

McDonald's Hello Kitty Promotion

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Introduction

To celebrate what would have been a happy new millennium, the McDonald's chain in Singapore introduced a series of six wedding costumed Hello Kitty dolls with the purchase of Happy Meals. Hello Kitty is the popular mouthless Japanese cat doll from toy maker Sanrio. It is Sanrio's largest money spinner. Licensed to McDonald's for its promotion, customers buying a Happy Meal were entitled to buy either a Hello Kitty or a Dear Daniel (her male counterpart) that came in matching wedding outfits at S\$4.50 each.

For each of the six weeks, a new pair of these dolls was introduced, each featuring a different wedding garb. The first saw the space age wedding outfits to celebrate the new millennium, culminating with the Chinese wedding. Wedding outfits from other nationalities such as Korean, and Malay were also featured. For each design, 400,000 pairs of Kitty and Daniel were produced. Each store received an average of 2,000 pairs to sell, depending on sales volume.

Some three months before the first set of Wedding Hello Kitty dolls was introduced, Ms Fanny Lai, Director of Marketing at McDonald's Restaurants Singapore, commented that although such toys (called McToys) are offered in some promotion, food is still the chain's central focus. "The toys are sold at cost price and they are seen as a way of giving back to our customers for all the support and patronage they have given to McDonald's."

The Cat Fight

Demand for the dolls was unprecedented. People stood in endless queues overnight just to buy a pair. It was reported that some 250,000 people were waiting in queues even before the outlets were opened. Reports streamed in about fights, unruly behavior, and even molest as people queued for these dolls. Although the police were called in to control the crowd, jostling in the queues resulted in several fights. A glass door at a McDonald's outlet shattered under the weight of the pushing crowd, injuring several customers. Several people were arrested in the process of purchasing the coveted dolls, while others were fined. There were also instances of fainting while queuing for the dolls. Some of the McDonald's outlets were also forced to close to break the crowd. Besides such rowdiness among people in the queue, the long queues also created massive traffic jams.

Besides such physical unruliness, there were also some civic embarrassments. Singaporeans were more interested in the dolls than in the Extra Value Meals. Thousands of the hamburgers were strewn on the roads. People were not interested in eating them. They queued only for the dolls and threw away the meal set that had to be bought to buy the doll. The mindless throwing away of food fit for eating enraged the community.

After the first five wedding sets were introduced in the first month, McDonald's had raked in S\$20 million from the meal-and-kitty set. A total of 2.8 million dolls were sold, and 12,000 meals were donated to charities by customers who were more interested in the dolls than in the meals.

Here, There, Everywhere

Such frenzy, however, was not confined only to Singapore, but also to other countries as well. The Taiwanese population likewise created a frenzy for these lovable dolls when McDonald's held a similar promotion. In just two weeks, the Taiwan press reported fights caused at McDonald's. One McDonald's outlet in a museum closed temporarily because of the chaos.

Business Week reported that some 1,000 people waited to get into a McDonald's in an upscale Hong Kong mall. The hook – a chance to buy Hello Kitty. People who were paying \$2.32 for a Hello Kitty with a minimum food purchase of \$1.95 did not mind seeing a big return on their investment as similar Hello Kitties go for \$15 in local department stores. McDonald's says the promotion has boosted sales 10% at its 158 outlets – quite a feat in recession-ravaged Hong Kong, where the economy shrank by 5% the previous year.

However, such unruly acts did not occur in Malaysia where the outlets in City Square and Plaza Pelangi in Johor Bahru beefed up their securities by installing railings to guide the queue. Instead, the Malaysian fans were more interested in finding out the reason behind the craze in their neighboring country for Hello Kitty and Dear Daniel. Student Ronald Wong, a 22 year-old Malaysian said that he had heard much about the Kitty craze in Singapore and had thus come to see for himself what it was all about. The frenzy was almost non-existent in Malaysia.

Inside a Collector's Mind

In the 10 years that McDonald's Singapore introduced toys accompanying its Happy Meals, 20 million of such meals have been sold. These include 875 different types of McDonald's toys (or McToys) and they have sold over 34 million pieces. One such series of toys was the Sesame Street Mini Bean Pals. To collect all 24 toys in this series, a

consumer would have to fork out some S\$180 for the cost of the meals, toys, and carrier; and consume 22,200 calories. Over 2.5 million pieces were sold. In another promotion involving Winnie the Pooh and Friends, a million pieces at S\$3.50 each were sold within 10 days. Such fanaticism over McToys is not restricted to Singapore only. Below are some examples of what length consumers will go to get these toys:

- In Singapore, second-hand Winnie the Pooh toys were sold and bought for as much as S\$35 each, 10 times more than the retail price.
- In Taiwan, a McToy fanatic threatened McDonald's staff at knife-point when the store ran out of Hello Kitty toys.
- Some Taiwanese customers who failed to get hold of Hello Kitty plushes after queuing for hours suffered nervous breakdowns.
- In Hong Kong, a security guard was sentenced for stealing 21 McDonald's Snoopy figurines from office desks.

For the Wedding Millennium pair, a customer was offered \$100 right after she bought them.

Ms Lai revealed that McDonald's usually conduct a consumer research survey before it selects the toy to promote. Toys are picked according to their collectibility, playability, and value for money. According to a sociologist, by selling these toys as a series rather than just individually, the toys become more desirable because each toy contributes towards something (the series) greater than the sum of its parts (individually). Indeed, the partnership between McDonald's and Disney allowing the former to sell Disney toys with its meals has benefited the chain. When the alliance was first implemented, McDonald's reported a 7% increase in sales.

Why are people crazy over these dolls or toys that accompany the fast food? An 11-year old girl said, "I collect McDonald's toys because they are cute. But I don't collect all of them. I only buy those I like." Another, an adult, said he has to eat at McDonald's two or three times a day on some days to get the entire series. He feels that these plush toys are worth buying because "you can't find these plush toys in other shops."

However, several feel that such fanaticism is irrational. Says a parent, "Collecting these toys is a pure waste of time and money. Kids will just play with them for a while and then they'll just throw them away. If children buy computer games, they can at least play with them again and again." Another, with a more balanced view, said, "It's a waste of money because most of the time, the toys are left lying around the house. But, if people or kids

like collecting such toys, and they can afford them, then I see nothing wrong with collecting them as a hobby.”

What Could Have Been Done

Several interested Singaporeans wrote in to advise McDonald’s what it should have done. These suggestions include:

- Holding lucky draws and ballots so people would not need to be first in a queue.
- Selling the dolls in open areas, such as the stadium, which are more suitable for large crowds.
- Setting up a hotline and sell the dolls on a first-to-call or first-to-be served basis, till the supplies run out.
- Issue coupons to the people in queue and ask them to collect the dolls and burgers on another day.
- Run a quiz and publish the quiz forms in the newspapers. Those who send in the first all-correct forms get to buy the dolls.
- Flood the market with the dolls so that everybody who wants one can get it, and there will be no more queues.
- Sell the dolls every day and not just on Thursdays so that the crowd is spread out.
- Increase the price of the dolls so that fewer people will want to buy them. The extra money should go to charity.
- Get soldiers and police to control the crowd.
- Put up metal barricades so that people will not cut the queue.

Morning Has Broken

On 2nd February 2000, McDonald’s published a full-page ad in the local newspapers, The Straits Times, containing an public apology. It recognized its failure to control the situation, thus resulting in injuries from riots in queues for their Hello Kitty dolls. To rectify the situation, McDonald’s took several precautionary steps. First, the last-in-the-series pair of dolls, for the Chinese Wedding pair, will not be sold at their outlets. Instead, consumers interested in these dolls will have to buy vouchers of S\$9. These vouchers can then be redeemed for the dolls when they become available some six months later in July.

Second, launched to coincide the Lunar New Year, these vouchers can be purchased throughout the 15 days of the festive season instead of one week of launch, which was the case for the earlier pairs. Additionally, in the apology, McDonald's guaranteed that everyone who wants the Hello Kitty and Dear Daniel Chinese Wedding pair will receive them. It will hold on to the 400,000 pairs it has in hand until July, and with the number of vouchers bought, McDonald's can ascertain how many more dolls it has to order to meet the demand. With these measures, McDonald's hopes that the earlier riotous response will not be repeated. With the purchase offer no longer based on a first-come-first served basis, it hopes to eliminate the rush to be among the first in queues. Finally, as a gesture of goodwill, McDonald's also included a \$1 coupon in the ad, redeemable for food purchases.

McDonald's Explanations

Aside from giving details on how people can buy the last set of Hello Kitty dolls in its promotion, McDonald's also answered some questions, which the media and members of the public have been asking. One important issue was the tardiness McDonald's coped with the problem, which resulted from the frenzy. McDonald's authorities expressed deepest concern as reported in The Straits Times. "All our efforts were focused on looking at how to improve crowd control, alleviate traffic congestion, and also how to speed up service times." However, when things seemed to be out of control, the authorities had no answers to the massive problem. "We had no idea that the situation would continue to escalate."

As the coupon was for the last doll of the series, McDonald's was asked whether there would be a re-order of stocks for the first five dolls. McDonald's safeguarded the consumers' interests by answering to the media that it will not be appropriate for them to backtrack on such offer. On the issue of a lucky draw basis to promote the dolls, they announced that such a promotion tactic was not necessary. The first-come-first served arrangement, a major factor for the long queues and rowdy crowds, was rendered redundant by the authorities eventually.

Ooops! . . . Did McDonald's Do It Again?

A year after the Hello Kitty pandemonium, McDonald's introduced another Hello Kitty series. Called the Royal Costume collection, the six sets of designs featured royal costumes from around the world. This time round, McDonald's is prepared. There was no repeat of the previous year's frenzy. It limited the number of such dolls each customer can buy to four and kept more dolls in stock to forestall any panic buying. It also hired security personnel and mobile squads of security officers to go around McDonald's restaurants for crowd control.

Discussion Questions

1. Based on consumer behavior theories, why do you think consumers were crazy over the McToys? What need does having a McToy fulfil?
2. By offering such toys in their promotion, how has McDonald's created value to its consumers?
3. Do you think the promotional fiasco with the Hello Kitty dolls and other McToys has tarnished McDonald's image? Why?

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