonald's Pickle," 1.



brothers' own smiles as they watched their sales rise on a cardboard thermometer placed in the window.<sup>28</sup>

Although the fifteen-cent hamburger immediately became popular with the family trade, its preposterously low price also attracted the competition's attention. The first reaction of nearby drive-in managers was disbelief and cynicism as they patiently waited for "dreamers" Dick and Mac McDonald to go bankrupt operating a restaurant with only pennies of profit on each item. But the low price proved a strong marketing edge against the other, less efficiently operated drive-ins which were charging twice the amount. What the cynics failed to account for was the enormous volume of burgers sold. Pennies of profit quickly added up to thousands of dollars and McDonald's rapidly recouped the costs of conversion and racked up solid profits.

The restaurant's extraordinary success prompted Dick and Mac McDonald to join the franchising craze of the post-World War II years. Between 1945 and 1960, over 100,000 franchised outlets opened in the United States "selling everything from hot dogs to water systems."<sup>29</sup> Unlike the

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<sup>28</sup>The McDonald brothers, continually irked over the years that their contributions to the corporation's success had been overlooked or denied, vehemently claimed authorship of the thermometer idea. The Corporation had casually attributed the invention to Ray Kroc. Graham, "McDonald's Pickle," 1.

<sup>29</sup>Thomas S. Dicke, Franchising in America: The Development of a Business Method, 1940-1980 (Chapel Hill, NC: The University of North Carolina Press, 1992), 126.

earlier franchise push in the 1920s, typified by automobile dealerships, franchising in the 1950s sold rights to an entire business format, instead of merely a specific product.<sup>30</sup> Thus, what the McDonald brothers pitched was their system of efficiency, cost control, and limited menu, rather than the specific recipes for their hamburgers and fries. Although savvy as fast-food restaurateurs, Dick and Mac McDonald were both naive and inept at the franchising game.

The McDonald brothers undermined their own franchising efforts by unwittingly helping their competitors who had shunned their initial skepticism and raced to duplicate the brothers' formula for fast-food success. Dick and Mac McDonald graciously offered tours of the octagonal restaurant and openly explained the rationale and construction of the specially designed grills and fryers. The brothers naively revealed their trade secrets before any franchising agreements were signed or royalties paid and, thus, were victimized by unscrupulous competitors who used the brothers' ideas without offering compensation. The brothers were excited at their innovative solution to the carhop problem, however, and innocently assumed they could be equally successful at franchising. After the copycat drive-ins appeared, the brothers admitted their franchising inexperience and, in 1952, hired agent William Tansey to

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<sup>30</sup>Ibid., 7-10, 119-22.

spearhead the franchising of McDonald's restaurants.<sup>31</sup>

Even then, their efforts were modest at first, concentrating primarily on southern California.<sup>32</sup>

The first major flood of national interest in McDonald's resulted from an advertisement Dick McDonald penned for the September, 1952 issue of American Restaurant Magazine. Ill health had forced Tansey to postpone serious work on McDonald's and the brothers themselves continued to promote what they dubbed the "McDonald's System." The ad boasted "THE NEXT 60 SECONDS MAY ALTER THE COURSE OF YOUR ENTIRE LIFE!" In the minute it took to read the copy, the entire concept of "the new 'McDonald's Self Service Drive In'--The Most Revolutionary Development in the Restaurant Industry During the Past 50 Years!" was explained. Hyperbole aside, the brothers themselves were skeptical that the advertisement would generate interest outside California. We wanted "to see if there would be any reaction," Dick McDonald later recalled. "There was

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<sup>31</sup>The McDonald brothers had refused an earlier offer by the Carnation Company, their malted milk supplier, to finance expansion. The Carnation offer would have forced the brothers to both choose locations and licensees and arrange for unit construction and equipment purchases. "We are going to be on the road all the time, in motels, looking for locations, finding managers," Mac McDonald told his brother. "I can see . . . a headache if we go into that type of chain." Love, McDonald's: Behind the Arches, 23. Tansey, however, assumed these duties, while the brothers handled operational training. This they had already been doing *gratis*, even for their competition.

<sup>32</sup>Props, "R.A.K. Remembered," 3.

reaction to spare and we received letters and telegrams from all over the country asking for more information. . . . This ad was probably the shot that started the entire fast-food business."<sup>33</sup> Whether Ray Kroc saw the September, 1952 advertisement is unknown, but he had heard other rumblings of the McDonald brothers' success and, in his own words, "booked my fifty-two-year-old bones onto the red-eye special and flew west [to San Bernardino] to meet my future."<sup>34</sup> Kroc was no newcomer to the food industry in 1954 when he first met Maurice and Richard McDonald. He had been hawking kitchen wares since 1922 and, it seemed, was destined from the age of three to find his success selling food.

Ray Allen Kroc was born October 5, 1902 on the southwest side of Chicago. His father, Louis Kroc, a native of Prague, moved to Chicago in 1888 where he worked as a messenger boy for Western Union. The elder Kroc studied bookkeeping at a local Y.M.C.A. night school and, at age fifteen, found employment with American District Telegraph (A.D.T.) as a security guard. Louis Kroc stayed with A.D.T., rising in rank to manager in New York, before returning to Chicago in 1923. The Kroc family's finances were toppled by the crash of 1929. Louis Kroc "seemed to have a Midas touch" in his speculations in real estate that

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<sup>33</sup>Richard J. McDonald, Bedford, New Hampshire, to Fred [Turner], McDonald's Corporation Chairman of the Board, 29 December 1983, McDonald's Corporation Archives.

<sup>34</sup>Kroc, Grinding It Out, 68.

had increased the family's savings throughout the 1920s. But "when the market collapsed," Ray Kroc later wrote, "[my father] was crushed beneath a pile of deeds he could not sell."<sup>35</sup> His father's despondency over the family's losses contributed to his early death of a cerebral hemorrhage in 1930. "On his desk the day he died were two pieces of paper--his last paycheck from the telegraph company and a garnishment notice for the entire amount of his wages."<sup>36</sup> Louis Kroc's vulnerability left an indelible impression on his son, who vowed to achieve the financial success that eluded his father.

Ray Kroc believed that perseverance and determination, not education, led to personal and financial success. Thus, Kroc, an average student at best, rejected his father's admonitions to stay in high school. Looking for adventure, Kroc enlisted as a member of the World War I American Red Cross Ambulance Corps. But his departure for France was abruptly halted by the Armistice, and Kroc relented and returned for one more semester of high school. Then he began his career as a salesman.<sup>37</sup>

Kroc's future career as a salesman seemed like destiny,

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<sup>35</sup>Ibid., 41-42.

<sup>36</sup>Ibid., 42.

<sup>37</sup>Ibid., 19; Ray Kroc, "Lessons of Leadership: Appealing to a Mass Market," interview by Nation's Business 56, no. 7 (July 1968): 72. This is one of the better interviews with Ray Kroc.

or perhaps it became a self-fulfilling prophecy. He enjoyed telling the tale of how, as a toddler, he was taken to a phrenologist, Doctor V.G. Lundquist, a practitioner of the "science" which believed in determining an individual's character by the size, shape, and number of bumps on one's head. Lundquist examined three-year-old Ray in October, 1905, and prophetically announced that the child would someday become an important salesman in the food and drink industry. "He will make more money," Lundquist wrote in his report. "He will be more successful. He will do more good to people and to himself."<sup>38</sup> Other than several stabs at the sidewalk juice market, however, Kroc's career as a salesman was put on hold until after his discharge from the Ambulance Corps.

In 1922, after a rather lackluster series of salesman jobs peddling coffee and dry goods, Kroc settled down with the Sanitary Cup and Service Corporation which marketed Lily-Tulip paper cups to restaurants, schools, and hospitals.<sup>39</sup> A junior salesman, Kroc's major accounts were the drugstores, diners, and street pushcart vendors whose sales of ice cream or flavored ice were seasonal. In

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<sup>38</sup>"Phrenograph by V.G. Lundquist, Doctor of Science," October 1905, McDonald's Corporation Archives.

<sup>39</sup>Disposable paper cups were a relatively recent invention, capitalizing on public health concerns over disease transmission. Drugstore soda fountains and restaurants, however, also used paper cups to serve individual portions of ice cream or, in larger sizes, malted milks. Kroc, Grinding It Out, 29, 40, 43.

the winter months, he supplemented his day job with stints playing the piano for local Chicago radio station WGES, private parties, and occasionally "speakeasies." In the winter of 1925, with a wife and baby daughter to support, Kroc even tried his hand at selling Florida marshland, a scheme which failed as "muckraking stories in northern newspapers . . . pulled the plug on our big real estate boom. . . . What a colossal blow!"<sup>40</sup>

Kroc stayed with Lily-Tulip cups until 1937, when he jumped at the opportunity to own his own business. One of Kroc's customers, Earl Prince, co-owned a chain of Chicago ice cream parlors called Prince Castles and had recently invented a new kind of blender for mixing milkshakes. Impressed by Kroc's successful record at Lily Tulip--Kroc had worked his way up to Midwestern sales manager--Prince offered Kroc exclusive distribution rights for the new product, dubbed the "Multimixer."<sup>41</sup> The Multimixer provided a unique opportunity for Kroc to finally make his mark as a salesman. The shake market was wide open, even after the repeal of Prohibition diminished its role as an alternative to alcohol, and Kroc had a unique product to sell. An impressive stainless steel machine that looked like an upright octopus, the Multimixer could blend as many

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<sup>40</sup>Ibid., 32.

<sup>41</sup>Kroc, "Appealing to a Mass Market," 72-73.

as six milkshakes simultaneously.<sup>42</sup> Kroc lugged the product in his oversized sample case to every drugstore and restaurant soda fountain in Chicago. The time and labor-saving implications of simultaneously mixing six shakes instead of one were obvious enough, but even Kroc did not foresee the popularity of the new machine. By 1950, Prince's shake machine had become a permanent fixture in thousands of drugstore and restaurant soda fountains across the country and Kroc, while pleased with his financial success, was eager for a new challenge. The McDonald brothers' unique food concept provided that challenge.

Two of Kroc's best customers were Dick and Mac McDonald. The brothers had eight Multimixers simultaneously grinding away forty milkshakes in their newly converted San Bernardino drive-in. Orders for the shake machine were also flooding in from the copycat drive-ins who hoped to duplicate the brothers' success. On the heels of a sales visit to Los Angeles in 1954, Kroc rented a car and drove out to visit the brothers. When Kroc arrived, he saw people lined-up the length of the parking lot, patiently waiting for the restaurant to open. Kroc later recounted his first impressions of the drive-in, "It was a restaurant stripped down to the minimum in service and menu. . . . Hamburgers,

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<sup>42</sup>Prince originally designed the Multimixer as a revolving unit with six spindles. The frequent spilling of shakes from the turning machine convinced Prince to later reconfigure it as a stationary unit and to reduce the number of spindles to five.



fries, and beverages were prepared on an assembly line basis, and, to the amazement of everyone . . . the thing worked! I felt like some latter-day Newton who'd just had an Idaho potato caromed off his skull."<sup>43</sup>

Kroc and the brothers discussed at length the "McDonald's System" and their previous, rather half-hearted efforts at local franchising. Before ill health forced him to relinquish the McDonald's account, agent William Tansey had contracted for numerous additional McDonald's licenses, only some of which had become operating units.<sup>44</sup> What McDonald's lacked was a high-powered salesman who could take control of the idea, promote it, and make it successful. "I give him credit," Dick McDonald admitted after Kroc's death. "He was a dynamic guy, aggressive. Hours meant nothing to

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<sup>43</sup>Kroc, Grinding It Out, 66.

<sup>44</sup>The actual number of licenses Tansey granted versus how many actually opened as operating units is unclear. Ken Props, McDonald's licensing director, remembers eleven licenses sold, resulting in eight actual restaurants. Props, "R.A.K. Remembered," 3; "Store Openings By Date and Location (As of December 31, 1961)," McDonald's Corporation Archives, 1. Ray Kroc recollects only ten licenses, but concurs that eight restaurants were operative when he took over in 1954. Kroc, Grinding It Out, 79. John Love, writing what McDonald's Corporation has called its "definitive history," cites fifteen early franchises with ten operating units. Love, McDonald's: Behind the Arches, 22; "McDonald's Chronological History Report," 55. Rounding out the confusion is Ellen Graham's interview with Dick McDonald which cites twenty-one licenses granted with nine becoming operative. Graham, "McDonald's Pickle," 1. Regardless of the numbers, a licensee might change his mind or have difficulty obtaining financing or locating property; thus not all licenses granted resulted in actual restaurants.

him. He was more enthused about the prospects than my brother and me [*sic*]."<sup>45</sup> While they were the great innovators behind McDonald's, the brothers had neither the desire nor the experience to lead the charge.

Kroc found the brothers lack of dynamism disturbing; neither brother had children, both were financially comfortable, and neither McDonald desired the ulcerous lifestyle of travelling salesmen.<sup>46</sup> "See that big white house," Mac McDonald asked Kroc, pointing to the home that overlooked the octagonal restaurant. "We sit out on the porch in the evenings and watch the sunset and look down on our place here. It's peaceful. We don't need any more problems. We are in a position to enjoy life now, and that's just what we intend to do."<sup>47</sup> Dick and Mac McDonald had accomplished their goal of financial independence and preferred to spend their time tinkering with improving their existing restaurants rather than with developing new franchising contacts.<sup>48</sup> But Kroc wanted

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<sup>45</sup>Graham, "McDonald's Pickle," 1.

<sup>46</sup>Kroc, Grinding It Out, 12.

<sup>47</sup>Ibid.

<sup>48</sup>One of these "tinkerings" produced McDonald's now-famous golden arches. Dick McDonald designed the twenty-five foot neon double arches to intersect the width of the building, newly shaped as a rectangle with red and white "peppermint" tiled walls rather than as a stainless steel octagon. McDonald's Corporation scaled down the arches when they redesigned the restaurants from drive-ins to full service units beginning in 1968. Love, McDonald's: Behind the Arches, 21.

McDonald's. He knew the food industry intimately from his dealings with Lily-Tulip and Multimixer customers. The fit was perfect and Ray Kroc convinced the McDonalds to contract him as the exclusive licensing agent for the "McDonald's Speedee System."

Kroc's early years as agent for the McDonald's brothers are documented in a series of dictaphone tapes dated 1957 to 1959. Short and chatty in his messages, Kroc often fought against the constraints written into his ten-year franchise agreement with the brothers, amended in 1960 to ninety-nine years.<sup>49</sup> "Each license," the agreement read, "shall conform to the model franchise . . . no license . . . shall in anyway modify, alter, change, omit, add to or otherwise differ from the . . . said model franchise without prior written consent."<sup>50</sup> As written, the contract did not even allow Kroc to install a furnace in a unit, an important necessity in the northern United States, but unnecessary in the temperate San Bernardino climate. The contract further mandated that all deviations must be approved in writing. Kroc continually fought the brothers for written permission to make common-sense modifications to the physical layout of the restaurants. The brothers freely offered verbal

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<sup>49</sup>"Modified Franchise Agreement Between Richard and Maurice McDonald and Ray Kroc," 5 February 1960, McDonald's Corporation Archives; Kroc, Grinding It Out, 72.

<sup>50</sup>"Franchise Agreement Between Richard and Maurice McDonald and Ray Kroc," 19 August 1954, McDonald's Corporation Archives.

authorization, but withheld written confirmation on the advice of their attorney, Frank Cotter, who distrusted Kroc's ability and motivations.<sup>51</sup>

While it seemed to Kroc that Dick and Mac McDonald were trying to sabotage his success before he even started, the brothers had at least one legitimate reason to question Kroc's intentions. Kroc told the brothers up front that his primary interest in building more McDonald's was to sell his Multimixer machines, just as his earliest interest in Multimixers was to sell more Lily-Tulip paper cups. "I was just carried away," Kroc later remembered, "by the thought of McDonald's drive-ins proliferating like rabbits with eight Multimixers in each one."<sup>52</sup> While Dick and Mac McDonald would benefit from skimming a .5% royalty fee off of gross sales, Kroc would benefit from the increased Multimixer sales. But the mutual distrust between the brothers and Kroc was inevitable. Kroc was hard-driving and often abrasive, qualities which irked the more complacent brothers who were often indifferent to McDonald's success. The relationship worsened and climaxed in a "bloody" buy-out of the McDonald brothers' interest in 1961 and the "erasing" from the Corporation's official memory many of Dick and Mac

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<sup>51</sup>Love, McDonald's: Behind the Arches, 192-93.

<sup>52</sup>Kroc, Grinding It Out, 71; Kroc, "Appealing to a Mass Market," 72.

McDonald's contributions to the system.<sup>53</sup>

Undaunted by his awkward relationship with the McDonald brothers, Ray Kroc's first task was to open his own McDonald's restaurant as a showcase unit for prospective licensees. Since he knew the Chicago area best, Kroc chose Des Plaines, a small middle-class suburb northwest of the city, close to his own home in Arlington Heights and on the train line to his Multimixer job in downtown Chicago.<sup>54</sup> Kroc arrived at the Des Plaines unit early each morning to set up, hopped the train to the Loop, put in an eight or ten hour day peddling milkshake machines, and returned to the restaurant for the evening supper hour rush and for closing. Kroc knew the success of McDonald's pivoted on the willingness of licensees to pour all their money and energy into McDonald's, as he himself was doing.

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<sup>53</sup>Graham, "McDonald's Pickle," 1. McDonald's Corporation Annual Report, 1968 erroneously hailed Kroc as the "founder of McDonald's" (p.10). As late as 1989, a two-part series on McDonald's by Restaurants and Institutions magazine mentions merely that in 1961, "Kroc buys the McDonald's name from the McDonald brothers." Lisa Bertagnoli, "McDonald's," Restaurants and Institutions, 10 July 1989, 33.

<sup>54</sup>The location of Kroc's first store highlights the tension between Kroc and the McDonald brothers. While negotiating with Kroc to grant him sole licensing rights nationwide, the brothers also conferred exclusive rights upon the Frejlich Ice Cream Company for all of Cook County, Illinois, in which Des Plaines resided. Kroc had to buy back Frejlich's contract, at a time when he was "already in debt for all I was worth," before he could legally open his Des Plaines unit. After the fiasco, Kroc felt confirmed in his belief that the brothers were naive and incompetent businessmen. Kroc, Grinding It Out, 79; Love, McDonald's: Behind the Arches, 69-71.

Although comfortable by the standards of the mid-1950s, a stylish suburban home, late-model cars, financial independence, Ray Kroc at age fifty-two risked it all on the success of a fifteen-cent hamburger. This was not the first time that Kroc had staked his family's future on his business intuition. In 1937, Kroc's wife Ethel gasped when he told her he was abandoning his job at Lily-Tulip to chase the future of an octopus-shaped milkshake machine. Ethel Kroc's reaction in 1954 to her husband's excited announcement that he was sinking their life's savings into a hamburger stand was decidedly more vocal. "Ethel was incensed by the whole thing," Kroc later wrote. "I had done it again, and once too often as far as she was concerned."<sup>55</sup> Their home had been mortgaged and re-mortgaged before, all to finance Kroc's business schemes, but the latest announcement created, in Kroc's words, "a veritable Wagnerian opera of strife."<sup>56</sup> It eventually dissolved the marriage.

Kroc's true love was always the adventure in selling a hard prospect, in devising a new way to peddle an old product, or, in the case of the Multimixer and the McDonald's System, having something entirely new and unique to present to the world. By the time he died in 1984, Kroc had been married three times and divorced twice. He

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<sup>55</sup>Kroc, Grinding It Out, 73.

<sup>56</sup>Ibid.

expected that same selfless dedication to the job in his earliest employees and licensees, but found, at first, few followers.

Kroc recognized that the same fear of default and bankruptcy that worried his wife impeded prospective licensees' willingness to risk financial ruin by opening a hamburger stand. To help ensure his licensees' success, Kroc devised a franchising system that stressed the viability of the licensees' individual units over the bottom-line profits of the central corporation. In essence, Kroc staked his own success not on the royalty payments he received from his franchises, the common practice among licensing agents, but rather on the long-term sales of each restaurant.

Kroc, whose father had been broken by Wall Street's financial indiscretions, committed himself to a franchising program that made the licensee an equal partner in the corporation's success. Unlike other drive-in chains, even unlike the McDonald brothers' earlier franchises, Kroc provided ongoing training, negotiated discount pricing from food suppliers, and created a management infrastructure ready to assist licensees. Howard Johnson's had provided many of these same benefits to its own franchisees twenty years earlier.<sup>57</sup> But Kroc rejected the large territorial

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<sup>57</sup>Jack Alexander, "Host of the Highways," Saturday Evening Post, 19 July 1958, 16.

franchises which Howard Johnson's, A & W Root Beer, and newcomer Kentucky Fried Chicken were offering. Large franchises resulted in indifferent absentee owners who tolerated lax operating procedures and poor food quality, two items which were eventually reflected on the bottom line. Kroc enforced strict operating regulations and stringent quality controls. Licensees in violation of Kroc's rules received fist-pounding lectures and risked forfeiting their unit. In return for being effective on-site managers and team players, however, the licensees could become quite wealthy.

Kroc's earliest franchises, granted in 1955 with a twenty year term, required an initial financed outlay of \$80,000 (for the physical building, food supplies, and equipment) as well as an additional 1.9% of annual gross sales and an up front \$950 franchise fee.<sup>58</sup> The riskiness of the venture became painfully clear to Kroc as he traveled across the country seeking his first licensees, officially

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<sup>58</sup>Of Kroc's 1.9%, however, .5% was given to Dick and Mac McDonald as *their* royalty payment. J. Kenneth Props, "Experiences I Remember" (October 1983), McDonald's Corporation Archives, 11-12. Unlike other fast food franchises which required up to \$250,000 initial capital, McDonald's comparatively inexpensive set-up costs opened up ownership to a broader spectrum of middle-class Americans. Love, McDonald's: Behind the Arches, 72; Paine, Webber, Jackson & Curtis, "McDonald's Corporation Prospectus," 20 April 1965, McDonald's Corporation Archives, 9.



known in McDonald's parlance as owner/operators.<sup>59</sup>

In an attempt to "jumpstart" the process, Kroc turned to his friends at the Rolling Green Country Club in northwest suburban Chicago for some of his earliest franchising contacts. He granted eighteen licenses but quickly became disillusioned with his friends. They had eagerly become owner/operators but refused Kroc's directives of uniformity in menu, food preparation, and service. They approached their restaurants as merely part-time hobbies and tinkered with the formula that, for Kroc, was gospel truth. Kroc quickly shifted his licensing focus from established businessmen to small-scale entrepreneurs who, he thought, would be willing to sacrifice almost anything for the real product that Ray Kroc was offering, the American Dream.

McDonald's succeeded, in part, because Kroc tapped into the nineteenth century image of the self-made man. Horatio Alger was alive and well in post-World War II America and his most recent incarnation was in the person of Ray Kroc, whose dynamic success frequented the pages of the food industry's trade magazines. As in Alger's rags-to-riches tales, Kroc's eventual success in marketing McDonald's relied upon hard work, faith in the outcome, and a generous

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<sup>59</sup>The terms "franchisee," "licensee," and "owner/operator" are used interchangeably throughout this analysis.

dose of well-earned good luck.<sup>60</sup> Kroc was unwilling to admit even the possibility of defeat and coached his team of managers and owner/operators to set high goals for themselves and their units.

Even Fortune magazine decried the lack of business initiative and risk taking among the postwar generation and published Alger-like success stories to "re-enthuse men about their chances to go it alone." But their attempt fell largely on deaf ears.<sup>61</sup> It was no longer the 1890s or even the 1920s, when maverick entrepreneurs leveraged their futures with insurmountable debt. Kroc diluted licensees' risks by absorbing more of it into the corporation.

Kroc's franchising program updated the nineteenth century tradition of the lone venture capitalist by situating entrepreneurialism within a more rigid corporate structure. Individual licensees enjoyed substantial local autonomy in advertising, product development, and community relations and were, in many respects, independent businessmen. Food preparation and serving methods, on the

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<sup>60</sup>Richard Weiss, The American Myth of Success: From Horatio Alger to Norman Vincent Peale (New York: Basic Books, Inc., 1969), 53.

<sup>61</sup>Donald Meyer, The Positive Thinkers: Religion as Pop Psychology from Mary Baker Eddy to Oral Roberts, 2d ed. (New York: Pantheon Books, 1980), 171-72. Meyer examines two Fortune Magazine publications, 100 Stories of Business Success (New York: Simon & Schuster, 1954) and The Art of Success (Philadelphia: J.B. Lippincott Co., 1956) as indicative of the literature urging American men into entrepreneurial ventures after World War II.

other hand, were jealously guarded by Kroc, who believed that the key to McDonald's success was the consistency it maintained in *quality, service, and cleanliness*. Kroc made *Q, S & C* McDonald's corporate motto in 1957 and he brazenly conducted unannounced inspections and berated negligent operators.

According to the revised ninety-nine year franchise agreement between Kroc and the McDonald brothers, all restaurant units bearing the name "McDonald's" were to be identical in architecture, decor, layout, procedures, and menus.<sup>62</sup> This consistency, legally mandated by the brothers and religiously adhered to by Kroc, created and continuously reinforced the public's expectations of what a visit to McDonald's would be like. The same food, the same quick service, the same look, and the same feel contributed to what McDonald's has more recently labelled "the McDonald's Experience."<sup>63</sup>

The receipts from Kroc's first day of business at the Des Plaines unit totalled a modest \$366.12.<sup>64</sup> A scant

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<sup>62</sup>Prices, however, were set by the licensees and were dependent upon the profit margin desired, the local wholesale costs of food, and what the competition was charging. Prices between units, however, usually did not fluctuate more than a few pennies. Lisa Bertagnoli, "Inside McDonald's," Restaurants and Institutions, 21 August 1989, 58; Love, McDonald's: Behind the Arches, 75, 145.

<sup>63</sup>McDonald's Corporation Annual Report, 1973, McDonald's Corporation Archives, 7.

<sup>64</sup>"McDonald's Chronological History Report," 12 December 1990, McDonald's Corporation Archives, 12.

eighteen licenses were sold that first year, but more rapid development soon followed. By 1959, a total of 145 individual McDonald's units had sold 100 million hamburgers, generating \$21 million in systemwide sales (see Figures 1 and 2).<sup>65</sup> The "system" included both licensed stores as well as units directly owned and operated by the corporation. The prospect of financial independence lured a cross spectrum of Americans to McDonald's and by 1959, 85 registered applicants were placed on a waiting list.<sup>66</sup> Ten years after Kroc opened his Des Plaines showcase unit, McDonald's boasted system sales of \$171 million from 738 individual units and in 1966 was admitted to the prestigious ranks of the New York Stock Exchange, an honor to be exceeded only by its 1985 inclusion on the Dow Jones 30 Industrials list.<sup>67</sup> McDonald's would ultimately join the financial powerhouses of General Motors, IBM, Sears, General

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<sup>65</sup>McDonald's Corporation Annual Report, 1963, McDonald's Corporation Archives. McDonald's first Annual Report was issued in 1963, two years after the buyout of the McDonald brothers. The 1963 report contained figures retroactive to 1959.

<sup>66</sup>"McDonald's Twentieth Anniversary," commemorative brochure (April 1975), McDonald's Corporation Archives, 7.

<sup>67</sup>Love, McDonald's: Behind the Arches, 241-42. McDonald's became the first fast-food corporation to be awarded member status on the Exchange. Its Secretary-Treasurer, June Martino, was only the second woman allowed on the floor of the Exchange (the first was Queen Elizabeth II). Making the Dow Jones list, an index of America's premier corporations, instantly gave McDonald's worldwide financial credibility. "McDonald's Chronological History Report," 24.

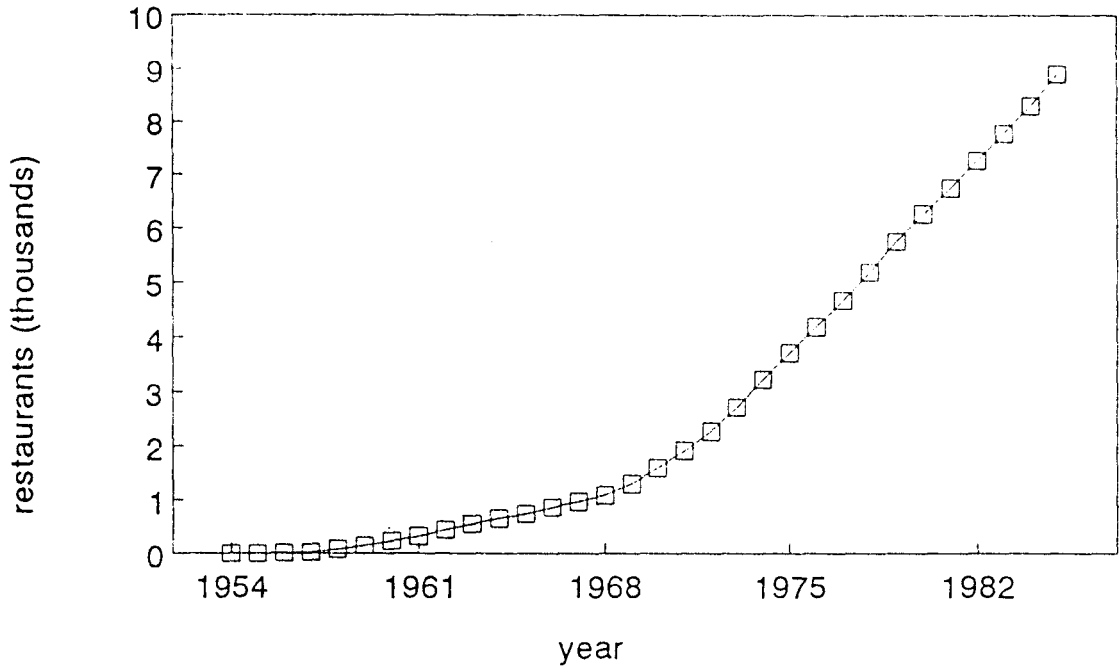


Fig. 1. Number of McDonald's Units, 1954-1985. McDonald's expanded slowly its first decade, but, by the early 1970s, enjoyed a double-digit annual rate of growth. McDonald's Corporation Annual Report, 1963-1985; "McDonald's Chronological History Report," McDonald's Corporation Archives.

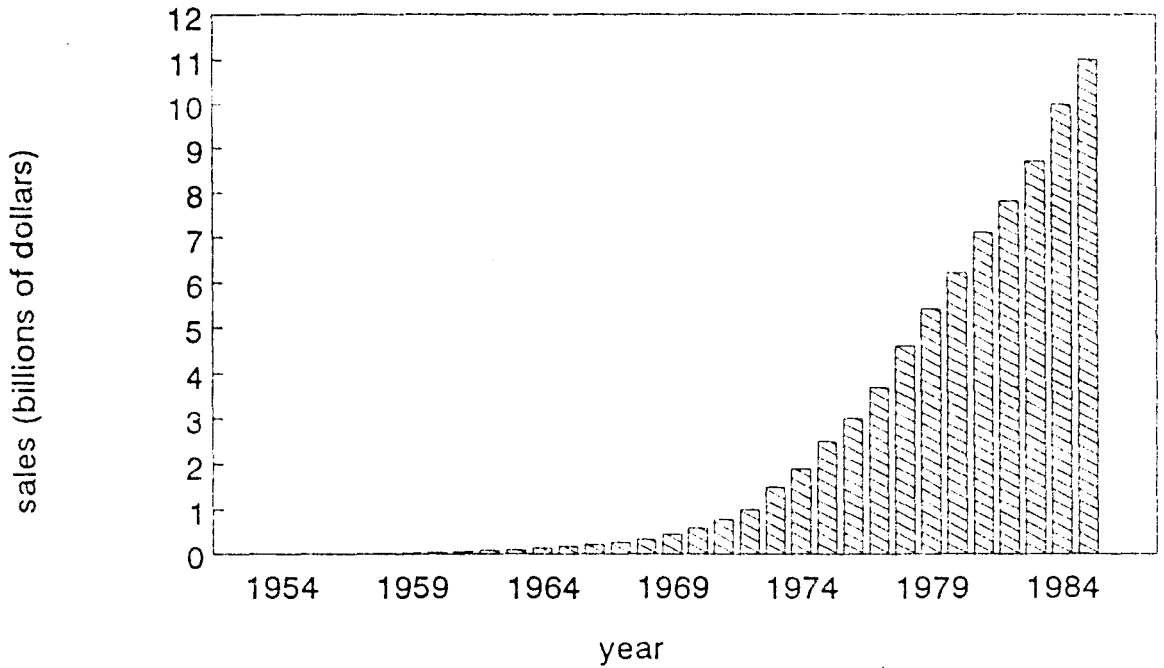


Fig. 2. McDonald's Systemwide Sales, 1954-1985. McDonald's sales rose gradually until the corporation's introduction of network advertising in the mid-1960s. Then, sales increased dramatically. McDonald's Corporation Annual Report, 1963-1985; "McDonald's Chronological History Report," McDonald's Corporation Archives.

Electric, and AT & T as barometers of the nation's economic health.

McDonald's did not rise to the ranks of the financial elite solely on the volume of its hamburger sales. Ray Kroc may have been a marketing and franchising dynamo, but to him the "language of high finance [was] mumbo-jumbo."<sup>68</sup> And in late 1961, Kroc desperately needed big money. He decided he had suffered enough from the tortuous limitations of his contract with the McDonald brothers. Indeed, from the very beginning of the contract he was in legal default since Dick and Mac McDonald had never authorized in writing the addition of basements to the units Kroc built, nor the substitution of gas grills for the more costly electric ones. Kroc and Frank Cotter, the brothers' lawyer, were "at dagger's point all the time" with Cotter continually reminding Kroc of his precarious legal position.<sup>69</sup> Kroc, who was virtually "shock-proof" in negotiating a business deal, was dazed when Dick McDonald told him the price at which he and his brother were willing to sell their interest: \$2.75 million--cash. "I dropped the phone, my teeth, and everything else," Kroc recalled in his autobiography. Dick McDonald asked him what the noise was and Kroc told him "that was me jumping out of the 20th floor

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<sup>68</sup>Kroc, Grinding It Out, 157.

<sup>69</sup>Ibid., 120-21.

of the LaSalle-Wacker Building."<sup>70</sup> Kroc had no idea how to raise that much money--merely raising \$65,000 to pay his court costs to divorce Ethel seemed insurmountable to him--but one of the basic components of McDonald's franchising program pointed the way.<sup>71</sup>

In May, 1955, Kroc had hired Harry Sonneborn, a former vice-president of competitor Tastee Freeze, to handle financial operations. Sonneborn made McDonald's a financial powerhouse by having McDonald's purchase the real estate on which the individually-licensed units sat. Thus, McDonald's received not only an up front licensing fee and royalty cut, but also rent.<sup>72</sup> Under Sonneborn's plan, McDonald's actually made more money through the real estate tie-in than through the franchising fees. In 1970, for example, McDonald's earned \$8.9 million in franchising and service fees, while it grossed nearly \$28.7 million in rental income. While McDonald's was more colloquially identifiable as a drive-in restaurant, its unique real estate base gave

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<sup>70</sup>Ibid., 121.

<sup>71</sup>Ibid., 119-20. Kroc eventually came up with the divorce settlement money by selling Prince Castle Sales, the independent company he started to market the Multimixer.

<sup>72</sup>In 1956, the rental fee was 5% of gross sales, compared to the 1.9% franchising service fee. By 1983, the service fee had risen to 3% and the rental assessment to 8.5%. As is obvious, McDonald's made more money through the real estate tie-in than through the actual franchising contract. J. Kenneth Props, "Experiences I Remember" (October 1983), McDonald's Corporation Archives, 14.



it access to funds denied to its competitors.<sup>73</sup> Kroc admitted his lack of fiscal experience and willingly gave Sonneborn free reign over finances. The net result was that by 1982, McDonald's exceeded Sears, Roebuck in the value of retail real estate it owned.<sup>74</sup> And it was the value of the land that gave McDonald's the collateral it needed to buy out the McDonald brothers and the credibility essential to earning spots on the New York Stock Exchange and the Dow Jones 30 Industrials.<sup>75</sup> The value of the land derived

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<sup>73</sup>Paine, Webber, et al., "McDonald's Corporation Prospectus," 7-8, 13; Joseph J. Doyle, "McDonald's Corporation," 15 July 1975 (New York: Smith, Barney & Co.), 38; "Growth of Fast-Food Sector May Wind Down in the '90s," Industry Surveys: Leisure Time, 15 March 1990, 42. Primary revenues for the corporation, in the early years, derived from company-owned stores (non-franchised units directly owned and managed by McDonald's Corporation) which, in 1970 alone, contributed sales of \$190.0 million to the system. By 1989, franchising brought in more operating profit than company-based restaurants, amounting to \$1.2 billion and \$822 million respectively.

<sup>74</sup>Love, McDonald's: Behind the Arches, 159. Sears, however, continued to lead in the actual square footage of retail real estate owned. The point is that McDonald's was savvy in locating its units, choosing primarily suburban properties that substantially and quickly appreciated in value.

<sup>75</sup>Graham, "McDonald's Pickle", 1; Kroc, Grinding It Out, 123. The McDonald brothers' San Bernardino unit was not part of the buyout agreement, as Kroc had expected, and the brothers renamed it the "Big M" after the "McDonald's" name was sold to Kroc. In retaliation for seven years of frustration at the brothers and their lawyer, Kroc opened a new McDonald's down the street from the "Big M," confusing patrons who merely assumed the restaurant had moved, and drove the original San Bernardino unit out of business. The brothers retired; Maurice died in 1971. Richard married his childhood sweetheart and moved to Bedford, New Hampshire, his home state, where he still lives.

from its location in America's burgeoning suburbs.

When asked how McDonald's decided where to locate new restaurants, Ray Kroc casually replied, "We count church steeples." McDonald's licensing director, Ken Props, boasted, "You could throw a rock out almost anywhere and the [McDonald's] unit would be successful."<sup>76</sup> New York Times Magazine quoted another McDonald's official with a more precise answer, "Our prime target is a family in which the father is 27, the mother is 25, with two children and another on the way, making over \$10,000 and living in the suburb of a major city."<sup>77</sup>

Throughout the 1950s and 1960s, McDonald's focused its efforts on working- and middle-class suburbs and the residential neighborhoods of medium-sized cities. Although an urban "downtowner" restaurant was bandied about, Kroc himself did most of the site selection in the early years and was firmly committed to "a choice location keyed to the important emphasis on family trade . . . churches, schools

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<sup>76</sup>Kroc, "Appealing to a Mass Market," 74; Props, "Experiences I Remember," 8.

<sup>77</sup>J. Anthony Lukas, "As American as a McDonald's Hamburger on the Fourth of July," New York Times Magazine 4 July 1971, sec. 6, pp. 4-5. The McDonald's official preferred to remain anonymous, a common choice given McDonald's almost paranoid preoccupation with corporate security. The corporation hesitates to join trade associations or attend industry conferences where discussion of operational procedures or marketing might divulge in-house information. It finally joined the National Restaurant Association in 1985. Bertagnoli, "Inside McDonald's," 21 August 1989, 44.

and homes . . . the basics of community living."<sup>78</sup> The fact that competition was less in the suburbs than in the city only reinforced the decision. By the late 1960s and early 1970s, however, analysts' fears of market saturation and a weakening economy plagued by high inflation forced McDonald's to broaden its base of growth. McDonald's readjusted its focus and turned attention to urban locations, including the 1972 debut of three units in Manhattan, as well as to newly developing sites in large shopping centers and strip malls.<sup>79</sup>

In its urban locations, McDonald's offered the same *quality, service and cleanliness* (value was later tacked on) as in its suburban units. McDonald's success in achieving a national image of consistency and efficiency was lauded by Time magazine in 1987. "McDonald's has become such a pervasive reference point in American life," Time reported, "that many consumers think of the company as a public institution--one that is more reliable than the post office

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<sup>78</sup>"The Birth of McDonald's," supplement to the 1966 McDonald Corporation Annual Report, McDonald's Corporation Archives. As early as 1958, McDonald's toyed with building small-scaled units in urban business districts, an idea that came to fruition during the 1970s and 1980s. Props, "R.A.K. Remembered," 3; Dictaphone memo from Fred Turner [head of operations] to Richard and Maurice McDonald, 13 June 1958, reprinted in The Legacy Series, dictaphone tape transcript, (Oak Brook, IL: McDonald's Corporation, 1988), 31-34.

<sup>79</sup>McDonald's Corporation Annual Report, 1972, McDonald's Corporation Archives, 9. Other major urban areas targeted in the early 1970s were Boston, Chicago, and Pittsburgh.

or the phone company."<sup>80</sup> Not only more reliable, but given that 19 million Americans--a full 8% of the population--ate at a McDonald's each day in 1985, also a seemingly indispensable part of American daily life.<sup>81</sup>

The 1970s and 1980s were boom decades for McDonald's, building upon the success engineered by Ray Kroc in the 1960s and Richard and Maurice McDonald in the 1950s. Breaking away from the competition through aggressive advertising and strict quality control, McDonald's led the fast-food industry with 18.4% of all fast-food sales.<sup>82</sup> At the height of the 1970s recession, McDonald's averaged an annual growth rate of 15%, giving the corporation a reputation of being "recession-proof."<sup>83</sup> Of course, McDonald's grew so rapidly because its licensees provided much of the initial capital to open a unit. That franchising arrangement allowed the corporation to expend its own resources on new product development, national

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<sup>80</sup>Stephen Koepf, "Big Mac Strikes Back: Burger Bashers, Watch Out! McDonald's is on a Roll!" Time, 13 April 1987, 58.

<sup>81</sup>McDonald's Corporation Annual Report, 1985, McDonald's Corporation Archives; Statistical Abstract of the United States, 1985, 6.

<sup>82</sup>Doyle, "McDonald's Corporation," table 1, p. 4. Figure for 1974. This reflects nearly a 100% increase over the 1969 market share figure, resulting from McDonald's television marketing blitz in the early 1970s.

<sup>83</sup>Ibid., 31. Pre-recession growth between 1965-1972 was moderately less, averaging only 11% per annum, still a respectable figure.

network advertising, and international expansion.

By 1985, a new McDonald's was opening somewhere in the world every seventeen hours, "which is another way of saying that every day the sun rises on another McDonald's."<sup>84</sup> With just over 8,900 restaurants in 43 countries worldwide, McDonald's celebrated its thirtieth birthday by converting Ray Kroc's original Des Plaines unit into a McDonald's Museum.<sup>85</sup> While 80% of McDonald's restaurants were still located in the same kind of residential neighborhoods that attracted Ray Kroc, McDonald's could also be found in 1,700 shopping malls, 24 tollway stops, and in hospital, school, and museum cafeterias across the country.<sup>86</sup>

What was it about McDonald's that earned it the loyalty first, of so many millions of Americans, and later, of millions worldwide? In the 1950s and 1960s, McDonald's served American families a simple meal--a hamburger, fries, and a milkshake--for the low price of 45 cents. Dubbed the "All-American Meal," reflecting and pandering to Cold War sensibilities, this trio provided a convenient alternative to the traditional meal prepared at home. Indeed, the sheer convenience of receiving lunch or supper in thirty seconds or less was a strong draw among busy parents ferrying children to music lessons, baseball games, and scout

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<sup>84</sup>McDonald's Corporation Annual Report, 1985, 21.

<sup>85</sup>"McDonald's Chronological History Report," 53.

<sup>86</sup>McDonald's Corporation Annual Report, 1985, 24, 27.

meetings.

The convenience of McDonald's, of course, was made possible by the efficiency of its operations. Richard and Maurice McDonald never quite grasped the significance of their tinkering with format, menu, and price in the 1948 conversion of their San Bernardino drive-in. They were experimenting primarily to rid themselves of their carhop problems. But the changes the McDonald brothers made, in effect, created the fast-food industry and linked it to the mass industrialism of the previous half century. Ford's massive assembly lines had their offspring in the glistening stainless steel kitchens, the regimented, almost automated movements of the burger crew, and the daily outpouring of tens of thousands of cloned hamburgers with interchangeable tastes and smells. The assembly-line automobile could fittingly be called the symbol of American progress in the first three decades of this century. In the thirty years after World War II, that honor belonged to a McDonald's hamburger.

Ray Kroc built upon what the McDonald brothers bequeathed to him in their licensing agreements and in the later buyout. Kroc never expressed a strong religious or political bent, but his belief in the American capitalist system was akin to the most ardent of fervors. The success of capitalism, Kroc was convinced, rested on the overarching ambition of average Americans to succeed.

McDonald's doesn't confer success on anyone. It takes guts and staying power to make it with one of our restaurants. At the same time, it doesn't require any unusual aptitude or intellect. Any man with common sense, dedication to principles, and a love of hard work can do it. And I have . . . asserted that any man who gets a McDonald's store today and works at it relentlessly will become a success, and many will become millionaires--no question.<sup>87</sup>

Horatio Alger could not have asked for a more loyal follower in the 1950s.

The success that had made McDonald's an "American Phenomenon," however, had a stronger foundation than the combined tinkering of the McDonald brothers and Ray Kroc's optimism. Before McDonald's could raise its arches to feed America's children, it had to first forge an identity within a fledgling industry catering to convenience. When the McDonald brothers "invented" fast-food, they were building upon decades of food service innovations geared to preparing large volumes of food quickly and cheaply. When Ray Kroc outlined his own distinctive franchising program, he drew upon the franchising success stories and failures of prior restaurant chains. Most important, when McDonald's consciously targeted children as its primary customer, it harkened back to a fifty year history of marketing consumer products to children. By 1955, the radio, television, and toy industries all had sophisticated market strategies

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<sup>87</sup>Kroc, Grinding It Out, 111. Kroc was not being necessarily sexist here. Husband-wife teams provided McDonald's with some of their best licensees in the early years and by the mid-1970s, it was not uncommon to have a lone female owner/operator at the helm of a McDonald's unit.

directed at children. It was these early precursors in food service, licensing, and children's marketing that provided the textbook for McDonald's later meteoric success.



### CHAPTER 3

#### THE CONVENIENCE FOOD INDUSTRY AND CHILD CONSUMERISM BEFORE MCDONALD'S

Two-car garages out back; modest weekend motor jaunts; roadside inns and hot dog stands do a rushing business; the kids get a good deal of fun out of the comic strips; the children earnestly follow numerous [radio] programs; sometimes the 'small fry' is sent to the store. It's good training for him; and Jane is excited about being moved up into the allowance-receiving ranks; a glamorous \$5 bill monthly just for movies, sodas and notions . . .<sup>1</sup>

J.C. Furnas, Ladies' Home Journal

In 1948, when Richard and Maurice McDonald redesigned their octagonal restaurant in the shadow of Route 66, America's obsession with automobile travel and petty consumerism was well underway. Seven years earlier, the Ladies' Home Journal had documented it in How America Lives, a portrait of middle-class American families on the brink of World War II. Instead of finding an America fearful of war, the Ladies' Home Journal discovered a country that found security in the consumer goods that it owned and the services it could purchase. Such an environment had

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<sup>1</sup>J.C. Furnas and Ladies' Home Journal, How America Lives (New York: Henry Holt and Co., 1941), 66, 87, 304, 105, 93, 299, 207, jacket cover, respectively. Overall, the book sketches the life of sixteen families, representing various racial, ethnic, social, and economic backgrounds.

provided fertile ground for both the rise of roadside eateries and the increasing prevalence of childhood consumerism. Ultimately, McDonald's would marry these two disparate trends, and find its own success in appealing to this same need for security.

### On the Road: The Convenience Food Industry

Long before McDonald's, entrepreneurs in the 1920s had already begun to develop an industry catering to the automobile. Gas stations fulfilled an obvious and immediate need, while campgrounds grew up around the See America First movement's emphasis on recreational motoring. And roadside eateries quickly sprang up as a convenient and inexpensive alternative to packing a lunch for Americans "on the road."<sup>2</sup>

Edgar Waldo (Billy) Ingram unleashed America's first roadside hamburger chain in Wichita, Kansas, in 1921.<sup>3</sup> Somewhat brazenly christened "White Castle"--"white for purity . . . castle for strength"--Ingram's modest

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<sup>2</sup>A good analysis of Americans' obsession with motoring is Warren James Belasco, Americans on the Road: From Autocamp to Motel, 1910-1945 (Cambridge, MA: MIT Press, 1979).

<sup>3</sup>Ingram's partner in White Castle was Walt Anderson who had operated a remodeled streetcar as a restaurant in Wichita in 1916. Ingram purchased Anderson's interest in White Castle in 1933. Jim Oliphant, "The Tower and the Glory," Chicago Tribune, 25 February 1991, sec. 5, p. 1; Ray B. Browne, review of Body Food, Soul Food: The American Restaurant Then and Now, by Richard Pillsbury, in Journal of Popular Culture 26, no. 2 (Fall 1992): 174-75.

restaurants served a greasy, onion-laden, two-and-one-half-inch square hamburger selling for five cents.<sup>4</sup> Ingram's food retailing operations quickly traversed eleven states from Kansas to New York. Ingram personally owned the entire chain of White Castles. His refusal to take on any long-term debt to expand--his own credo was "he who owes no money can't go broke"--or to open up ownership to franchisees effectively negated the head start he had in the convenience food industry.<sup>5</sup> In contrast to McDonald's, White Castle targeted an adult, rather than family, market. Open round-the-clock, it appealed mainly to truckers or workers late at night or early in the morning.

Following on the heels of White Castle, the A & W Root

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<sup>4</sup>Oliphant, "The Tower and the Glory," 1; J. Anthony Lukas, "As American as a McDonald's Hamburger on the Fourth of July," New York Times Magazine, 4 July 1971, sec. 6, pp. 4-5. Ingram added his own innovation to streamline the frying of hamburgers. He pierced five holes into each patty before steaming them, thirty-six at a time, on a large griddle. The holes allowed the hamburgers to thoroughly cook without being flipped over.

<sup>5</sup>Oliphant, "The Tower and the Glory," 2; Love, McDonald's: Behind the Arches, 19, 163. McDonald's expansion, in contrast, was financed not only through franchising, but also through extensive leveraging. Ray Kroc's buyout of the McDonald's brothers, for example, was only made possible through a complicated debt transaction involving twelve different lenders, dubbed the "Twelve Apostles." The entire transaction cost McDonald's over \$14 million, only \$2.7 million of which was the principal amount paid to Dick and Mac McDonald. Paine, Webber, Jackson & Curtis, "McDonald's Corporation Prospectus," 20 April 1965, 6; Ray Kroc with Robert Anderson, Grinding It Out: The Making of McDonald's (Chicago: Henry Regnery Co., 1977; reprint, Chicago: St. Martin's Paperbacks, 1987), 121-23. Page references are to the reprint edition.

Beer chain, named after founders Allen and White, opened in 1924. Capitalizing on Prohibition, Allen and White developed a unique non-alcoholic syrup recipe and sold it to investors willing to sign on as franchisees. In exchange for a \$2,000 fee, high compared to McDonald's \$950 franchising fee thirty years later, A & W licensees received extensive territorial franchises granting exclusive control of the A & W Root Beer trade over a city, state, or region.<sup>6</sup>

Allen and White's root beer recipe quickly became popular, and the partners added a full line of hamburgers and hot dogs. Their real profit, however, came from licensees' on going orders for the patented root beer syrup. The terms of Allen and White's contracts with their franchisees required that only A & W's syrup be purchased, at prices set by the parent company. The franchisees were, in effect, hostages to Allen and White's control of the flow of syrup.<sup>7</sup> Franchisors preferred this type of product tie-in arrangement, since it gave the parent company not only the up front franchise fee but also a steady, guaranteed

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<sup>6</sup>Love, McDonald's: Behind the Arches, 49. Although A & W still exists, it is not a major competitor in the fast-food industry. One of Allen and White's early franchisees, however, used his Washington, DC territorial license as breeding ground for one of America's largest hotel chains. The licensee's name was J. Willard Marriott.

<sup>7</sup>Ibid.; Thomas Dicke, Franchising in America: The Development of a Business Method, 1840-1980 (Chapel Hill NC: University of North Carolina Press, 1992), 119.

income.

Territorial franchising and tie-ins were perfected under two of the "hottest and most lucrative franchise operations in the country . . . market leader [the soft-serve ice cream market] Dairy Queen and arch rival Tastee Freeze."<sup>8</sup> Both drive-ins took advantage of innovations in the serving of ice cream, specifically, the chilling of a dairy mix in a large stainless steel vat which was then served through an attached spigot, similar to the drafting of beer. Between 1944 and 1948, Dairy Queen opened 2,500 outlets through territorial franchising with up front franchising fees as exorbitant as \$50,000 per territory and a surcharge of 45 cents per gallon of soft serve.<sup>9</sup> Harry Axene, a former farm equipment salesman who had pioneered Dairy Queen's expansion at the end of World War II, established competitor Tastee Freeze in 1950, with a format similar to Dairy Queen, but using improved machinery. Although the hefty up-front franchising fees made Axene and his partners immediate millionaires, both companies were plagued by incompetent and poorly trained licensees and lack of consistent national images.

It was Howard Johnson's which provided the closest parallel to McDonald's. Unlike White Castle, A & W, Dairy Queen, and Tastee Freeze, which stranded their franchises

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<sup>8</sup>Love, McDonald's: Behind the Arches, 36.

<sup>9</sup>Ibid., 50-51.

after the contract was signed, Howard Johnson's restaurant chain provided on going training, corporate supervisors, and a thick operations manual dubbed "Howard Johnson's Bible."<sup>10</sup> Howard Johnson's, however, served a full sit-down dinner in restaurant units located along the emerging highway system, drawing primarily upon tourists for customers. Like Kroc, Johnson had not planned on going into the restaurant business.

Saddled with \$18,000 in debt owed by his father's defunct cigar business, Johnson took over the management of a floundering drugstore in his hometown of Wollaston, Massachusetts.<sup>11</sup> Johnson turned the store around in four years, relying on the popularity of its homemade ice cream. Then, Johnson expanded his operations to include several walk-up ice cream stands on nearby beaches.<sup>12</sup> Johnson's new stands, little more than shacks, were so popular that on opening day, twelve police officers were summoned to control the crowd.<sup>13</sup>

By 1935, Johnson was ready for further capital expansion--he already had twenty-five company-owned units

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<sup>10</sup>Jack Alexander, "Host of the Highways," Saturday Evening Post, 19 July 1958, 48.

<sup>11</sup>Ibid., 48-50.

<sup>12</sup>Ibid., 50. Johnson did not create the ice cream recipe himself; rather he purchased it from an elderly German pushcart vendor who lived nearby. The secret to the recipe was the increased butterfat content in the ice cream.

<sup>13</sup>Dicke, Franchising in America, 120.

dotting Massachusetts' highways--but was stymied by local banks that refused to lend to him.<sup>14</sup> Like McDonald's with its distinctive arches, Howard Johnson's restaurants boasted recognizable blue and orange exteriors topped with roof-line cupolas. Creditors' concerns that the buildings were too distinctive to be reusable should Johnson default, forced Johnson into locating alternative financing. That alternative was franchising.

In 1935, Johnson sold his first franchise to a restaurateur on Cape Cod. Johnson supplied all the foodstuffs from his corporate commissary, provided initial training, and gave on going consultation.<sup>15</sup> By 1940, Howard Johnson's had grown to 132 restaurants, 92 of which were franchised. Of the \$207 million that Howard Johnson's earned that year, \$132 million was directly produced by the continual food sales to franchisees.<sup>16</sup>

Aside from his franchising savvy, Howard Johnson was successful because he created an image of his restaurants as

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<sup>14</sup>Ibid.; Alexander, "Host of the Highways," 50.

<sup>15</sup>Dicke, Franchising in America, 120-21.

<sup>16</sup>Ibid., 121. Unlike McDonald's, Howard Johnson's later expanded into highway motor lodges, responding to travelers' need for reliable, secure, and affordable shelter. By July 1958, there were 47 of these lodges operational or under construction. Less than a decade later (1966), Howard Johnson's 220 lodges attested to the influence of the new interstate system on the continued popularity of motoring. Alexander, "Host of the Highways," 16; Russell Lynes, "Fast Food and Footloose Americans," Harpers 232 (January 1966): 31.

safe havens away from home. Howard Johnson's provided families the physical security often lacking in roadside restaurants and motels. J. Edgar Hoover's charge in 1940 that most motor camps and motels were "dens of vice and corruption" rife with gambling, promiscuity, and rowdy youths had received national attention, pandering to Americans' fears of juvenile delinquency.<sup>17</sup> Even the freshness and quality of food was an issue at some of the seedier motor inns or courts, an issue laid to rest at a Howard Johnson's whose New England church-style architecture boasted not only wholesome food but an image of "scrupulously clean-cut Americanism."<sup>18</sup> Johnson carefully exploited the religious symbolism of the architecture, making Howard Johnson's seem a safe retreat amidst the uncertainties of motoring. While White Castle, A & W, Dairy Queen, and Tastee Freeze often had difficulties molding a consistent public image, Howard Johnson's crystallized the circular relationship between psychological security and corporate profits. It set an important precedent for McDonald's.

#### Jack Armstrong and Mickey Mouse: Forerunners in Child Consumption

Prior to 1900, newspaper and periodical advertisers marketed exclusively to adults. Even children's periodicals

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<sup>17</sup>Belasco, Americans On the Road, 167-68.

<sup>18</sup>Ibid., 171.



targeted parents, who either read the magazines to their younger children or screened them for their older ones. Youth's Companion, premiering in 1827, was the first magazine to offer children premiums, or free gifts, for their parents' paid subscriptions: dolls, books, and magic lanterns (a prototype of the modern slide projector) were common examples. St. Nicholas, founded in 1873, never directly promoted a product to children, but frequently ran adult-targeted advertisements that included word games for young readers or promotions for children to create their own ads.<sup>19</sup>

After 1900, advertisers developed a more direct approach using illustrations and copy appealing to children's tastes rather than to their parents' concerns. The "copy stressed fun . . . or taste . . . whereas earlier [when the ads were targeted to parents] it might have emphasized instruction or nutrition."<sup>20</sup> An example of the latter was a Quaker Oats advertisement, circa 1900, reading "Fretful children are nervous, peevish, and ill-tempered because of lack of proper and sufficient nourishment. . . . Quaker Oats will build up the child's body and--then comes

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<sup>19</sup>William Delmar Jenkins, Jr., "A Content Analysis of Children's Print Advertising, 1948-1974" (Ph.D. diss., University of North Carolina-Chapel Hill, 1976), 4-5. Although the bulk of Jenkins' longitudinal analysis deals with the post-World War II years, he surveys the earlier history of children's print advertising.

<sup>20</sup>Ibid., 7.

good nature. . . ."21 Proof of the former was the more sophisticated approach convincing children that purchasing a specific consumer product was fun. Jello gelatin (invented in 1897) was fun because it squiggled in the hand while Campbell soups (1898) drew on the image of a hot meal after playing in the snow. In a longitudinal ranking of the major lure in children's print advertisements, "fun" consistently placed near the top (see Figure 3). And fun could be a strong lure.

National Biscuit Company's (Nabisco) Cream of Wheat offered readers of the August 30, 1900 edition of the Youth's Companion two scenic photogravures (photographs reproduced with engraved plates or cylinders) with the purchase of two boxes of cereal. In November, 1902, cereal manufacturer Ralston-Purina, enticed St. Nicholas readers with a free bank in return for one box top off a cereal package.<sup>22</sup> While print advertising failed to reach the youngest ranks of the children's market, it did set a precedent for the strong leadership of the food industry in child marketing.

In 1877, food advertising accounted for less than 1% of commissions recorded by N.W. Ayer, one of the largest

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<sup>21</sup>Quoted in Dwight Macdonald, "Profiles: A Caste, A Culture, A Market," New Yorker 34 (22 November 1958): 77. This was a two-part series on Eugene Gilbert, a pioneer in youth marketing research.

<sup>22</sup>Jenkins, "A Content Analysis of Children's Print Advertising," 7.

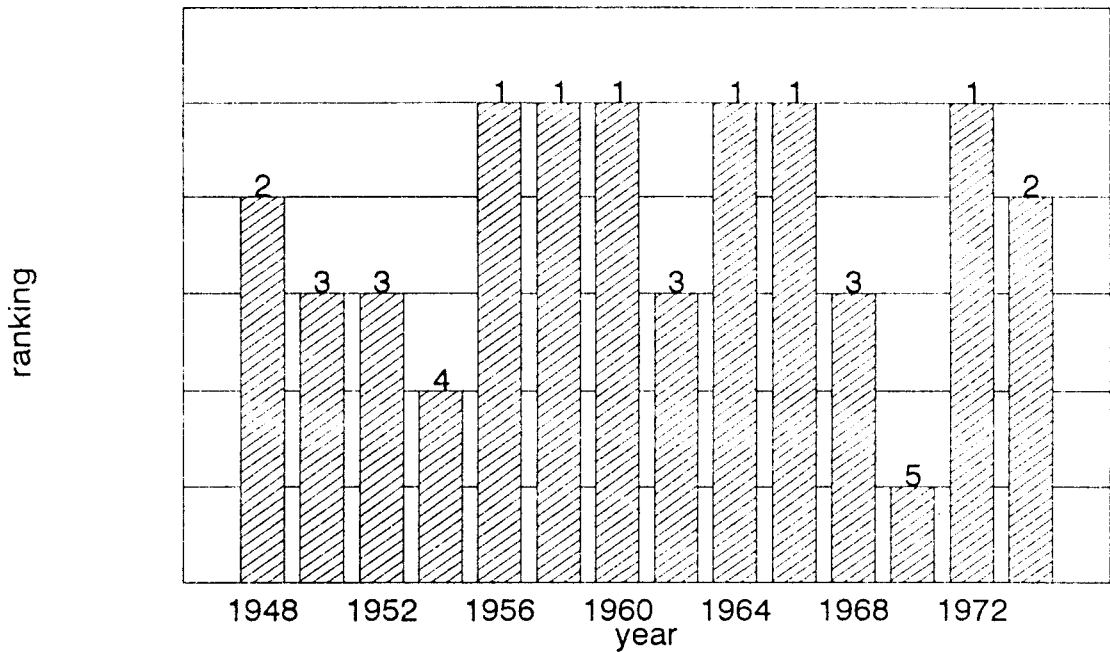


Fig. 3. "Fun" in Children's Print Ads, 1948-1974. After World War II, "fun" consistently ranked high as a lure in children's print advertising. It was a lure that worked well on television, too. William Delmar Jenkins, "A Content Analysis of Children's Print Advertising, 1948-1974," (Ph.D. diss., University of North Carolina--Chapel Hill, 1976), 244-47.

national advertising agencies of the time. By 1901, food advertising had jumped to 15% and remained the single largest client base until overtaken by auto advertising at the end of the decade.<sup>23</sup> And the precedents set in the first decades of the century continued unabated: food products accounted for nearly one-quarter of all print advertisements directed at children between 1948 and 1974.<sup>24</sup> Print advertising, however, failed to reach consumers younger than seven or eight. The first real forays into kindergarten consumption were accomplished through the food industry's use of "host selling" on radio.

Little Orphan Annie pitched Ovaltine, Jack Armstrong spoke for Wheaties, cowboy hero Tom Mix touted Kix, and Babe Ruth batted for Quaker Oats.<sup>25</sup> Radio relied extensively on a real or fictitious character's friendship with youngsters to sell a product, a concept known as "host

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<sup>23</sup>Harvey A. Levenstein, Revolution at the Table: The Transformation of the American Diet (New York: Oxford University Press, 1988), 35.

<sup>24</sup>Jenkins, "A Content Analysis of Children's Print Advertising," 29. Toy advertising was a close runner-up accounting for another one-fifth of print ads for this time period.

<sup>25</sup>The litany of character or celebrity-endorsed products confirms the dominance of the food industry:

Sergeant Preston - Quaker Oats	Gene Autry - Wrigley gum
Superman - Kellogg's	Roy Rogers - Post
Captain Midnight - <u>Ovaltine</u>	Sky King - Peter Pan peanut butter

selling."<sup>26</sup> The packaged food industry, primarily cereal manufacturers, dominated the child's advertising field during the 1930s and 1940s, mapping a route for McDonald's to follow two decades later.

Unlike television, radio shows were typically underwritten by a single sponsor. The sole sponsorship format resulted in a cohesive marketing message for each show, with the sponsor and its agency dictating program format, content, and, occasionally, even character dialogue.<sup>27</sup> Frequently, the identity of the sponsor was itself part of the show's title, as in "Tom Mix and the Ralston Straight Shooters," or was prominent in the show's opening theme.

"Wheaties, the breakfast of champions presents . . . Jack Armstrong! JACK ARMSTRONG! **JACK ARMSTRONG!** The All-American Boy!" Premiering in 1933 on the Columbia Broadcasting System (CBS) network, Jack Armstrong, along

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<sup>26</sup>Host selling was not limited to radio. A comparison study of advertising in the Sunday comics for the years 1947 and 1955 revealed that a constant 96% of ads incorporated the products' names into the story-line of the strips, using the characters to pitch the products. Francis E. Barcus, "Advertising in the Sunday Comics," Journalism Quarterly 39, no. 2 (Spring 1962): 200-201.

<sup>27</sup>Llewellyn White, The American Radio: A Report on the Broadcasting Industry in the United States from the Commission on Freedom of the Press (Chicago: University of Chicago Press, 1947; reprint, New York: Arno Press, New York Times, 1971), 56-57. Page references are to the reprint edition; Eric Barnouw, A History of Broadcasting in the United States, vol. 2 (New York: Oxford University Press, 1968), 96-98.

with his sister Betty and best friend Billy, tackled the menacing villains, Black Vulture, and the Silencer. In his spare time, he was a marketing spokesman for General Foods' Wheaties brand cereal.

General Foods so inextricably linked together the attributes of the boy hero and the Wheaties brand that the two became indistinguishable. Unclear to young children, of course, was that Jack Armstrong was a fictitious character, an actor reading a script, not a live teenage boy. But the Wheaties jingle reinforced the charade nevertheless:

Have you tried Wheaties? They're whole wheat with all the bran. / Won't you try Wheaties? for wheat is the best food of man! / They're crispy and crunchy the whole year through. / "Jack Armstrong" never tires of them; and neither will you. So just buy Wheaties--the best breakfast food in the land!<sup>28</sup>

The success of the Wheaties jingle was challenged and matched by the competition, with Little Orphan Annie singing for Ovaltine and the Nabisco's children's chorus praising Cream of Wheat.

Jingles were an innovation that transcended the mere descriptive phrases of print advertising. Even the youngest listeners remembered a catchy tune, and its constant repetition, while annoying to adults, nonetheless reinforced brand-name awareness and recognition for both parents and

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<sup>28</sup>Frank Buxton and Bill Owen, The Big Broadcast: 1920-1950, rev. ed. (New York: Viking Press, 1972), 121-22.

children.<sup>29</sup> These radio jingles also foreshadowed McDonald's own musical forays ("Grab a bucket and mop..." and "You, you're the one...") as well as McDonald's own "Twoallbeefpatties..." tongue-twister several decades later.

The use of host selling and jingles, however, still fell short of making the sale. Because of their general inexperience and naivete, it is tempting to underestimate the consumer savvy of youngsters. With children's interest in radio beginning at age four and peaking at age ten, however, the eight to thirteen year old audience were both devout listeners and wizened consumers.<sup>30</sup> One eleven-year-old boy, already jaded with the novelty of radio, commented in the mid-1940s, "I don't listen to the radio too much anymore because the commercials have gotten so thick they've gotten me disgusted."<sup>31</sup> Sponsors' use of

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<sup>29</sup>Ron Lackman, Remember Radio (New York: G.P. Putnam's Sons, 1970), 3. Lackman claimed he could still sing the Cream of Wheat jingle thirty years later.

<sup>30</sup>"Child's Likes and Dislikes of Radio Turn Corner at 10 Years of Age," New York Times, 9 June 1935, reprinted in Childhood, Youth and Society, ed. Fred M. Hechinger (New York: New York Times/Arno Press, 1980), 67; Roy De Verl Willey and Helen Ann Young, Radio in Elementary Education (Boston: D. C. Heath, 1948), 10-13; Charles Hull Wolfe, Modern Radio Advertising (New York: Funk & Wagnalls, Printers' Ink, 1949), 175-76. By 1949, Wolfe was a veteran radio ad-man who wrote commercials for the "Red Skelton Show," the "Jack Benny Show," and "Inner Sanctum." He also developed the "Programeter," a device to measure audience response to radio advertisements.

<sup>31</sup>Quoted in Albert N. Williams, Listening: A Collection of Critical Articles on Radio (Freeport, NY: Books for Libraries Press, 1948; reprint, 1968), 89. Page references are to the reprint edition.

complimentary premiums, updating the enticement used by turn of the century periodicals, proved such a lure that even jaded listeners responded.

In addition to hawking adventure and Wheaties, Jack Armstrong promoted a host of child consumer goods including whistling rings, a spy decoder, toy bomb sights, and similar gadgets necessary to waging cold and hot war intrigue in the backyard on a summer afternoon.<sup>32</sup> These childish gizmos, occasionally free but frequently costing a few pennies or nickels apiece, had been widely used in older periodical advertisements and were simply co-opted by radio. Spy paraphernalia was especially popular on children's serials during and immediately after World War II. Reflecting new Cold War sensibilities, Tom Mix and General Mills' Kix cereal teamed up in 1947 to offer atomic bomb rings which sparkled in a darkened room, reminiscent of the glow of radioactive fallout.<sup>33</sup>

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<sup>32</sup>More than just pitching consumerism, children's radio characters also "reaffirmed the nation's homefront patriotism." Jack Armstrong, for example, convinced one million children to join the "Write-A-Fighter" campaign in 1943. Planting victory gardens and conserving scrap paper, metals, and glass were other wartime uses of the host-selling tactic which overall points to the effectiveness of radio marketing (whether ideas or products) to children. William M. Tuttle, Jr., "The Homefront Children's Popular Culture: Radio, Movies, Comics--Adventure, Patriotism, and Sex-Typing," in Small Worlds: Children and Adolescents in America, 1850-1950, eds. Elliott West and Paula Petrik (Lawrence, KS: University Press of Kansas, 1992), 145.

<sup>33</sup>G. Howard Poteet, Radio! (Dayton, OH: Pflaum Publishing, 1975), 59.



The impact of radio advertising on the creation of a children's consumer consciousness is undeniable. While radio's advertising volume was marginal compared with newspapers, the personal nature of the medium extended consumer awareness to youngsters old enough to follow the simple plots of "Terry and the Pirates" or "Captain Midnight." With 30 million radio sets transmitting in 22.9 million American homes in 1935, the radio was the "most widely owned of the various articles usually associated with the American standard of living."<sup>34</sup> Radio was the preeminent family entertainment during the 1920s and 1930s. Its function of culturally assimilating Americans while informing, entertaining, and advertising to them validated the prominent status radio assumed in American living rooms.<sup>35</sup>

Ironically, children's radio was a programming afterthought. The hours from 3:00 pm to 5:00 pm were "dead

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<sup>34</sup>In comparison, 22 million passenger cars were in use, representing approximately 18 million automobile-owning families. Only about 11 million families had telephones in 1935. Herman S. Hettinger and Walter J. Neff, Practical Radio Advertising (New York: Prentice-Hall, 1938), 37; Wolfe, Modern Radio Advertising, 94-95.

<sup>35</sup>A powerful image of the importance of radio to Americans is in N. Ray Hiner's "Seen But Not Heard: Children in American Photographs." Hiner reprints a 1941 picture of Georgia farm children in threadbare clothes, standing in their equally worn and sparsely decorated home. Very prominent in the picture, however, is the family radio, resting on a clean and pressed doily, presumably one of this family's few precious links to the modern world. Small Worlds: Children and Adolescents in America, 194.

time," long past women's programming slots in the morning and early afternoon, but too early for the evening's news. The empty air time, however, coincided perfectly with the end of the school day. While children's programs were originally intended to be fillers, they tapped into an audience of restless youngsters with free time on their hands before dinner. Inexpensive to produce, they had the net effect of training young children to make consumer choices.<sup>36</sup>

Radio sponsors never intended to create a distinct children's market, though they had made significant headway into segmenting it by World War II. Three- to eight-year-olds preferred fairy tales; eight- to thirteen-year-olds listened to adventure serials; and teenagers chose news and sporting programs.<sup>37</sup> A 1940s survey by International Business Machines (IBM) confirmed the extent of children's listening habits. Over 99% of American children had a radio at home, with 44.4% of youngsters enjoying the privacy of a

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<sup>36</sup>This marginal role of children's programming, and hence, advertising, is revealed in the percentages of programming devoted to children. In 1933, the National Broadcasting Company (NBC) developed only 3.6% of its overall programming for children, small compared to the 5.3% undertaken by CBS. Moreover, in a programming crunch, children's shows were the first to be cut. In 1939, NBC had reduced children's shows to only 2.9% and CBS, to only 3.1% of its overall programming, devoting the former children's airtime to reporting on the European theater of war. White, The American Radio, 66.

<sup>37</sup>Wolfe, Modern Radio Advertising, 175-76; Hettlinger and Neff, Practical Radio Advertising, 119-20.

radio in their own bedrooms. These children listened to an average of sixteen different programs weekly with 69.3% of children claiming that radio was a primary influence in purchasing a consumer product.<sup>38</sup>

The legitimacy of advertising to children was repeatedly validated. In a survey of the ten most commonly cited criticisms of radio advertising, the fact that advertisers targeted children did not even appear; rather, that the ads were dull, silly, or misrepresented products.<sup>39</sup> And in 1948, New York educator Dorothy Gordon, moderator of the New York Times Youth Forum affirmed:

We are living in a world of commerce, and children can learn a great deal about trade products and raw materials through a commercial message brought to them by an intelligent advertiser. There is untold drama in the history of consumer goods. . . . Advertisers are defeating their own ends by ignoring the large potential buying power of the present younger generation and neglecting to pay attention to developing the consumer of the future."<sup>40</sup>

Gordon was mistaken in claiming that advertisers were ignoring the children's market. While it lacked priority, it did not need for attention. But it received both in generous doses from Walt Disney and his alter-ego, Mickey

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<sup>38</sup>Wolfe, Modern Radio Advertising, 175. Wolfe himself has only two pages out of six hundred devoted to children's advertising.

<sup>39</sup>The survey was conducted in the 1940s; precise date is unknown. Wolfe, Modern Radio Advertising, 594-95.

<sup>40</sup>Quoted in Williams, Listening, 100-101.

Mouse, who irrevocably legitimized child marketing by shrouding it in a cloak of traditional family values, a technique that McDonald's later perfected.

Walt Disney enjoyed early success as an animator selling seven-minute animated reels retelling the tales of Cinderella, Alice in Wonderland, and Red Riding Hood.<sup>41</sup> This success, however, soon turned sour. Inexperienced at the legalities of his craft, Disney had carelessly neglected to copyright his first original character, Oswald the Rabbit. The oversight left him in the late 1920s without a character, near personal bankruptcy, and made him scrupulously cautious in protecting his characters.<sup>42</sup>

Disney rebounded with the creation of Mickey Mouse. Mickey was created as an adventurous, animated parallel to real-life aviator, Charles Lindbergh. His first short flick, "Plane Crazy" (carrying through the Lindbergh allusion), was only an adequate filler. Disney, capitalizing on the sound innovation pioneered in Al Jolson's The Jazz Singer, made Mickey's third flick, "Steamboat Willie," a "talkie."

Talking pictures revolutionized the motion picture industry, although children had already been a mainstay of

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<sup>41</sup>These were crudely animated short flicks that were used in theaters as filler, not the full-length animated features for which Disney was subsequently famous.

<sup>42</sup>Richard Collier, "Wish Upon a Star: The Magical Kingdoms of Walt Disney," Readers' Digest (October 1971): 231-33.

cinema audiences two decades before Jolson's 1927 experiment. As early as 1908, social reformer John Collier observed, "The nickelodeon is the creation of the child."<sup>43</sup> Collier estimated that in 1910, between 500,000 and 600,000 children trekked to the cinema daily.<sup>44</sup> Walt Disney launched his "Steamboat Willie" into this world of children's cinema and held his breath for their response.

An immediate success, "Steamboat Willie" unleashed a barrage of praise on Disney, yet the costs of reproducing the hundreds of animated pieces of celluloid film ("cels") for a seven-minute reel exceeded the incoming revenues from its theatrical release. Like Kroc, who turned to real estate acquisition to pad revenues and provide loan collateral, Disney turned to trademark licensing in 1932 to keep his constantly teetering studio out of bankruptcy.

Mickey's face made its way onto watches, roller skates, sweatshirts, pianos, and greeting cards, a handful of the hundreds of licenses Disney granted. By 1965, 5,000

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<sup>43</sup>John Collier, "Cheap Amusements," Charities and the Commons 20 (11 April 1908): 75. Quoted in David Nasaw, "Children and Commercial Culture: Moving Pictures in the Early Twentieth Century," in Small Worlds, eds. West and Petrik, 25.

<sup>44</sup>Quoted in John Collier, "The Motion Picture," in Proceedings of the Child Conference for Research and Welfare (1910), reprinted in Nasaw, "Children and Commercial Culture," 17, 19, 24. Clutching their nickels, these children constituted a statistically significant audience for film-makers and distributors who relied upon children, as radio did, to fill theaters during the late afternoon, early evening, and weekend hours.

different items promoted Mickey Mouse.<sup>45</sup> Pandering to the comic book craze, Mickey and later raspy-voiced Donald Duck each had their own series. Lionel Toy Corporation, who had been among the first manufacturers to directly market to children in the early 1900s, was saved from bankruptcy in 1933 by Mickey Mouse. Lionel sold 250,000 Mickey miniature railroad engines in a scant three weeks, preempting its financial collapse. Sixty other firms were likewise saved by the venerable Mickey.<sup>46</sup>

The licensing tie-in encouraged in childhood consumerism on an unprecedented scale. Parents sanctioned it because Disney's films validated parental authority and reinforced traditional family roles. Cinderella was deferential and compliant, even to her unrelentingly abusive step-mother. And Mickey Mouse, a typically adventurous youth, was equally wholesome. His radio show, "The Mickey Mouse Theater of the Air," debuted on NBC in 1937 and was immediately popular.<sup>47</sup> Disney offered parents wholesome pre-packaged adventure for their children without risks, a strategy later carried through in the Disney theme parks and in television's "The Mickey Mouse Club." It was a strategy that would later work for McDonald's as well.

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<sup>45</sup>R. Collier, "Wish Upon a Star," 235.

<sup>46</sup>Ibid., 235-36; Jenkins, "A Content Analysis of Children's Print Advertising," 8.

<sup>47</sup>Buxton and Owen, The Big Broadcast, 159.

McDonald's did not create drive-in eating, nor was it the first corporation to market products to children. Ray Kroc, bolstered by his own twenty years in the food industry, consciously imitated the successes of others and avoided their errors. From the roadside eateries of the 1920s and 1930s, McDonald's learned that forcing a franchisee to purchase tie-in products was ultimately self-defeating. It left the licensee vulnerable to exorbitant price increases by the parent company or, worse, left bare the licensee's risk of being completely severed should the licensee and parent company quarrel.<sup>48</sup> Similarly, the experiences of A & W, Tastee Freeze, and Dairy Queen taught Kroc to avoid territorial licensing; thus, with a few early exceptions, McDonald's granted its licenses one restaurant at a time to discourage absentee operators. McDonald's learned its greatest lessons, however, from Howard Johnson's.

Howard Johnson based his company's success on the profitability of his licensees. His competitive franchise fee of \$1,000 (in 1940) enabled franchisees to focus capital on establishing quality control and uniform service, which

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<sup>48</sup>Kroc, Grinding It Out, 84. Though McDonald's policy of requiring franchisees to rent land from the corporation could be considered a tie-in, a 1980 court ruling upheld McDonald's policy. The location of McDonald's units in family neighborhoods, the ruling concluded, was an integral part of the package that McDonald's sold to licensees, and, therefore, could be regulated by the corporation. Dicke, Franchising in America, 129.

Johnson oversaw through a corps of "special investigators" and undercover "shoppers."<sup>49</sup> Equally important, Howard Johnson's showed that catering to the family trade could be highly profitable. Johnson provided standardized sit-down meals tailored to families on vacation, and even provided high chairs and youth booster seats, novel for the time.<sup>50</sup>

Kroc emulated Johnson by keeping franchising fees low, thus opening up licensing to the small, middle-class entrepreneur. McDonald's own hefty operations manuals paralleled Johnson's "Bible," and the corporation employed a similar fleet of field inspectors to regulate quality. Finally, McDonald's followed Howard Johnson's into the family trade, creating for itself a similar image of wholesomeness and Americanism that exploited families' needs for secure eating away from home. And McDonald's eventually surpassed Howard Johnson's in catering to children by giving children their own Happy Meal, their own Playlands, and their own friend, Ronald McDonald. Howard Johnson's made visiting a restaurant with children possible; McDonald's made it preferable to eating at home.

The experiences of the periodical and radio advertisers who marketed consumer products to children before World War II also set important precedents for McDonald's. Print advertisers stressed the "fun" of their products over the

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<sup>49</sup>Dicke, Franchising in America, 121-22.

<sup>50</sup>Alexander, "Host of the Highways," 48.



less emotional attributes of quality, price, or reliability, while the use of premiums encouraged children to actively lobby parents for consumer products. The dominance of the food industry in radio advertising to children set a precedent for host selling, blurring the line between an actor and the fantasy character he played.

McDonald's drew upon these marketing innovations in their own promotions. As early as 1958, the McDonald brothers had suggested using children's premiums to Ray Kroc. Free toys would be fun for the kids, the brothers reasoned, and would help to draw in the parents. Kroc initially hesitated at the brothers' proposal, concerned that premiums would dilute McDonald's quality image, though he was willing to experiment with offering brownies or gingerbread for children "strictly as a commercial item for profit [selling] for about 12 cents."<sup>51</sup> Kroc later changed his mind and McDonald's now offers an endless series of premiums in its Happy Meal product.

McDonald's also built upon the tradition of Walt Disney. Disney recognized the emerging children's market and legitimized it by offering parents a safe and wholesome recreational outlet for their children. McDonald's co-opted those images of security and wholesomeness and infused them into the experience of eating a rushed meal surrounded by

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<sup>51</sup>Dictaphone memo from Dick McDonald to Ray Kroc and reply from Ray Kroc to Dick and Mac McDonald (October 1957), reprinted in The Legacy Series, 16-18.

restless youngsters. McDonald's even exceeded Disney by encouraging families to visit daily or weekly, making a stop at McDonald's a normal routine rather than the occasional treat that a trip to Disneyland implied.<sup>52</sup> And McDonald's patterned Ronald after Mickey Mouse, realizing that a smiling face and a cheery disposition would result in happy children and a profitable corporation.

McDonald's took the lessons that it had learned from the food and restaurant industry and applied them to the 1950s, capitalizing on the postwar phenomena of the Baby Boom and suburbanization. These predecessors had bequeathed to McDonald's an emerging children's market, more potentiality than actuality, but one, to which the 250,000 sales of Mickey's Lionel train attests, was filled with great promise.

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<sup>52</sup>With the recent development of home-based video recorders, however, Disney films can now be seen routinely every day.

## CHAPTER 4

### "WHEN YOU'RE GREEN, YOU'RE GROWING . . .": THE FIFTIES AND SIXTIES

As long as you're green you're growing, as soon as you're ripe you start to rot.<sup>1</sup>

Ray Kroc, Grinding It Out

After two decades of depression and war, Americans were on the verge of fulfilling the hopes of social planners who had envisioned an America marked by secure boundaries, affluence, and a revitalization of family and community. Yet their optimism was prematurely marred by anxiety over a smoldering Cold War. Affluence was praised as patriotic, yet criticized as shallow and conformist, while the sanctity of the home was challenged by sensationalized images of juvenile delinquency and crime.

McDonald's responded to these contradictions by aggressive image building. Ordering a hamburger, fries, and a shake took on a more compelling and underlying cultural subtext. For the Cold Warrior, the "All-American" meal described not only the product, but also the patron. To the investor, a McDonald's franchise demonstrated confidence in

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<sup>1</sup>Ray Kroc with Robert Anderson, Grinding It Out: The Making of McDonald's (Chicago: Henry Regnery, 1977; reprint, Chicago: St. Martin's Paperbacks, 1987), 6. Page references are to the reprint edition.

American capitalism and economic superiority. The parents who thronged to McDonald's in their station wagons tacitly reinforced the new consumer ethos, unconcerned that McDonald's was subtly "consumerizing" their children. Americans in the 1950s and 1960s were constructing a new social and cultural framework, anchored by their concerns over the Cold War, their increasing affluence, and, above all, the raising of their children. In suburb and station wagon, in ranch house and drive-in, America was being redefined in the 1950s and 1960s. In the words of Ray Kroc, it was "green and growing," and so was McDonald's.

Trailing Americans to the suburbs--in some cases, preceding them with keen foresight--McDonald's validated home and community. With a "come as you are" approach, McDonald's offered an image of itself as a home away from home, ironic given the restaurant's dictum that a patron's visit last no more than twenty minutes. Responding to suburbanites' preoccupation with rebuilding the physical and intangible structures of community life, McDonald's became the good neighbor, eager to offer a meeting room and free hamburgers to community groups. In an era where concerns over safety and security transcended the evening news and reached deep into Americans' daily lives, McDonald's promised a "company vision of itself as guardian of the

nuclear family."<sup>2</sup> It crystallized this vision through its advertising and marketing.

In 1962, less than a year after Ray Kroc's \$2.7 million buyout of the McDonald brothers, McDonald's issued its first corporate advertising manual. Although some licensees questioned the necessity of the manual, Kroc felt that the guidelines were crucial to maintaining one consistent national image for the rapidly expanding chain. Refusing to leave anything to chance, Kroc and his marketing staff provided franchisees with acceptable and approved sample ads that reflected the image that Kroc wanted for McDonald's.

Mom likes McDonald's, too [claimed a teenage boy in an early McDonald's print advertisement]. [She] says she can feed us for less there than she can at home. She likes the speedy service . . . no car hops . . . no tipping . . . plenty of parking space . . . but most of all no dishes to wash and no fussing in the kitchen. Dining at McDonald's is one of the good things of life.<sup>3</sup>

Appealing to the freedom from cooking or cleaning was the hallmark of McDonald's advertising to mothers. "Youngsters love McDonald's Hamburgers--and you will, too! Everything at McDonald's is so inviting . . . so spotlessly clean."<sup>4</sup> As Elaine Tyler May has noted, housekeeping in the 1950s had more than a sanitary purpose. Keeping a clean and tidy

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<sup>2</sup>Chip Brown, "Life in the Fast-Food Lane: Nobody's Done It Like McDonald's," Washington Post, 23 February 1981, sec. 1, p. 4.

<sup>3</sup>"McDonald's Advertising Manual, 1962," 8.

<sup>4</sup>Ibid., 9.

house proportionately reflected a mother's love for her family, kept her yearnings for autonomy in check (she was, after all, the "lady of the house"), and bolstered the family's peace of mind by providing a physically and psychologically uncluttered retreat from the chaos of the outside world.<sup>5</sup>

McDonald's clever exploitation of women's near obsession with domestic tasks reinforced prevailing social mores and positioned McDonald's as wholesome and mainstream, two images which eluded their competition. In July, 1965, Mrs. M. Rogers of Newark, Delaware, wrote McDonald's that she was very impressed with their cleanliness when she took her son's scout troop on tour there. McDonald's changed her preconceived ideas of what a hamburger stand looked like, she continued, and she ended her letter with a ringing endorsement. "As for my own family, we will be stopping by for those delicious hamburgers and french fries more often!"<sup>6</sup> First came cleanliness in this mother's mind, and only then the tastiness of the meal.

Rarely, however, was a McDonald's advertisement targeted to parents without reference to their children. The corporation took full advantage of the spiraling birth rate during and immediately after World War II to develop a

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<sup>5</sup>Elaine Tyler May, Homeward Bound: American Families in the Cold War Era (New York: Basic Books, 1988), 3-15.

<sup>6</sup>"McDonald's Newsletter" (July 1965), McDonald's Corporation Archives.

long term customer base. The October, 1960 issue of the "McDonald's Newsletter" recapped that each of 180 million Americans had consumed 2.2 hamburgers that year, at the expense of approximately 100,000 cattle. "And with 11,000 babies born every day . . . and McDonald's units opening as rapidly as they are . . . Man! What a potential!"<sup>7</sup>

McDonald's multiplication was correct. In 1960, an average of 11,634 babies were born each day, contributing to the large cohort known as "Baby Boom" children.<sup>8</sup> From 1945 to 1965, over 80 million children were born, peaking in 1957 with 4.3 million live births. The birth rate steadily increased until it peaked in 1957 at 25.3 births per 1,000 population. The marriage rate actually had its own peak earlier in 1945, reflecting the obvious lag of time between marriage and childbearing.<sup>9</sup> This massive statistical increase in births created a society newly geared to the raising of children.

In his historical analysis of childbearing, Lloyd de Mause postulated six distinct "modes of parental attitudes" toward children. The last two modes, spanning the twentieth

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<sup>7</sup>"McDonald's Newsletter" (October 1960), McDonald's Corporation Archives.

<sup>8</sup> U.S. Bureau of the Census, Statistical Abstract of the United States: 1965 (Washington, DC: U.S. Government Printing Office, 1965), table 46, p. 47.

<sup>9</sup>Considering that a woman's childbearing years spans two decades, it is conceivable that many of the couples who married in 1945 were still having children by 1957.

century, clarify the postwar parent/child relationship. Prior to World War II, the dominant mode of interaction was a "socialization mode." Operant conditioning and psychoanalysis formed the dual foundations of this mode with the primary role of parent as educator. By the 1950s, however, parents retreated from being overt tutors to allowing children's own developmental levels to dictate their actions. Parents took a more passive role in this "helping mode," guiding, rather than coercing children's behavior. For the first time, de Mause continued, children were considered legitimate and full persons in their own right.<sup>10</sup> To McDonald's benefit, one of the newly legitimated roles assigned to children was a consumer one. Echoing de Mause, but on a more practical and popular level, was Dr. Benjamin Spock.

Dr. Spock has become a cultural icon in his own right, hailed in the 1950s as an expert on affective and effective childbearing, yet condemned a decade later for creating an undisciplined generation of children accustomed to permissiveness and rebellion toward authority. Central to Spock's advice, however, was the belief that each child be given the opportunity to develop an independent

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<sup>10</sup>Lloyd de Mause, The History of Childhood (New York: Harper & Row, 1974), 1-6, 52-54.



personality.<sup>11</sup> In effect, Dr. Spock's advice created a generation of parents who willingly allowed young children "practice" making economic decisions. Permitting a youngster, for example, to choose where to eat or what cereal to buy, gave the child a concrete lesson in decision-making and consumerism, skills transferable as the child matured.

With the exception of Howard Johnson's, McDonald's was the only national restaurant chain which provided consumer learning experiences for young children. McDonald's put the straws, napkins, and condiments within children's reach, giving even three-year-olds a role in the family meal. Older children, five- and six-year-olds, were encouraged by both McDonald's and parents to do the actual ordering. Aided by an extremely limited menu and a bolstering parent a few feet away, children who ordered their families' food received a simultaneous lesson in self-confidence and consumerism. A mother whose family visited a Portland, Oregon, McDonald's in December, 1960 wrote that her children were "thrilled" with ordering their own lunches.<sup>12</sup> A Hermosa Beach, California, mother wrote McDonald's in

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<sup>11</sup>Nancy Pottishman Wells, "Mother, the Invention of Necessity: Dr. Benjamin Spock's Baby and Child Care," in Growing Up in America: Children in Historical Perspective, eds. N. Ray Hiner and Joseph M. Hawes (Urbana, IL: University of Illinois Press, 1985), 293-96.

<sup>12</sup>"McDonald's Newsletter" (January 1961), McDonald's Corporation Archives.

September, 1964 that "my little boy" had ordered their food. When he took it to his waiting mother, she noticed that the counterman had given her son too much change.<sup>13</sup> The minutiae of consumerism took awhile to learn.

McDonald's continually encouraged children to order their own hamburger and fries, even providing a stepstool for children too young to reach the counter on their own. The corporation's message, however, did not always reach individual licensees and managers and fueled a constant stream of letters from parents whose respective "McDonald's Experiences" fell short of the rhetoric. Addressing parents' complaints of children being ignored, McDonald's Corporation issued a reminder in one of its 1982

Newsletters:

And then, you know, some things just might make little kids cry. If you're three feet tall and all you need is a straw or a napkin for Mom and Dad, it may not seem like much to some people but at that moment, it's possibly the most important responsibility in the world to that little person. Being ignored for five minutes by chattering counter people is enough to bring tears to the eyes of even the most staunch junior citizens.<sup>14</sup>

McDonald's not only provided children with a valuable learning experience, it also offered parents a means of

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<sup>13</sup>"McDonald's Newsletter" (January/February 1965), McDonald's Corporation Archives.

<sup>14</sup>"McDonald's Newsletter" (November 1982), McDonald's Corporation Archives. Obviously, this has been a longstanding problem for the corporation. It is interesting to note that this reminder, written in 1982, has the same tone and tenor of McDonald's earlier missives to licensees in the 1950s and 1960s.

showering their children with love, attention, and praise. "Over a million kids a day eat at McDonald's. Why not treat yourself and the kids to a lunch at McDonald's today?"<sup>15</sup> McDonald's elevated even lunch to the status of being a special treat for children. But the "treat" was also for the parent:

If you're too busy to fix lunch today, why not come to McDonald's. The kids will love it.<sup>16</sup>

Or,

If fixing dinner for your family is a problem tonight, take them to McDonald's. The kids will love it. So will you.<sup>17</sup>

A sense of conspiracy was even added in this commercial,

Hey Mom! Hide the pots and pans. McDonald's has dinner ready right now. And you can come as you are.<sup>18</sup>

While McDonald's was obviously a treat for the kids, it was only so for the parents if it did not require a lot of preparation. The emphasis on "come as you are" equated McDonald's with home, where no one dressed up for meals and where the atmosphere was relaxed, casual, and comfortable, in other words, familial. McDonald's persuaded parents of

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<sup>15</sup>"McDonald's Marketing Manual, 1969-1971," McDonald's Corporation Archives, Advertisement #13, Code #307-McD-20. This was a local twenty second television spot ad done by the D'Arcy, Masius, Benton, & Bowles Advertising Agency (D'Arcy).

<sup>16</sup>Ibid., commercial Code# 307-McD-10. This was a ten second spot.

<sup>17</sup>Ibid., Advertisement #15, Code #309-McD-20. This was a twenty second spot from 1969.

<sup>18</sup>Ibid. This commercial is listed as a variant of the preceding one. Both were done by D'Arcy in 1969.

the 1950s and 1960s that they and their young children were indeed welcomed at McDonald's. The persuasion was necessary. Most restaurants frowned on child patrons; juvenile antics at the dinner table could be tolerated at home but became embarrassing in a restaurant. Parents unaccustomed to dining out with their children became quickly enamored of the novelty of a restaurant that actually catered to their youngsters. One mother from Libertyville, Indiana, wrote:

I do really appreciate them [McDonald's drive-ins] as our children are too small to take to a restaurant. This gives me a chance to eat out and with the children. . . . I have a feeling we are going to be a part of the McDonald's family for years to come.<sup>19</sup>

Also, McDonald's was convenient because it was so close to home. Unlike Dick and Mac McDonald who built their San Bernardino unit to attract a cross-section of local residents, tourists, and railroad and orange grove laborers, Ray Kroc originally concentrated his McDonald's in the growing suburban neighborhoods, areas increasingly defined as "home" for middle-class Americans. "The big cities are not for us," Kroc told the McDonald brothers in a dictaphone memo in March, 1958. "The big cities are too blase. They don't even turn their head [sic] to see a new kind of a hamburger place, but in [the] towns, they brag about us. They talk about us. They are loyal. They are

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<sup>19</sup>"McDonald's Newsletter" (June 1966), McDonald's Corporation Archives.

happy. . . ."20

By 1945, over 15% of Americans called themselves "suburbanites." The trend toward suburbanization continued with a full third of Americans living in the suburbs by 1965.<sup>21</sup> McDonald's followed Americans out to the suburbs, though they were nearly equally, yet quietly, committed to urban areas. McDonald's fostered an image of itself, in its earliest years, as an exclusively suburban phenomenon. That image, however, ignores the large number of major cities in which McDonald's located units. Of McDonald's first forty stores, approximately half were built in urban areas, including Los Angeles, Chicago, Pittsburgh, and Dallas.<sup>22</sup> Additionally, another quarter were located in areas which would not be fully suburbanized for another decade, such as Joliet, Illinois, or Kenosha, Wisconsin.

Kroc himself preferred suburban locations for their aura of newness, cleanliness, and family solidarity. A native Chicagoan, he relocated his own family to northwest suburban Arlington Heights in 1937, long before the

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<sup>20</sup>Dictaphone memo from Ray Kroc to Richard and Maurice McDonald (March 1958), reprinted in The Legacy Series, dictaphone tape transcript (Oak Brook, IL: McDonald's Corporation, 1988), 25.

<sup>21</sup>Carl Abbott, Urban America in the Modern Age, 1920 to the Present (Arlington Heights, IL: Harlan Davidson, 1987), 7.

<sup>22</sup>J. Kenneth Props, "McDonald's Early History," (July 1984), McDonald's Corporation Archives; "Store Openings by State, Licensed by Ray Kroc's Company," McDonald's Corporation Archives.

northwestern corridor became a haven for disaffected Chicagoans in the 1960s and 1970s. A suburbanite by choice, Kroc nevertheless encouraged the development of urban McDonald's units in order to maximize public exposure and acceptance.

All McDonald's restaurants, whether urban or suburban, had to be located in family neighborhoods--on this Kroc was adamant. And he could be obstinate if proposed sites did not meet his "station wagon" or "church steeple" criteria. In 1958, McDonald's operations head, Fred Turner, proposed that McDonald's build an experimental "downtown" unit, appealing to commuters and downtown residents. Knowing that a downtown unit had limited family appeal, Turner circumvented Kroc and, instead, suggested it directly to the McDonald brothers.<sup>23</sup>

It is easy to see why Kroc liked suburbia. Suburbs provided the perfect fertile ground for McDonald's expansion. Kroc envisioned McDonald's as innovative and distinctive, technologically superior to either standard drive-ins or so-called "greasy spoons." The newest of the planned suburban developments in the 1950s and early 1960s seemed to be grasping at the same image.

Some of the most famous of these new communities were

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<sup>23</sup>Dictaphone memo from Fred Turner to Richard and Maurice McDonald, 13 June 1958, The Legacy Series, 31-34. The "downtown" idea was eventually shelved for financial reasons, primarily the exorbitant price of downtown real estate.

developer William Levitt's "Levittowns." Sociologist Herbert Gans' study of Levittown, New Jersey, confirms its distinctive qualities. Levitt offered residents not only new homes, prefabricated in the latest mass production technology, but also completed schools, shopping centers, and even neighborhood pools.<sup>24</sup> Levitt gave his residents a "jump start" on suburban living by prefabricating those elements of community infrastructure which normally develop only over time. Thus, as McDonald's integrated its supply, distribution, and consumption functions, William Levitt was similarly integrating the residential functions of home, school, and community.<sup>25</sup> While not all suburban expansion was developed "from scratch"--significant numbers of neo-suburbanites lived in older towns which had been co-opted by bulging cities and transformed into peripheral residential communities--Levitt's towns represented a cohesive and conscious attempt at creating a new model of American middle-class life in the 1950s.<sup>26</sup> They serve as an

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<sup>24</sup>Herbert J. Gans, The Levittowners: Ways of Life and Politics in a New Suburban Community (New York: Pantheon Books, 1967), 4-7. Gans himself was one of the original residents of Levittown; the insight he offers combines the dual-perspective of insider and sociologist.

<sup>25</sup>Dorothy Barclay, "Children Within Suburban Limits," New York Times Magazine, 10 February 1957, 42.

<sup>26</sup>Levittowns were not unique here. Rexford Tugwell's "Garden Cities" program in the 1930s was an equally conscious attempt to reconfigure residential and community patterns. Even earlier examples were the distinct factory communities such as the Pullman neighborhood in Chicago (housing Pullman's railroad car workers) and Cudahy,

effective counterpoint to McDonald's, which similarly attempted and accomplished the same end.

Suburbia's popularity increased as Baby Boom parents looked to the new developments to provide affordable homes to house the spiraling child population. Although historian Kenneth T. Jackson credited America's frenzied pace of postwar suburbanization to a racist rejection of the city, the reason most often given by Gans' Levittowners for moving to the suburbs was the desire to own one's own home.<sup>27</sup> In 1948, over two million couples were still living with relatives, most often, their own parents. With both the

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Wisconsin, the southside Milwaukee suburb built for Patrick Cudahy's meatpackers. Even the development of the more culturally-isolated "bedroom" suburbs, (Scarsdale, NY, for instance), frequently bereft of significant commercial, industrial, or community institutions, reflected a desire to reshape American family life. The history of American suburbanization has been diverse and experimental in nature, fueled not only by developers' goals, but also by local and regional preferences and norms.

<sup>27</sup>Kenneth T. Jackson, Crabgrass Frontier: The Suburbanization of the United States (New York: Oxford University Press, 1985), 289-93; Gans, Levittowners, 32-34. Herbert Gans had spearheaded the argument that postwar suburbanization was fueled by the desire to purchase an affordable home. Kenneth T. Jackson's research, however, showed the entire phenomenon of American suburbanization to be a racist response to the ethnic and racial diversity inherent in urban life, hence, "white flight." The logical problem with Gans' study, of course, is the very geographically and temporally limited sample he drew upon: Levittown, New Jersey, in the late 1950s. Jackson's weakness is that he used one motive to rationalize the entire two hundred year history of suburbanization in America, dismissing the contextual importance of time and place. Although both are seminal works -- Gans for his insider's perspective and Jackson for his inclusivity -- neither study provides a comprehensive understanding of American suburbanization.



birthrate and per capita income on the rise--from \$593 in 1940 to an inflationary \$1501 ten years later--more Americans could afford their own homes. To postwar parents, suburbia provided a "fusion of need and desire."<sup>28</sup>

In 1940, new housing starts in the U.S. amounted to 603,000, large in comparison to the depressed market of the 1930s, but meager when measured against the nearly two million of 1950.<sup>29</sup> Propelling this growth rate were the creation of the Federal Housing Administration (FHA) in 1934 and the Veterans Administration (VA) in 1944. The FHA's goal was to stimulate the construction industry by stabilizing the mortgage market. The agency insured long-term, fixed rate loans made by private lenders to working- and middle-class Americans buying into "stable neighborhoods," defined until the mid-1960s almost exclusively as white, suburban neighborhoods.<sup>30</sup> In 1948 alone, the FHA backed \$2.7 billion in mortgage loans and joined leagues with the newly created Veterans Administration to provide home loans for returning

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<sup>28</sup>U.S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1970, vol. 1 (Washington, DC: U.S. Government Printing Office, 1975), Series F 17-30, p. 225; William H. Chafe, The Unfinished Journey: America Since World War II (New York: Oxford University Press, 1986), 117.

<sup>29</sup>U.S. Bureau of the Census, Historical Statistics, vol. 2, Series N 156-169, p. 639. Figures exclude farm housing.

<sup>30</sup>Jackson, Crabgrass Frontier, 208, 215.

servicemen.<sup>31</sup>

Authorized by the 1944 Servicemen's Readjustment Act (G.I. Bill), the VA insured low-interest, no down payment loans to veterans, many of whom purchased into subdivisions like Levittown. "I worked very closely with the FHA," Levitt said in a 1983 interview with Esquire, "Got together a little group . . . and we sat down with then commissioner Abner Ferguson and we explained to him the only way we were going to get a volume of housing was to grant to the veteran, in effect, a one hundred percent mortgage. 'Cause [sic] he had no cash."<sup>32</sup> The VA's loan program peaked at \$7.1 billion in 1955 and, combined with the FHA's efforts and the linking of the nation's suburbs through the Interstate Highway Act of 1956, signalled an unprecedented federal commitment to suburban development, frequently at the expense of urban areas.<sup>33</sup>

The freeing up of mortgage money, however, did not

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<sup>31</sup>U.S. Bureau of the Census, Historical Statistics, vol. 2, Series N 291-300, p. 650. Figures include sales for both new and existing homes.

<sup>32</sup>Ron Rosenbaum, "The House that Levitt Built," Esquire (December 1983): 385.

<sup>33</sup>U.S. Bureau of the Census, Historical Statistics, vol. 2, Series N 291-300, p. 650. For a discussion of interstate highway development, see Mark Rose, Interstate: Express Highway Politics, 1939-1989, rev. ed. Knoxville, TN: University of Tennessee Press, 1990. For an analysis of the inequities between the federal subsidy of America's postwar cities and suburbs, see Richard O. Davies, The Age of Asphalt: The Automobile, the Freeway, and the Condition of Metropolitan America, Philadelphia: J. B. Lippincott, 1975.

totally account for the jump in postwar home ownership. Advances in residential architecture also had an impact, particularly the stylistic innovations of the ranch and, later, the split-level style of homes. The popularity and affordability of these new forms created an unprecedented level of demand for single-family housing in the postwar decade. By 1956, a full 59% of Americans owned their own homes.<sup>34</sup>

Ranch housing "represented the ultimate in 'livability,' 'comfort,' and 'convenience.'"<sup>35</sup> Open and airy compared to urban bungalows, the 1950s ranch with its expansive picture windows sought to recreate the imagined relaxation of a California sunporch. Even the name "ranch" conjured up images of the Western outdoors. More tangible benefits were the one story design, especially suited to families with toddlers, the emphasis on large and utilitarian kitchens, and the use of casual "family rooms" to replace the more formal Victorian duet of parlor and sitting room.

Although aesthetically distinctive only in their

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<sup>34</sup>Interdepartmental Committee on Children and Youth, Children in a Changing World (Washington, DC: White House Conference on Children and Youth, 1960), 9. This figure includes homes both paid in full and those with outstanding mortgages. It also represents only non-farm families; the ownership rate for farmers in 1956 was higher, at 70%.

<sup>35</sup>Clifford E. Clark, Jr., "Ranch-House Suburbia: Ideals and Realities," in Recasting America: Culture and Politics in the Age of the Cold War, ed. Lary May (Chicago: University of Chicago Press, 1989), 171, 177.

simplicity, ranch homes offered an innovative response to the millions of parents who heeded Dr. Spock's dictum of child-centered parenting. The Baby Boom had forced a redefinition of family life, just as it forced the McDonald brothers to similarly rethink their drive-in restaurant. Parents, who moved to the suburbs "for the good of the children," idealized family life in their new neighborhoods. Brochures advertising tree-lined streets, manicured lawns, and tidy rows of ranches reinforced the image of suburbia as carefree, yet structured. In essence, suburbs offered Americans the opportunity to start fresh, to recreate the definition of American life centered on the values of family and community.

One of the challenges to this new definition of American life was urban juvenile delinquency. Kroc stressed McDonald's suburban roots, in part, to counter the standard images of the drive-in as a teen hangout. In hindsight, Kroc and suburban parents overreacted to fears of urban crime and wayward youths. While Children's Bureau statistics reported a 45% rise in juvenile crimes between 1945 and 1953, they generalized from a small statistical sample which was not representative for all urban areas. The FBI's Uniform Crime Reports, which used equally skewed numbers and continually expanded the definition of delinquency to include legal but antisocial behaviors, "sensationalized and distorted" the

actual extent of a juvenile crime wave.<sup>36</sup> The postwar antidote to the perceived spiraling in juvenile crimes was a tight-knit home, guarded by firm yet loving parents who would provide the strong role models that children needed. FBI Director Hoover's "terrifying vision of a juvenile crime wave once the children born during the war and in the subsequent baby boom reached the dangerous teen years," impelled parents even of babies and toddlers to see in the new suburbs a fresh start, free from the established patterns of urban crime.<sup>37</sup>

McDonald's continually reassured parents of its wholesomeness, safety, and family appeal. A 1961 essay on youth and automobiles shows that 18.5% of all licensed drivers were under twenty-four years old; automobile ownership and use were not only prolific for this age cohort, but were interpreted as the medium for teenagers acting out their tensions and anxieties. Hot rodding,

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<sup>36</sup>James Gilbert, A Cycle of Outrage: America's Reaction to the Juvenile Delinquent in the 1950s (New York: Oxford University Press, 1986), 66-75. In addition to Gilbert's analysis, William Graebner, Coming of Age in Buffalo: Youth and Authority in the Postwar Era (Philadelphia: Temple University Press, 1990) and John Modell, Into One's Own: From Youth to Adulthood in the United States, 1920-1975 (Berkeley, CA: University of California Press, 1989) analyzed the developing teenage youth culture and its juvenile delinquency overtones in the postwar years. Graebner's study focused on social class and race as two key determinants in the formation of youth subcultures, while Modell concentrated on the increasing sexual socialization of teens through the peer-defined structures of dating, courtship, and teen marriage.

<sup>37</sup>Gilbert, A Cycle of Outrage, 72.

cruising, and dangerously exhibitionist driving habits were perceived as a revolt against the strictures society placed on teen behavior.<sup>38</sup> This, combined with the correlation between juvenile delinquency and car use (auto theft and traffic violations were two of the most common teenage crimes) makes it clear why McDonald's needed to continually reinforce a wholesome image for itself, accomplished, in part, by disowning teenage patrons.<sup>39</sup>

"Teen-agers, and their patronage, should be accepted but not solicited," McDonald's Chicago headquarters told its field managers and licensees in 1966.<sup>40</sup> McDonald's main problems with teenagers were between 7 pm and closing, after the main family meal times of lunch and supper. While McDonald's ambivalence toward teen patrons tarnished its image as a wholesome, family restaurant, it contradicted McDonald's sales goals to unilaterally prohibit teenagers. In 1965, for example, teenagers accounted for one-third of McDonald's total sales volume.<sup>41</sup> The best that McDonald's could do was to control the teens as much as possible,

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<sup>38</sup>Ross A. McFarland and Roland C. Moore, "Youth and the Automobile," in Values and Ideals of American Youth, ed. Eli Ginzberg (New York: Columbia University Press, 1961), 171-75.

<sup>39</sup>Ibid; Gilbert, A Cycle of Outrage, 69-71.

<sup>40</sup>"McDonald's Newsletter" (April 1966), McDonald's Corporation Archives. Emphasis is in the original.

<sup>41</sup>"McDonald's Newsletter" (November/December 1965), McDonald's Corporation Archives.

riding a fine line between needing their patronage, and not alienating the family trade which accounted for the other two-thirds of its sales.

Kroc tried to forestall the teenage problem, as did the McDonald brothers earlier in San Bernardino, by enacting strict and precise rules of behavior for teens who visited McDonald's: no loitering, no shouting, no hot rodding, no alcohol on the premises, and no blaring radios. Kroc hoped the presence of husky lot men (basically "bouncers") and the lack of telephones and jukeboxes, combined with an exhaustive list of prohibited behaviors, would stem teenagers' rowdiness.<sup>42</sup> The teenage problem, however, was double-edged. Not only did teens comprise a sizable percentage of McDonald's patrons (McDonald's family image notwithstanding), but teenagers also formed the core of McDonald's front line employees, its "crew."

Even in the 1950s and 1960s, McDonald's attracted a large percentage of high school and college aged employees. The seasonal nature of the drive-in industry (although McDonald's was open year-round, revenues were highest in the summer months) combined with typically low starting wages predictably meant that a significant proportion of employees were young. For them, McDonald's was a full-time summer or part-time year-round job. The corporation even boasted that

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<sup>42</sup>Ibid; "McDonald's Newsletter" (April 1966), McDonald's Corporation Archives.

its mass production food system required little in the way of employee training, the perfect job situation for inexperienced teens. Harvard Business School professor Theodore Levitt likened McDonald's to a "highly sophisticated piece of technology . . . with the capability of producing a predictably standardized, customer-satisfying output while minimizing the operating discretion of its attendant. . . . It is a machine that produces, with the help of totally unskilled machine tenders, a highly polished product."<sup>43</sup> The problem for Ray Kroc, however, was that not only did he have to control his teenage patrons in order to maintain McDonald's family image, he also needed to create an image of wholesomeness for his teenage employees.

To underscore this image, Ray Kroc set strict standards of employee personal appearances. Clean and starched uniforms, a prohibition against mustaches or beards, and a mandated length for haircuts ("Beatle" haircuts were expressly forbidden) created the wholesome 1950s and 1960s teen look that Norman Rockwell later immortalized in "A Happy Adventure," commissioned by McDonald's in 1971.<sup>44</sup> Kroc was quite fastidious about his own appearance, and much

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<sup>43</sup>Theodore Levitt, "Production-line Approach to Service," Harvard Business Review (September-October 1972): 46.

<sup>44</sup>"McDonald's Newsletter" (June 1964), McDonald's Corporation Archives. "A Happy Adventure" showed a clean-cut crewman surrounded by a group of smiling children. The painting hangs in the lobby of McDonald's Corporation Archives in Elk Grove Village, Illinois.



of McDonald's personal appearance regulations stemmed as much from Kroc's own quirks as from the need to maintain a family image. And, taking a cue from the McDonald brothers' problems with female carhops, Kroc hired males exclusively in McDonald's company-owned units (called "McOpCo" stores) and encouraged his licensees to do the same.

Owner/operators, many of whom were husband-wife teams, obviously found Kroc's dictum unworkable since the success of the unit frequently necessitated the on site presence of both husband and wife. The rule was also necessarily ignored in the few cases where a lone woman was contracted as a franchisee. By the late 1960s, however, it was obvious even to Ray Kroc that his prohibition of female crew members was neither practical nor being obeyed. In 1968, McDonald's Corporation formally rescinded the prohibition and openly hired female employees in all its units.<sup>45</sup>

Kroc's concerns over female crew members, however impractical, stemmed from the strong sexual associations revolving around carhops, fry cooks, and male teenage patrons. Although drive-ins occasionally experimented with alternatives to carhops--Los Angeles' "Motormat" drive-in

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<sup>45</sup>"McDonald's Chronological History Report," 26. This prohibition applied only to crew positions. McDonald's continued to hire women into office positions at its corporate headquarters, including June Martino who began as Ray Kroc's secretary and eventually graduated to Secretary/Treasurer of McDonald's Board of Directors. Overall, however, Martino was the exception rather than the rule, and McDonald's managerial staff and crew during the 1950s and 1960s continued to be overwhelmingly male.

with its high speed conveyor system was an example--female restaurant attendants were still the norm for most drive-ins in the 1950s.<sup>46</sup> Beyond the sexual association was the growing societal prescription that a woman could best serve her family and her own interests within the domestic sphere. The 1950s woman, as opposed to her temporarily independent wartime sister, was told that society needed her to be sexually demure, physically nurturing, and psychologically supportive of husband and children.<sup>47</sup> The female carhop's sexuality and employment in a culturally marginal institution (a drive-in restaurant) represented an outright rejection and rebellion against this new definition of the postwar "modern" woman. It was a rebellion which McDonald's could not afford to promote. Thus, through its continual emphasis on cleanliness, convenience, and the American family, McDonald's catered to the newly defined image of the postwar suburban homemaker.

"Our theme is kinda [*sic*] synonymous with Sunday School, the Girl Scouts and the YMCA [Young Men's Christian Association]. McDonald's is clean and wholesome. It is for the family with youngsters."<sup>48</sup> Ray Kroc continually honed this message, in the 1965 Newsweek interview quoted here,

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<sup>46</sup>"Eating Goes Assembly Line at California Drive-in," BusinessWeek, 23 July, 1949, 22-23.

<sup>47</sup>E. May, Homeward Bound, 62-70.

<sup>48</sup>Ray Kroc, "The Hamburger King," interview, Newsweek, 13 September 1965, 74-75.

and in nearly every one of McDonald's press releases or promotional brochures. Mothers eagerly responded to McDonald's appeals, even writing to McDonald's corporate headquarters to request that more restaurants be built in their neighborhoods.<sup>49</sup> The lures of convenience and wholesomeness partly explained parents' acquiescence to their youngsters' demands for McDonald's. On a more basic level, what made all these visits to McDonald's possible was a new and unprecedentedly positive attitude toward consumerism.

Cleansed of the extravagant and wasteful connotations plaguing it in the 1920s, domestic consumerism, that is, purchases made for the home or to benefit the family, provided an outlet for female initiative, family nurturing, and Cold War containment.<sup>50</sup> It also became a major factor driving McDonald's success. McDonald's provided children with a controlled consumer learning experience, an experience parents considered essential to their children's maturation. Parents who themselves became enamored with the "untold drama of the history of consumer goods" inevitably passed that trait on to their children.<sup>51</sup> By the mid-

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<sup>49</sup>"McDonald's Newsletter" (September 1961), McDonald's Corporation Archives.

<sup>50</sup>E. May, Homeward Bound, 162-68.

<sup>51</sup>Quote by Dorothy Gordon, moderator of the 1948 New York Times Youth Forum, reprinted in Albert N. Williams, Listening: A Collection of Critical Articles on Radio (Freeport, NY: Books for Libraries Press, 1948; reprint,

1960s, the "nickel consumerism" of the grocery store or "five and dime" had been expanded into a multi-billion dollar industry.

That children became the targets of Madison Avenue advertisers is not, in and of itself, surprising. Preteens and teenagers, especially, were increasingly perceived throughout the 1950s and 1960s as independent moral and social agents, rather than passive adjuncts to their parents. The public outcry over juvenile delinquency and the correlative belief that youth was responsible for its actions, attested to this shift in the perception of children. But critics, like Vance Packard in the 1950s and Peggy Charren of Action for Children's Television (ACT) in the 1970s and 1980s, erroneously faulted the advertising industry for creating consumer desires among children. In so doing, they missed the role that parents and the larger society played in socializing the young.<sup>52</sup>

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1968), 100-101. References are to the reprint edition.

<sup>52</sup>Myrna Carol Morris, "Consumer Socialization of Preschool Children: The Parental View," (Ph.D. diss., University of Georgia - Athens, 1975), 13, 52-54. Morris studied children aged two to seven in a Clarke County, Georgia, nursery school and concluded that children's interest in and readiness for consumer roles was directly related to the degree that their parents (primarily mothers) encouraged such behavior. Taking children along on shopping errands, prompting children to make small purchases for themselves, and giving them an allowance at an early age all indicated the parental sanctioning of child consumerism (pp. 93-98). Morris's thesis was later reinforced by a 1985 study offering the same conclusions. Les Carlson, "Parental Style and the Consumer Socialization of Children," (Ph.D. diss., University of Nebraska-Lincoln, 1985), 26.

Long before the 1950s, consumerism had become a national craze, into which children increasingly became swept. Even before World War I, cultural historian Neil Harris has observed, "the buying drama had begun to serve [as] a symbol for modernity and the buying experience had become a ritual . . . a metaphor for national mobility, social climbing, economic competition, and moral deterioration."<sup>53</sup> Consumerism following World War II retained all these metaphors and added one: national security.

The connection between security and consumption was not new. In the 1700s and 1800s, consumption provided a false sense of security in one's spiritual state.<sup>54</sup> But by the mid-twentieth century, personal security took on a more secular cast. What made the 1959 Nixon/Khrushchev Moscow "kitchen debate" unique, even humorous from a 1990s perspective, was the use of household appliances as the measure of a nation's strength and prestige. In the 1950s

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Both Morris and Carlson assumed that only mothers significantly affected their children's consumer behavior. Mothers, frequently with children in tow, made the bulk of the family's routine purchases. The major family purchases in which the father was involved--buying a new home or a new car--ordinarily did not take the children's preferences into account.

<sup>53</sup>Neil Harris, "The Drama of Consumer Desire," in Cultural Excursions: Marketing Appetites and Cultural Tastes in Modern America (Chicago: University of Chicago Press, 1990), 183.

<sup>54</sup>Ibid., 175.

and 1960s, toasters, refrigerators, and washing machines transcended their obvious mechanical functions, even transcended the less tangible promises of convenience or efficiency. They became weapons in a Cold War that was waged as much in Sears, Roebuck or Macy's as it was in partitioned Germany or smoldering Korea. While the United States temporarily trailed in the space race and an exact missile parity proved elusive, America in 1959 could claim unilateral victory in the consumer race. In redefining the parameters of the Cold War, the United States guaranteed itself at least a rhetorical edge.<sup>55</sup>

While not front line soldiers in the consumer war, children, especially teenagers, became early recruits. In August, 1959, the same month that Newsweek and U.S. News and World Report covered the Moscow "kitchen debate," Life reported on the "New, \$10-Billion Power: the U.S. Teen-age Consumer." To put teens' spending power in perspective, that \$10 billion, Life continued, exceeded by a billion dollars the total sales of General Motors.<sup>56</sup> High school students in 1959 had, on average, about four times the spending money of their counterparts in 1945, enjoying \$10 a

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<sup>55</sup>E. May, Homeward Bound, 162-64.

<sup>56</sup>"New, \$10-Billion Power: The U.S. Teen-age Consumer," Life, 31 August 1959, 78.

week compared to the \$2.50 of 1945.<sup>57</sup> While 38% of their total spending went for miscellaneous items, including transportation, books, and personal grooming, the largest line item expenditure was for food, presumably eating out.

The analysis of teenage spending patterns sparked either intense criticism or awe, depending on who was doing the reporting and for what audience. Eugene Gilbert, whose longitudinal study of teens from 1945 to 1959 revealed the differences in spending money cited above, established one of the earliest marketing research firms specifically detailing the consumer preferences of children, preteens, teens, and young adults.<sup>58</sup> A two-part series in Harpers in 1959 hailed Gilbert's profession as new and innovative.

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<sup>57</sup>Eugene Gilbert, "Why Today's Teen-agers Seem So Different," Harpers 219 (November 1959): 77. Gilbert's methodology was unique for the 1950s and consisted of having specially trained teenaged interviewers conduct the marketing research questioning sessions. Gilbert correctly assumed that teens would more openly relate to a peer rather than to an adult. Gilbert then sold this information to companies seeking to capitalize on the growing youth market.

<sup>58</sup>Arriving at a precise and consistent definition of these stages of a young person's life is elusive. Overall, however, the sources suggest that "child" is a youngster under age ten or eleven, while "preteen" (also referred to as "tween") covers the ages ten to thirteen. "Teenager" is more definitionally precise, ranging from ages thirteen through nineteen. "Young adult" is more elusive, though tends to refer specifically to married youth (which in the late 1950s included many eighteen- and nineteen-year-olds) as well as persons in their twenties who were financially and residentially dependent upon their parents. These categories became further confused in the 1960s as "children" were further broken down into preschooler versus school-aged and when the status of semi-independent college students clouded the distinctions.

And by 1975, more than fifteen national child research firms, including Gilbert's, his early competitor Rand Youth Poll (established 1953), and the National Baby Panel, all offered the latest marketing data on babies, children, and youth.<sup>59</sup> But a 1963 article in Marriage and Family Living stressed the need for "money management programs" to teach teens prudent consumerism, while The PTA Magazine echoed parents' worries that "making things too easy" for their children amounted to insulating them from the economic realities of the non-suburban, non-middle-class world.<sup>60</sup>

The economic importance of the teen market over the younger children's market lay in teens' more expansive and more immediate consumer role. Because of its peer-referenced nature, the teen market was a continual "hot market," changing in tune with regional and national fads. The fluidity of the market required constant flexibility by marketers, but the effort was rewarded in securing brand loyalty.<sup>61</sup> Overall, the lack of frugality among teenagers, their attention to fads, their increasing

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<sup>59</sup>"Companies to Consider in Researching CHILD, YOUTH & STUDENT MARKETS," Journal of Advertising Research 15, no. 4 (August 1975): 35-36.

<sup>60</sup>Kathryn Summers Powell and David A. Gover, "The Adolescent as a Consumer: Facts and Implications," Marriage and Family Living 25, no. 3 (August 1963): 364; Dale and Elizabeth Harris, "The Affluent Child," The PTA Magazine 58, no. 6 (March 1964): 27-29.

<sup>61</sup>June Sochen, Cafeteria America: New Identities in Contemporary Life (Ames, IA: Iowa State University, 1988), 66.



disposable income, and their freedom from household expenses made them an ideal market.<sup>62</sup> But the younger children's market was not totally bypassed. In a mid-1950s survey for CBS, Eugene Gilbert discovered that over half of the four million children who watched the children's television show "Captain Kangaroo" tagged along with their mothers on grocery errands and specifically requested the products that were advertised on Bob Keeshan's (Captain Kangaroo) show.<sup>63</sup> Although McDonald's was unique among drive-in restaurant chains in its appeal to children and families, other types of corporations were equally creative and adamant in developing the children's market.

As they did in the 1920s and 1930s, cereal manufacturers continued to take an aggressive lead. From 1955 to 1956, Quaker Oats offered children "FREE GOLD RUSH LAND" as a product premium. The ads did not lie; the children were indeed entitled to a share of the "land in the fabulous Klondike Gold Country of the Yukon"--a whole square

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<sup>62</sup>Helen B. Shaffer, "Youth Market," Editorial Research Reports, 25 August 1965, 626. Affiliated with the Congressional Quarterly Service, Editorial Research Reports dispatched up-to-date information on social trends to newspapers, magazines, radio, and television. Fred D. Lindsey, "Expanding Markets: The Young Adults," Nation's Business 46 (March 1958): 70-72; Grace and Fred M. Hechinger, "In the Time it Takes You to Read These Lines the American Teen-Ager Will Have Spent \$2,378.22," Esquire (July 1965): 65.

<sup>63</sup>Macdonald, "Profiles: A Caste, A Culture, A Market," New Yorker 34 (22 November 1958): 78.

inch's worth.<sup>64</sup> Blevins Popcorn Company mimicked Quaker Oat's successful ploy by offering their own one square inch of "Davy Crockett Land," exploiting the popularity of Disney's legendary western adventure hero.<sup>65</sup> McDonald's and other advertisers hoped enticing the children would bring in the parents. Children's real economic value, they believed, was in influencing their parents' decisions on where to eat, what cereals to purchase, and what clothing or toys to buy, in contrast to the more independent economic role they would assume in the 1970s and 1980s. Thus, McDonald's used children to tap into the increasingly affluent middle-class.

In 1935, the per capita personal income of Americans was \$474. Twenty years later, the accumulated economic gains of war and prosperity had pushed this figure to \$1881, an increase of nearly 300%.<sup>66</sup> More disposable income meant increased restaurant visits. Since McDonald's in the 1950s was still perceived as a "treat," rather than as the routine meal stop it became by the 1970s, disposable income levels assumed a greater importance to the corporation's

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<sup>64</sup>Ibid.

<sup>65</sup>Ibid.

<sup>66</sup>U.S. Bureau of the Census, Historical Statistics, vol. 1, Series F 17-30, p. 225.

early success.<sup>67</sup> Fueling the increase in disposable income was a reorientation of the American workforce into white-collar, middle management, and professional ranks.

Between 1950 and 1958, the number of professional and technical workers increased 50%, compared to only a 4% rise in the demand for highly skilled labor.<sup>68</sup> These numbers reflected not only the increasing technological orientation of postwar society, but the success of the federal government's program to revitalize and professionalize American workers. While the G.I. Bill had the intended impact of siphoning off large cohorts of veterans from the job pool, it also contributed to a realignment of social class.<sup>69</sup>

The Bill's small business provisions provided seed capital to finance postwar entrepreneurialism, giving Ray Kroc's franchising efforts a boost. World War II had interrupted Americans' career paths; the rethinking of one's

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<sup>67</sup>A more recent critique of McDonald's is that it is now immune in fluctuations in income levels. For example, inner-city minorities, with little disposable income, tend to patronize McDonald's at levels disproportionate to their income. While this has left McDonald's vulnerable to charges of exploitation, it reveals just how routine a visit to McDonald's has become. Alix M. Freedman, "Fast-Food Chains Play Central Role in Diet of the Inner-City Poor," Wall Street Journal, 19 December 1990, sec. A, 1.

<sup>68</sup>Interdepartmental Committee on Children and Youth, Children in a Changing World, 31.

<sup>69</sup>Keith W. Olson, The G.I. Bill, the Veterans and the Colleges (Lexington, KY: University Press of Kentucky, 1974), 21-24.

occupational life after the war was just part of Americans' overall reorganization of their private lives.<sup>70</sup> Between 1946 and 1947, for example, Americans purchased more than 1.2 million businesses with over half of these in the service and retail industries, the sector into which drive-in restaurants fell.<sup>71</sup> Equally important, Title II of the G.I. Bill subsidized the continuing education of veterans in colleges, universities, and vocational schools. In 1947, 1.15 million veterans utilized Title II provisions, comprising more than 49% of all students enrolled in higher education that year.<sup>72</sup> Its net impact not only created the technologically trained workers needed by postwar industry, but precipitated a swelling in middle-class ranks.

While McDonald's was arguably committed to both suburban and urban neighborhoods in the 1950s and 1960s, its target audience was consistently middle-class. The station wagons, bicycles, and ranch homes that Kroc centered on became iconographic symbols for a society that increasingly defined itself as child-centered, suburban, and middle-income. The symbolism, however, proved shallow. It not

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<sup>70</sup>Thomas S. Dicke, Franchising in America: The Development of a Business Method, 1840-1980 (Chapel Hill, NC: University of North Carolina Press, 1992), 124.

<sup>71</sup>Ibid.

<sup>72</sup>Olson, G.I. Bill, table 1, p. 44. The impact of the vets on America's colleges, however, was temporary. By 1953, most veterans had graduated and their ranks dwindled to only 6% of all college or university students.

only betrayed the urban, ethnic, and racial diversity of postwar America, but it also lacked substance, because what "middle-class" meant in 1955 was still largely undefined.

The old nineteenth century middle-class had been maverick entrepreneurs who had shunned corporate ties in search of independent wealth. The new middle-class, identifiable by their formal "white-collar" uniform, were bound to the whims of the corporation and reinforced the status quo rather than challenged it.<sup>73</sup> The postwar emphasis on a consumer-driven economy required a coordinated corporate bureaucracy with predictable job responsibilities, privileges, and advancement. The "team" replaced the individual as the agent of economic production while the individualistic Protestant work ethic succumbed to a new "social ethic" in which the needs of the organization became paramount.<sup>74</sup> McDonald's was able to integrate both polarities in its franchising program, offering rapid expansion to the corporation through an individualistic franchising program that respected its owner/operators as independent entrepreneurs.

An October, 1963 McDonald's market research survey

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<sup>73</sup>C. Wright Mills, White Collar: The American Middle Classes (New York: Oxford University Press, 1953), xiv-xvi. Although Mills spoke of the middle-classes, in plural, his thesis limited them to an essentially single, homogeneous, and unidimensional entity.

<sup>74</sup>William H. Whyte, Jr., The Organization Man (Garden City, NY: Doubleday Anchor Books, 1956), 3.

showed that 43% of Americans did not eat at drive-in restaurants, a 3% drop from a year earlier.<sup>75</sup> Ray Kroc was intent on convincing the other 57% that McDonald's, in particular, was one drive-in worth visiting. While Kroc's emphasis on the family trade promised solid results--83% of those who did eat at drive-ins had children aged thirteen or younger--the primary way to attract more potential customers was through rapid and large-scale expansion of units, an ambitious goal possible only through aggressive franchising.<sup>76</sup>

Ray Kroc liked to boast that McDonald's franchising was respectable, not the "rackets" that he dubbed the competition, by appealing to the reputations of some of his earliest franchisees.<sup>77</sup> Most well-known among this pioneering circle was John W. Gibson, Assistant Secretary of Labor from 1945 to 1950, who with partner Oscar Goldstein enjoyed one of the few territorial franchises Kroc ever approved, in the District of Columbia/Alexandria, Virginia, area. While Gibson and Goldstein would later shine as the creators of the Ronald McDonald character, Gibson's early importance was the inherent air of respectability which he lent to McDonald's franchising. The vast majority of Kroc's

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<sup>75</sup>"McDonald's Newsletter" (March 1964), McDonald's Corporation Archives.

<sup>76</sup>Ibid.

<sup>77</sup>Dictaphone memo from Ray Kroc to Richard and Maurice McDonald (October 1957), reprinted in The Legacy Series, 10.

licensees, however, were ordinary men and women, frequently husband and wife teams, who hoped that McDonald's was the great pearl hidden among the many franchising fads in the 1950s.

"Be Your Own Boss--With that age-old dream in mind, 62,000 would-be bosses . . . paid \$1 each to investigate businesses ranging from pizza parlors to paperback-book forums, from chimney cleaning to insect control."<sup>78</sup> Newsweek's reporting of the 1962 "Start Your Own Business" exposition revealed one of the most frequently cited reasons for entering into a licensing arrangement: security. "You've got 50% of your problems licked with a franchise," claimed a newly minted and confident Mister Donut franchisee. "I get expert advice, I've got someone walking with me." The franchisee, who had recently folded an independently owned sporting goods store after a discount house moved in, was confident that the security of "a nationally advertised concern" would give him the head start and endurance needed for success.<sup>79</sup> Although McDonald's was probably not represented at the fair--by late 1961, McDonald's already had a year's backlog of franchisees

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<sup>78</sup>"The Everlasting Dream -- Be Your Own Boss," Newsweek, 12 February 1962, 68.

<sup>79</sup>Ibid., 69.

waiting for their units--it offered the same security.<sup>80</sup>

Kroc correctly believed that adherence to his *quality, service, and cleanliness* credo combined with targeting the family niche would create a distinctive national image for McDonald's unlike that of its competitors. McDonald's arch-rival, Burger King, for example, offered large territorial franchises strung together by a weak central corporation. The lack of on going training, coordinated advertising, and, most importantly, the failure to create a consistent company image, prevented Burger King from being a serious threat to McDonald's until 1977, when Burger King lured away McDonald's executive Donald Smith to "McDonaldize" Burger King.<sup>81</sup>

The America that McDonald's was born in offered the ideal mix of place, time, and circumstance. Overshadowed by the threat of Soviet aggression, Americans redefined their private and public lives along the new imperatives of security and stability. Domesticity was more than a personal choice; it became the last bulwark against encroaching communism. The Baby Boom and the correlative urban exodus represented a search for utopian families and communities, all the more desired because of the encroaching

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<sup>80</sup>"Meat, Potatoes and Money," Time, 3 November 1961, 81; Paine, Webber, Jackson and Curtis, "McDonald's Corporation Prospectus," 20 April 1965, 8-9.

<sup>81</sup>"Burger King Corporation," International Directory of Company Histories: Food Services & Retailers, ed. Lisa Mirabile (Chicago: St. James Press, 1990), 613-14.



threat of juvenile delinquency. Consumerism not only lost its extravagant connotations, but became a line of paramilitary defense equal to an act of patriotism. And increases in discretionary income simultaneous with the swelling of middle-class ranks legitimized America's claim of victory in the ongoing rhetorical sparring with the Soviet Union. McDonald's unconsciously reflected, benefitted from, and exploited all these ideologically intertwined, yet diverse strands of postwar American society.

Something as simple as naming its anchor entree the "All-American Meal" and flying the American flag round-the-clock created an image of McDonald's as boosterist, if not outright patriotic. The needs of the newly redefined American family, quixotically isolated and private yet charged with the intensely public mission of defending democracy, were met with unmatched precision by the McDonald brothers and Ray Kroc. McDonald's provided child-oriented meals in a familial setting, allowing families to eat in the privacy of their cars, publicly surrounded by dozens of families doing the same. McDonald's catered to Baby Boom children using them to reach parents. Parents willingly acquiesced to their children because routine dining out with children had become both novel and convenient. Located in primarily middle-class neighborhoods, McDonald's drew upon the bulging numbers of child-centered, suburban families.

Their success became McDonald's own.

## CHAPTER 5

### GIVING SOMETHING BACK

What people remember is that McDonald's helps needy children; homes for the aged; destitute families. . . . People don't forget this, and it is places such as this that they like to patronize, a restaurant with a heart, a McDonald's.<sup>1</sup>

"McDonald's Newsletter"

McDonald's had one goal in the 1950s and 1960s: to create a market for themselves distinct from other drive-in restaurants. They accomplished this by targeting young families whose needs for convenience and desires for wholesomeness matched what McDonald's offered. To strengthen their hold on the family market, McDonald's created, in effect, a "good neighbor policy" which emphasized beneficence and community concern. Corporate philanthropy was the key to this policy.

McDonald's believed that parents needed to be assured that the restaurant was socially good for their children before they acquiesced to the demands for a hamburger and

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<sup>1</sup>"McDonald's Newsletter" (January/February 1966), McDonald's Corporation Archives.

fries.<sup>2</sup> McDonald's provided these assurances through a comprehensive strategy of public relations which included corporate sponsorship of Little League baseball and scout troops, curriculum materials for elementary school students, opportunities for extra-curricular activities, and funding for children's medical needs. McDonald's was neither the first nor most prolific benefactor of children. The Ford, Rockefeller, and Carnegie Foundations all predated McDonald's philanthropic efforts and indulged on a larger scale. Other foundations, however, did not make explicit, as McDonald's did, the connection between benefactor and beneficiary, or in this case, between corporation and customer.

McDonald's sponsorship of Little League baseball, for example, was done one team at a time, each by an individual owner/operator who boasted that he, and by implication, McDonald's systemwide, supported community activities. McDonald's philanthropy was personal, even intimate, as when a Norwalk, California, owner opened his unit early, specifically to accommodate a young girl who had just had a tooth pulled and wanted a shake.<sup>3</sup> While Ray Kroc's own

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<sup>2</sup>Given the negative image of most drive-in restaurants in the 1950s and 1960s, parents were primarily concerned about McDonald's social wholesomeness. Questions about McDonald's nutritional value or criticisms over McDonald's advertising did not arise until the 1970s.

<sup>3</sup>"McDonald's Newsletter" (November/December 1965), McDonald's Corporation Archives.

independent philanthropy frequently followed the standard pattern of donating to medical research institutes, McDonald's beneficence, especially in the early years, was local, personal, and heartwarming. But it was not without fanfare.

Although Ray Kroc genuinely believed in "giving something back" to the communities which sustained McDonald's success, he understood and exploited the public relations value which the philanthropy generated. Every program, every donation, every sponsorship produced its own series of public relations press releases. Corporate headquarters produced "canned" releases, pre-written, generic announcements ostensibly tailored to the specific event, which were available to licensees to send to the local press. The press became an unwitting accomplice in McDonald's marketing strategy, writing up unit openings, tours, or product promotions as human interest stories. Although the uniqueness of McDonald's made it legitimately newsworthy, the goodwill generated through these stories provided McDonald's in the 1950s and 1960s with a level of customer loyalty second only to Kroc's marketing idol, Sears, Roebuck.

McDonald's initially intended its philanthropy to serve primarily as a marketing tool, to create and reinforce the image of McDonald's as a company with a heart in order to increase sales. Regardless of Kroc's sincerity in his own

personal philanthropy, McDonald's original intent was clearly profit-motivated. While they no doubt contributed to their respective communities, McDonald's owner/operators could be callous in exploiting customer goodwill. Like Ray Kroc who was rarely ever pictured without a hamburger in hand, operators frequently made media events out of simple class tours or a few free hamburgers.

Children were only the ostensible targets of McDonald's philanthropy. Although McDonald's philanthropy was (and continues to be) primarily child-centered, the real people to reach, of course, were the parents who actually controlled the family purse strings. In the 1950s and 1960s, an image of McDonald's as wholesome or good was essential to reaching the expanding customer base of young families. Later, in the 1970s and 1980s, it was crucial for encouraging the parental acquiescence necessary to assure a more independent child consumer market for McDonald's products. Equally important, the goodwill created would serve as a hedge against the increasing number of social criticisms levelled against McDonald's in these latter decades.

The focus of McDonald's philanthropy shifted after the early 1970s. Considered a novelty in 1955 or 1960, McDonald's by the 1970s had become a cultural institution in its own right. Like Sears, Roebuck and its long term sponsorship of the children's show "Mr. Rogers," McDonald's

took on the role of national, rather than merely local, benefactor. In 1960, an individual McDonald's operator might sponsor a local Little League team; in 1985, McDonald's donated \$2.6 million to the Muscular Dystrophy Association (MDA) alone.<sup>4</sup> As the philanthropy expanded and became inherently less personal, McDonald's called upon Ronald McDonald to personalize its corporate giving, just as he personalized McDonald's advertising.

After Ronald McDonald became McDonald's official corporate spokesman in 1966, philanthropy became decidedly more complex. Ronald completed the shift of McDonald's corporate beneficence from pure utilitarianism to a more genuine yet self-interested sincerity. Although McDonald's philanthropy was still marketing-driven, the increasingly personal relationship that Ronald McDonald developed with children encouraged, even forced, McDonald's to become more interested in philanthropy for its own sake. As Ronald became more of a friend, he was increasingly expected to help his young friends when they were sick, bored, or in need of education. Through advertising rhetoric and Ronald McDonald, McDonald's raised customer's expectations of the restaurants and achieved its goals of differentiating itself from the competition and guaranteeing parental acceptance. But it had also locked itself into a mandatory pattern of

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<sup>4</sup>"Presence Builds Preference: Communications Department," publicity brochure (May 1986), McDonald's Corporation Archives, 12.

philanthropy, which not only had to be grandiose, but also sincere.

McDonald's philanthropy started with Ray Kroc. Although the McDonald brothers had suggested offering candy premiums to children in 1957, their explicit intent was to bolster sales, not to establish a long term pattern of corporate beneficence. Kroc balked at the brothers' simple suggestion since he felt that token premiums cheapened McDonald's quality image. Instead, Kroc developed a more sophisticated approach promising both increased sales and customer goodwill. That same year, Kroc retained Cooper and Golin (later Golin/Harris Communications), a small Chicago public relations firm, on a monthly retainer of \$500. McDonald's financial chief Harry Sonneborn was "mad as hell" that Kroc splurged with McDonald's very limited income when corporate employees were being asked to forgo pay raises so the corporation could meet payroll and pay its suppliers. Kroc defended his actions on a hunch; initially even he was unsure exactly how a public relations firm would benefit McDonald's. In retrospect, however, Kroc credited Max Cooper and Al Golin with "making McDonald's a household word."<sup>5</sup>

First, Al Golin maneuvered to get Ray Kroc's and

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<sup>5</sup>Ray Kroc with Robert Anderson, Grinding It Out: The Making of McDonald's (Chicago: Henry Regnery, 1977; reprint, Chicago: St. Martin's Press, 1987), 114. Page references are to the reprint edition.



McDonald's story in dozens of major newspapers across the country. In 1959, Golin convinced the Associated Press to send columnist Hal Boyle, a Pulitzer Prize war correspondent, to interview Kroc. That one story generated immediate national exposure in one of the most widely syndicated columns in the United States. By the next morning, McDonald's name appeared in over six hundred newspapers and requests for franchising information poured in. Within weeks, every major newspaper or periodical wanted to interview Kroc.<sup>6</sup> Both Ray Kroc and Harry Sonneborn quickly realized the important role that public relations would play for McDonald's.

The national image that Cooper and Golin created for McDonald's played on the themes of convenience, family wholesomeness, efficiency, and economic opportunity for licensees. On the local front, however, the public relations' firm emphasized neighborhood commitment, personal attention, and the tangible benefits that a community received from hosting a McDonald's. Most important among the latter was the commitment each McDonald's explicitly made to being a community booster. "Be a Joiner . . . Be a Promoter . . . Be Charitable . . . Be a Handshaker . . ." <sup>7</sup>

While some individual licensees balked at the extra

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<sup>6</sup>Ibid., 127-28; John F. Love, McDonald's: Behind the Arches (New York: Bantam Books, 1986), 210-12.

<sup>7</sup>"McDonald's Advertising Manual, 1962," McDonald's Corporation Archives.

effort and expense required--they were already required to allocate 2 1/2% of gross sales for direct advertising--most operators realized the financial benefits of a goodwill campaign.<sup>8</sup> Owner/operators quickly became members of the their communities' Chambers of Commerce and, where appropriate, joined the local Elks or Kiwanis.<sup>9</sup> Although association membership garnered a degree of community respect for McDonald's among the local business and political elites, the primary community emphasis remained on small-scale philanthropy as a way to reach individual consumers either unfamiliar or uncomfortable with McDonald's.

Opportunities for free press and local goodwill abounded for those operators who, like Ray Kroc, looked at every opportunity as a marketing one. An Ohio operator provided complimentary cups and Coca-Cola syrup for a funeral breakfast. A St. Louis licensee sent one thousand free burgers to a local elementary school as a special luncheon treat. A Fort Wayne, Indiana, operator sponsored a

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<sup>8</sup>By 1977, the required percentage had risen to 4.5%. "Dictaphone memo from Ray Kroc to Richard and Maurice McDonald" (September-October 1959), dictaphone tape transcript, reprinted in The Legacy Series (Oak Brook, IL: McDonald's Corporation, 1988), 74; "McDonald's Newsletter" (February 1960), McDonald's Corporation Archives; "The Fast-Food Stars: Three Strategies for Fast Growth," BusinessWeek, 11 July 1977, 59.

<sup>9</sup>"McDonald's Community Relations Kit," in "McDonald's Marketing Manual, 1969-1973," McDonald's Corporation Archives.

Little League dinner and provided free orange drinks at the county fair.<sup>10</sup> Each incident in itself was merely a small act of generosity, but compounded by the hundreds, became a significant marketing strategy. So formalized had McDonald's policy of "spontaneous" local generosity become by the late 1960s, that the 1969-1973 edition of its "Marketing Manual" listed specific guidelines on "How to Handle Local Charity Requests," "How to Use the Orange Bowl," and "How to Use the Prize Steer Program."<sup>11</sup> In the Orange Bowl program, McDonald's loaned the use of its oversized orange drink dispenser, the Orange Bowl, to community groups, providing them with free drink mix and cups. The Prize Steer program referred to an ongoing practice by enterprising licensees to buy the prized steer at a county fair and donate it to charity. The mere act of buying the winning steer reinforced the quality image of McDonald's beef while donating it scored extra points toward goodwill.<sup>12</sup>

Of all the national drive-in restaurant chains, McDonald's alone engaged in any significant and formalized level of community philanthropy. White Tower and White Castle both had local followings, but never turned to

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<sup>10</sup>"McDonald's Newsletter" (September 1964); (July 1960); (August 1960), McDonald's Corporation Archives.

<sup>11</sup>"McDonald's Marketing Manual, 1969-1973."

<sup>12</sup>Ibid.; "McDonald's Newsletter" (October 1964), McDonald's Corporation Archives.

organized philanthropy to give themselves a marketing edge. In the 1960s, Kentucky Fried Chicken was preoccupied with finding full sit-down restaurants which would take on its chicken as a house specialty. Neither Burger King nor Burger Chef had a substantial national image prior to the 1970s, and, even then, their decentralized organizational structures prevented coordinated corporate-wide efforts at philanthropy.<sup>13</sup>

In January, 1961, McDonald's was already located in thirty states and boasted print public relations coverage of 2,200 column inches in newspapers with a combined circulation of 46 million readers. George A. Glenn, editor of the retail trade publication Chain Store Age, publicly congratulated McDonald's on its keen marketing use of public relations. "We could all take a lesson," Glenn reiterated, "from the McDonald's chain of drive-in restaurants when it comes to public relations."<sup>14</sup> This was high praise for a national chain less than ten years old, relying solely on revenues generated by the sale of a fifteen cent hamburger. Kroc's policy of "giving something back," however, attracted not only the industry's attention but the notice of individual customers as well.

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<sup>13</sup>"Burger King Corporation," International Directory of Company Histories: Food Services & Retailers, ed. Lisa Mirabile (Chicago: St. James Press, 1990), 613-14; Love, McDonald's: Behind the Arches, 280-81.

<sup>14</sup>Quoted in "McDonald's Newsletter" (January 1961), McDonald's Corporation Archives.

Testimonials from satisfied parents crowd McDonald's newsletters from the 1950s, 1960s, and even 1970s. Although the newsletters contained an obvious self-reporting bias, parents seemed genuinely amazed that a business would take the time to indulge in a local act of generosity, especially toward children. A common promotion, for example, was to send youngsters a birthday card with a coupon for a free McDonald's hamburger. The promotion was effective in spite of a less than inspiring verse:

We want to add to your good cheer  
 On this your natal day.  
 So bring this card when you appear  
 For a little treat McDonald's way.

The mother of a young birthday boy later wrote the corporation,

What a wonderful surprise when your card was received by our little boy. He was thrilled beyond words at the thought of the "All American Meal." It's a friendly act you're performing and children do remember. Our patronage is yours anytime we feel the "All American" urge.<sup>15</sup>

Sending a birthday card was a guaranteed success strategy for McDonald's. Goodwill such as this simply could not be purchased through a standard advertising approach. The corporation's financial cleverness was equally obvious when the youngster came to redeem the coupon for his complimentary birthday meal, with parents and siblings in tow. For the price of one free meal, McDonald's tallied up

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<sup>15</sup>"McDonald's Newsletter" (July 1961), McDonald's Corporation Archives; "McDonald's Advertising Manual, 1962," McDonald's Corporation Archives.

several extra sales and a lot of goodwill.

Adults were not the only ones gushing with gratitude towards McDonald's. One seven-year-old from Royal Oak, Michigan, wrote on hers, and presumably, her brother's behalf,

Dear MacDonald, [sic]  
 We like your milkshakes and  
 hamburgers.  
 Love,  
 Lynn--and Scott<sup>16</sup>

McDonald's even made an honorable mention in one fourth grader's Thanksgiving prayer. When asked to write what they should be thankful for at Thanksgiving, the youngster wrote, "I am thankful we have nice cars to drive and eat hamburgers in."<sup>17</sup> The teacher obviously assumed the child equated "hamburgers" with "McDonald's" and sent the child's innocent quip to the corporation. But the letter was no laughing matter; it and the scores of similar ones reprinted in McDonald's newsletters through the years confirm the increasingly personal relationship between McDonald's and its customers. McDonald's, however, was not unique it is unorthodox approach to marketing.

In 1958, Harvard University business professor Theodore Levitt examined what he called "The Dangers of Social Responsibility" for the autumn issue of the Harvard Business

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<sup>16</sup>"McDonald's Newsletter" (November 1960), McDonald's Corporation Archives.

<sup>17</sup>"McDonald's Newsletter" (January 1962), McDonald's Corporation Archives.

Review. Levitt, who later became famous in McDonald's circles after his 1972 article extolling McDonald's production-line approach to food service, criticized the socially responsible pose assumed by American businesses in the 1950s,

Occasionally, somebody exhumes the apparently antique notion that the business of business is profits; that virtue lies in the vigorous, undiluted assertion of the corporation's profit-making function. But these people get no embossed invitations to speak at the big, prestigious [sic], and splashy business conferences--where social responsibility echoes as a new tyranny of fad and fancy.<sup>18</sup>

Although Levitt conceded that the "social responsibility syndrome" is a "game" which corporations play to defuse criticism of their practices, or to drum up sales (as in McDonald's case), he nonetheless saw it as dangerous. "What people say," Levitt continued, "they ultimately come to believe if they say it enough, and what they believe affects what they do. . . . The talk about social responsibility is already more than talk. It is leading into the believing stage; it has become a design for change."<sup>19</sup> In McDonald's case, it became the total embodiment of the corporation's relationship with its

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<sup>18</sup>Theodore Levitt, "The Dangers of Social Responsibility," Harvard Business Review (September-October 1958): 42. Levitt's criticisms were intended to rebut a series of articles, previously published in the Harvard Business Review, which extolled corporate social responsiveness as the future of American capitalism. Levitt strongly disagreed and urged a refocusing on the financial, rather than the social, responsibilities of the corporation.

<sup>19</sup>Ibid., 43-44.

customers.

Thirty years of McDonald's internal memoranda, newsletters, and marketing manuals confirm Levitt's premise. The 1969-1973 edition of McDonald's "Marketing Manual" placed first and foremost the image-making opportunities of community philanthropy. "In weighing local charity requests, the important thing is what the tie-in will do for your image in the community. Key factors should be the worthiness of the cause, city-wide enthusiasm and acceptance."<sup>20</sup> While image enhancement was a priority for many American corporations in the 1950s, McDonald's was in the unenviable position of needing to repudiate the delinquent overtones of its predecessors and competitors in the restaurant drive-in industry. Although McDonald's never masked its marketing motivations, a developing strain of sincere corporate responsibility co-existed.

Not all of McDonald's largess received widespread publication. Although many operators were slick at public relations, other licensees took a more subtle tack. A Midwest operator, a "family man himself," quietly folded the check for a class trip of youngsters eating lunch at McDonald's and discreetly placed it in his pocket. No fanfare; most likely the only person aware of the

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<sup>20</sup>"How to Handle Local Charity Requests," in "McDonald's Advertising Manual, 1969-1973."



philanthropy was the teacher.<sup>21</sup> At Christmas time, 1960, a Wilkes-Barre, Pennsylvania, licensee treated a group of local orphans to a meal.<sup>22</sup> Obviously, these children did not have the family ties that justified and rationalized so much of McDonald's philanthropic efforts. There were no parents or siblings to drag to McDonald's; these children, because of their social situation, were not among McDonald's target audience and were not in the position to develop long term brand loyalty to McDonald's products. The operator's gesture merely reflected a simple concern for orphaned children at Christmas. A purely altruistic motive for McDonald's generosity, however, was the exception rather than the rule, and flowed more from the personalities of individual operators than from the corporation's marketing directives. Overall, McDonald's corporate emphasis throughout the 1950s and 1960s was on image enhancement through community involvement and beneficence. In this, McDonald's immensely succeeded.

McDonald's first formalized marketing manual, in 1962, cited the restaurant's "business mission" as "bringing

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<sup>21</sup>"McDonald's Newsletter" (July 1960), McDonald's Corporation Archives. This small act of generosity, however, could not escape headquarters' watchful eye. Complicated tally sheets tracked outgoing food and incoming cash, making it difficult for any owner/operator to either intentionally defraud the company or even engage in unheralded generosity.

<sup>22</sup>"McDonald's Newsletter" (January 1961), McDonald's Corporation Archives.

customers to your windows as you capitalize on the favorable nationwide corporate image of McDonald's."<sup>23</sup> By the 1970s and 1980s, McDonald's had fulfilled its mission to the point where McDonald's image was no longer under its own control. True to the basic precepts of public relations, McDonald's and Cooper and Golin had fixed an image of McDonald's in Americans' minds, and as Levitt had warned, once fixed, the image would be difficult, if not impossible, to displace.<sup>24</sup> Since McDonald's image was inextricably tied to an increasingly high level of corporate largess, McDonald's, by the 1970s, found itself locked into a pattern of philanthropy. Because of the image it had itself perpetuated, McDonald's needed to continually regenerate its largess while simultaneously making it seem less commercialized. McDonald's corporate quandary, although one of its own choosing, locked the restaurant into expending more money on philanthropy without commensurate public recognition for it. McDonald's solution was using "Ronald McDonald" as the spokesman for both its community-based and its national philanthropic programs.

In a 1989 cover story on McDonald's, Restaurants and Institutions magazine interviewed McDonald's top corporate executives as well as a sampling of its suppliers, licensees, and crewpersons. According to Peter Nelson,

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<sup>23</sup>"McDonald's Advertising Manual, 1962," Foreword.

<sup>24</sup>Levitt, "Dangers of Social Responsibility," 42.

senior vice president of marketing, "Ronald McDonald does not sell products. You see him interacting with children-- he's more the McDonald's spirit." "The clown," concluded Restaurants and Institutions reporter Lisa Bertagnoli, "is a symbol of goodwill, not moneymaking."<sup>25</sup> McDonald's Nelson was correct in asserting that Ronald "does not sell products"; although the clown was initially developed as a hard-hitting salesman to children, by the 1970s, his image was significantly diluted to that of big brother or friend. Bertagnoli, however, was further off the mark. McDonald's goodwill emphasis is inherently and by definition a money-making function of the corporation. Regardless of McDonald's public posture regarding its philanthropy, bottom-line profits continued to be a powerful motivation. The judgmental error, however, is in assuming that the inextricable linking of the two motives in any way diminishes the very tangible financial and social benefits McDonald's has wrought. On the contrary, after McDonald's adoption of Ronald McDonald as company spokesman in 1966, McDonald's philanthropy benefitted more Americans, especially children, than ever before.

Although still strongly community-oriented, McDonald's philanthropy after Ronald assumed the form and function of more traditional corporate beneficence. While individual

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<sup>25</sup>Lisa Bertagnoli, "Inside McDonald's," Restaurants and Institutions, 21 August 1989, 64.

operators still sponsored bowling or baseball teams, and scout troops were always welcome to tour, McDonald's overall was redefining its philanthropy through the national persona of Ronald McDonald. Before Ronald, the corporation's marketing emphasis was only vaguely national with the primary advertising medium being occasional print advertisements in Readers' Digest or the Saturday Evening Post and the many interviews that Ray Kroc gave to the national press. Local marketing was much more crucial in the 1950s and 1960s since McDonald's was in an intense expansion mode and continually needed to convince local communities of the benefits of hosting a McDonald's. By the late 1960s and 1970s, McDonald's had become fully nationalized, with more than 3,300 units by 1975, and could pull back from intense community lobbying efforts and rely more on the coordinated national marketing message of Ronald McDonald.<sup>26</sup>

Probably the most immediate connection McDonald's made between Ronald McDonald and McDonald's national philanthropy was the "Ronald McDonald House." In 1973, Kim Hill, daughter of Philadelphia Eagles tight end Fred Hill, was being treated for leukemia at Children's Hospital in Philadelphia. Her illness became the rallying cry for the Eagles to raise \$800,000 for the hospital and for some type

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<sup>26</sup>McDonald's Corporation Annual Report, 1975,  
McDonald's Corporation Archives.

of residential facility for families with seriously ill children.<sup>27</sup> The local Philadelphia McDonald's restaurants were solicited as part of the Eagles' overall fundraising efforts and what resulted was an ongoing three-way partnership between the National Football League (NFL), McDonald's, and various children's hospitals across the country.

McDonald's did not take sole credit for the Houses. The Seven-Up Bottling Company, Serta Mattress, Campbell soups, Zenith, Sunbeam, Nabisco, Keebler, Panasonic, Westinghouse, and Coca-Cola all substantially donated their products for use in the Houses.<sup>28</sup> Because of its inherent connection to children, however, McDonald's went one step further. Through the Ronald McDonald Children's Fund, a foundation established by Ray Kroc's friends in 1977 as a seventy-fifth birthday present to Kroc, each Ronald McDonald House was provided up to \$25,000 "seed money" to capitalize the facility. Absorbed into Ronald McDonald Children's Charities (RMCC) after 1984, the Fund by 1988 had provided nearly \$995,000 to help establish more than 100 Ronald McDonald Houses across the United States.<sup>29</sup>

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<sup>27</sup>"Ronald McDonald House Newsletter," 1 (Winter 1979), 7.

<sup>28</sup>Ibid.

<sup>29</sup>"RMCC Guidelines for Grants, 1986" McDonald's Corporation Archives; "RMCC, Inc. Financial Statements," 30 April 1987-30 April 1988, McDonald's Corporation Archives.

McDonald's motivation in funding the Ronald McDonald Houses, was, like all its other philanthropic activities, a mixture of genuine concern and corporate self-interest. "Over the past fifteen years," McDonald's President and Chief Operating Officer Ed Rensi recalled, "people have asked me why our company became so involved in the Ronald McDonald House. It has nothing to do, even remotely, with the hamburger business. I tell them that the two businesses have one important common denominator, people."<sup>30</sup> Rensi's posturing ignored several important connections between McDonald's hamburger business and the Houses. Ronald McDonald's name and face were highly associated with the Houses; the annual March sale of Shamrock Shakes provided much of the seed money for fledgling new Houses; and Golin/Harris Communications in Chicago, McDonald's own public relations firm, wrote and distributed the "Ronald McDonald House Newsletter." And it was the Elkman Advertising Agency, consultant to the Philadelphia area McDonald's operators, who originally proposed the idea of McDonald's sponsorship of the first House.<sup>31</sup> McDonald's, among the dozens of corporations that donated to the Houses, enjoyed the immediate and continuous recognition as primary benefactor. Known as "The House That Love Built," the

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<sup>30</sup>"The Ronald McDonald House Report" [formerly the "Ronald McDonald House Newsletter"] (Summer 1989), 5.

<sup>31</sup>Love, McDonald's: Behind the Arches, 214.

Houses equally could be perceived as "The House That Ronald Built."

Although McDonald's did not initiate the Ronald McDonald House idea, it was an opportunity they could not ignore. In the Conceptual Foundations of Business, Richard Eells and Clarence Walton described six different models of corporate social responsibility. Three of the models viewed social responsibility as "obligations imposed;" the other three saw it as "responsibilities assumed."<sup>32</sup> Ray Kroc, however, considered social responsibility as opportunities embraced. Kroc was by no means a theorist; he often chided American higher education for wallowing in theory to the detriment of action.<sup>33</sup> But Kroc understood the important role of social responsibility in creating a positive, even familiar, image for his restaurant chain.

Eells and Walton further described corporate philanthropy as an "indirect benefit," a rupture of the common-law rule that corporate funds be spent on a quid pro quo basis, that is, only on activities which directly benefitted the corporation.<sup>34</sup> Rather, Eells and Walton continued, corporate philanthropy should be utilized to "influence the American 'style of life' . . . by seeking to

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<sup>32</sup>Richard Eells and Clarence Walton, Conceptual Foundations of Business, rev. ed. (Homewood, IL: Richard D. Irwin, 1969), 198-201.

<sup>33</sup>Kroc, Grinding It Out, 199.

<sup>34</sup>Ibid., 557-58.

help shape and influence the evolution of the culture itself."<sup>35</sup> In other words, corporations should take on the role, not merely of economic profit-center, but of social institution. McDonald's is the example that proves Eells and Walton's thesis.

When Ray Kroc told McDonald's shareholders in 1966 that he had seen McDonald's become a national institution he was far from exaggerating. Not only is an institution highly organized and recognizable, but it touches many different facets of individuals' lives. Religion and government, two of the most prominent institutional forces in twentieth century America, affect Americans from birth through death. Obviously, McDonald's does not have the theological or philosophical bases of religion or government, but its influence on people can be similarly multidimensional.

On children, especially, McDonald's impact has been inordinately strong. In addition to the Ronald McDonald Houses and Ray Kroc's own privately funded foundation for medical research, McDonald sponsors the All-American Basketball Team, the All-American High School Band, the Ray A. Kroc Youth Achievement Award to outstanding high school seniors, the McDonald's American Cup in youth gymnastics, the McDonald's Hispanic Heritage Art Contest for elementary school children, and the Academic, Cultural, Technological and Scientific Olympics (ACT-30), a scholastic competition

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<sup>35</sup>Ibid., 212.



among African-American teenagers.<sup>36</sup> "McDonald's commitment to charities is so wide and deep," Restaurants and Institutions reported in 1989, "that competitors do not even try to imitate it."<sup>37</sup> (see Appendix) Even more pointed, the competition would not know where to begin.

The McDonald's All-American Basketball Team first suited up in 1977 and featured the top twenty-five high school basketball players in the U.S. By 1985, more than \$475,000 had been raised through game ticket sales to directly fund Ronald McDonald Children's Charities, which in 1984 became McDonald's umbrella foundation for all its children's philanthropy. The roster of players who have played for the Golden Arches team is indeed impressive: Earvin "Magic" Johnson, Michael Jordan, Patrick Ewing, and Isiah Thomas all played in the McDonald's tournament while in high school.<sup>38</sup> For many players, the McDonald's game provided them with their first taste of national exposure and corporate sponsorship, and, as the above listing attests, a National Basketball Association (NBA) future awaited many of McDonald's players.

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<sup>36</sup>"McDonald's Public Relations Department," publicity brochure (1987), McDonald's Corporation Archives; "McDonald's Community Service and Social Investment Report, 1981-1982," McDonald's Corporation Archives, 8-12.

<sup>37</sup>Bertagnoli, "Inside McDonald's," Restaurants and Institutions, 21 August 1989, 70.

<sup>38</sup>"Presence Builds Preference: Communications Department," publicity brochure (May 1986), McDonald's Corporation Archives, 12.

The McDonald's All-American High School Band, nicknamed "The Band Whose Pants Don't Match," debuted as a last minute entry in the 1967 Macy's Thanksgiving Day Parade, the same forum which had nationally introduced Ronald McDonald several years earlier. In something of a character reversal, it was usually somber Harry Sonneborn who pushed for McDonald's sponsorship of the gimmicky band and the national media coverage it attracted. Sonneborn tracked down the world's largest drum, stored in a Texas university warehouse awaiting resale, and quickly assembled a marching band composed of two students from each state and the District of Columbia. In a marketing coup, Sonneborn and Al Golin ordered a new drumskin advertising "McDonald's All-American Band" and unveiled it during the parade, in direct violation of the parade commission's stringent regulations on commercial advertising among parade participants. Kroc was proud of Sonneborn's initiative in pulling off the stunt and the band's popularity guaranteed it an annual spot in the parade.<sup>39</sup> Under the directorship of Radio City Music Hall's Paul Lavelle for most of its history, the Band in 1985 boasted 102 members out of nearly 4,900 nominees.<sup>40</sup>

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<sup>39</sup>Kroc, Grinding It Out, 150.

<sup>40</sup>In addition to Macy's parade, the McDonald's All-American Band also performs in the Fiesta Bowl, the Tournament of Roses parade, and Jerry Lewis' annual Muscular Dystrophy telethon. It has even performed in New York's famed Carnegie Hall. Obviously, all these forums have generated wider exposure for McDonald's marketing-induced philanthropy.

In addition to providing travelling expenses for the parade, inclusion in the Band made students eligible for New England Conservatory of Music (Boston) scholarships.<sup>41</sup>

McDonald's has encouraged local owner/operators to supplement the corporation's efforts on a local or regional level. Licensee Herman Petty, owner of seven Chicago McDonald's, established a college scholarship program for his own crew workers, in addition to assisting several of them obtain their own McDonald's franchises.<sup>42</sup> William Pickard, another African-American operator in Detroit, emphasized the training he provided to his crew "so that any one of them will have the expertise to open his own operation."<sup>43</sup> McDonald's pointed to operators like Petty and Pickard in response to charges that McDonald's philanthropy was marketing-driven or impersonal. And

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<sup>41</sup>"Presence Builds Preference," 12; Cheryl M. Patric, "The Band Whose Pants Don't Match," The Instrumentalist (April 1974), McDonald's Miscellaneous Clippings File, McDonald's Corporation Archives, 1. The Instrumentalist article was an excellent example of how McDonald's blends philanthropy and marketing. The author was an account executive with Cooper and Golin, McDonald's public relations firm. Obviously, the article was intentionally submitted to generate favorable publicity for McDonald's sponsorship of the band.

<sup>42</sup>Bertagnoli, "Inside McDonald's," 46. Petty was McDonald's first African-American operator, hired in 1968 amid the first wave of racial insensitivity charges directed at McDonald's. Petty has since established McDonald's Black Franchisee Association and has been instrumental in helping other minority operators set up their own McDonald's units.

<sup>43</sup>"An Academic Twist to the Sale of Hamburgers," Ebony (October 1974): 70.

although a wide array of scholarship or award programs are available either to McDonald's own crew as a fringe benefit or to high school students at large, the bulk of McDonald's philanthropy targeted children not in high school, but in the elementary grades, McDonald's primary consumer audience.

A pattern of consistent brand loyalty is usually developed between the ages of seven and nine.<sup>44</sup> A seven-year-old is already a discriminating, even cynical shopper, who is frequently allowed to make routine consumer decisions for himself/herself. By age nine, 90% of children shop independently of their parents, with over half purchasing a product they specifically saw advertised on television.<sup>45</sup> McDonald's clearly targeted this age cohort, noticeably extending it down to preschoolers, as their principal marketing niche; thus, this is where most of their philanthropy is expended.

"Our primary audience," stated McDonald's in its 1969-1973 "Marketing Manual," "is made up of young families with children ages 2 to 11. Your advertising should be reaching

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<sup>44</sup>Scott Ward, Daniel B. Wackman, and Ellen Wartella, How Children Learn to Buy: The Development of Consumer Information-Processing Skills (Beverly Hills, CA: Sage Publications, 1977), 23, 178. Preschoolers, however much they pester their parents for products seen on television, are still inconsistent in their brand affections. This cognitive limitation is one which McDonald's has gone far in ameliorating.

<sup>45</sup>James Utah McNeal, "The Development of Consumer Behavior Patterns in Childhood" (Ph.D. diss., University of Texas--Austin, 1964), 49-50, 68, 82.

this group first. You are wasting valuable, hard-earned dollars if you are placing your ads in other areas."<sup>46</sup>

Not only did McDonald's hit this group hard with an intense Saturday morning advertising campaign, it also soft-peddled advertising to them, in the form of complimentary curriculum materials for school, library, and scout meetings.

Curriculum decisions are most frequently made by local and state school superintendents, based on state law and current trends in education. Corporate involvement in the curricular process is not novel; publishers, for example, intensely compete and lobby school boards to have their respective titles "adopted" for state-wide use, guaranteeing the books' long term sales. Similarly, computer manufacturers, especially Apple/Macintosh, have routinely donated thousands of dollars of hardware for classroom use, counting on software sales and future hardware expansion needs, as well as developing brand loyalty and computer use among children, to compensate for their initial philanthropy.<sup>47</sup> The difference, of course, between these

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<sup>46</sup>"McDonald's Marketing Manual, 1969-1973," 3.

<sup>47</sup>Joseph Galaskiewicz, "Corporate Contributions to Charity: Nothing More than a Marketing Strategy?" in Philanthropic Giving: Studies in Varieties and Goals, ed., Richard Magat (New York: Oxford University Press, 1989), 247. In the case of Apple/Macintosh, of course, once a school system received its complimentary computers, it was difficult to reconfigure to the non-compatible and more costly IBM-based system. By donating hardware to schools, Apple, in essence, locked in a market for itself. With the increasing compatibility options between IBM and Apple, however, schools have regained more flexibility in

efforts and McDonald's was that the school board, rather than the child or his/her parents, were the principal targets of the corporation's marketing efforts. Young children were likely to be less successful urging their parents to buy a computer system than they would pestering to visit McDonald's. Thus, because of its product line, McDonald concentrated its classroom efforts on a smaller scale.

In 1965, McDonald's published Let's Eat Out, a children's storybook about a family's visit to McDonald's. Siblings Tom and Sue give their visiting European friend Hans "an American treat": McDonald's.<sup>48</sup> The book reflected obvious Cold War sensibilities: the family car's license plate was "1776," "mass production" was equated with "American," and a German child was educated in the benefits of capitalism. Tom and Hans themselves ordered the food, reflective of McDonald's intent to directly involve children in consumer purchasing, and rounded out their "All-American" trip with a visit to the local baseball stadium, another American cliché. McDonald's provided complimentary copies of Let's Eat Out to schools, libraries, and doctors' offices across the country. McDonald's newsletter, however, suggested that operators send the books directly to

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developing their computer systems.

<sup>48</sup>John Jones, Let's Eat Out (Chicago: Melmont Publishing, 1965).

individual teachers, rather than to the local school boards, and to send the books without prior authorization. If the teachers already had the books in hand, McDonald's hoped, they would bypass standard textbook review procedures and immediately adopt the books for classroom use.<sup>49</sup> While it was obvious from the logo and text who sponsored the storybook, McDonald's did limit the overall commercialism of the book. Except for the "Golden Arches Success Story" reprinted at the end of the book, the story represented a soft-sell approach. McDonald's hoped the children would take the books home and show their parents, who would be so impressed with McDonald's generosity and the "success story," that they would visit their local restaurant. Evidently, the book did elicit positive feelings for McDonald's as one Terre Haute, Indiana, librarian wrote to McDonald's, "We feel sure that these colorful, eye-appealing books will circulate widely among our juvenile patrons."<sup>50</sup> That is exactly why McDonald's published the book.

Let's Eat Out was a one-time publication. A more on going philanthropic intrusion into classroom curriculum was the series of McDonald's "Action Packs," targeted to students in grades K-9. The Action Packs were mini-curriculum units that addressed physical education

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<sup>49</sup>"McDonald's Newsletter" (November/December 1965), McDonald's Corporation Archives.

<sup>50</sup>Letter dated 15 June 1965, in "McDonald's Newsletter" (August 1965), McDonald's Corporation Archives.

(grades K-2), nutrition (grades 1-4), ecology (grades 4-6), and career choices (grades 6-9). The ecology packet alone reached 15-20 million students.<sup>51</sup> Complimentary educational films emphasized anti-drug messages ("Get It Straight"), bicycle safety ("Bicycles R Beautiful"), home safety ("Home Safe Home"), and, of course, the history of McDonald's ("The McDonald's Story"). Most of these classroom materials were discreet about using McDonald's trademarked logos. The supplements themselves were assembled by experts in the topics featured, not by McDonald's; thus, the direct advertising was minimal. Again, McDonald's focus was as much on attracting parental attention and goodwill as in developing brand loyalty among children.

McDonald's strategy of using philanthropy to strengthen its public image and increase its sales has proved phenomenally successful, if judged by the number and scope of awards and honors that the corporation has received. Its safety films have been endorsed by the National Safety Council, the National PTA, and the American Red Cross.<sup>52</sup> In 1971, Ray Kroc even received the Boys Scouts' "Good Scout" Award, ostensibly attesting to Kroc's embodiment of

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<sup>51</sup>McDonald's Corporation Annual Report, 1973,  
McDonald's Corporation Archives, 7.

<sup>52</sup>McDonald's Corporation Annual Report, 1981,  
McDonald's Corporation Archives.



the Scout virtues of patriotism, courage, and self-reliance.<sup>53</sup> For its ecology awareness efforts alone, McDonald's received the "Keep America Beautiful Award," the "Arbor Day Foundation Award," and the "National Foresters Association Award," all in 1976.<sup>54</sup>

While attributing a direct causal link is presumptive, McDonald's sales have also undoubtedly benefitted from the corporation's homey and concerned public image. The mother of one band member wrote McDonald's to thank them for their generosity and ended her letter with "God Bless McDonald's."<sup>55</sup> Parents, like the mother who guaranteed her family's patronage whenever "we feel the 'All-American' urge," provided McDonald's with a steadily increasing core of grassroots community support, crucial to the corporation as it further expanded into America's small towns, suburbs, and later, urban neighborhoods.

McDonald's diversified its philanthropy, not only to achieve the greatest good, but to generate the broadest possible publicity. The fact that its charity was an

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<sup>53</sup>McDonald's Corporation Annual Report, 1971, 17;  
McDonald's Corporation Annual Report, 1974, McDonald's  
Corporation Archives.

<sup>54</sup>McDonald's Corporation Annual Report, 1976,  
McDonald's Corporation Archives. This, of course, only  
reflects a few of the literally dozens of local and national  
awards honoring McDonald's community service or  
philanthropy.

<sup>55</sup>"McDonald's Newsletter" (March 1982), McDonald's  
Corporation Archives.

amalgamation of sincere social concern and unadulterated self-interest was not unique to McDonald's. A 1974 Conference Board survey of corporate philanthropy listed "Social Responsibility" and "Self-Interest" as the two primary and competing motives for corporate donations.<sup>56</sup>

Even Ray Kroc's own personal dictum of "giving something back" was widely repeated throughout the postwar decades. In his historical review of corporate charity, Peter Dobkin Hall showed that the period from 1950 to 1980 was marked by the philanthropic leadership of the "self-made man," like Ray Kroc. Alfred Sloan and Charles Kettering at General Motors, Walter Teagle at Standard Oil, and Gerard Swope at General Electric all prominently donated corporate and personal funds in a largess matching McDonald's. Unlike Kroc, who emphasized practical vocational training over theory, their charity was primarily aimed at national educational institutions, like the Sloan Business School at the Massachusetts Institute of Technology, which could serve to develop future corporate managers.<sup>57</sup>

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<sup>56</sup>James F. Harris and Anne Klepper, Corporate Philanthropy: Public Service Activities ([New York]: Commission on Private Philanthropy and Public Needs/The Conference Board, [1976]), 17. The survey analyzed the contributions function of 457 American corporations, chosen from Fortune magazine's annual listing of highest revenue-producing companies.

<sup>57</sup>Peter Dobkin Hall, "Business Giving and Social Investment in the United States," in Philanthropic Giving: Studies in Varieties and Goals, ed. Richard Magat (New York: Oxford University Press, 1989), 235-36.

McDonald's used its philanthropic efforts, rather, as "social currency," to be redeemed whenever McDonald's faced opposition moving into an anxious neighborhood or when targeted by activist groups seeking advertising, nutritional, or environmental concessions.<sup>58</sup> When faced with dissent, McDonald's relied upon the positive local and national image which it had carefully developed, especially its image of family wholesomeness. This image, McDonald's reminded its operators, needed to be jealously guarded and nurtured, and most importantly, needed to be consistent.

None of its competitors could approximate McDonald's philanthropy. Kroc's commitment to aggressively seeking out philanthropic opportunities combined with the corporation's solid financial footing made possible by the book value of its real-estate gave the corporation a definitive edge. Although each operator chose his/her own outlet, community commitment, involvement, and generosity was a dictum from the corporation's headquarters and, more emphatically, from Ray Kroc. Licensee contributions, however, numerically and geographically expanded the image of McDonald's generosity, far beyond what Kroc could do alone, especially in the late 1950s and early 1960s when Kroc's primary corporate commitment was to unit expansion. More important from a marketing perspective, licensees personalized and localized

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<sup>58</sup>The term is borrowed from Galaskiewicz's analysis of the marketing functions of corporate philanthropy. Galaskiewicz, "Corporate Contributions to Charity," 252.

the beneficence, giving it a name and a face. In essence, McDonald's was grasping at the community spirit most stereotypical of Mainstreet, U.S.A., by encouraging licensee sponsorship of local Little League, scout troops, libraries, and schools. It was these images of family, home, and community that finally proved successful in absolving McDonald's of its associations with the seamy teenage hangouts which typified drive-in stands throughout the 1950s and 1960s.

Because of its success at creating an image of McDonald's as "good," parents saw it as a safe and wholesome place to visit, or to send their children to alone. McDonald's, in fact, reinforced the same values that many parents tried to inculcate in their own children: study skills and ecological awareness through the Action Packs; sanctioned extracurricular activities through the band, basketball, and gymnastics teams; and concern for others through the Ronald McDonald Houses. The wholesome image that McDonald's created through its centralized corporate philanthropy and the combined commitment of hundreds of individual operators guaranteed parental approval, even admiration, for McDonald's. Philanthropy, however, meant little to children, especially the youngest ones most inexperienced in consumer imagery. The enticement for them, of course, was that McDonald's was simply fun and home to Ronald McDonald.

## CHAPTER 6

### "MEET RONALD MCDONALD"

"Children define Ronald in terms of the specific things they see him do on TV. He is nice because he shares his fries. He's smart because he figures out a way to catch Hamburglar and get the hamburgers back. He's magical because he makes an "M" with his fingers or bounces up to the moon on a pogo stick. He is more than a clown, he's a real person."<sup>1</sup>

McDonald's Corporation

The October, 1966 edition of "McDonald's Newsletter" introduced Ronald McDonald to licensees as "our new spokesman to the children of America."<sup>2</sup> The "Meet Ronald McDonald" issue clearly and simply stated Ronald's role in the corporation,

Keep Ronald selling the kids. They are your prime market and the "influentials" which bring the parents to your units. Watch your family business grow as Ronald sells the kids on "fun eating" at McDonald's."<sup>3</sup>

Ronald's original function was a combination of salesman and corporate mascot, not unlike Buster Brown or Mickey Mouse.

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<sup>1</sup>"Brief History of Ronald McDonald," 20 June 1990, McDonald's Corporation Archives, 2. Emphasis is in the original.

<sup>2</sup>"McDonald's Newsletter" (October 1966), McDonald's Corporation Archives.

<sup>3</sup>Ibid.

All three characters teetered between fantasy and reality and were specifically used to appeal to a children's consumer market. Unlike Disney's Mickey and the Brown Shoe Company's Buster, however, Ronald McDonald was real, a flesh and blood multidimensional character who visited hospitals, performed magic shows, and greeted children at restaurants. Ronald existed in two worlds simultaneously, creating confusion for children but profits for the corporation.

Ronald created the image of McDonald's as fun. By the early 1960s, Ray Kroc had already successfully created an image of McDonald's as a clean, efficient, and wholesome forum for routine dining out. McDonald's earlier marketing had focused almost exclusively on earning parental approval, using corporate and licensee philanthropy to disassociate itself from the teenage drive-ins and to build customer goodwill. Through numerous national interviews, Ray Kroc carried the message of McDonald's to parents. Ronald McDonald conveyed it to children. And the message was that it was fun to eat hamburgers and fries, fun to visit Ronald's house.

An informal, longitudinal look at McDonald's children's commercials from the mid-1960s to 1980s highlights Ronald's success as a marketer. Ronald was originally created to deliver a hard-hitting sales pitch to children and, in the earliest spots, Ronald's commercialism was explicit. Children were prompted either to ask their parents directly

for McDonald's or to specifically request a certain product. By the 1970s, however, the consumer function of young children became increasingly independent of parental control and consumer groups rallied against the explicit commercialism of McDonald's. Ronald reacted with distinctly less overt commercialism in his message and soft-peddled his pitch. McDonald's advertised itself as the natural extension of a baseball game, after school, or a trip to the mall, and Ronald took on the role of cheerleader and teammate, beginning his transformation from marketing gimmick to "friend."

Surprising for a corporate spokesman, Ronald became increasingly detached from explicit association with the corporation. This was both intentional and unavoidable. With 97% of American children recognizing Ronald by 1973, continuation of his hard selling persona was unnecessary and risked parental backlash.<sup>4</sup> Ronald's mere presence was advertising for the corporation and a subtle approach was favored. But a subtle use of Ronald was also crucial, even unavoidable, from a philanthropic point of view. As Ronald increasingly became the focal point of McDonald's

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<sup>4</sup>The "Ronald McDonald Awareness Studies" have become somewhat legendary at McDonald's. The first survey, done by Cooper/Golin in 1967, yielded a 77% awareness rating. The 1973 study cited that 97% of American children recognized Ronald. The surveys were conducted periodically among one thousand children aged five through twelve in ten different U.S. cities. "McDonald's Marketing Manual, 1971-1973," McDonald's Corporation Archives, 1.

philanthropy, especially through the Ronald McDonald Houses and Ronald McDonald Children's Charities, the clown needed to shed his commercial image lest the corporation's beneficence seem less than sincere. Between 1963 and 1985, Ronald McDonald was transformed from salesman to friend, so that by 1989, McDonald's could in some honesty claim, "Ronald McDonald does not sell products. . . . He's more the McDonald's spirit."<sup>5</sup>

In 1965, however, the debut of Ronald McDonald merited little more than a footnote in the corporation's monthly newsletter. After Ray Kroc's buyout of the McDonald brothers in December, 1961, Kroc encouraged individual operators to develop their own local advertising strategies. Kroc was centralizing operational control and sought to spare the highly leveraged corporation the expense of advertising. Also, Kroc hoped that licensee initiative on local marketing would compensate for their increasing lack of control on operational, production, and distribution fronts. "It was really a free-wheeling time," one licensee recalled. "We had very little direction from corp [sic] and we only looked to them to develop the [national]

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<sup>5</sup>Lisa Bertagnoli, "Inside McDonald's," Restaurants and Institutions, 21 August 1989, 64. Obviously, Ronald McDonald does indirectly "sell products" or else the corporation would not expend millions annually to continue promoting the character.



commercials."<sup>6</sup> Oscar Goldstein, a Washington, DC licensee, contracted with an advertising agency to develop a character for a local ad campaign. This character became Ronald McDonald.

Using a clown as an advertising gimmick already had precedent among McDonald's licensees. A Memphis, Tennessee, owner/operator had previously promoted McDonald's on the locally produced Looney Zoo Show, whose "Tiny the Clown" plugged McDonald's products to its child audiences. An Orlando, Florida, licensee did a similar promotion with "Checkers the Clown." And "Bozo," Chicago's immensely popular children's clown, frequently promoted the hamburgers and fries of its local sponsor, McDonald's.<sup>7</sup> Goldstein, however, was the first to develop a permanent character to represent a specific franchise. Goldstein and his partner, John Gibson, created Gee-Gee Distributing Company (for Goldstein and Gibson) and ran their nearly forty Washington, DC area units as a mini-empire within McDonald's. They exploited one of the few territorial franchises Kroc ever

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<sup>6</sup>"McDonald's Twenty-fifth Anniversary," 1980, McDonald's Corporation Archives, 18.

<sup>7</sup>"McDonald's Newsletter" (April 1962), McDonald's Corporation Archives. Interestingly, even after Ronald McDonald became the corporation's official spokesman, an Ohio licensee was still experimenting with his own clown mascot, "Flippo," taking advantage of the marketing freedom Kroc conceded to franchisees. "McDonald's Newsletter" (May 1967), McDonald's Corporation Archives.

granted.<sup>8</sup> Crucial to their "empire" was a distinct and long term advertising presence in the local market, thus the creation of Ronald McDonald.

The actor chosen to play the first Ronald was Willard Scott, better known later as the weatherman on NBC's "Today" show. Scott's clown bore such little resemblance to the now famous appearance of McDonald's clown that children today would fail to recognize him. The original Ronald costume was a dark red and yellow jumpsuit, white gloves, and white shoes. On his nose, Scott wore a McDonald's paper soft drink cup and on his hair, a stringy blond wig. Anchored to his waist was a tray from which he dispensed free burgers and fries to child audiences. His personality and mannerisms were clumsy and silly, reminiscent of the antics of Red Skelton's "Freddie the Freeloader" character.<sup>9</sup>

From 1963 to 1965, Ronald continued as the advertising spokesman only for the Washington, DC area. Ronald first attracted McDonald's Corporation's attention in April, 1965 with a short blurb about how rising sales at Gee-Gee's units were tied to a manic clown whose antics appealed to child

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<sup>8</sup>Ray Kroc with Robert Anderson, Grinding It Out: The Making of McDonald's (Chicago: Henry Regnery Co., 1977; reprint, Chicago: St. Martin's Paperbacks, 1987), 157-58. Page references are to the reprint edition. Kroc repurchased the territory from Goldstein and Gibson in 1967 for \$16.5 million.

<sup>9</sup>"Brief History of Ronald McDonald," 1.

patrons.<sup>10</sup> Ronald, however, was not instantly adopted by the overall corporation. Bozo had been plugging McDonald's hamburgers for several years on his own popular children's show and seemed to be a more ideal advertising character than upstart Ronald. Bozo's clown persona was fully developed and he already boasted a loyal following of youngsters. Ronald would have to develop both from scratch. The Bozo character, however, was contractually tied to his television show and the fact that his character was already developed denied McDonald's the flexibility and independence to create their own marketing spokesman.

Ronald's "victory" over Bozo did not guarantee instant stardom. Ronald McDonald made his official corporate debut in a flying hamburger on network commercials for the November, 1965 Macy's Thanksgiving Day Parade. But his presence failed to capture even an honorable mention in McDonald's 1965 Annual Report, though overall sponsorship of the parade was widely touted.<sup>11</sup> Ronald's anonymity did not last long.

After the October, 1966 "Meet Ronald McDonald" issue, McDonald's ordered thirty-five one-minute television spots featuring the clown to air on NBC's and CBS's Saturday

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<sup>10</sup>"McDonald's Newsletter" (April 1965), McDonald's Corporation Archives.

<sup>11</sup>"Brief History of Ronald McDonald," 1; "McDonald's Corporation Annual Report, 1965," McDonald's Corporation Archives, 7.

morning cartoon line-up. McDonald's "kid blitz" reached 4.6 million homes that first month alone.<sup>12</sup> The marketing of Ronald on children's television showed immediate results. By April, 1967, only six months after Ronald's formal adoption as company spokesman, an appearance by the clown could automatically boost the day's sales by 50%, an impressive accomplishment that underscored the importance of both the fledgling child consumer market and children's influence on their parents.<sup>13</sup> As with McDonald's earlier success with food production and distribution, consistency was the key to Ronald's popularity.

Willard Scott's characterization of Ronald lasted only a short time. The goofy mannerisms and amateurish costume were quickly updated for mass appeal. By the late 1960s, Ronald had consistently assumed his present appearance of yellow jumpsuit, red and white striped shirt and socks, yellow gloves, and red wig and shoes. Only his hairstyle and make-up would undergo subtle changes in the next two decades from the "Afro" look of the 1970s to a sleeker style for the 1980s. In addition to costume changes, McDonald's hired a professional clown to assume Ronald's role.

Ringling Brothers, Barnum & Bailey's "Coco the Clown" became the second national Ronald, complementing the dozens

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<sup>12</sup>"McDonald's Newsletter" (November/December 1966), McDonald's Corporation Archives.

<sup>13</sup>"McDonald's Newsletter" (April 1967), McDonald's Corporation Archives.

that were hired locally for store appearances, tours, and magic shows. Hungarian by birth, Coco spoke no English; thus, he built his characterization of Ronald entirely on pantomime and circus antics. The Ronald that is most memorable, however, was personified in the 1970s by professional clown King Moody, who gradually transformed Ronald from a circus buffoon into a likable friend to children. While King Moody provided a transitional characterization for Ronald, remnants of Ronald's direct selling tactics continued until the 1980s.

In its 1969-1973 "Marketing Manual," McDonald's outlined its "Ronald philosophy":

Ronald is first and foremost a McDonald's salesman. If your Ronald is qualified to put on a short show this is an added plus. His only reason for existence is to sell hamburgers and other McDonald products . . . NOT to make children laugh, although if he can, it helps his believability. . . . The only true test of Ronald's effectiveness must be in the cash register, as the result of a sustained advertising effort to children on TV using Ronald commercials. We have created Ronald to be loved and admired by all children. Once this was achieved, we then used the personal endorsement technique to sell our products.<sup>14</sup>

Bluntly put, the only reason for the creation and continued existence of Ronald McDonald in the 1960s and 1970s was to sell hamburgers to unsuspecting youngsters who considered him a friend.

All of the early national McDonald's commercials had

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<sup>14</sup>"Ronald McDonald: Personal Appearance Recommendations," in "McDonald's Marketing Manual, 1969-1973," vol. 2, McDonald's Corporation Archives. Emphasis is in the original.

Ronald explicitly touting a product. "Fishing," with Willard Scott as Ronald, plugged McDonald's new fish filet sandwich. Coco in "Delivery Wagon" and "Flying Hamburger" initiated the "McDonald's is Your Kind of Place" theme developed by the D'Arcy, Masius, Benton & Bowles Advertising Agency in late 1967. In addition to plugging specific products, such as the burgers-fries-shake trio in "Flying Hamburger," this promotion created a jingle that inextricably associated Ronald with McDonald's in children's minds and became one of McDonald's most successful and memorable advertising campaigns.<sup>15</sup> The standard jingle refrain, to the tune of "Down By the Riverside,"

McDonald's is your kind of place . . .  
 It's such a happy place . . .  
 Hap-hap-hap-happy place . . .  
 A bright and happy place . . .

was changed for children's audiences to

McDonald's is your kind of place . . .  
 Because its Ronald's place. . .<sup>16</sup>

The change was made specifically to attract children's attention.

By the mid-1970s, however, McDonald's changed their strategy to "soft-peddle" Ronald's marketing message. Ronald commercials that specifically advertised a product

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<sup>15</sup>"McDonald's Commercials," tape 1, # 90.254.001, TVT 33-07, McDonald's Corporation Archives, commercial #16-60, 61-104, and 104-145 respectively.

<sup>16</sup>"McDonald's Newsletter" (November 1967), McDonald's Corporation Archives.

were intermingled with, and gradually gave way to, spots that showed Ronald playing football, baseball, or relaxing at "his house": McDonald's. In "Ronald Basketball" and "Ronald Football," for example, a McDonald's hamburger was the inspiration that allowed team player Ronald to score the winning points. After his victory, Ronald was magically transported to McDonald's where he exclaimed, "Ah, this is the place to go after the game . . . or whenever you play up a big appetite. Why not stop at my house today?" The tag line on the commercial replayed the "Your Kind of Place" jingle.<sup>17</sup> In "Ronald Fun House," Ronald's circus antics took place in a fun house with distorting mirrors. His pitch was "Next time you're hungry, come on over to my house. McDonald's is a real fun house."<sup>18</sup> The continual equating of McDonald's with Ronald's "house" reinforced an image of Ronald as real and downplayed McDonald's real-world function as a restaurant. These later commercials also reveal a more fundamental shift in McDonald's approach to children.

By the late 1970s, Ronald promoted not so much an individual product as he promoted himself. Children's loyalty to Ronald superseded even their hankering for

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<sup>17</sup>"McDonald's Marketing Manual, 1969-1973," storyboards for children's television commercials, #272-McD-60 and #220-McD-60R.

<sup>18</sup>Ibid., commercial #274-McD-60. Emphasis is in the original.

McDonald's newest product for children, the "Happy Meal." Through Ronald McDonald banks, dolls, coloring books, comic books, and a literal panoply of other toys, the image and personality of Ronald McDonald, clown and friend, rather than the image of McDonald's the restaurant, was constantly reinforced.

Ronald McDonald was effective only so long as children believed that the Ronald they saw on television was the same Ronald who performed the magic show at the restaurant down the street or visited them in the hospital. To maintain the charade, McDonald's published very detailed instructions on how a Ronald must act, what tricks to perform, and how to manage a child audience. In January, 1972, the corporation sponsored the first national meeting of Ronald McDonalds with sixty individual, yet identical, Ronalds in attendance.<sup>19</sup> This formal meeting of the clowns helped to standardize Ronald's personality across the country and to minimize any doubts by children as to who the "real" Ronald was.<sup>20</sup> In 1974, McDonald's formalized Ronald's persona in a detailed handbook issued to the national and local actors

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<sup>19</sup>"McDonald's Newsletter" (February 1972), McDonald's Corporation Archives.

<sup>20</sup>McDonald's perception of Ronald McDonald was even more hallowed than that of Santa Claus. Many youngsters believe that Santa visits them on Christmas Eve, but that the "Santas" they see on the street corners or in the stores are his "helpers." McDonald's sought to prevent even that much ambiguity by making each Ronald so identical that children were encouraged to believe that there was only one Ronald McDonald.



appearing as Ronald.

"Ronald McDonald & How!" a confidential in-house manual, standardized Ronald's costume, make-up, and unit appearances. It included twenty-four detailed pages for creating Ronald's trademarked clown face, how to handle unruly or tired children, how to deal with sick youngsters during hospital appearances, and even how to tell a good joke. Ronald's role, especially during lot appearances, was to serve as an intermediary, a bridge, between children and the restaurant. One way to do this, the manual suggested, was to have the restaurant manager help Ronald distribute free trinkets, "to demonstrate to the kids that he [the manager] is their friend."<sup>21</sup> Most important, however, was the following advice: "Never remove your gloves in front of a kid because that will spoil your image as a mystical person--not just a man in a clown suit."<sup>22</sup> Like much else at McDonald's, image ranked above reality.

The real flesh and blood men who portrayed Ronald--for obvious reasons, a female Ronald would destroy the charade--did bring to the role, however, a genuine affection for children. While professional clowns were hired to play the Ronald that children saw on television, local Ronalds included police officers, talk show hosts, and even a

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<sup>21</sup>"Ronald McDonald & How!" McDonald's Corporation Archives, 1974, S3/C3.

<sup>22</sup>Ibid., S6/C1.

McDonald's licensee.<sup>23</sup> Fun with the role as well as working with children were primary reasons for taking the job. In an open letter to McDonald's Corporation by Bobby Brandon, Boston's local Ronald McDonald, Brandon mused:

Perhaps this is the reason God gave me these talents. I was part of their lives [the children's] for those few moments. . . . I sincerely thank you for creating me, and making me your symbol to all kids. . . . I would like to tell you, those of you who have created me, what joy and happiness you have brought to me this past year.<sup>24</sup>

A similar sentiment was expressed by Aye Jaye, the National Field Ronald McDonald Consultant, in 1974. "We're [the people who portray Ronald McDonald] the kind of person who can make people smile. That makes us--and McDonald's--different. You're not selling hamburgers--you're sharing happiness."<sup>25</sup>

Jaye's romanticizing aside, McDonald's was indeed selling hamburgers, by the millions, to an equal number of young children. Ronald McDonald created a uniquely personal brand image for McDonald's, an image lacking in the competition and rare even among other corporate mascots for

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<sup>23</sup>"McDonald's Newsletter" (February 1972), McDonald's Corporation Archives.

<sup>24</sup>"McDonald's Newsletter" (February 1968), McDonald's Corporation Archives.

<sup>25</sup>"Ronald McDonald & How!" 4. As the National Field Ronald, it was Jaye's task to inspect and insure the uniformity of the local Ronald McDonalds, just as McDonald's employed inspectors to guarantee the consistency of product preparation and distribution. Again, McDonald's considered consistency, whether operational or marketing, to be crucial to its success.

children. Burger King's and Burger Chef's attempts to copy Ronald resulted in weak characters (a king and a chef, respectively) which never transcended their obvious and immediate advertising functions. Taco Bell's "Taco Pete" was little more than a logo, apparently always in the midst of a siesta with head bowed down. Kentucky Fried Chicken never targeted children directly; their product was packaged to parents relying upon the grandfatherly image of Harlan Sanders. Ironically, Sanders, a real person who had attracted national renown for his homemade chicken recipe in the 1940s, had less of a public persona than did the fictional Ronald McDonald.<sup>26</sup> All of McDonald's competition missed the children's market in the 1950s and 1960s, which is surprising since corporate mascots like Buster Brown and Mickey Mouse had been extremely popular with children earlier in the century.

Buster Brown, created by Richard Outcault, first appeared in May, 1902, as a comic strip character in the New York Herald. Rather unisex in appearance, Buster Brown wore a bobbed hairstyle, sailor outfit, and was trailed by his companion dog, Tige. The character's almost immediate popularity convinced the Brown Shoe Company of St. Louis to adopt the conveniently named lad as its corporate mascot in 1905. While the original comic strip "Buster Brown" waned

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<sup>26</sup>Stan Luxenberg, Roadside Empires: How the Chains Franchised America (New York: Viking/Penguin, 1985), 31-32.

in popularity by the 1930s, a comic book Buster retained its following until the 1960s. The Brown Shoe Company initially used the comic books as premiums to promote their "Buster Brown Blue Ribbon Shoes," but continued the advertising theme through a series of Buster Brown books which were sold at newsstands.<sup>27</sup> Like Ronald McDonald, Buster Brown was anthropomorphized, but into the character of a small boy.

In the introduction to the 1st Buster Brown Book (1903), creator Outcault explained,

Buster is not a bad or naughty boy as the thousands of parents know. He is an industrious person, full of energy and ingenuity. . . . Buster is a kind little chap and his faithful dog finds in him a gentle but busy companion. He is not an invention.<sup>28</sup>

To create the reality of Buster Brown, the Brown Shoe Company underwrote a series of comic books reinforcing its mascot's persona. Buster Brown's Autobiography was issued in 1907, an ongoing series of Buster Brown's Amusing Capers began in 1908, and, interestingly, even Buster Brown's dog, Tige, had his own biography published in Tige: His Story (1908). McDonald's efforts to fully humanize Ronald McDonald hearken back to the Brown Shoe Company's success at humanizing Buster Brown and giving him a personal history through the autobiography issue.

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<sup>27</sup>Denis Gifford, American Comic Strip Collections, 1884-1939: The Evolution of an Era (Boston: G.K. Hall, 1990), 11-12.

<sup>28</sup>Quoted in Gifford, American Comic Strip Collections, 9. Emphasis is mine.

A second and culturally more significant precursor to Ronald McDonald, of course, was Mickey Mouse. Although Mickey's general contribution to the consumer socialization of children has been previously noted, specific examples of overt consumer socialization merit further attention. During the 1934 Christmas season, Mickey and girlfriend Minnie appeared in a promotional comic book entitled Mickey Mouse and Minnie at Macy's. The book, reissued annually by Macy's Department Stores' "Toyland," introduced children to Macy's Christmas collection and was an explicit attempt at encouraging an active consumer role by children.<sup>29</sup> The Mickey Mouse Magazine debuted in 1933 as a free promotional give-away by theaters, stores, dairy companies, gas companies, and even by toothpaste manufacturers. Like Ronald McDonald, Mickey Mouse existed in a tenuous realm between reality and fantasy. Addressing parents, Mickey Mouse wrote in the mid-1930s,

It [the Mickey Mouse Magazine] will be delivered to your home monthly by your milkman and with my compliments. We hope your children will enjoy it. If your little ones are too young to read it themselves please read it to them. And do give them my love.

Mickey Mouse<sup>30</sup>

Given that the letter was addressed to parents, it may seem somewhat surprising that Mickey Mouse, rather than Walt Disney, authored the letter. But Mickey's specific request

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<sup>29</sup>Gifford, American Comic Strip Collections, 105, 114.

<sup>30</sup>Ibid., 94.

to "give them my love" is significant on two counts. First, Mickey's personal tone revealed the level of brand awareness and loyalty he already enjoyed among children, to the point that he and children had an emotional relationship of sorts. Second, Disney's marketing strategy was nothing less than brilliant. If Walt Disney had asked parents to convey "his love," it would have meant little to children and could have seemed crass, but for parents to say "and Mickey sends his love," implied parental approval of the relationship and solidified Mickey's image as a real person in the minds of children. Given the precedents set by Buster Brown and Mickey Mouse, the surprising thing was not that McDonald's relied so extensively upon Ronald McDonald as a marketing tool, but that other companies failed to do the same.

Ronald McDonald, however, entered the child's world two steps ahead of either Buster or Mickey. Unlike his predecessors, Ronald was authentically real, that is, a human being. Although Mickey Mouse wandered through Disneyland shaking children's hands, he was still outwardly a mouse masking the man or woman operating inside the costume. Mickey could never become quite human and this handicap, along with the obvious fantasy overtones of animation, combined to limit his effectiveness as a personal friend or a surrogate sibling.

Equally advantageous to Ronald as his humanity was his clown persona. In his introductory essay to the anthology

Ronald Revisited: The World of Ronald McDonald, popular culture chronicler Marshall Fishwick credited the rich history of clowning with giving Ronald a running head start as a child marketer.

Ronald McDonald is a descendant of the zanni . . . or comic servants of the commedia, such as the sly and witty Harlequin and the awkward Pedrolino, whose costume of baggy trousers, loose-fitting blouse, and wide brimmed or peaked hat is still worn by many clowns.<sup>31</sup>

Although Ronald lacked the zanni's characteristic hat, McDonald's quickly realized the benefits of appealing to the traditional clown persona.

McDonald's released Willard Scott and hired professional clowns Coco and King Moody, respectively, to represent Ronald on network television and in national appearances. Ronald's own distinctive clown persona achieved further legitimation when Ronald, carrying a platter of hamburgers, marched in the Parade of Clowns in Ringling Brothers, Barnum & Bailey's 1967 circus. Ronald shared center ring with the ringmaster in the Philadelphia and Boston performances and appeared in a two-page spread in the circus' souvenir book. Overall, Ronald's circus stint reached 7 million Americans.<sup>32</sup> This, combined with his

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<sup>31</sup>Marshall Fishwick, "Introduction" in Ronald Revisited: The World of Ronald McDonald, 2d ed. (Bowling Green, OH: Bowling Green University Popular Press, 1983), 2.

<sup>32</sup>Because Coco was also a Ringling Brothers, Barnum & Bailey clown, another actor was hired to portray Ronald for this circus tour. "McDonald's Newsletter" (April 1967), McDonald's Corporation Archives.

numerous visits to schools, hospitals, and local carnivals, ameliorated his external commercial image and enhanced his persona as friend and mentor.

"Ronald McDonald truly is one of our most valuable marketing tools in what no TV spot, radio spot or newspaper ad can do," stated McDonald's in 1980, "that is, share a personal, one-on-one experience with a child."<sup>33</sup> Ronald McDonald was unique. He was simultaneously corporate spokesman, mascot, logo, philanthropist, advertising gimmick, and friend. The ease and subtlety with which he combined the roles attested to McDonald's savvy success at reading cultural cues. In the early 1960s, there were few cultural prohibitions against advertising to children; indeed, as early as the Depression, marketing to children was perceived as a form of necessary, even desirable, economic education. Companies that ignored the child market were deemed shortsighted if they failed to educate "the consumer of tomorrow." McDonald's enjoyed virtual autonomy in how it used Ronald in the 1960s and it relied on the clown's hard-sell approach to further Ray Kroc's goals of rapid expansion and increased brand recognition.

By the mid-1970s, however, the cultural climate had changed. McDonald's was increasingly under attack for subverting children's diets, masking commercialism with

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<sup>33</sup>"Ronald McDonald Seminar Booklet," 28 July 1980, McDonald's Corporation Archives.



philanthropy, and creating unnecessary domestic tension between children who whined for McDonald's and parents who refused. McDonald's marketing blitz of the late 1960s and early 1970s would prove an unqualified success; by 1976, McDonald's was victorious in the "burger wars" and boasted a 19.6% share of the fast-food market, more than triple that of its nearest hamburger rival, Burger King.<sup>34</sup> Its advertising saturation produced impressive increases in sales--from \$161 million in 1965 to \$1.8 billion in 1974--but also attracted public scrutiny.<sup>35</sup> McDonald's perceived Ronald's explicit commercialism as increasingly too direct amidst a pervasive anti-corporate public sentiment. Ronald's re-characterization from salesman to teammate and friend mitigated his adversarial relationship with parents and encouraged children to more deeply identify with the clown.

Pivotal to creating brand identity is keeping the product's name in front of its target audience. McDonald's

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<sup>34</sup>"The Fast-Food Stars: Three Strategies for Fast Growth," BusinessWeek, 11 July 1977, 56 (table). McDonald's closest market share competitor was actually Kentucky Fried Chicken which boasted an 8.4% share of the fast food market in 1976. Colonel Sanders' restaurants, however, stayed out of the "burger wars" and, for the most part, never directly competed with McDonald's. McDonald's main competition in the 1970s consisted of Burger King, Burger Chef, Hardee's, Jack-in-the-Box, and newcomer Wendy's.

<sup>35</sup>Joseph J. Doyle, "McDonald's Corporation," 15 July 1975 (New York: Smith, Barney & Company), table VIII, 22. Unlike most private investment analysts' reports, the above report is publicly available through Northwestern University Library, Evanston, Illinois.

initially accomplished this through a host of Ronald McDonald tie-in products. In addition to in-store premiums, McDonald's licensed a Hasbro Ronald McDonald doll, Fieldcrest juvenile McDonald's bedding, a Sears-distributed line of McDonald's-labelled children's clothes, a Playskool mock-up of a McDonald's restaurant, a Milton Bradley McDonald's board game, and a Fisher-Price line of McDonald's play food. McDonald's licensed Ronald's trademarked appearance to complement its in-store promotions and network advertising and, most importantly, to "extend our marketing programs into the home."<sup>36</sup> The use of established and respected manufacturers implied quality products and encouraged parents to accede to McDonald's "home marketing" strategy. McDonald's complemented this subtle strategy with a more deliberate attempt to broaden Ronald's persona, specifically to increase his realism. To minimize Ronald's salesman overtones and to give Ronald McDonald a "family," McDonald's introduced "McDonaldland" in 1970.

An early concern expressed by Max Cooper of Cooper/Golin was that Ronald McDonald's popularity would wane from overexposure. Without careful regulation, Cooper feared that "Ronald's popularity could peak too soon, the market could be overloaded and Ronald could go the way of Davy Crockett and his coonskin cap. We can't permit Ronald

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<sup>36</sup>"McDonald's Newsletter" (April 1976), 9; (June 1977), 14-15; (March 1979); (July 1980); (October 1983), 3.

McDonald to become an overnight fad."<sup>37</sup> One way to avoid overexposure was to broaden Ronald's character, to make him more multidimensional, thus interesting. "McDonaldland" did this and more. The pseudo-real setting of McDonaldland detached Ronald from explicit association with McDonald's commercial function and introduced a "family" of characters with which Ronald could interact.

"Mayor McCheese," whose voice and characterization were patterned after vaudevillian Ed Wynn, was the nominal civic leader in McDonaldland. "Big Mac" tapped into the Keystone Cops' antics; "Captain Crook" was designed as a cross between John Barrymore and Errol Flynn; the shake-thirsty "Grimace" resembled the voice of Edgar Bergen's Mortimer Snerd; and the "Hamburglar," whose mumbling personality is not clearly attributable, rounded out the major cast of characters in McDonaldland.<sup>38</sup> Each character visually represented a specific product or served as antagonist to Ronald. Commercials set in McDonaldland ran like 60-second morality plays with Ronald consistently assuming the role of hero. Hamburglar and Grimace proved the chief antagonists whose respective attempts to "borrow" McDonald's hamburgers

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<sup>37</sup>"McDonald's Newsletter" (May 1967), McDonald's Corporation Archives.

<sup>38</sup>"Star Manual" (1976), McDonald's Corporation Archives, F-7. Other characters gradually added included the "French Fry Goblins" (later the "French Fry Kids"), the "Chicken McNugget Girls," and "The Professor," whose failure as an inventor was mitigated by a visit to McDonald's.

and shakes "without any thought of repayment" were met with gentle admonitions from Ronald. While Hamburglar and Grimace euphemistically "borrowed" rather than "stole" McDonald's food, the reward for their eventual conversion to honesty was always the same: a hamburger, shake, and fries.<sup>39</sup>

Although McDonaldland itself was imaginary, each episodic commercial culminated in a visit to a real-world McDonald's. By creating a host of complementary characters, McDonaldland furthered the tenuous reality of Ronald himself. Importantly, Ronald frequently welcomed real children into McDonaldland and suggested at the end of each commercial adventure that the group adjourn to McDonald's for lunch. The inverse of what was happening to Ronald also happened to children. Fictional Ronald walked freely in the real world and, after the creation of McDonaldland, real children strolled the paths of the fantasy McDonaldland. What was real and what was fantasy was becoming indistinguishable to the preschooler watching at home.

Second, McDonaldland reinforced the reality and personhood of Ronald by providing him with a family, of sorts. Ronald played the role of the big brother, who offered guidance and protection without the authoritative overtones of a parent. It was Ronald who reformed the

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<sup>39</sup>"Managing a Funny Business: A Guide to Management of the Ronald McDonald Program" (June 1984), McDonald's Corporation Archives.

wayward Grimace, Ronald who aided the bumbling mayor and helped Big Mac police McDonaldland, and Ronald who escorted children deftly between two worlds. With Mayor McCheese, Big Mac, Hamburglar, and even real-life children as a surrogate family, Ronald's character took on more depth and seriousness.<sup>40</sup>

By the mid-1970s, the appeal of McDonaldland ebbed. McDonald's redirected Ronald's seriousness into clown antics and silliness, hearkening back to Ronald's persona in the 1960s. But there was a distinct difference. Ronald in the late 1970s and 1980s was a self-aware and self-controlled clown. McDonald's did not revert to the bumbling antics of Scott or Coco; rather the corporation relied on Ronald's new gift of magic.

Ronald's increasing reality, even in the fantasy world of McDonaldland, restrained what Ronald could and could not do. A real Ronald could not fly, but a magical one could. A magical Ronald could do the impossible, become a hero, and did. "He would never let kids down," Ronald's confidential biography read. "Ronald would always save his friends from disaster. . . . He was magical and imaginative, yet he had very real emotions and concerns for his friends. Ronald had transcended his previous role as a star circus clown and became a paradox: he was everything that a fantasy

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<sup>40</sup>"Brief History of Ronald McDonald," 29 June 1990, 2-3.

character/world offered, yet he was very real." <sup>41</sup>

But Ronald was not quite fully planted in the real world. Although each commercial ended with a trip to McDonald's, Ronald never stood in line for his food or paid for it. Rarely, in fact, was he ever seen near the front counter, the cash register, or even McDonald's own crewpersons. By the mid-1980s, McDonald's had de-commercialized both Ronald McDonald and the entire "McDonald's Experience" so thoroughly that young children did not need to understand their consumer role in order to fulfill it.

Although radio advertisers had initiated the consumer socialization of young children in the period from 1910 to 1950, it was still teenagers who attracted the bulk of marketers' attention even in the 1960s. Periodicals such as Time and BusinessWeek reported widely on the new "youth market," but invariably delineated the market as a teen one by emphasizing automobile purchases, the use of teen slang in advertising, and back-to-school purchases for high school and college students.<sup>42</sup> Only a handful of industries--

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<sup>41</sup>"Brief History of Ronald McDonald," 2. Ronald's biography was written by the corporation's archivist for internal use by McDonald's licensees, managers, and marketing representatives. Its analytical tone reflected McDonald's awareness of how changes in Ronald's persona affected children.

<sup>42</sup>"Bring in the Kids; They Bring the Family," BusinessWeek, 5 September 1964, 32-34; "Appeal to Youth," Time, 3 January 1964, 74-75; "For Those Who Sell Young," Time, 1 July 1966, 73A.

comic books, toys, and the cinema--produced goods easily marketed directly to younger children. And only Disney's characters proved consistently successful at nurturing a personal relationship with children. Even then, however, the limits of animation interfered in fully personalizing the consumer relationship with children.

Ronald McDonald was unlimited in how he could interact with children. In restaurant appearances, hospital or school visits, circus stunts, or in the fantasy world of McDonaldland, Ronald's primary objective was to have children love him and, subsequently, transfer that love to McDonald's. What made McDonald's marketing strategy unique in the 1960s was that children did not have to be acculturated consumers in order to fulfill a consumer role. They merely needed to love and follow Ronald. As studies by James McNeal and Scott Ward have shown, brand awareness is a vague concept to a three-year-old; not until age seven is the differentiation of brand-name products fully grasped.<sup>43</sup> Yet, McDonald's did not need to wait until age seven to begin its marketing barrage; with Ronald's help, children as young as two or three could unknowingly make brand choices. By the time children were seven or ten,

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<sup>43</sup>Scott Ward, Daniel B. Wackman, and Ellen Wartella, How Children Learn to Buy: The Development of Consumer Information-Processing Skills (Beverly Hills, CA: Sage Publications, 1977), 23, 178; James Utah McNeal, "The Development of Consumer Behavior Patterns in Childhood" (Ph.D. diss., University of Texas-Austin, 1964), 8, 61, 86.

then, recognition of the McDonald's brand and eating at McDonald's were routine.

McDonald's frequently boasted that Ronald McDonald enjoyed a cultural popularity second only to Santa Claus. In 1967, Cooper and Golin's "Ronald McDonald Awareness Study" concluded that Ronald had a recognition factor of 77%. In 1973, after Ronald and McDonaldland had worked their consumer magic, the percentage rose to 97%, second only to Santa Claus who presumably merited 100%.<sup>44</sup> These surveys became somewhat legendary, even at McDonald's, with little other information to substantiate their claims. But McDonald's continued to cite them as proof that Ronald McDonald had transcended his original advertising function and had become a cultural icon. Unlike most cultural symbols, however, Ronald was a jealously guarded trademark, who could not help but be a walking advertisement for McDonald's.

At times, the complexity of Ronald's persona has backfired on the corporation. In December, 1991, Ronald McDonald personally hosted a McDonald's-sponsored program, "The Wish That Changed Christmas." Immediately after the broadcast, parents and child advocacy groups demanded an investigation into McDonald's alleged violation of host

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<sup>44</sup>"McDonald's Marketing Manual, 1969-1973," McDonald's Corporation Archives, 1; "McDonald's Chronological History Report," 31. The latter listed the 1973 awareness percentage as 96%, rather than 97%; either way, it was impressive.



selling laws, contending that Ronald's mere presence constituted one long commercial for McDonald's. McDonald's countered with surprise, claiming that Ronald was acting in his role as friend to children, not as corporate spokesman. In reality, he is inextricably and simultaneously both.

By 1985, it was Ronald, not McDonald's hamburgers and fries, that made a sad child happy or a bored one animated. Of course, Ronald's friendship originated in commercials, but it also found parallels in real life. It was Ronald after all, not Ray Kroc or Fred Turner, who appeared with stricken youngsters on the annual Muscular Dystrophy Telethons, visited children in hospitals, celebrated with them at parades and carnivals, and visited them at their schools. McDonald's has circuitously returned to its initial Ronald marketing strategy, that of nurturing personal loyalty first, and, with vastly more subtlety than in 1965, using Ronald to gently draw the children in. The forced attempts at parental coercion and the crass commercialism of product plugging of the late 1960s and early 1970s were so successful, that by 1985, the corporation no longer needed to "sell" either itself or Ronald. "If you believe in magic and I hope you do . . ." sings Ronald in one of his more recent commercials, "you'll always have a friend wearing big red shoes . . ." <sup>45</sup>

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<sup>45</sup>As of January, 1994, this commercial is currently running daily on network television.

## CHAPTER 7

### PRESS ON: THE 1970s AND 1980s

We know what we are going to say, what will be said to us, what we will eat, how it will taste, how much it will cost. Ronald, what have you done to us?<sup>1</sup>

Marshall Fishwick, Ronald Revisited

What Ronald did, of course, was to turn a parochial Southern California drive-in restaurant into an internationally respected feeding machine that served 22 million people daily in 51 countries.<sup>2</sup> McDonald's was a concept born and bred from the postwar's obsession with efficiency, convenience, and domesticity. It succeeded, in large part, because the Baby Boom had created both a demographic market and a cultural need for the assembly line food McDonald's offered. By the early 1970s, however, the birth rate had levelled off, the Boomers were maturing into adults, and a cultural "back to basics" thrust challenged McDonald's menu and its influence over children. Most

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<sup>1</sup>Marshall Fishwick, "Introduction," Ronald Revisited: The World of Ronald McDonald, ed. Marshall Fishwick, 2d ed., (Bowling Green, OH: Bowling Green University Popular Press, 1983), 4.

<sup>2</sup>"McDonald's Chronological History Report," 12 December 1990, 61. Figures are for 1989.

threatening to McDonald's, however, the 1970s repudiated the child-centered society of two decades earlier, leaving in its wake not only a diminished children's market, but a diminished children's culture as well. All these factors forced McDonald's, in the words of Ray Kroc, to "press on" in the 1970s and early 1980s.<sup>3</sup>

An anomaly in American cultural history, the idyllic homogeneity of the 1950s and early 1960s could not be sustained. Cracks in the consensus were already apparent in 1955 when Rosa Parks refused to give up her seat on a Montgomery, Alabama, city bus. Or when John Kenneth Galbraith, David Riesman, and Vance Packard published their respective critiques of Americans' consumer obsessions. And in 1963, free-lance writer Betty Friedan gave name to the suffocating domestic ideal in The Feminine Mystique.<sup>4</sup> If Americans in the 1950s could not maintain the cultural charade; by the 1970s, few even tried. The cultural

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<sup>3</sup>Kroc was referring to a favorite quote by Calvin Coolidge:

Press On

Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent.

<sup>4</sup>Betty Friedan, The Feminine Mystique (New York: W.W. Norton, 1963; reprint, New York: Laurel/Dell, 1983). Although published first in 1963, Friedan's book historically dates to a 1957 census she undertook of her fellow graduates from Smith College, class of 1942.

reorientation that defined the 1970s had obvious roots in the civil rights, feminist, and anti-war movements of a decade earlier, but the 1970s added another blow to the postwar consensus: detente.

Postwar America was invigorated by the Cold War. It provided not only jobs, but the overriding mentality that defined the age. It was the Cold War that redefined the home as the last bastion against communism, impelling parents to dote on their children, not only out of parental love, but also civic duty. If children were to be the democratic torchbearers of the future, it was a necessary and valued lesson in capitalism to spend their childhoods basking in the consumption of the consumer goods that defined "the American Dream." But the Vietnam War betrayed America's moral ambiguity against communism and President Nixon prided himself on "opening up" Communist China to the West in 1972 and in initiating Strategic Arms Limitation Talks (SALT) to reduce Soviet-American nuclear arsenals. While the U.S. reacted with fierce rhetorical blows following the Soviet invasion of Afghanistan in December, 1979 and covertly funneled funds to struggling anti-communist "freedom fighters," the overt hostility between the United States and the Soviet Union gradually gave way to a tenuous alliance between superpowers. Without the Cold War rhetoric to bolster the domestic prerogative, children's role in the family changed. The first change was a

quantitative one.

In 1972, the birth rate hit a century low of 15.6 births per thousand. The rate continued to decline after the Supreme Court legalized abortion in Roe vs. Wade in 1973, bottoming out at 14.6 in 1976.<sup>5</sup> In practical terms, the demographic fluctuations meant that youth, variously defined as up to ages twenty-five or thirty, took cultural precedence over young children. In contrast to the more than 60 million Americans in 1970 aged fifteen to thirty-four, stood the not quite 17 million youngsters aged five or younger.<sup>6</sup> Their decreasing numerical significance heralded their decreasing cultural clout.

While bureaucracies stereotypically react slowly to social change, the 1970 White House Conference on Children and Youth quickly sensed the increasing disinterest in children's issues and addressed it head on. The longstanding Conference, which had always addressed children and youth as a joint topic, convened a separate children's

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<sup>5</sup>U.S. Bureau of the Census, Statistical Abstract of the United States, 1992 (Washington, DC: U.S. Government Printing Office, 1992), table 80, p. 64. While Roe vs. Wade undoubtedly impacted birth rate figures, it is presumptuous to causally attribute the entire reduction in births to the availability of legal abortions. Other cultural trends, such as later marriages, extended educations, and an overall de-emphasis on child rearing contributed to the reduced rate.

<sup>6</sup>U.S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1970 (Washington, DC: U.S. Government Printing Office, 1975), Series A 29-42, p. 10.

conference exclusively devoted to youngsters under fourteen years old. "We were determined," Conference Chairman Stephen Hess wrote President Nixon, "not to let this important children's world become secondary because of the greater attention currently being paid to youth."<sup>7</sup>

Children's culture, and the economic market it spawned, had shown much promise in the 1950s and 1960s; by 1970, they were both prematurely threatened by the maturation of the very children who had given them life.

McDonald's was at the forefront in the 1950s in appealing to Baby Boom children. By the mid-1970s, the logical impetus was to follow the maturing Boomers into adulthood, targeting products to an adult, rather than juvenile, market. Although competitor Wendy's, for example, had an anachronistically pig-tailed, freckle-faced girl as its corporate logo, the new chain's appeal was nearly exclusively adult. Even McDonald's, while it premiered its McDonaldland commercials, was simultaneously upgrading the

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<sup>7</sup>Letter from Stephen Hess, National Chairman of White House Conference on Children, to President Richard Nixon, in Report to the President: White House Conference on Children (Washington, DC: U.S. Government Printing Office, 1970), 5. The White House Conferences date back to 1909 when President Theodore Roosevelt convened a symposium of educators, doctors, sociologists, and business leaders to provide the administration with information and recommendations on children's issues. The first Conference led to the creation of the Children's Bureau in 1912 and to the organizing of the Child Welfare League of America. Conference Proceedings: Golden Anniversary White House Conference on Children and Youth (Washington, DC: U.S. Government Printing Office, 1960), 2.

exterior architecture and interior decor of many of its units to de-emphasize juvenile themes. Threatened with saturation in the suburbs, McDonald's also aggressively targeted urban markets with units typically geared to adult or commuter, rather than family, traffic.

Still, McDonald's remained committed to its children's market. It had no choice. As late as 1977, children still constituted more than a third of its market.<sup>8</sup> And by the late 1970s, despite pessimistic birth rate forecasts, McDonald's took a leap of faith, firmly and ineluctably re-committing itself to the children's market. In the process, it endured the jeers of the competition much as it had in 1948 when Mac and Dick McDonald first turned away their teenage patrons. But children's decreasing demographic size actually made them a more moldable and impressionable cohort and McDonald's realized that children held the key to achieving Ray Kroc's goal of making McDonald's a social institution. By appealing to the upcoming generation of children, rather than to the Baby Boom youngsters *per se*, McDonald's both distinguished itself from its competitors and tightened its hold on the children's consumer market. It also made McDonald's the obvious choice when Baby Boomers, now parents, took their own children out to eat.

The McDonald's that the Boomers knew as children,

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<sup>8</sup>BusinessWeek, "The Fast-Food Stars: Three Strategies for Fast Growth," 11 July 1977, 60.

however, was changing. In January, 1967, McDonald's ended an era: it raised the prices on its hamburgers from fifteen to eighteen cents. Although in concrete terms the increase had only a temporary effect on sales, the symbolism of the move went much deeper. Throughout the 1950s and 1960s, McDonald's was a constant in American society, a symbol of successful capitalist growth and consumer confidence. By the early 1970s, however, consumer confidence was plunging as Americans re-evaluated their equation of consumerism with the American Dream.

In September, 1970, U.S. News & World Report ran an article entitled "Why People Aren't Spending." Although the article primarily addressed the practical reasons for the consumer slowdown--abnormally high savings deposits combined with inflationary prices and high installment interest rates--it questioned whether there were more serious reasons behind consumers' reluctance to purchase both big-ticket items and routine ones.<sup>9</sup> The worry was well-founded. From 1971 to 1975, the major news magazines all ran a constant stream of articles wondering how to foster consumerism amidst a decidedly anti-consumerist backlash.<sup>10</sup>

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<sup>9</sup>U.S. News & World Report, "Why People Aren't Spending," 28 September 1970, 38-40.

<sup>10</sup>Time and U.S. News & World Report did the most thorough job of the general interest magazines in reporting the fluctuations in consumer attitudes. Although the business trade journals such as Fortune, Forbes, and Nation's Business reported the same trends, the more mainstream periodicals examined them within the broader



While inflation was an obvious culprit, higher prices alone did not deter purchasing. After all, hamburger sales rebounded at McDonald's within a fiscal quarter, after the initial shock of McDonald's price increase subsided.<sup>11</sup> And although inflation negated part of the gains, retail sales did jump 12% from May 1972 to May 1973.<sup>12</sup> The answer lay in a new attitude toward consumerism, a "new breed of consumers."<sup>13</sup>

Reflecting the lower birth rate, consumers in the 1970s concentrated on adult purchases. Overall, they preferred more casual or simplistic designs and materials, and increasingly evaluated the environmental impact of their purchasing apart from the products' inherent uses. Conditioned by affluent childhoods, they tended to expect immediate gratification, were skeptical about commercial advertisers' product claims, and preferred individually oriented do-it-yourself projects to commercially standardized products and services.<sup>14</sup>

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parameters of American society and culture.

<sup>11</sup>Ray Kroc with Robert Anderson, Grinding It Out: The Making of McDonald's (Chicago: Henry Regnery Co., 1977; reprint, Chicago: St. Martin's Paperbacks, 1987), 158-59. Page references are to the reprint edition.

<sup>12</sup>U.S. News & World Report, "Buying Spree By Shoppers is Slowing Down," 25 June 1973, 60.

<sup>13</sup>U.S. News & World Report, "A New Breed of Consumers Will Be Calling the Turn," 14 July 1975, 19-20.

<sup>14</sup>Ibid.

Increasingly freed from the Cold War imperatives of consumerism, Americans in the 1970s groped toward a "new functionalism" in their purchasing. The stalwart advertising themes of the 1950s, characterized by words like "new, improved, modern, young, fresh, bold, and pace-setter" were hackneyed and suspect by the 1970s.<sup>15</sup> Americans no longer equated their personal consumption with the modernity of their nation. The sleek designs of the pre- and postwar industrial designers seemed unnatural and ostentatious three decades later. Although the products of the 1950s were heralded as the peak of efficiency in their own heyday, efficiency in the 1970s was redefined along simplistic and casual, rather than formal, lines of design and use.<sup>16</sup>

McDonald's fared surprisingly well under the new constraints of 1970s consumerism. The negative connotations of standardization were offset by several positive values that McDonald's offered. Its limited menu promised simplicity; its new interior seating provided casual dining; its longstanding emphasis on cleanliness and service was still equated with efficiency; and its gradual reorientation away from suburbs to urban areas produced more adult-oriented decor and demeanor. But McDonald's also needed to change to keep pace with the expectations of its increasingly sophisticated adult customer base. The garish

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<sup>15</sup>Ibid., 19.

<sup>16</sup>Ibid.

red and white tiled buildings gave way to wooden shingled roofs and the menu, while still limited, increasingly offered adult sandwiches such as the Big Mac, Filet o' Fish, and McChicken entrees. Noticeably absent from the new definitions of consumerism, however, were children.

Children had provided the practical thrust for the massive consumer spending in the two decades following World War II. Children's needs and desires created or reinvigorated scores of products and industries, from diapers to toys, housing to automobiles. Purchases made by the children themselves enriched motion picture studios and pioneer radio and television sponsors, and were widely analyzed and predicted by a dozen different child marketing firms. But the consumer market changes between 1950 and 1970 were so pronounced that the wealth of articles on child and youth consumerism that flooded periodicals in the 1950s and 1960s became a trickle of essays by the mid-1970s.<sup>17</sup> Children as a dynamic force in the economy were rediscovered only after the baby boomlet in the mid-to-late 1980s, when the young children's market was myopically hailed as a new

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<sup>17</sup>A look at the Reader's Guide to Periodical Literature confirms this. Throughout the 1950s and 1960s, periodicals from mainstream general interest ones to business trade publications examined the burgeoning children's market and how meeting the needs of children had redefined American consumerism. As early as 1970, however, and throughout the 1970s, few articles appeared on child consumerism, *per se*. The bulk of the new child articles revolved around television viewing habits and cereal consumption's relationship to poor nutrition.

and previously untapped market. In reality, it was the resurgence and expansion of the earlier market that had flourished after World War II.

While children's demographic strength directly affected their economic clout (and level of interest by magazine editors), children were not wholly disenfranchised from the economy. While the culture no longer revolved around their consumer whims, marketers were anxious to secure whatever remained of the children's market. McDonald's was in an especially good position to do this. It already had a marketing advocate in Ronald McDonald, who enjoyed a 97% recognition factor among American youngsters. And the steady diet of McDonald's commercials combined with the 1970 introduction of the McDonaldland storyline and setting gave McDonald's an enviable lead in the children's market.

Competitor Wendy's only nominally tried to reach children. Named after founder Dave Thomas' daughter, Wendy's never anthropomorphized its little girl logo, and did not offer a "fun experience" to young patrons. While the standardization of McDonald's made ordering easy for young children--all hamburgers came with pickles, onions, ketchup, and mustard--the element of choice at Wendy's made it difficult for youngsters to place their own food orders. Burger King, who had always competed with McDonald's for the family market but had fallen short in the efficiency, consistency, and quality it offered, belatedly followed

Ronald McDonald into the children's market with "Burger King." But Burger King was beset by a host of internal problems in the 1970s caused by a decentralized structure that allowed franchisees unchecked and nearly unlimited power over the corporation.<sup>18</sup> Concentration on internal restructuring while simultaneously protecting its number two spot from the aggressive onslaughts of Wendy's, prevented Burger King the mascot from being a serious challenger to Ronald McDonald. The ongoing efforts of Burger King and Wendy's to unseat McDonald's, however, coalesced into a series of "Burger Wars" in the early 1970s that reshaped the entire fast-food industry.

By 1969, the hundreds of independent drive-in and dine-in restaurants serving fast-food in America had coalesced into conglomerates of primarily local and regional chains. While true "Mom and Pop" drive-in restaurants still dotted the highways, especially in smaller towns or older neighborhoods, even their combined economic impact had become negligible when compared to the franchised chains. Further, the Darwinian nature of America's market economy made it inevitable that the national companies strongest in exposure, sales, and access to expansion capital would overtake the lesser-known or thinly capitalized local and regional chains. It was not a good time to be an small-

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<sup>18</sup>"Burger King Corporation," International Directory of Company Histories: Food Services and Retailers, ed. Lisa Mirabile (Chicago: St. James Press, 1990), 613-15.

scale, independent player in the fast-food business. Combined with ongoing fears of market saturation and recession, "the fast-food market [by 1970] collapsed like a soggy, overloaded paper cup."<sup>19</sup> Chain expansion and stock offerings "came to a near-total halt during the 1969-1970 bear market," with the first hints of recovery in the summer of 1972.<sup>20</sup>

Problems endemic to the fast-food industry did not totally account for the slowdown. Franchising, which for two decades had provided the panacea both for expansion-seeking companies and opportunistic entrepreneurs, had fallen flat by 1970. A March, 1970 Fortune article reported on the growing disillusionment of licensees, attracted by the franchisors' promises of instant wealth and the carnival hoopla of the franchise shows, who "sign up often without knowing quite what they've gotten into."<sup>21</sup> Lack of full disclosure laws and the power of franchisors to cut off licensees indiscriminately left franchisees vulnerable, disappointed, and clamoring for industry regulation.<sup>22</sup>

McDonald's fared much better than its competitors in

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<sup>19</sup>J. Anthony Lukas, "As American as a McDonald's Hamburger on the Fourth of July," New York Times Magazine, 4 July 1971, sec. 6, pp. 4-5.

<sup>20</sup>"Fast-Food Companies are Hot Again," BusinessWeek, 30 September 1972, 54-55.

<sup>21</sup>Charles G. Burck, "Franchising's Troubled Dream World," Fortune (March 1970): 117-18.

<sup>22</sup>Ibid., 148, 150.

the burger shakeout. It had a solid and respected reputation for its dealings with licensees and, unlike many other franchisors, could honestly point to dozens of owner/operators who had become millionaires working their franchises. Ray Kroc's well-publicized fanaticism for quality and consistency, as well as ongoing training through the 1961 creation of Hamburger University, also reassured prospective licensees. Finally, McDonald's real estate ownership of franchised units combined with its increasing number of corporate-owned stores provided it with tangible assets to access capital markets, a financing route often denied its competitors. Bolstered by tables of impressive sales growth and anecdotes of millionaire franchisees, Kroc's publicity campaign in the 1960s continued to bear fruit a decade later.<sup>23</sup>

A second round of intense national exposure in the early 1970s solidified McDonald's leadership role in the fast-food market. In addition to occasional articles in Fortune, Newsweek, and BusinessWeek, McDonald's benefitted from major stories in Forbes, Time, and the New York Times Magazine. The earliest of these, "As American as a McDonald's Hamburger on the Fourth of July," ran as the cover story in the July 4, 1971 issue of the New York Times Magazine. The article, not inconsequentially run on

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<sup>23</sup>"McDonald's Makes Franchising Sizzle," BusinessWeek, 15 June 1968, 102.

Independence Day, lauded Kroc as a "superpatriot" and canonized McDonald's as the "updated version of the American dream."<sup>24</sup> The magazine reiterated and legitimized the cultural myth of McDonald's as a wholesome, family-centered American restaurant. It contributed to McDonald's social legitimacy by reprinting a letter from an infantry soldier in Vietnam who claimed that "when we get back to the world, that will be our first act--going to McDonald's for a burger and a shake. . . ." <sup>25</sup> The tenor of the article equated McDonald's with Americanism and the symbolism of McDonald's as "home" was strong. While competitors' chains were failing under the weight of franchising disillusionment, inadequate financing, and uneven quality, Kroc was hailed as America's "Burger Mogul" by one of the most prestigious and influential newspapers in the country.<sup>26</sup>

In January, 1973, Forbes contributed to the publicity blitz with a cover story on Ray Kroc. In "For Ray Kroc, Life Began at 50, Or was it 60?" Forbes squarely placed McDonald's success on Kroc's personal perseverance and "fanatical attention to detail."<sup>27</sup> And, in September, 1973, Time ran its own testimonial to McDonald's in "The

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<sup>24</sup>Lukas, "American as a McDonald's Hamburger," 4-5.

<sup>25</sup>Ibid.

<sup>26</sup>Ibid.

<sup>27</sup>Forbes, "For Ray Kroc, Life Began at 50, Or was it 60?" 15 January 1973, 30.



Burger that Conquered the Country." It lauded McDonald's as the "quintessentially American operation: a computerized, standardized, premeasured, superclean production machine."<sup>28</sup> Although it aired the increasingly standard criticism about McDonald's nutritional value, it heartily reinforced the wholesome family image of McDonald's and credited Kroc with creating a "fast-food religion."<sup>29</sup>

McDonald's supplemented this free publicity with an intense advertising program, spearheaded by Needham, Harper, and Steer's creation of McDonaldland in 1970. McDonald's own market surveys indicated that in 1971, three out of four children decided where the family dined out, and with a dwindling child population, McDonald's sought to capitalize on its tradition of child loyalty and patronage.<sup>30</sup>

McDonald's deftly conquered the competition, in part, because its public relations firm, Cooper and Golin, diverted attention away from McDonald's successive wave of price increases and nutritional deficits in favor of emphasizing the enormity of McDonald's impact on American society. Their "burgers around the moon" strategy played up what could be done with the 7 billion hamburgers McDonald's had sold by 1971. They would fill over 2,000 jet airplanes,

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<sup>28</sup>Edwin Reingold, "The Burger that Conquered the Country," Time, 17 September 1973, 84-86.

<sup>29</sup>Ibid.

<sup>30</sup>Survey quoted in Lukas, "American as a McDonald's Hamburger," 4-5.

blanket the state of Illinois, or form thirteen rings around the earth. The ketchup and mustard together metaphorically filled the Mississippi River as McDonald's became a national food purveyor in the league of the U.S. Army and Navy.<sup>31</sup> The strategic sleight of hand worked. While dozens of competitors were failing and McDonald's itself raised prices several times, American children (and adults as well) were loyally humming the infamous "Twoallbeefpatties . . . ," Big Mac tongue-twister of 1975.

McDonald's strategy also impressed Wall Street. A 1975 Smith, Barney analysis cited McDonald's sales performance since 1969 as "extraordinary" and "dynamic." "In a real sense," Smith, Barney analyst Joseph Doyle asserted, "there is only one company that scores the highest in each of [the] characteristics for success--McDonald's."<sup>32</sup> McDonald's, Doyle continued, was unique in that, overall, it was unaffected by much of the economic troubles of the early 1970s. Although wholesale beef prices nearly doubled from 1972 to 1973--from \$.65 per pound in 1972 to \$1.15 in August, 1973--hamburger sales had increased, even in the wake of successive price hikes.<sup>33</sup> Gasoline shortages and rationing, which plagued highway-based hotel and hamburger

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<sup>31</sup>Ibid.

<sup>32</sup>Joseph J. Doyle, McDonald's Corporation, Company Report #32-75 (New York: Smith, Barney, 1975), 6.

<sup>33</sup>Ibid., 37.

chains such as Howard Johnson's and Hardee's, barely touched McDonald's, whose stronghold in the early 1970s was still suburban residential neighborhoods.<sup>34</sup> New minimum wage increases to \$2.00 in 1975 also did not affect McDonald's which, a year earlier, was already paying its crew \$2.05 hourly.<sup>35</sup>

Doyle did caution, however, against expecting McDonald's to continue its double-digit annual growth trend. The 1950s and 1960s smiled upon upstart entrepreneurs, but the consumer restraint of the 1970s, fueled by inflationary prices and fears of recession and job loss, required companies and investors to lower their growth expectations. Still, McDonald's ten-year growth curve topped that of Coca-Cola, IBM, Sears, Roebuck, or Walt Disney Productions.<sup>36</sup> Although Smith, Barney rated McDonald's favorably, other analysts warily predicted the saturation of the fast-food

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<sup>34</sup>Ibid., 17.

<sup>35</sup>Ibid. 37.

<sup>36</sup>Ibid., 1, 25, table XVII, p. 54. The growth analysis was based on annual earnings per share from 1964 through 1974 for the twenty-five largest "growth companies" in the U.S. One reason for McDonald's dominance, of course, was that McDonald's in the 1960s was intently focused on expanding its operations, as are all younger companies. As more mature companies, Sears, IBM, et al. underwent their initial bursts of expansion earlier in the century. An even younger company than McDonald's, Wendy's expanded from its first outlet in 1969 to 100 in 1975, to 2000 by 1980, an expansion rate that paralleled, if not exceeded, McDonald's. Stan Luxenberg, Roadside Empires: How the Chains Franchised America (New York: Viking/Penguin, 1985), 4; BusinessWeek, "The Fast-Food Stars," 60.

market. Even Doyle was somewhat concerned that McDonald's would have to substantially diversify its product line or spawn off subsidiary industries to combat what was seen as an inevitable oversupply of fast-food outlets.<sup>37</sup>

The twin concerns of inflation and recession, combined with saturation uncertainty, forced McDonald's to "press on" in the 1970s. But the 1970s also presented a more fundamental threat to McDonald's. McDonald's built its success upon catering to the needs of the postwar nuclear family. By the 1970s, however, McDonald's was faced with a dwindling number of families to which to market its products. Demographic shifts affected not only the number of children comprising the children's and family markets, but fundamental changes in the structure of family life struck at the core of McDonald's two parent, suburban, white, middle-class, child-centered market.

As late as 1971, America's mainstream magazines predicted a continuation, even expansion of the Baby Boom. Although the birth rate had steadily decreased throughout the late 1960s--the 1969 birth rate of 17.8 contrasted with the 19.4 figure for 1965--analysts were buoyed by the rate's 1970 rise to 18.4, matching the figure for 1966.<sup>38</sup> The rate seemed to be on the rise as Boomers reached adulthood.

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<sup>37</sup>Doyle, "McDonald's Corporation," 19.

<sup>38</sup>U.S. Bureau of the Census, Historical Statistics, vol. 1, Series B 5-10, p. 49; U.S. Bureau of the Census, Statistical Abstract, 1992, table 80, p. 64.

Raised in larger families, the Boomers, it was assumed, would begin to raise families of their own. While "zero population growth" was cited as a theoretical goal, a healthy, or at least stable, population growth was important economically to sustain the market expansion of the previous decades.<sup>39</sup> But the new families that the Boomers created in the 1970s and early 1980s were both qualitatively and quantitatively different than their own families had been in the 1950s and 1960s.

In 1970, journalist and free-lance social critic Alvin Toffler published his paean to the twentieth century, Future Shock. Toffler had defined "future shock" in 1965 "to describe the shattering stress and disorientation that we [as a society] induce in individuals by subjecting them to too much change in too short a time. . . . It is the disease of change."<sup>40</sup> Families, in their role as social buffers, were inordinately vulnerable to the rapidity of change. Not only did the family absorb the impact of social change, a function it had long before the 1970s, but it was expected to do so as it, itself, underwent rapid and unprecedented change.<sup>41</sup>

Toffler was not alone in his concern. Although his

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<sup>39</sup>U.S. News & World Report, "Ahead for America--Biggest 'Baby Boom,'" 14 June 1971, 37.

<sup>40</sup>Alvin Toffler, Future Shock (New York: Random House, 1970), 4.

<sup>41</sup>Ibid., 211-12.

predictions that children would be reared by "professional," rather than biological, parents or that sanctioned, short-term, "serial" marriages would replace the idealized life-long union, never materialized, Toffler's critique was among the first to declare the ideal family of the 1950s to be dead.<sup>42</sup> While most generations lament changes in family structure--James Gilbert has shown that juvenile delinquency has been continually "rediscovered" by successive generations of parents--the family in the 1970s was popularly perceived to be on the verge of "a turbulent era of experimentation and change."<sup>43</sup>

Gloria Steinem preached female independence and initiative in Ms. magazine, Paul and Anne Ehrlich in The End of Affluence encouraged families to limit childbearing to preserve scarce environmental resources, and even renowned anthropologist Margaret Mead lamented that Baby Boomers were a culturally isolated generation, disinherited from the value structure of their parents by rapidly changing technology.<sup>44</sup> Lower marriage and birth rates, and

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<sup>42</sup>Ibid., 215-17, 222-24.

<sup>43</sup>James Gilbert, A Cycle of Outrage: America's Reaction to the Juvenile Delinquent in the 1950s (New York: Oxford University Press, 1986), 3-4; U.S. News & World Report, "The American Family: Can It Survive Today's Shocks," 27 October 1975, 30-43.

<sup>44</sup>In addition to founding and editing Ms., Steinem's feminist writings included numerous essays from the late 1960s to early 1970s in New York magazine, and a compilation of essays in Outrageous Acts and Everyday Rebellions (New York: Holt, Rinehart and Winston, 1983); Paul R. and Anne

escalating divorce rates were symptomatic of broader cultural trends, the critics maintained. And the changes were as much attitudinal as numerical.

The popular image of the 1970s and 1980s was of an America in which many refused to grow up, defined--following a 1950s template--as marrying, starting a family, holding a steady job, and taking an interest in the community. The permissive child-rearing practices, born of the middle-class affluence of the 1950s and 1960s, came back to haunt Americans as even Dr. Benjamin Spock was criticized for helping to create a generation of youth accustomed to immediate gratification devoid of individual initiative and responsibility.

No doubt the critics glamorized and romanticized the 1950s family, holding American families in the 1970s and early 1980s to a cultural standard that was more myth than reality. In The Way We Never Were: American Families and the Nostalgia Trap, Stephanie Coontz shattered the rosy picture of family life in the 1950s, and dethroned its use as a normative reference point. Coontz wrote,

Beneath the polished facades of many "ideal" families, suburban as well as urban, was violence, terror, or simply grinding misery that only occasionally came to

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H. Ehrlich, The End of Affluence (New York: Ballantine Books, 1974); Margaret Mead, Culture and Commitment: A Study of the Generation Gap (Garden City, NY: Natural History Press/Doubleday & Company, 1970), 78-85.

light.<sup>45</sup>

Child abuse, chronic alcoholism, denial of ethnic and racial diversity, and subjugation of women's rights to a masculine-defined cultural imperative betray the romanticized "Ozzie and Harriet" image of the 1950s family. Although Coontz conceded that many Americans had happy memories of their 1950s families, the cultural contradictions of the era nonetheless rendered the myth inadequate for gauging more recent patterns of family life.<sup>46</sup> "Contrary to popular opinion," Coontz concluded, "'Leave It to Beaver' was not a documentary."<sup>47</sup>

Even without the rose-colored blinders, it was obvious to McDonald's that their traditional family market had shifted out of cultural focus. The suburban sprawl that had spawned McDonald's growth throughout the 1950s and 1960s was not only economically, but culturally challenged in the 1970s. Environmental and zoning restrictions on large tract developments, shortages of natural gas and petroleum for home heating and car fuels, and local ordinances that required developers to provide community infrastructure in the vein of William Levitt's earlier successes, all combined

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<sup>45</sup>Stephanie Coontz, The Way We Never Were: American Families and the Nostalgia Trap (New York: Basic Books, 1992), 35.

<sup>46</sup>Ibid., 29-38.

<sup>47</sup>Ibid., 29.



to impede new subdivision development.<sup>48</sup>

More troublesome to McDonald's, which had relied upon skyrocketing suburban growth for its own double-digit annual growth rate, was a cultural disenchantment, even disillusionment, with suburbia. Parochial anti-growth sentiment lobbied for suburban containment at the same time as more Americans began to question the core value of living in culturally isolated communities that failed to represent the diversity of the real world.<sup>49</sup> In A Sort of Utopia: Scarsdale, 1891-1981, Carol A. O'Connor showed how the idealized and envied middle-class suburb of Scarsdale, New York, became perceived by the 1970s as a haven for the economically intolerant and culturally impotent. Herself a product of a Scarsdale upbringing, O'Connor claimed that, by the 1970s, "instead of a symbol of American achievement, Scarsdale had become a symbol of America's faults."<sup>50</sup>

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<sup>48</sup>U.S. News & World Report, "Home-Building Boom Hits Snags in Suburbs," 16 October 1972, 39-41.

<sup>49</sup>Historian Bennett Berger pointed out that American suburbanization was never as homogeneous as critics maintained. Working class suburbs, often supported by a large hometown manufacturing plant, as well as once independent towns that were eventually co-opted by aspiring suburbanites also played a substantial role in American suburbanization. Bennett Berger, Working Class Suburb: A Study of Auto Workers in Suburbia (Berkeley, CA: University of California Press, 1960), 4-11. Urban renewal in the 1970s, however, challenged more the homogeneity of the post-World War II, WASP, middle-class suburb than it did these earlier and inherently more diverse suburban forms.

<sup>50</sup>Carol A. O'Connor, A Sort of Utopia: Scarsdale, 1891-1981 (Albany, NY: State University of New York Press, 1983), 213.

Correlative to suburban redefinition in the 1970s was a new attitude toward America's cities.

Urban renewal was belatedly rediscovered in the late 1960s and 1970s, empowered by an organizational ethos that sought to localize urban political power in individual neighborhoods, rather than in state or federal legislatures.<sup>51</sup> Not a novel idea--organized community development dated to the late nineteenth century--neighborhood activism in the 1970s and 1980s became mainstreamed and provided urbanites with an alternative to suburban flight. Zoning, block grants, and gentrification had refurbished the tarnished image of the city, making it a viable alternative to suburbia. With an escalating emphasis on adult living patterns, large backyards, four-bedroom homes, and garage space for two or three cars were not only unnecessary, but squandered valuable time, money, and energy. In a decade of environmental sensitivity and gas rationing, living closer, rather than farther, from work was preferred. And the social diversity of the city became, in itself, a draw, much as the homogeneous isolation of the

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<sup>51</sup>A good analysis of the neighborhood movement is Robert Fisher, Let the People Decide: Neighborhood Organizing in America (Boston: Twayne Publishers, 1984). Although Fisher questionably included the Vietnam era groups, Students for a Democratic Society (SDS) and the Student Nonviolent Coordinating Committee (SNCC), as neighborhood organizations, his insight that neighborhood activism was shaped by the socio-economic needs of its residents, and thus can be either conservative or radical depending on time and place, is noteworthy.

suburbs were two decades earlier.

As children and suburbia fell out of focus, McDonald's broadened its target audience to include not only families, but commuters, older adults, and, reaching farther back into its history, teenagers. Kroc had counted church steeples, schools, and station wagons in the 1950s for his upcoming units, but the importance of those institutional markers waned as the myth of the 1950s was increasingly scrutinized and found lacking. Integrally tied to the culture of the 1950s, McDonald's and its own myths became similarly vulnerable.

Although McDonald's benefitted from The New York Times Magazine and Time articles, as well as popular sentiment surrounding its sponsorship of the Ronald McDonald Houses and corporate philanthropy programs, the very core of the "McDonald's Experience" became suspect by the early 1980s. As McDonald's units saturated the American landscape, the cultural legitimacy of McDonald's was questioned, a novel problem for the corporation, but foreseeable given Kroc's expectations of McDonald's institutional role in American society. The sheer existence of the issue attested to McDonald's success, much as it had for Sears, Roebuck and Howard Johnson's. As McDonald's became a recognizable cultural landmark, it endured a social and cultural scrutiny spared Burger King, Wendy's, or Kentucky Fried Chicken. McDonald's became the archetype for a host of cultural

issues: standardization, domestic consumerism, convenience, and efficiency among them. Indeed, while hypothetically dissecting the cultural impact of a Wendy's seemed trivial, a similar assessment of a McDonald's yields unexpected understanding of how children and families organized their daily lives. McDonald's was that distinct among its competition.

Theodore Levitt's well-known study of McDonald's as an example of the brilliant integration of automation and human technologies defined the original parameters for analyzing McDonald's role in American life. The parameters, however, were quickly breached as McDonald's influence became as obviously cultural as technical. While the broader implications of the "McDonaldization" of American life were still more than a decade distant, concrete contradictions in McDonald's marketing message were already evident by the 1970s and early 1980s.<sup>52</sup>

In its transformation from a regional California chain to national dominance, McDonald's inevitably made concessions of individuality, nutrition, cultural heterogeneity, and consumer innocence. That realization is neither surprising nor necessarily pernicious for a corporation obsessed with rapid expansion. But McDonald's

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<sup>52</sup>George Ritzer, The McDonaldization of Society (Newbury Park, CA: Pine Forge Press/Sage, 1993). Ritzer's comprehensive study of the United States as a "McDonaldized" society, expanded from an article written in 1983, gets a full hearing in the last chapter.

case was different. McDonald's consciously, even self-consciously--the refinement reflects McDonald's acute awareness of its actions--created an image of itself as wholesome, echoing the idealized image of the 1950s. And, overall, McDonald's has fared quite well at sustaining the myth, provided it was not scrutinized too closely.

On the inside, McDonald's frequently lamented the "reality gap," that is, the difference between the public perception of McDonald's and the reality of actually eating a meal there. This perceptual distortion was especially egregious for children, who were told that McDonald's was Ronald's "house," with all the attendant connotations, yet arrived to find only a harried teenager impatient to take their money, end the shift, and go home. The "McDonald's Experience," widely touted in both its juvenile and adult advertising, was miniaturized into a hectic scramble to find seating, feed the children, and rush out. Whatever "Experience" remained had to be compressed into the average twenty-minute stay, barely long enough for children to finish fidgeting with their food and eat. McDonald's inability to deliver what it really peddled--social stroking--pointed to a fundamental flaw in its myth and created the reality gap so distressful to McDonald's insiders.

In the 1970s, the gap was merely a crack, uncovered only after the cultural debris of the 1950s had been

stripped away and analyzed. Its existence, however, only made McDonald's more adamant in perpetuating the myth, using the cultural arsenal of saturation advertising and image enhancement. At stake was a vibrant, though numerically weakened, children's market that had ignited McDonald's growth and without which McDonald's risked becoming just another fast-food restaurant, void of wider loyalties or significance. Despite demographic and social fluctuations, children and families formed the core principle of McDonald's existence, a passionate belief uncharacteristically shared by both Ray Kroc and the McDonald brothers. To recapture the myth, McDonald's called upon one of the most popular child institutions of the 1950s: the Boy Scouts.

## CHAPTER 8

### ADVERTISING BLITZ

Each McDonald's TV commercial should strive to capture the "magic moment". . . that little moment that tugs at your emotions, and makes you laugh, or feel a warm empathy towards the commercial. It's the moment that separates McDonald's advertising from all the others.<sup>1</sup>

Ray Bergold, McDonald's Corporation

McDonald's profitability, success, and long term cultural significance rested upon the continued reinforcement of its wholesome family image. In 1967, McDonald's sponsored the World Boy Scout Jamboree telecast, hosted by cinema icon Jimmy Stewart. Stewart's own boyish image combined with the obvious value overtones of the Boy Scouts made sponsorship a "natural . . . [which] created unique local public relations opportunities."<sup>2</sup> While McDonald's no doubt benefitted directly from the commercial spots aired during the Jamboree, it more importantly

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<sup>1</sup>Ray Bergold, McDonald's Assistant Vice President for Advertising and Promotion, to Advertising Managers, Owner/Operators, and Operators' National Advertising Fund (OPNAD) members, 1978, in "Golden Arches Code," McDonald's Corporation Archives, 7.

<sup>2</sup>McDonald's Corporation Annual Report, 1967, McDonald's Corporation Archives, 5.

parlayed the sheer fact of sponsorship into public relations currency among hundreds of local troops across America.<sup>3</sup>

It was McDonald's marketing at its best: a generous, but efficient use of advertising dollars that paid double, even triple, dividends. And, in 1967, it merely foreshadowed what was to come.

In 1967, McDonald's spent \$3.5 million on network television advertising; five years later, the amount skyrocketed to \$40 million; and by 1985, it reached an ethereal \$1.1 billion, reflecting a full 6.3% of systemwide sales.<sup>4</sup> Ironically, the rate of increases were not uncharacteristically impressive, since throughout the 1980s McDonald's had historically spent over 6% of sales annually on advertising. What the advertising figures really testified to was the phenomenal financial and physical growth of McDonald's during the 1980s, a growth directly attributable to television advertising.<sup>5</sup>

Television matured McDonald's. It gave it a national presence and reinforced the crucial importance of menu and image standardization. Through the 1967 creation of the Operators' National Advertising Fund (OPNAD), McDonald's

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<sup>3</sup>"McDonald's Newsletter" (May 1967), McDonald's Corporation Archives.

<sup>4</sup>McDonald's Corporation Annual Report, 1967, 5; McDonald's Corporation Annual Report, 1972, np; McDonald's Corporation Annual Report, 1989, 30.

<sup>5</sup>McDonald's Corporation Annual Report, 1984, 29; McDonald's Corporation Annual Report, 1989, 30.



operators cooperatively pooled advertising dollars within a formalized structure unmatched by the competition. The result was a unilateral victory for McDonald's in the recurring wave of "burger wars" throughout the 1970s and 1980s and a growing realization that McDonald's was culturally something more than a fast-food restaurant.

McDonald's commitment to television had other ramifications. It cemented Ronald McDonald's relationship with his young audience, though at a cost. In its focused targeting of children, McDonald's was swept into the barrage of rhetoric between commercial sponsors and anti-television lobbyists best exemplified by Peggy Charren's Action for Children's Television (ACT). With young children watching over three hours per day, the distinction between reality and fantasy could easily become challenged or compromised.<sup>6</sup> And the fantasy world of McDonaldland included not only real children, but a continually expanding ensemble of menu-identifiable characters such as the "Fry Kids," the "Happy Meal Guys," and the "McNugget Buddies."<sup>7</sup>

Distressing to McDonald's, the combined expansion and intensity of its child marketing triggered a national outcry against the nutritional deficiencies of McDonald's menu.

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<sup>6</sup>Federal Trade Commission, Staff Report on Television Advertising to Children (Washington, DC: U.S. Government Printing Office, 1978), 27-29.

<sup>7</sup>McDonald's Customer Relations Packet (Oak Brook, IL: McDonald's Corporation, 1990), 9.

While the "All-American Meal" was unquestionably convenient and debatably tasty, it threatened to produce a generation of obese and nutritionally compromised children. And environmentalists' discomfort over McDonald's profligate use of paper and polystyrene packaging--exacerbated by the superfluous outer packaging of the children's "Happy Meal"--put McDonald's further on the offensive to maintain its wholesome image. It was McDonald's intensified exposure on television that made it a target for nutritionists, environmentalists, and anti-television lobbyists, yet it was ironically through television advertising that McDonald's daily recreated its images of wholesomeness and quality to combat the critics. That it could do the latter in the face of such determined opposition spoke both of the power of the medium and the savvy of McDonald's marketing message.

Beyond McDonald's, television advertising overall in the 1970s and 1980s heralded the magnification and sophistication of the children's consumer market. In 1955, direct purchases by children under 13 years old added a negligible blip to the American economy. In 1990, the children's consumer market approached \$75 billion, nearly 2% of the entire U.S. economy.<sup>8</sup> Obviously, much of this newer "kiddie market" was fueled by zealous parents eager to purchase the latest toy or videogame for their children, as

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<sup>8</sup>Peter Newcomb, "Hey, Dude, Let's Consume," Forbes, 11 June 1990, 126.

were earlier children's markets from the 1940s through the 1960s. But unlike those former incarnations, a healthy and respectable percentage reflected children's own independent purchases and increased direct economic influence over their families' discretionary incomes.<sup>9</sup> Television in the 1970s and 1980s opened up consumer options for children, expanded their range of economic choices and outlets, and helped to routinize both direct child purchasing and children's purchasing influence. Combined with a baby boomlet in the late 1980s, the proliferation of dual career households and the commensurate rise of increased childhood independence, the advertising saturation on children's television programming thrust the children's consumer market from its 1970s malaise into full throttle during the later 1980s. For McDonald's, which had firmly recommitted itself to the children's market despite its demographic downturn of the 1970s, the decided uptick in 1980s child consumerism both validated its corporate strategy and ensured its unqualified lead in capturing a new generation of American consumers.

The beginnings of McDonald's intensified exposure to children coincided, and directly benefitted from, the 1967 creation of OPNAD. Through membership in OPNAD, individual licensees could collectively pool advertising dollars--initially set at 1% of gross sales--and purchase television

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<sup>9</sup>Ibid., 126-28.

air time independent of the parent corporation.<sup>10</sup> While McDonald's continued to orchestrate the actual production of its commercials, OPNAD dollars were spent on local, regional, and national buys to increase overall exposure of the McDonald's name. It was a cooperative rather than competitive effort, made possible first by the lucrative revenues that individual units were producing by the late 1960s and then by the corporation's standardization ethos, which allowed for undifferentiated advertising. Burger King, which as late as 1972, still only produced two-thirds the "sales-per-store" figures as McDonald's, was plagued by maverick operators, inconsistent quality, and internal chaos in the late 1960s and was thus unable to match OPNAD's advertising clout.<sup>11</sup>

The roster of OPNAD members swelled to over 90% of all McDonald's owner/operators by May, 1967.<sup>12</sup> The focus quickly centered on network advertising, with OPNAD regularly purchasing time for nationally run or syndicated

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<sup>10</sup>"McDonald's Newsletter" (February 1967), McDonald's Corporation Archives. While financially independent of the corporation, OPNAD still operated within guidelines established in Oak Brook.

<sup>11</sup>Daryl D. Wyckoff and W. Earl Sasser, The Chain-Restaurant Industry (Lexington, MA: D.C. Heath, 1978), table I-21, p. 52. A typical barometer of overall chain profitability is "sales per store" for units opened at least one year. McDonald's has historically led its fast-food competitors under this standard, primarily because McDonald's initial training programs jumpstart new units.

<sup>12</sup>"McDonald's Newsletter" (May 1967), McDonald's Corporation Archives.

shows that appealed to McDonald's targeted family audience. Examples of these shows throughout the 1970s and 1980s included "The Brady Bunch," "Little House on the Prairie," the "Waltons," and, unsurprisingly, "The Wonderful World of Disney."<sup>13</sup> In effect, OPNAD doubled, though not duplicated, the corporation's own advertising, which was increasingly refocused to sponsoring major telecasts, holiday sporting events and parades, and comedy and dramatic "specials."

McDonald's emphasis on advertising was not novel to the late 1960s. A clause in Ray Kroc's original franchising agreement with Dick and Mac McDonald mandated that Kroc expend a minimum of \$10,000 annually on advertising. In his own contract with licensees, Kroc required operators to set aside 2 1/2% of gross sales for advertising, a modest amount compared against the 4% of gross that the most successful licensees spent.<sup>14</sup> The February, 1960 edition of "McDonald's Newsletter" hyped the value of advertising, calculating that licensees who spent \$300 per month per unit could realize a quick and impressive 30% increase in

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<sup>13</sup>"McDonald's Newsletter" (June 1973); (February 1976); (September 1980), McDonald's Corporation Archives.

<sup>14</sup>"Franchise Agreement Between Richard and Maurice McDonald and Ray Kroc," 19 August 1954, McDonald's Corporation Archives; "McDonald's Newsletter" (February 1960), McDonald's Corporation Archives.

business.<sup>15</sup> Although convenience and quality were undoubtedly factors, what kept McDonald's name, rather than rivals White Castle, Burger King, or Burger Chef, in front of parents and youngsters was McDonald's dogged pursuit of radio and television air time.<sup>16</sup> Licensees pledged advertising money to OPNAD, above and beyond the 2 1/2% contractually required by Kroc, because the air buys produced quick and tangible results, especially in the venue of children's programming.

One of the first purchases made by OPNAD was on Saturday morning children's cartoons. Bought in eight week increments, OPNAD purchased air time on the three major networks--CBS, NBC, and ABC--and sponsored their respective hits, "Underdog," "The Flintstones," and "Bugs Bunny," among many others.<sup>17</sup> OPNAD took over cartoon sponsorship from the corporation, which had ventured into Saturday morning

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<sup>15</sup>"McDonald's Newsletter" (February 1960), McDonald's Corporation Archives.

<sup>16</sup>Understandable given the state of television technology and use, McDonald's, in the early 1960s, stressed and encouraged radio, not television, spot buys as the most efficient use of advertising dollars. In 1965, McDonald's purchased its first network buy in co-sponsoring the Macy's Thanksgiving Day Parade and formally unveiling Ronald McDonald. Although individual units still frequently purchased radio time for local ads, and the corporation continued to issue guidelines and sample scripts for radio messages, all nostalgia for corporate radio advertising was quickly dropped in favor of television. "McDonald's Newsletter" (April 1962); "McDonald's Marketing Manual, 1971-1973," sample spot scripts.

<sup>17</sup>"McDonald's Newsletter" (February 1967), McDonald's Corporation Archives.

commercials in the summer of 1966 after its success at co-sponsoring the Macy's Thanksgiving Day Parade the previous autumn.<sup>18</sup> Advertising time was competitive, thus expensive, and pitted McDonald's as the newcomer against veteran toy and cereal manufacturers which led in Saturday morning sponsorship.<sup>19</sup> With one-third of their sales influenced by children, McDonald's predominant advertising goal in the late 1960s and early 1970s was to create an image and a presence in the children's market. Thus, it was willing to compete for the airtime. This is underscored by the fact that the bulk of McDonald's corporate network advertising was committed to the children's consumer market, leaving local units to pierce the adult fast-food segment.<sup>20</sup> In a six-week period from January to March, 1968, OPNAD sponsored 44 spots on Saturday morning cartoons,

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<sup>18</sup>"McDonald's Newsletter" (August 1966); "McDonald's Chronological Report," 12 December 1990, McDonald's Corporation Archives, 23. McDonald's purchased one-quarter sponsorship of the parade, a risky investment given McDonald's corporate inexperience at network advertising.

<sup>19</sup>"Advertising, Marketing Reports on the 100 Top National Advertisers," Advertising Age, 18 August 1975, XX. Citing 1973 and 1974 figures, Advertising Age ranked McDonald's as the 39th largest national advertiser, behind food giants Kraft, General Mills, General Foods, Nabisco, and Ralston Purina. In terms of television spot advertising, however, McDonald's ranked 6th, ahead of General Mills and Coca-Cola.

<sup>20</sup>"McDonald's Newsletter" (August 1966), McDonald's Corporation Archives.

compared with only 22 prime-time, or evening, spots.<sup>21</sup> And in the autumn of 1968, McDonald's estimated that 183 million viewers saw the 52 minutes of McDonald's commercials aired in a typical four-week period. Echoing their current advertising jingle, the McDonald's Newsletter boasted in December, 1968, "Just about everyone who watches T.V. will get the point that 'McDonald's is your kind of place.'"<sup>22</sup> And the point was especially directed at children.

Part of the reason that McDonald's so intensely targeted the children's market was elementary economics. Saturday morning airtime, while competitive, was still significantly less expensive than prime-time advertising. It simply delivered a greater return on investment. In its Spring buys for 1969, OPNAD purchased 29 minutes of prime-time spots on CBS and ABC for a total cost of \$1 million. McDonald's estimated that the spots would reach an adult audience of 832,000 over several weeks. But for \$838,000, OPNAD purchased a full fifty-two weeks of children's advertising, reaching over one million ongoing viewers through a total of 175 minutes of advertising spots.<sup>23</sup> For Ray Kroc, who firmly believed that advertising and

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<sup>21</sup>"McDonald's Newsletter" (January 1968), McDonald's Corporation Archives.

<sup>22</sup>"McDonald's Newsletter" (December 1968), McDonald's Corporation Archives.

<sup>23</sup>"McDonald's Newsletter" (March 1969), McDonald's Corporation Archives.



promotion equalled an investment, rather than an expense, the children's market yielded impressive dividends, especially when saturated with Ronald McDonald commercials.

Ronald spearheaded McDonald's television marketing to children. In 1983 alone, the clown starred in 55 different commercials aimed at youngsters aged two to nine. That same year, he made more than 5,700 personal appearances and, according to McDonald's calculations, was recognized by more than 25 million children.<sup>24</sup> Throughout the 1970s, Ronald appeared in football, baseball, and basketball uniforms and told children "This is the place to go after the game . . . or whenever you play up a big appetite."<sup>25</sup> He was a magician, an artist, a bandleader, and a moon explorer. He told children that "Everybody's heading for McDonaldland," and that "Nobody can resist these delicious McDonald's hamburgers," and, again and again, "Come on over to my house."<sup>26</sup> Most of the commercials ended with Ronald and friends adjourning to McDonald's for a meal, yet, ironically, the commercials never showed Ronald explicitly purchasing any food. Like everything else about the clown,

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<sup>24</sup>"McDonald's Newsletter" (October 1983), McDonald's Corporation Archives.

<sup>25</sup>"McDonald's Marketing Manual, 1969-1973," Children's Television Advertising, 1969, Commercial #220-MCD-60R.

<sup>26</sup>"McDonald's Marketing Manual, 1969-1973," Children's Television Advertising, 1969, Commercial #274-McD-60; "McDonald's Commercials," tape 1, Counter 800, 1643, McDonald's Corporation Archives.

the appearance of the food was magical.

The basic facts of consumerism never made it into McDonald's commercials for children. Though Ronald consumed hamburgers, he was not a consumer in the economic sense of exchanging dollars for products. Although many McDonald's units had a stool for youngsters to stand on in order to reach the counter and order their own meals, McDonald's commercials never showed children actually placing an order. While McDonald's obvious underlying goal was to produce a nation of hamburger-hungry preschoolers, its overt strategy de-emphasized explicit consumerism in favor of nurturing a personal loyalty between the children and Ronald McDonald.

McDonald's goal was to create brand recognition not so much for themselves as for their mascot, Ronald McDonald. In a late 1970s commercial, McDonald's boasted, "Nobody can do it like Ronald can," quietly substituting "Ronald" for the word "McDonald's," which is how the advertisement ran for adult viewers.<sup>27</sup> Ronald was billed as children's "McFavorite Clown,"--perpetuating the "McLanguage" gimmick originally created by McDonald's public relations firm, Cooper and Golin--who was the "McFriendliest, McFunniest and McWackiest."<sup>28</sup> The entire advertising campaign seemed predicated on nurturing children's love for Ronald; the presence of hamburger, shake, or french fry products in the

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<sup>27</sup>"McDonald's Commercials," Counter 1690.

<sup>28</sup>Ibid.

commercials were incidental.

Beyond friendship, Ronald McDonald offered children a host of product-based and character-related premiums to further entice children to choose McDonald's. A premium, claimed McDonald's "Marketing Manual," "rewards [customers] for buying a product they normally wouldn't purchase."<sup>29</sup> Premiums have traditionally kept the advertiser's name in front of the customer and, understandably, the most common premium McDonald's used with children was toys. Ronald McDonald's banks, puppets, dolls, autographed pictures (again, reinforcing the reality of Ronald), window decals, pencil cases, clocks, folders, and so on were all either complimentary premiums or nominally priced products designed to attract children.<sup>30</sup> McDonald's most obvious premium gimmick, of course, was the Happy Meal, targeted at children aged two through nine and billed as "Food and Fun in a Box."<sup>31</sup> Composed of a hamburger, fries, soft drink, and toy premium, the Happy Meal was a simple to order, prepackaged meal for children.<sup>32</sup>

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<sup>29</sup>"McDonald's Marketing Manual, 1969-1973," McDonald's Corporation Archives, 1.

<sup>30</sup>Ibid., 1-3.

<sup>31</sup>"McDonald's Newsletter" (April 1979), McDonald's Corporation Archives.

<sup>32</sup>"McDonald's Newsletter" (May 1979), McDonald's Corporation Archives, 10. Initially, the Happy Meal also included several complimentary cookies -- a practice later discontinued. While the original meals were limited to hamburgers and fries, more recent versions offer Chicken

McDonald's first tested the Happy Meal in the summer of 1979, with the goal of increasing customer counts by 2% and product sales by an aggressive 10%. Citing research that children were a "major influence" on where to eat 50% of the time and of "some influence" 75% of the time, McDonald's justified the Happy Meal's net cost per meal of five cents. For an expenditure of a nickel, due to the additional costs of the Happy Meal's exterior paper packaging and premium, McDonald's was able to manipulate the children's market to fuel an anticipated 10% rise in sales.<sup>33</sup>

While McDonald's figures on the tangible influence of child consumers were obviously imprecise--the percentages that the corporation cited varied from 20% to 50% or more, as the above illustrates--McDonald's was forcefully committed to targeting and encouraging child consumer behavior in children as young as two years old. While many major toy manufacturers offered toddler or preschool lines of products, the items were primarily marketed to parents and grandparents, not the youngsters themselves. Not only did children that young lack a weekly allowance, considered a prerequisite to independent child consumer behavior, but they were deemed incapable of distinguishing either between differing products or between television shows and the

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McNuggets, carrot sticks, applesauce, corn-on-the-cob, and junior sized milkshakes.

<sup>33</sup>Ibid.

commercials which sponsored them. McDonald's, however, risked presenting the incomprehensible to its very young viewers and, in the process, proved that even among children who can barely talk, brand recognition can be created and manipulated. Parents and child advocates quickly realized it, too.

Although the debate between sponsors and child advocates currently centers around fast-food and child marketing, this was not always the case. Indeed, it was the cereal manufacturers, which plugged their sugar-laden brands Saturday mornings and weekday afternoons, that bore the brunt of the assault. But with the exception of Kellogg's "Tony the Tiger" and "Toucan Sam," most cereals did not rely heavily upon the advertising draw of a personified mascot. And although the tiger and pelican were anthropomorphized, they lacked the empathy, playfulness, and camaraderie of Ronald McDonald. They also rarely made it off their respective commercials or cereal boxes, while Ronald frequently scampered down hospital corridors, performed in magic shows and circuses, and entertained children in schools or scout troops. But parents did not necessarily object to Ronald's influence over their children, at least not immediately. The more pressing, and more tangible, problem was the nutritionally questionable products that Ronald peddled.

In June, 1990, the Washington Post conducted a

telephone survey of one thousand randomly selected adults nationwide. Of the sample, 48% consumed fast-food meals at least once per week. Speed and convenience were cited as the most determining factors in selecting fast-food, with less than 1% of respondents choosing fast-food for its nutritional value. Rather, 47% had actually curtailed their consumption of fast-food specifically because of nutritional concerns.<sup>34</sup> When asked specifically about McDonald's, 76% of respondents verified that they had eaten there within the last six months, with less than half believing that all fast-food was of similar nutritional quality. Twenty-eight percent actually believed that McDonald's menu was less nutritious than its competitors' products.<sup>35</sup>

The results were disheartening to McDonald's. Since the early 1970s, when McDonald's first became sensitive to the nutritional criticisms of its products, the corporation had launched extensive public relations campaigns and expedited internal new product development to convince

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<sup>34</sup>Richard Morin, "Poll Shows Convenience is What Counts," Washington Post, 27 June 1990, sec. E, 1. The survey was conducted between June 8-12, 1990 by the ICR Survey Research Group, Media, Pennsylvania. The 47% who claimed to have stopped eating at fast-food restaurants also included a surprisingly high 8% who claimed to have never eaten fast-food.

<sup>35</sup>Ibid. To the question, "Is McDonald's more or less nutritious [than other fast-food restaurants], the respondents replied:

More - 14%	Same - 45%
Less - 28%	Don't Know - 13%

There does not appear to be a clear consensus on this point.

customers of its nutritional sincerity and worth. It had no choice. Like many other food retailers, especially those which heavily advertised and promoted products to children, McDonald's was the target of extensive investigation into how its products were allegedly polluting children's eating habits and health.

In 1978, Action for Children's Television (ACT) commissioned a study analyzing food advertising messages specifically directed at children and aired during children's prime viewing hours. Of 293 commercials analyzed over a one week period in June, 1978, authors F. Earle Barcus and Lucille McLaughlin singled out 59 individual spots advertising fast-food, for a total of 20% of all ads directed at children for the test period.<sup>36</sup> While the percentage may seem small, only two companies sponsored those advertisements: McDonald's and arch-rival, Burger King. McDonald's aired 36 commercial messages in that week, for a total of 23.5 minutes of actual airtime. Burger King had 23 spots for a significantly fewer 14.5 total minutes of exposure.<sup>37</sup> Nutritionists did not

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<sup>36</sup>F. Earle Barcus and Lucille McLaughlin, Food Advertising on Children's Television: An Analysis of Appeals and Nutritional Content (Boston, MA: Action for Children's Television, 1978), 62.

<sup>37</sup>Ibid. The difference in airtime reflected both the fewer commercials that Burger King aired as well as the shorter length of its spots. In the test period, Burger King ran only six 60 second spots, compared to McDonald's eleven. Additionally, Burger King aired seventeen 30 second ads, compared to McDonald's twenty-five 30 second spots.

necessarily disagree with the number of commercials aired; rather, they were alarmed at the high calorie, high fat diet that the advertised food represented.

In 1978, a McDonald's hamburger, small order of french fries, and junior sized milkshake equalled 791 calories with 28 grams of fat. Of the 791 calories, 33% represented calories derived from the fat content of the meal. Burger King fared equally poorly, with 36% of the calories of its standard children's meal derived from fat. This was high compared to a 30% ceiling set by the U.S. Senate Select Committee on Nutrition and Human Needs.<sup>38</sup> While the overages were not excessive, Barcus and McLaughlin continued, the figures did not represent the equally excessive sugar content of the products (especially the milkshakes) as well as the high ratio of cholesterol-producing saturated fats used to prepare the hamburgers and french fries. While both fast-food giants warranted significant improvement in those areas, the report concluded on a hopeful note, citing each corporation's product testing of salads, soups, and alternative frying practices.<sup>39</sup>

Beyond the nutritional merits of the food itself, critics faulted the sponsors' marketing the food as fun, thereby diluting the issue of nutrition. In a 1980 study, Harvard Business School professor Scott Ward, one of the

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<sup>38</sup>Ibid., 64, 66.

<sup>39</sup>Ibid., 65.



leading researchers on children's advertising and children's consumer patterns, co-authored a study citing "fun" as the primary advertising lure to encourage fast-food brand loyalty. Not an egregious marketing message in itself, but in the absence of mitigating nutritional education at home or at school, positioning fast-food as "fun," Ward concluded, created unrealistic or distorted expectations.<sup>40</sup> And children were constantly deluged with the message. A 1988 University of Delaware study concluded that 71% of the commercials aired on one Saturday morning were for food items of excessively deficient nutritional quality.<sup>41</sup>

The various nutritional analyses, combined with the public exposure and acceptance they received, convinced McDonald's to attack the issue of nutrition promptly and directly. Ray Kroc hired former Kraft dairy researcher Ed Traisman to conduct an independent nutritional analysis of McDonald's food. Careful to avoid hints of impropriety, Traisman, who himself owned five McDonald's franchises in

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<sup>40</sup>Richard P. Adler, Gerald S. Lesser, Laurence Krasny Meringoff, Thomas S. Robertson, John R. Rossiter, and Scott Ward, The Effects of Advertising on Children (Lexington, MA: Lexington Books/D.C. Heath, 1980), 16, 126, 132, 213.

<sup>41</sup>Nancy Cotunga, Department of Nutrition and Dietetics, University of Delaware-Newark, "TV Ads on Saturday Morning Children's Programming--What's New?" Journal of Nutrition Education 20, no. 3 (June 1988): 125-26. Cotunga videotaped four successive hours of Saturday morning cartoons on January 24, 1987, simultaneously on ABC, CBS, and NBC. The 71% figure that Cotunga cited included cereal, candy, and fast-food sponsors.

Madison, Wisconsin, sold his units prior to accepting Kroc's offer. Kroc trusted Traisman, who was among the batch of early entrepreneurs who had given McDonald's its successful head start in the 1950s. Traisman's research essentially concurred with other, and more legitimately independent, analyses.<sup>42</sup> Kroc acted quickly. In October, 1976, he hired Luxembourg-trained chef Renee Arend, formerly of Chicago's Whitehall Club, as McDonald's Executive Chef. "His job," Kroc stated in his autobiography, "[was] to study ways to make our menu more nutritious [and] get more fiber into it."<sup>43</sup> Arend was obviously successful. After exhaustive testing, McDonald's premiered its line of prepackaged salads in 1987. Currently, McDonald's has a complete low-fat menu, including yogurt shakes, fat-free muffins, 1% milk, reduced calorie salad dressings, and, the most important changes to the menu, the addition of a 91% fat-free "McLean" hamburger and the preparation of french fries in 100% vegetable, rather than animal, oil.<sup>44</sup>

McDonald's also attacked the nutrition issue by launching an extensive lobbying and public education

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<sup>42</sup>Max Boas and Steve Chain, Big Mac: The Unauthorized Story of McDonald's (New York: E.P. Dutton, 1976), 86.

<sup>43</sup>Ray Kroc with Robert Anderson, Grinding It Out: The Making of McDonald's (Chicago: Henry Regnery Co., 1977; reprint, Chicago: St. Martin's Paperbacks, 1987), 203. Page references are to the reprint edition.

<sup>44</sup>"McDonald's Food: The Facts," informational brochure, McDonald's Corporation, 1990; "McDonald's Chronological History Report," 43.

campaign. Prohibited by Food and Drug Administration regulations from offering brochures outlining its products' nutritional values, McDonald's lobbied the Senate Subcommittee on Nutrition to hold hearings in 1978 in anticipation of overturning the FDA's ruling. Hoping to score points with the farm lobby by emphasizing the quality of American home-grown beef and dairy products, subcommittee chair Senator George McGovern expedited the reversal that enabled fast-food restaurants to present their case to the public.<sup>45</sup> And true to McDonald's style, the corporation premiered a lively, but short term, advertising campaign featuring Ronald and "The Nutrients." Using a rock band dressed as vitamins, McDonald's hoped to reach older children and teenagers who typically consumed excessive quantities of fast-food.<sup>46</sup> While this initial effort proved too "gimmicky," later efforts included sponsoring nutritional mini-curricula for schools and the 1992 introduction of the clay-animation character "Willie Munchright." Public service announcements geared to children aged two through eleven, Willie Munchright encouraged children to stress "everyday" foods such as

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<sup>45</sup>John F. Love, McDonald's: Behind the Arches (New York: Bantam Books, 1986), 369-70. McGovern and McDonald's were unlikely allies in this cause, especially in light of a well-publicized \$250,000 campaign donation that Ray Kroc had made to President Nixon's re-election effort in 1972.

<sup>46</sup>Boas and Chain, Big Mac, 87; Alix M. Freedman, "Fast-Food Chains Play Central Role in Diet of the Inner-City Poor," Wall Street Journal, 19 December 1990, sec. A, 1.

fruits and vegetables over "sometimes" products like, presumably, McDonald's own fare. The spots received kudos even from ACT's Peggy Charren, a longstanding opponent of any children's advertising.<sup>47</sup>

Although McDonald's was a leader in expanding customers' nutritional options, the industry, and McDonald's particularly, remained under attack. In 1990, Phil Sokolof, an Omaha industrialist turned nutrition crusader, purchased full page advertisements in twenty major U.S. newspapers indicting the fast-food industry for "poisoning" the nation and, mocking a famous McDonald's slogan, asked "McDonald's to give our kids a break today."<sup>48</sup> Although McDonald's labelled Sokolof's accusations, "sensational, reckless and ridiculous," they had the net effect of sensitizing the industry to the enormity of the nutrition issue.<sup>49</sup> While Sokolof exacerbated the emotionalism of the debate, more mainstream organizations such as the American Academy of Pediatrics has more recently called for a "wholesale ban on

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<sup>47</sup>Laura Bird, "McDonald's Slates Nutrition-Advice Spots," Wall Street Journal, 23 September 1992, sec. B, 8.

<sup>48</sup>Dan Sperling, "McDonald's Tries a New Way to Fry," USA Today, 5 April 1990, 1.

<sup>49</sup>Ibid.; Charles Bernstein, "The French-Fry Cooking War: 'Healthier' Foods Emerge as Critical," Nation's Restaurant News, 13 August 1990, 23. The emerging belief, cited by Bernstein's editorial, that Sokolof was taking credit for the industry's nutritional innovations, did not ring true. McDonald's, for example, had hired Chef Arend in 1976, specifically to create healthy menu items for the chain. And salad-based alternatives were in extensive testing at least from 1979.

food ads aimed at kids."<sup>50</sup>

Looming beyond the nutrition question, the larger issue of tackling the fundamental ethics of children's advertising remained equally unresolved. In 1970, Action for Children's Television and consumer activist Robert Choate, later chairman of the Council on Children, Merchandising and Media, jointly petitioned the Federal Communications Commission (FCC) to unilaterally prohibit all commercial advertising from children's television shows. The self-regulatory arm of the industry, the National Association of Broadcaster's Review Board, responded by eliminating vitamin and medicine sponsorship from children's programming, discontinuing host selling, and gradually reducing overall commercial exposure from 16 to 9.5 minutes per hour on weekdays.<sup>51</sup> But self-regulation was erratic, with many stations casually exceeding the limit on commercial minutes.<sup>52</sup>

While the FCC's own "Notice of Inquiry" report in January, 1971, admitted children's vulnerability to commercial advertising, it was not prepared to mandate the

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<sup>50</sup>Laura Bird, "McDonald's Slates Nutrition-Advice Spots," sec. B, 8.

<sup>51</sup>F. Earle Barcus and Rachel Wolkin, Children's Advertising: An Analysis of Programming and Advertising (New York: Praeger, 1977), xxi; Scott Ward, "Kids' TV--Marketers on Hot Seat," Harvard Business Review (July-August 1972): 17. The reduction in advertising minutes was phased in from a drop to 12 minutes in 1972 to 9.5 minutes in 1976.

<sup>52</sup>Ward, "Kids' TV--Marketers on Hot Seat," 22.

wholesale ban that ACT advocated.<sup>53</sup> The history of children's commercial sponsorship had been one of self-regulation, with varying degrees of success. By the early 1950s, the children's viewing slots of Saturday mornings and weekday afternoons were being solidified.<sup>54</sup> In response, NBC in 1954 created a children's programming review committee to censor inappropriate material. But NBC's authority was limited. From 1953 to 1959, sponsors, not the networks, controlled the production of children's programming, following the precedents of radio advertising. Blamed for many of the quiz show scandals of the late 1950s, however, sponsors gradually relinquished production control for their current role of merely purchasing airtime.<sup>55</sup>

After the FCC declined the petition, opting for further industry self-regulation, ACT and Choate similarly petitioned the Federal Trade Commission (FTC) in 1977. In its internal staff report, the FTC concluded that television advertising to children younger than eight years old violated the spirit of Section 5 of the Federal Trade

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<sup>53</sup>William Melody, Children's Television: The Economics of Exploitation (New Haven, CT: Yale University Press, 1973), 1.

<sup>54</sup>Ibid., 1, 38. Ironic given children's earlier consumer response to radio advertising, sponsors and networks remained unconvinced that younger children constituted a viable advertising market. Like radio, television relegated to children the medium's "dead" time, when presumably few adults were watching.

<sup>55</sup>Ibid., 45-47.

Commission Act on unfair advertising.<sup>56</sup> Children that young, the report continued, lacked the discrimination skills to distinguish commercials from the programming they sponsored as well as the concepts of size, volume, and price essential to consumer choice. Finally, the report concluded that children's advertising undermined the parent/child relationship by overemphasizing the commercial aspects of it.<sup>57</sup>

In spite of its own staff report, the FTC, like the FCC, supported the self-regulation efforts of the National Association of Broadcasters. While the FTC intervened in specific cases--it ordered Wonder Bread to stop claiming its product helped "build strong bodies 12 ways"--it stopped far short of the extensive regulation sought by ACT and Choate.<sup>58</sup> Their inaction was influenced, in part, by the conflicting research on the topic.

All sides uniformly agreed that children watched

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<sup>56</sup>Federal Trade Commission, Staff Report on Television Advertising to Children (Washington, DC: U.S. Government Printing Office, 1978), 27-29.

<sup>57</sup>Ibid., 17, 83.

<sup>58</sup>Scott Ward, "Compromise in Commercials for Children," Harvard Business Review, 12 November 1978, 130, 135. Ward offered a thorough and balanced summary of the entire debate, citing each side's respective evidence, conclusions, and bargaining positions. As a centrist on the issue, he suggested that educating school-age children on the function and role of commercials would ameliorate many parental concerns. He admitted, however, that his solution did not apply to preschool children, most of whom were cognitively incapable of consistently differentiating and evaluating commercial messages.

substantial hours of television; the 1978 FTC staff report recorded that children aged 2-11 watched an average of 3 2/3 hours per day, one hour more than in 1955. In addition, these children viewed more than 20,000 commercials per year.<sup>59</sup> Rather, the dispute centered around whether children were being unfairly manipulated into prematurely assuming consumer roles. A 1956 study by youth marketing research firm, Eugene Gilbert & Company, cited that 94% of mothers sampled responded that their children specifically requested products advertised on television.<sup>60</sup> A 1971 survey by Scott Ward posted almost identical results, with 95% of mothers responding that children requested products based on television commercials.<sup>61</sup>

Alternately, a 1975 study by Myrna Carol Morris found that only 49.5% of children aged three through five were influenced by commercials to the point of requesting

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<sup>59</sup>FTC, Staff Report, 13.

<sup>60</sup>Cited in Grace W. Weinstein, Children and Money: A Guide for Parents (New York: Schocken Books, 1975), 107. Unfortunately, Weinstein did not detail the demographics or size of the Gilbert & Company sample.

<sup>61</sup>Ward, "Kids' TV," 20. Surprisingly, Ward discovered that children less frequently request specific brands as they grow older. Only 77% of mothers felt their eleven-through twelve-years-olds were frequently influenced by commercials. This contradicted the common perception that brand awareness increased with age and served as an example of the contradictory nature of the various analyses.



specific brands.<sup>62</sup> When the surveys were limited to restaurants, the percentages were decidedly lower. The 1990 Washington Post poll, confined to fast-food, found that children were a factor in where to eat only a small 6% of the time.<sup>63</sup> And a 1974 poll by the National Restaurant Association did not even record children's preferences on its list of the sixteen most popular reasons for eating out.<sup>64</sup>

Like the debate over nutrition, a proposed ban on all children's advertising contradicted historical attitudes on the subject. Thirty years earlier, advertising to children had been hailed as informative, entertaining, and educational; it was deemed both necessary and desirable in acculturating children to their future economic roles as adults. Dorothy Gordon of the New York Times Youth Forum had affirmed that in 1948.<sup>65</sup> But radio advertisers had

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<sup>62</sup>Myrna Carol Morris, "Consumer Socialization of Preschool Children: The Parental View" (Ph.D. diss., University of Georgia-Athens, 1975), 61. Morris used a mail questionnaire to interview 214 mothers of preschool children in Clarke County, Georgia. Her results were typical of the studies that refuted that preschoolers were uniformly mature enough to request specific brands.

<sup>63</sup>Morin, "Poll Shows Convenience is What Counts," sec. E, 1.

<sup>64</sup>D. Daryl Wyckoff and W. Earl Sasser, The Chain-Restaurant Industry (Lexington, MA: D.C. Heath, 1978), table I-13, p. 41.

<sup>65</sup>Albert N. Williams, Listening: A Collection of Critical Articles on Radio (Freeport, NY: Books for Libraries Press, 1948; reprint, 1968), 100-101. References are to the reprint edition.

not saturated the children's market to the same degree as did television sponsors and, for the most part, children as young as three and four remained on the fringe of this earlier market.

McDonald's kept a low profile while the debate raged, especially since the initial rhetoric centered around the cereal and toy manufacturers whose combined advertising still dominated children's programming. When McDonald's did speak out, it was to offer an alternative, its own "Golden Arches Code," which it held up as a model of the self-regulation officially advocated by both the FCC and FTC.<sup>66</sup>

Formally presented to McDonald's advertising managers, owner/operators, and OPNAD in 1978, the "Golden Arches Code" defined McDonald's position in "respecting the intelligence and rights of our customers."<sup>67</sup> The Code's articles on children's advertising specifically forbade the promotion of adult-sized sandwiches (too large for children to comfortably consume) and the depiction of bad manners, destructive behavior, or unsafe practices. If seated in a car, children had to wear seatbelts. And if shown entering a restaurant, they had to be accompanied by an adult

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<sup>66</sup>"McDonald's Newsletter" (February 1974), McDonald's Corporation Archives.

<sup>67</sup>Roy Bergold, McDonald's Assistant Vice President, Advertising and Promotion, to Advertising Managers, Owner/Operators, and OPNAD, 1978, McDonald's Corporation Archives, 1. The Code was updated in 1987; no substantive changes were made.

(presumably a parent). Responding to the common criticism that young children had no concept of money, McDonald's forbade ads that mentioned price or discounting.<sup>68</sup>

Ironically, however, that practice could have the unwanted side effect of children believing the products were free.

Ronald McDonald, especially, was constrained by the Code. In addition to exhibiting wholesome behavior, Ronald could not promote a premium nor could he any longer directly instruct children to purchase a product. This was a threshold decision for McDonald's. "Ronald McDonald is not a pitchman," the 1978 Golden Arches Code stated. Rather, Ronald stood for "good citizenship," or as later put by Peter Nelson, McDonald's Senior Vice President of Marketing, Ronald became "more the McDonald's spirit."<sup>69</sup> With the loss of his original function as overt salesman, Ronald developed more the friend persona with which he is now identified. That does not mean, of course, that his marketing impact has been diluted; rather, that it has become more subtle and, thus, perhaps, more invasive.

McDonald's applied similar strict standards to its

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<sup>68</sup>Ibid., 9-10; Paul D. Schrage, "McDonald's Corporation Policy Toward the Television Environment," Appendix to Golden Arches Code, 21 February 1978, McDonald's Corporation Archives, 1. In addition, the Code prohibited sponsorship of programs depicting "excessive or gratuitous violence, drug abuse, [or] controversial sexual themes." Licensees were encouraged to prescreen shows and to refrain from advertising on programs prefixed by a "child disclaimer."

<sup>69</sup>Ibid., 13; Lisa Bertagnoli, "Inside McDonald's," Restaurant and Institutions, 21 August 1989, 64.

children's premiums. They were tested for flammability, toxicity, topical irritants, sharp edges, color permanency, and fragility. If they could pass down a narrow tester chute, they risked being swallowed by small children, and were discarded. Still, licensees were ordered to maintain a supply of coloring books or similar items, in lieu of smaller Happy Meal premiums, for children younger than three.<sup>70</sup>

The "Golden Arches Code" held McDonald's to a high standard of children's advertising, incorporating many of the reforms long advocated by ACT. The termination of host selling, long an objectionable tactic, scored extra public relations points for McDonald's, but proved equally necessary to creating the image of Ronald as "friend." While McDonald's may have been progressive in its advertising restraints, it merely was responding to changing social beliefs on the role of children and television. The Ronald McDonald that in 1965 directly and forcefully pitched hamburgers and fries to children was no longer socially tolerated a decade later. Not only were parents and advocates cringing at the increasingly obsessive consumerism of young children, but, more ominous for McDonald's, were rallying against the nutritional deficits of a meal which, a few years earlier, had been unquestioningly accepted as all-

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<sup>70</sup>"Premium Purchasing Standards," February 1980, McDonald's Corporation Archives, pt. II, 7-8; "McDonald's Newsletter" (April 1983), 5.

American.

Still, the commercials that McDonald's aired from 1967, its big media push financed by OPNAD, to the mid-1980s, reflected a McDonald's that increasingly relied upon the consumer initiatives of young children to realize the corporation's expectation of double-digit growth. Even in the demographically disappointing 1970s, children still accounted for roughly 30% of McDonald's sales and McDonald's kept children's advertising its highest priority as rivals Burger King and Wendy's looked to the adult market. This strategy, questionable at the time, put McDonald's comfortably ahead of the competition when the birth rate rebounded in the late 1980s. Although McDonald's hedged its decision by increasingly opening units in non-traditional, non-residential sites such as shopping malls, tollways, naval bases, hospitals, and in downtowns nationwide, the majority of new openings continued to be in child-oriented communities, much as it was in 1955.<sup>71</sup> And while McDonald's television exposure lagged behind the combined airtime of cereal and toy manufacturers, McDonald's and its rival Burger King virtually dominated children's commercial airtime for fast-food advertising, a strategy that backfired when McDonald's became a rallying point of the pro-nutritionists.

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<sup>71</sup>McDonald's Corporation Annual Report, 1992,  
McDonald's Corporation, 6.

From 1967 to the 1980s, McDonald's advertising pointed to and nourished the maturation and increasing sophistication of the children's market. Amidst the continuing theoretical debate of how and at what age young children developed the cognition necessary for consumer agency, McDonald's was practically proving that children as young as two and three could ask for a Happy Meal. And McDonald's intentionally pushed that age demarcation down, to toddlers, by positioning Ronald McDonald as a child's friend and role model. It is noteworthy that while its competitors were looking to the demographically strong adult market to sustain corporate growth, McDonald's focused on the exact opposite spectrum, consciously educating two-year-olds in consumerism and creating for themselves, a new generation of fast-food hungry Americans.

## CHAPTER 9

### "MCKIDS"

When it comes to marketing to kids, earlier is better. Until age two, a child is a virtual blank slate just waiting to be filled up with advertising stimuli. By age six the child has formed many of the buying habits that will stay with him for life.<sup>1</sup>

Newsweek

In 1986, Newsweek heralded the tot market as new. "Until recently," Newsweek wrote, "toys and candy were about the only products marketed directly to the under-six set."<sup>2</sup> It was a myopic view. The observation was true enough in that nickel and dime toys and penny candy were long a staple of children's consumerism, beginning in the 1930s. But since 1955, McDonald's has proven that toddlers and preschoolers, even if lacking full cognitive volition, can parrot both television commercials and the entreaties of a red-haired clown and become active consumer agents.

While other advertisers marketed their toys and candies as treats or presents, McDonald's positioned itself as the natural and logical extension of everyday routines:

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<sup>1</sup>Annetta Miller, "Targeting the Tiny Tots," Newsweek, 14 April 1986, 45.

<sup>2</sup>Ibid.

shopping, a Boy Scout meeting, band practice, a baseball game, and even after school. The young children's market was not new in 1986. McDonald's, which could have smugly chuckled at Newsweek's naivete, had already been exploiting it for nearly two decades.

McDonald's loudly professed that it was, first, foremost, and always, a hamburger company. Ray Kroc wove that belief throughout the corporation's cultural fabric, partly to defend McDonald's against the charge that it was forsaking hamburgers for real estate acquisition.<sup>3</sup> But in order to promote its hamburger identity, McDonald's became much more. McDonald's entered the toy industry full force in the 1970s. Between 1974 and 1976, McDonald's National Retail Marketing Program had joined with Playskool to offer a scaled down version of a McDonald's restaurant and a McDonald's game developed by Milton Bradley.<sup>4</sup> McDonald's goal was to "offer carefully selected quality items which

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<sup>3</sup>Ray Kroc with Robert Anderson, Grinding It Out: The Making of McDonald's (Chicago: Henry Regnery Co., 1977; reprint, Chicago: St. Martin's Paperbacks, 1987), 152-55. This charge was frequently levelled internally, within the ranks of McDonald's corporate managers who questioned whether McDonald's was more acutely interested in selling hamburgers or in managing the real estate empire they amassed. The concern was legitimate and reflected a serious rift between Kroc, whose primary emphasis had always been hamburgers, and McDonald's Vice-President and financier Harry Sonneborn, who "sold" investors on the McDonald's concept by marketing the corporation as a real estate holding company that only incidentally sold hamburgers.

<sup>4</sup>"McDonald's Newsletter" (April 1976), McDonald's Corporation Archives.



extend our marketing programs into the home. These toys are designed to complement our total children's marketing program."<sup>5</sup> By 1985, McDonald's had licensed products ranging from children's bedding, school supplies, bandages, story books, and videotapes to what visually identifies a child as a McDonald's aficionado, McDonald's clothing.<sup>6</sup>

Originally launched as "McDonaldland Fashions," parroting the successful children's ad campaign, the clothing line was redesigned and redubbed "McKids" in 1988. McDonald's chose Sears, Roebuck to distribute the line, dovetailing McDonald's own family image with that of the longstanding middle-class retailer. In conjunction, Sears opened a chain of freestanding "McKids" clothing stores offering customers a mix of clothing and educational toys. The clothing itself was unimpressive: basic rugby, polo, and t-shirt designs awash in bright primary colors coordinated with standard jean and overall bottoms. And while the in-store McKids line is still promoted, the freestanding McKids stores were closed after a short few years' trial. More significant than the specific success or failure of the clothing line, however, was McDonald's strategy of targeting children in all their daily activities, even including the clothing they wore.

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<sup>5</sup>Ibid., 9.

<sup>6</sup>"McDonald's Newsletter" (June 1977); (January 1980), McDonald's Corporation Archives.

A four-year-old could sleep underneath Ronald McDonald sheets and comforter, hugging a Ronald McDonald doll, babbling to Grandma and Grandpa on a Ronald McDonald telephone, attend daycare or preschool with a Ronald McDonald lunch box, have an injury nursed with a Ronald McDonald bandage, pretend that he or she worked at McDonald's at playtime, eat supper off Ronald McDonald tableware, take a bath with a Ronald McDonald towel, slip into Ronald McDonald slippers, read a Ronald McDonald "Golden Book," and drift off to sleep protected by a Ronald McDonald nightlight. Through licensing, McDonald's reinforced its brand among youngsters without them ever having to watch a McDonald's commercial on television and at every important point in a child's day--everyday.

McDonald's was by no means alone in aggressively marketing its brand name to young children through licensed products. Disney teamed up with Mattel in 1988 to distribute its own line of "Disney Babies" toys and linens to toddlers and preschoolers.<sup>7</sup> Even non-commercial programs such as Sesame Street and the phenomenally popular Barney used the exact same approach, making them both heir and competitor to Ronald McDonald and Mickey Mouse. Indeed, public television has learned much from commercial

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<sup>7</sup>"Mattel Toys Information Release: Company Profile," 13 March 1990, Northwestern University, Kellogg Graduate School of Management, Placement Center Library, Evanston, Illinois, 3. The Disney line helped fuel a 25% increase in Mattel's net sales in its first year.

licensing, even using the lure of children's premiums to encourage children to press their parents to donate to public television. Licensed characters such as the Teenage Mutant Ninja Turtles, Cabbage Patch Babies, Batman, Trolls, and Barbie have all successfully followed the same pattern of advertising to children. McDonald's was not unique in this advertising, *per se*, though it was unquestionably among the earliest to target these products at toddlers and preschoolers in the late 1960s and early 1970s.

McDonald's did not invent child consumerism. As early as 1900, cereal manufacturers were touting print advertisements directly to children, bypassing the scrutiny of parents. Nickelodeons and radio both reinforced and nourished the fledgling children's market in its formative years. But these earlier marketers handily dismissed and never seriously explored the possibility of substantive consumerism by children younger than eight or nine. Literacy was an assumed prerequisite to comic book advertisers and the sometimes complicated and episodic plots of cinema and radio entertainment required a broader attention span than most four- or five-year-olds could muster. But McDonald's saw the possibilities. Richard and Maurice McDonald realized them as early as 1948 when they risked their already successful operation on a hunch. Even Ray Kroc did not see it immediately, vetoing most of the child promotions suggested by the McDonald brothers.

By the late 1950s, however, the brothers' hunch had been validated. The birth rate soared amid a postwar population freed from the restraints of Depression and war. The child-centered culture of the 1950s and early 1960s fueled and reinvigorated dozens of industries stagnated by the 1930s fears and 1940s rationing. Still, while the culture became "child-centered," consumer agency remained with parents and was just beginning to substantially filter down to high school students, who were then nationally touted as the "new market."

Younger children had not been completely overlooked, however, as Bozo the Clown, Kukla, Fran and Ollie, and Captain Kangaroo's popularity attested. Sponsors put out feelers to the young children's market, primarily through host selling, but even in the 1960s, the market did not descend below five- or six-year-olds. It was Ronald McDonald who made concerted and organized marketing to toddlers and preschoolers a viable strategy. But McDonald's course was a risky one, since it encouraged loyalty to Ronald McDonald rather than loyalty to the products that Ronald pitched. But as long as children flocked to McDonald's because it was "Ronald's place," McDonald's used Ronald as its Pied Piper to keep them coming back.

Ronald's popularity took off in the late 1960s, much as he himself took off in the flying hamburger in commercials for the 1965 Macy's Thanksgiving Day Parade. He has

appeared in hundreds of parades since then, has become a spokesman for children's causes that reach far beyond his original role as marketing gimmick, and has become an iconographic representation of contemporary American society. His own popularity with children as well as the increasing public lobbying against fast food and poor nutrition, has forced Ronald into shedding his commercial shell to reveal what McDonald's considers his "true" identity, that of friend and goodwill ambassador. But does that make him less of a marketing gimmick?

Ronald McDonald is still the primary marketing tool to children under eleven years old; it is his face and his antics that youngsters see every weekday afternoon and every Saturday morning on television. McDonald's claims he is not a salesman; yet, if he were not a salesman, he would not be in dozens of commercials annually. If he were not a salesman, McDonald's would not be spending millions of dollars annually to promote him. Though he no longer hawks products directly, there is no confusion as to whom he represents, where his "house" is, and where fun-loving children should go. Ironically, although the explicit commercialism of Ronald has been diluted, partly through the Golden Arches Code and partly in adherence to changing FCC/FTC rules on children's advertising, Ronald's commercial presence is stronger than ever and, perhaps, more ethically ambiguous.

The Golden Arches Code, an attempt at industry self-regulation, reinforced Ronald's transformation from crass salesman to friend; yet, in the process, it made Ronald less honest. When he clearly pitched hamburgers, he was offering tangible product for tangible payment, hamburgers for money. But as McDonald's soft-peddled its marketing to avoid public criticism, the marketing became more ambiguous. Ronald no longer promoted hamburgers, but friendship, fun, and a sense of the magical, psychological needs that have little to do with purchasing and eating a hamburger. Even preteens, too wise for Ronald, were told that McDonald's was "the" place to go after school, to meet friends, to giggle over growing up, or to be popular. McDonald's is not alone in forsaking the marketing message for the marketing form, that is, for trying to sell happiness instead of hamburgers. What of Mickey Mouse, for instance, who has become little more than the doorman to Disney's own consumer paradises?

Even in the 1970s, when McDonald's was faced with the demographic reality that its core market was dwindling, its emphasis solidly remained on children. Expansion into children's advertising with the McDonaldland concept, a commitment to child philanthropy through the Ronald McDonald Houses, and the unveiling of its premiere children's product, the Happy Meal, all reinforced the fun and wholesome family image of McDonald's. But it was the Playlands that bridged the gap between image and reality, a

thorny problem that had long plagued McDonald's.

McDonald's promised children fun and often promoted it more vigorously than it promoted its hamburgers and fries. But fun is difficult to deliver and a disappointed child might turn to the competition. First tested in 1971, the Playlands delivered on McDonald's promise of fun. With over 2,000 Playlands nationwide by 1983, McDonald's offered slides, climbing towers, and merry-go-rounds for children, miniature amusement parks geared to the under ten-year-old set.<sup>8</sup> Unlike other McDonald's products, Playlands varied from unit to unit. Some were indoors; some were outside. Many boasted a grandiose, carnival-like atmosphere, while some McDonald's units did not have one at all. Indoors or outdoors, all Playlands prominently displayed life-sized statues of Ronald, Mayor McCheese, and the rest of the McDonaldland family and offered child-sized seating tailored to toddlers and preschoolers.

McDonald's promised fun and if the commercials could not deliver it, if the Happy Meals could not deliver it, then the Playlands would fulfill the promise. Since the Playlands were accessible only through the restaurants, McDonald's counted on the fact that most families ordered a meal, too. But the meal itself was relegated to being hastily gulped down or ignored while the Playland--the fun,

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<sup>8</sup>"McDonald's Chronological History Report," 31; McDonald's Corporation Annual Report, 1983, McDonald's Corporation Archives.

not the food--became the overriding reason for the visit.

The Playlands beckon a larger question. Burger King now also has play areas and pizza chain Chuck E. Cheese's playgrounds target preteens as well as tots. What are the long term ramifications of pre-packaging our children's fun for them? Has fun become so consumerized that, even to a three-year-old, "having a good time" necessitates the purchase of a commercial product? And is using fun as the primary advertising lure exploiting preschoolers' innocence and making a "bad guy" out of the parent who says "no"? The image of fun is just one critical component to McDonald's child marketing; another is promoting the image of McDonald's as wholesome to parents.

It was one of the few things that Ray Kroc and the brothers ever agreed upon, the need to maintain McDonald's wholesome facade. In the 1950s, McDonald's was equated with Americanism as the chain positioned itself as a "safe" alternative to the teen infested drive-ins that dotted the nation's thoroughfares. Disney took like advantage of that same psychological need for safety, offering a morally simple alternative to the often gloomy and ambiguous films of the Cold War era. But is it wholesome to fill children's diets with hamburgers and fries and is it in children's best interests to acquiesce to their demands to visit Ronald's house? Perhaps what was wholesome in 1950 is now viewed differently.



The definition of wholesomeness in the 1950s and 1960s was inextricably tied to fears of Cold War weapons and juvenile delinquency. McDonald's "All-American Meal" was wholesome because it reflected efficiency and quality of production, convenience of use, and value for the dollar. With its limited menu, sleek architecture, and clean kitchens, McDonald's promised an unambiguous "what you see is what you get." Further, McDonald's was the friendly neighbor, always ready with a plate of free hamburgers for Red Cross workers, with a tour for kindergartners, with a donation to Olympic hopefuls, or with a visit from Ronald McDonald to sick children. But McDonald's philanthropy, in many ways sincere, cannot be extricated from its obvious marketing functions. Although it is a common corporate dilemma, the stakes are higher for McDonald's which promises sincerity. McDonald's offered a mercifully easy choice to Cold War Americans who daily witnessed America's grappling with harder questions on the evening news. And although McDonald's, like most Americans, now defines "wholesomeness" primarily in terms of nutrition, McDonald's continues to hearken back to its 1950s image in promoting itself abroad.

It was Americanism understood as efficiency that McDonald's started exporting in the late 1960s. In 1967, the same threshold year that OPNAD took root, McDonald's opened its first international units in Canada and Puerto Rico. McDonald's reach remained modestly close to home

until 1971, when Japan, Holland, Germany, and Australia, among others, joined the ranks of McDonald's affiliates.<sup>9</sup> As of December, 1992, McDonald's was located in 65 countries, with nearly a third of its total 13,093 units overseas.<sup>10</sup> Even the former Soviet Union, whose historical enmity towards the West was moderated under perestroika, welcomed McDonald's into Moscow into 1990. The four story unit, serving 50,000 customers daily, took on an unexpected political and cultural significance, however, when it became a refuge for Muscovites during the aborted coup attempt in August, 1991.<sup>11</sup> Especially to Muscovites in their teens and twenties, McDonald's was a "symbol of what life could be like." Or in the words of one young man, "People here are happy."<sup>12</sup> That is the essence of the McDonald's image and promise.

Ronald McDonald, too, has ventured abroad, sometimes with a slight name shift, as in "Donald McDonald" in Japan.

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<sup>9</sup>"McDonald's Chronological History Report," 31. McDonald's uses the term "affiliates" rather than licensees to denote its international owner/operators. Unlike its domestic licenses, McDonald's grants extensive territorial contracts to a local entrepreneur (or government agency, in the case of Communist countries) to open its foreign units.

<sup>10</sup>McDonald's Corporation Annual Report, 1992, McDonald's Corporation Archives, 11.

<sup>11</sup>"McDonald's Chronological History Report," 62; Laurie Hays, "A Soviet Generation, Eating Big Macs, Still Clings to Hope," Wall Street Journal, 20 August 1991, sec. A, 1.

<sup>12</sup>Hays, "A Soviet Generation," sec. A, 1.

Delivering the McDonald's message in nearly two dozen different languages, Ronald has brought to the world the idea that eating at McDonald's is fun. But the world has not unilaterally accepted the message. A Finnish consumer affairs court banned a McDonald's advertisement that showed a visibly depressed youngster whose melancholy subsided after eating a McDonald's hamburger. The court ruled "that the advertisement could convey the impression that eating at a McDonald's unit could end depression or serve as a substitute for a friend."<sup>13</sup> Clearly, that is the message that McDonald's intended. More frequently, however, the foreign criticism over McDonald's centers around exporting standardized American mass culture to an unsuspecting world.

In 1972, Harvard University business professor Theodore Levitt applauded McDonald's for its "manufacturing and technological brilliance."<sup>14</sup> McDonald's, Levitt wrote,

is a machine that produces, with the help of totally unskilled machine tenders, a highly polished product. Through painstaking attention to total design and facilities planning, everything is built integrally into the machine itself, into the technology of the system. The only choice available to the attendant is to operate it exactly as the designers intended.<sup>15</sup>

But the very things that impressed Theodore Levitt about

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<sup>13</sup>Nation's Restaurant News, 16 July 1990, McDonald's Miscellaneous Clippings File, McDonald's Corporation Archives.

<sup>14</sup>Theodore Levitt, "Production-line Approach to Service," Harvard Business Review (September-October 1972): 45.

<sup>15</sup>Ibid., 46.

McDonald's in 1972, indeed, the very elements that made McDonald's a success, have since become suspect.

Standardization, rationalization, and efficiency, defined by Alfred Chandler as the hallmarks of American commerce, have been recast as undermining Americans' free will and cultural options. In a scathing attack on the culture that McDonald's sows at home and exports worldwide, sociologist George Ritzer decries the "McDonaldization" of American society, defined as "the process by which the principles of the fast-food restaurant are coming to dominate more and more sectors of American society as well as of the rest of the world."<sup>16</sup>

McDonald's prides itself on predictability, that a hamburger eaten in Chile is identical to one consumed in Hong Kong or Milwaukee; yet, that very predictability, Ritzer claims, limits our ability to function as autonomous individuals, free to choose or to be creative. McDonald's, in effect, constrains individuals, from the counter people who are ordered to smile eight hours a day to the young children who are taught, through McDonald's commercials, that their fun is pre-packaged and waiting for them in a Happy Meal or a Playland visit.<sup>17</sup>

Ritzer's critique of American homogeneity is not new.

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<sup>16</sup>George Ritzer, The McDonaldization of Society (Newbury Park, CA: Pine Forge Press/Sage, 1993), 1.

<sup>17</sup>Ibid., 13.

In 1951, C. Wright Mill's White Collar: The American Middle Classes defined the new middle-class as being composed of culturally cloned automatons, vulnerable to "synthetic molding at the hands of popular culture."<sup>18</sup> And in 1956, William H. Whyte, Jr.'s The Organization Man examined America's increasing social and cultural tepidity caused, he believed, by the rise of static corporate and social bureaucracies.<sup>19</sup> But William Whyte and Ray Kroc saw the same world differently. Whyte lamented Americans' exodus to ranch house suburbia, complete with smiling children, station wagon, and the family dog. But to Ray Kroc, this was America at its best. It was Kroc's image of America that McDonald's promoted, but it was an image that, by the early 1970s, was wearing thin. America was never the homogeneously white, middle-class, suburban society that Kroc envisioned and McDonald's, like most other corporate advertisers, had disenfranchised millions of urban, ethnic, working-class, or poor Americans whose own lives were inadequately represented in the advertising.

Stereotyped, by Ritzer among many others, for its rigid conformity, McDonald's was actually quite flexible in response to these realizations. After Ray Kroc's death, many of McDonald's "sacred cows" were sacrificed to customer

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<sup>18</sup>C. Wright Mills, White Collar: The American Middle Classes (New York: Oxford University Press, 1951), xvi.

<sup>19</sup>William H. Whyte, Jr., The Organization Man (Garden City, NY: Doubleday Anchor Books, 1956), 3, 313-16.

demands. Telephones, uniformly banned by the McDonald brothers and Ray Kroc, have become a practical addition to McDonald's units, especially those along highways or in tollway oases. The 1950s teen culture, which both the brothers and Kroc disdained, have been resurrected in various "Rock 'n Roll" units, one even ironically hosting a "Friday-Nite Cruise-In" with hot rodding automobiles.<sup>20</sup> And in the ultimate reversal of its history, one can even find hot dogs on a McDonald's menu.<sup>21</sup>

But McDonald's impact is felt far beyond eating. The same homogeneity and rationalization originally typified by a McDonald's has filtered to newspapers, medical care, cinemas, education, and sports. USA TODAY, known for its short, often shallow news snippets, has been derided as a "McPaper." Drive-in health clinics have become "McDoctors" and "McDentists."<sup>22</sup> The ubiquitous prefix "Mc," which Cooper and Golin had coined to create instant brand recognition for McDonald's, continues to accomplish its original aim, but now in an unexpectedly negative light. The "Mc" prefix denotes disdain and derision, even

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<sup>20</sup>"Presenting 'Nostalgia' McDonald's," promotional flyer for Gurnee Mills McDonald's, Gurnee, Illinois, April, 1993; Jeff Cole, "You Deserve to Rock Today; McDonald's to be 'Solid Gold,'" Milwaukee Sentinel, 12 March 1992, sec. D, 1. One of the most notable McDonald's using the 1950s theme is in downtown Chicago.

<sup>21</sup>One of the larger units offering hot dogs is in Woodfield Mall, Schaumburg, Illinois.

<sup>22</sup>Ritzer, McDonaldization of Society, 4.

bemusement, yet it is that same prefix that McDonald's itself has applied to children, "McKids."

McDonald's, as an archetype of corporate America's influence on society, has claimed American children as its own. Numerous critics, most notably Action for Children's Television, have decried this trend as pernicious and have lobbied to ban all television advertising directed at children. They are wrong. Although well-intentioned, these advocates miss the fact that children still save over forty cents out of every dollar they earn (see Figure 4). And the critics ignore an even more important reality. Child consumerism is an unavoidable and legitimate outgrowth of American capitalism. All children are socialized into the dominant ideology of their culture; for twentieth century American children, this means consumerism. One hundred years ago, the most common way of participating in the American economy was as a producer, and children were no exception. Since then, the development of mass production has introduced consumer goods into every economic stratum. Beginning with radio, then television, and ultimately, with Disney and McDonald's, children have fulfilled the capitalist promise. Consumption has filtered down from teenagers, to preteens, and now, to preschoolers and toddlers. In both the 1930s and the 1950s, this process of creating the "consumer of tomorrow" was seen as a source of American strength. That it is being questioned now implies

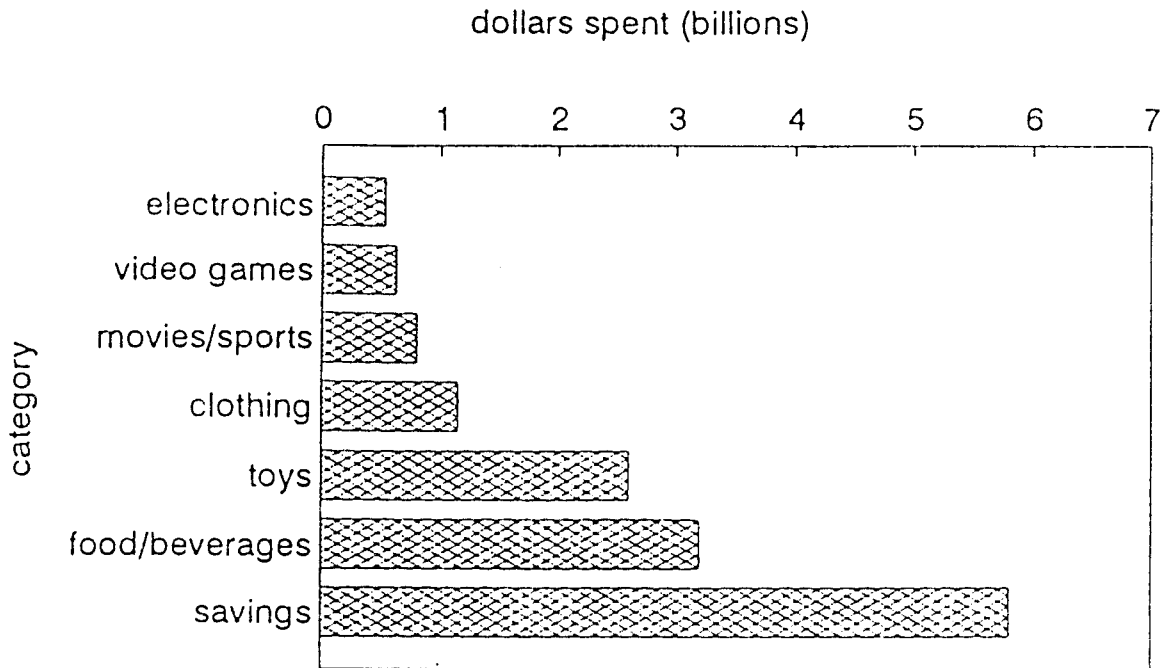


Fig. 4. 1991 Spending, Children Aged 4-12. In 1991, children saved 40 cents of every dollar they earned, compared to an adult savings rate of only 5.2 cents per dollar. Valerie Reitman, "Those Little Kids Have Big Pockets," Wall Street Journal, 26 August 1992, sec. B, 1; U.S. Bureau of the Census, Statistical Abstract of the United States, 1992 (Washington, DC: U.S. Government Printing Office, 1992), table 682, p. 434.



ambivalence towards the capitalist legacy and its future course.

McDonald's, however, seems undisturbed by the broader ambiguity of its relationship to children. Heeding the capitalist imperative to sell more hamburgers, McDonald's continues to rely upon children for a third of its sales, and has recently broadened its children's fare to include a breakfast Happy Meal, changing yet another family eating pattern. Ronald McDonald continues to learn new languages, open more Ronald McDonald Houses, and star in new commercials. And children continue to flock to Ronald's "house" as McDonald's, and American capitalism, plots its next conquest, "McWorld."<sup>23</sup>

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<sup>23</sup>"McWorld" is the tagline that McDonald's is using in its most recent children's advertising campaign (October 1993).

APPENDIX

GIVING SOMETHING BACK: A SAMPLING OF MCDONALD'S  
CORPORATE PHILANTHROPY<sup>24</sup>

Goal: "To extend McDonald's leadership position and enhance its quality image by creative, newsworthy execution of programs and activities that demonstrate community commitment and involvement."<sup>25</sup>

<u>PROGRAM</u>	<u>DESCRIPTION</u>
DIRECT SPONSORSHIP:	
Ronald McDonald House	residential facility for families with seriously ill children
Ray A. Kroc Youth Achievement Award	awarded to junior- and high school students who exemplify Ray Kroc's principles
All-American High School Band All-American Jazz Band	elite marching and jazz bands composed of students from all fifty states and the District of Columbia
All-American Basketball Team	showcases high school athletes

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<sup>24</sup>This Appendix only reflects McDonald's corporate philanthropy and does not include the donations or sponsored programs initiated by individual owner/operators.

<sup>25</sup>"McDonald's Public Relations Department," publicity brochure (1987), McDonald's Corporation Archives.

Draw America	a creative arts program for ages three through eight, in conjunction with Crayola, Inc.
Hispanic Heritage Art Contest	aimed at grades 1-6
Congressional Hispanic Caucus Institute/High School Internship Program	sponsors students as Congressional aides
Literary Achievement Award	recognizes African-American writers
Gospel Fest	sponsors African-American choral competition
Academic, Cultural, Technological, and Scientific Olympics	scholastic competition for African-American students
"His Light Still Shines"	travelling exhibit on Martin Luther King
McDonald's American Cup	gymnastics competition
Hispanic Artists' Exhibit	highlights Hispanic artists
McDonald's Sidekick Soccer	ages seven through sixteen
What's in a Name: Young Astronaut Program	science program/co-sponsored with Young Astronaut Council

ON-GOING CONTRIBUTOR:

American Council for the Arts

American Dental Association

American Dietetic Association

Big Brothers/Big Sisters

Boy Scouts/Girl Scouts

Boys Club/Girls Club

Citizens for a Better Environment  
 Day Care Council of America  
 Junior Olympics  
 Muscular Dystrophy Association  
 Museum of Science and Industry (Chicago)  
 NAACP  
 National 4-H  
 National Future Homemaker's Association  
 National Hispanic Scholarship Fund  
 National Parents Teachers Association (PTA)  
 National Urban League  
 Operation PUSH  
 Special Olympics  
 United Negro College Fund  
 World Gymnastic Championships  
 World Youth Soccer Championships  
 YMCA

**CURRICULUM MATERIALS:**

<u>Title</u>	<u>Description</u>
Moving/Learning Action Pack	primary grades/physical education
Nutrition Action Pack	grades 1-4
Ecology Action Pack	grades 4-6
Career Action Pack	grades 6-9
Learn to Study/Learn to Read	grades 6-9/reading skills

Watch Out for the Other Guy	bicycle/water safety
Fit and Fun: Fitness Fun with Ronald McDonald	grades K-4/physical education
Wecology	recycling/ co-sponsored with World Wildlife Fund
Mecology	ages 6-12/ecology
Lifetrack	grades 4-12/physical education and nutrition
Get It Straight	drug awareness program
Plan to Get Out Alive	emphasizes home fire safety
Home Safe Home	emphasizes home fire safety
Bicycles R Beautiful	emphasizes bike safety
Star Reader Kit	reading skills

Sources: "McDonald's Public Relations Department," brochure (1987); "McDonald's Contributions Report, 1977," 21-24; "McDonald' Community Service and Social Investment Report, 1981-1982," 8-12; "Presence Builds Preference: Communications Department," brochure (May 1986), 11-12; "Growing Up Together: McDonald's and Children," in "McDonald's Giving: A Commitment to Our Communities" (June 1988), 11-16; "McDonald's 1985 Catalog of Educational Resources" (1985). McDonald's Corporation Archives.

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At Loyola, she pursued Public History for her Master's Degree with an emphasis upon local history, museum management, and corporate history. During this time, she also worked part-time as a Curator of Education at the Des Plaines Historical Museum, a local house museum in Des

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After receiving her Master's Degree in May, 1990, Ms. Toerpe continued toward her Ph.D. She chose twentieth-century American cultural history as her dissertation field and, in her coursework, analyzed how the dominant trends of Progressivism, New Deal, World War, and Cold War resonated throughout the popular culture of this century. She was officially admitted into Ph.D. candidacy in January, 1992, and was awarded a Schmitt Dissertation Fellowship to complete her dissertation. Titled "Small Fry, Big Spender: McDonald's and the Rise of a Children's Consumer Culture, 1955-1985," her dissertation delves into corporate and cultural history, critiquing McDonald's restaurants as a catalyst in the growth of child consumerism in post-World War II America. An offshoot of the dissertation resulted in an article, "Children's Marketing Grows Up: Buster Brown, Mickey Mouse, and Ronald McDonald," which will be presented to an upcoming conference of the Popular Culture Association in Chicago. Ms. Toerpe will graduate with her Ph.D. in May, 1994 and will be seeking employment as a college or

DISSERTATION APPROVAL SHEET

The dissertation submitted by Kathleen D. Toerpe has been read and approved by the following committee:

Dr. Lewis A. Erenberg, Director  
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Dr. Susan E. Hirsch  
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Dr. Patricia Mooney-Melvin  
Director, Public History Program  
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The final copies have been examined by the director of the dissertation and the signature which appears below verifies the fact that any necessary changes have been incorporated and that the dissertation is now given final approval by the Committee with reference to content and form.

The dissertation is, therefore, accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy (Ph.D.) in History.

2/28/94

Date

Lewis A. Erenberg

Director's Signature