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BK Wages Breakfast War on McDonald's With New Sandwich

Ads for Cheaper Offering Depict King Breaking Into Rival's Headquarters for McMuffin Recipe

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NEW YORK (AdAge.com) -- Burger King is betting big on breakfast with a new national blitz to promote a morning sandwich that's admittedly a lot like McDonald's Egg McMuffin, but cheaper.

In a new 30-second commercial from agency Crispin Porter & Bogusky, BK's mascot, the King -- armed with a flashlight and donning a hoodie -- breaks into McDonald's headquarters in the wee hours of the morning to copy the recipe for McD's Sausage McMuffin with Egg sandwich. A voice-over says, "It's not that original but it's super affordable ... egg, sausage and cheese on a toasted English muffin." (The sandwich is being sold for a \$1 at Burger King restaurants. McDonald's doesn't offer that sandwich on its breakfast dollar menu, but it does offer other selections, such as a sausage biscuit and sausage burrito).

McDonald's doesn't seem to be ruffled by the comparative ad or use of its brand in Burger King's commercials. "Imitation is the sincerest form of flattery," a spokeswoman told Ad Age in an e-mail. "As always, McDonald's continues to focus on its business and customers."

It seems to be the first time that Burger King has shown a likeness of the Golden Arches in its ads, but not the first time McDonald's imagery has made its way into a BK commercial. In

July 2008, spots from Crispin showed a couple of young guys wearing Whopper Jr. and Chicken Sandwich getups trying to go into an actual McDonald's location only to get kicked out.

BK's breakfast assault

The latest campaign comes as Burger King prepares to take direct aim at McDonald's breakfast offering -- a segment that the Golden Arches has long dominated and that accounts for McDonald's most-profitable meal. In addition to the new muffin sandwich, which will likely supplant the Croissanwich, BK has launched a major breakfast assault with a series of product introductions such as the BK Breakfast Bowl for \$2.79 and has added Seattle's Best Coffee to its menu, replacing coffee provided by Sara Lee

Corp. The chain is expected to be making these new products available ahead of a more comprehensive U.S. breakfast platform launching in late 2010.

For fast-feeders in general, breakfast is fast becoming the most competitive day-part, with players such as Starbucks and Subway stepping it up in the space. Subway's new breakfast menu debuts nationally this coming Monday with customizable omelet sandwiches and combo meals.

According to Gary Stibel, founder-CEO of New England Consulting Group, "the breakfast day-part is very important to the industry and sales and traffic will increase as a result" of increased competition by restaurant chains in the space. Breakfast "has suffered because unemployment is so high," Mr. Stibel said, noting Americans "are not running out of the house at 7 in the morning, so it hasn't received the same attention as other day-parts because people aren't going to work."

Winners and losers

He forecasts that Subway, Burger King and McDonald's will all drive sales with their new breakfast offerings, while some of the losers will be casual and family restaurants that serve breakfast.

"The big winner here will be Subway; they've got more locations and theirs is a far more innovative menu," Mr. Stibel said. "Burger King will do better than they have in the past, but honestly they won't do much better than they have in other day-parts because their products are just too similar," he said, adding, "McDonald's is the best at breakfast and you can bet your bottom dollar that they will react and protect their turf."

McDonald's recently began selling oatmeal for \$1.99 at restaurants in Baltimore and Washington, taking a page from the playbook of rival Starbucks Corp. When Seattle-based Starbucks launched oatmeal in the fall of 2008, it quickly became the coffee chain's top-selling breakfast food.

According to stats released by Chicago-based Technomic late last month, restaurants are still struggling to bounce back to pre-recession profit margins. The 500 largest U.S. restaurant chains registered a

decline in sales, posting a 0.8% annual sales decline in 2009, with U.S. system-wide sales for the top 500 falling to \$230 billion in 2009, down almost \$2 billion over 2008.

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