

Prospect Dossier

# SONIC DRIVE-IN





Sonic Drive-In was a strong performer under recently departed president Claudia San Pedro. Her replacement, Jim Taylor, crafted a winning marketing strategy at Arby's, helping drive that chain's impressive growth over the past decade.

Sonic's fare is a grab bag of burgers, wraps, tater tots, chili dogs, popcorn chicken, and more. Executives say the menu is purpose-built to appeal to consumers who prefer frequent snacking over full meals. Of note: drink-only orders account for 24% of sales.

The company says "craveability" is the determining factor in product development. The chain's marketing team has leaned heavily into social, particularly TikTok, to generate buzz around fan favorites like Pickle Juice Slushes.

In 2021, Sonic undertook a burger improvement project that resulted in a standardized build featuring a new bun, thicker beef patty, and fresher ingredients. Items like the Chophouse Cheeseburger have been front-and-center in recent advertising.

Sonic has worked hard to improve the usefulness and usability of its mobile app in recent years. The chain wants to strike a balance between personalizing suggestions based on a user's past orders—or encouraging greater menu exploration.

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# OVERVIEW

## The Backstory

A classic American brand with a storied history of carhops and crackly speakers, Sonic Drive-In is working to prove that a business model steeped in nostalgia can thrive in a digital-first world—one where hungry consumers increasingly crave value.

The brand, which operates some 3,500 units in 47 states, is in the midst of an ongoing overhaul that has brought with it a fresh visual identity, new marketing, and—more recently—a revamped management team.

Out as brand president is Claudia San Pedro, who stepped down in April. In is Jim Taylor, the onetime CMO and later president of Arby's, who helped architect that chain's highly successful "We have the meats" marketing platform. (Arby's enjoyed nine years of same-store sales growth during Taylor's tenure, along with the highest average unit volumes in its history.)

Taylor's predecessor at Sonic had a good ride. San Pedro steered the company through its 2018 sale to Inspire Brands (operator of concepts like Arby's, Dunkin', Buffalo Wild Wings, and Jimmy John's) and watched as sales soared.

The pandemic was good for business. In 2020, the chain's systemwide sales increased 20%, due in part to changes San Pedro put in place.

Former CMO Lori Abou Habib guided the brand's marketing away from two average Joes riffing in a car (a concept created by Barkley) to ads that focus more on food. A new campaign launched in August.

The chain sees its mix-and-match mentality as a key differentiator. Kim Lewis, Sonic VP, brand experience, explained in a 2021 interview, "The personalized experience at Sonic is built on the fact that customization is not just available for every item, but actually encouraged. We're especially well known for our amazing variety of drinks and slushes. You can put flavor, real fruit, even candy items into our drinks and slushes that can be mixed and matched in over a million different ways."

With U.S. systemwide sales of \$5.5 billion, Sonic is currently the country's fourth largest burger chain, trailing McDonald's, Wendy's, and Burger King. All three competitors have stepped up marketing, rethought their store designs, and upgraded loyalty apps to ease friction for increasingly mobile-minded diners.

Innovation is critical in the category. Sonic tweaks its menu with a steady stream of LTOs. It tends to keep new items off the core menu to "gain flavor attraction," according to culinary chief Mackenzie Gibson. "We do cheeseburgers really well, and we do flavor extensions really well," she said in a recent interview.

Sonic has been looking beyond its car stalls for growth, launching a line of branded alcoholic beverages at retail; populating its online store with canine-themed merchandise; and developing relationships with musical artists to create a soundtrack for carbound consumers.

Prior to the management shuffle, Sonic began anticipating changes in the drive-in model. Said San Pedro, "Before we know it, every car is going to be connected in some way, shape, or form. A screen in everybody's car. So how do we deliver...a very unique experience where consumers can access us when they want, through their own cars. I think that's the future, and that's the exciting part."

Sonic is also studying the psychological factors driving post-pandemic purchase behavior. The company's franchise sales materials tout the benefits of offering menu items for five distinct dayparts. "There is this macro trend toward mental health and trying to practice some self-care, getting what you want, including small treats throughout the day," said one Sonic executive. "That feels more relevant than ever."



**Recapping the chain's 2022 performance, one reporter wrote, "The brand's setup fit the country's 'car picnic' movement to a tee, helping bump two-year same-store sales 25%. Of late, the brand marched forward its well-known cadence of outsized menu innovation, from merchandise for dogs to Pickle Juice Slushes. Sonic also made its Hawaii debut in February with an opening in Kahului, Maui."**

## Understanding the Brand

*In a March 2023 conversation at SXSW and in separate 2021 interviews with Brand Innovators and Vayner Media, then-CMO Lori Abou Habib discussed what makes the Sonic brand unique, the importance of loyalty programs, and why the company sees “delighting customers” as a competitive advantage. Excerpts from those discussions:*

### **On the brand's secret sauce...**

I think for us it's been really about focusing on consumer passion points—wherever you can find that overlap where your brand has equity and your consumer has a ton of passion, you can make some magic.

### **On generating big ideas...**

We start with this idea of the Sonic brand, which is all about sparking moments of delightful possibility. We use that as a filter to generate tons of ideas, and we work on the top 10% of ideas that consumers gravitate towards. That is how we sort out the most craveable, biggest ideas and get those products into our pipeline.

### **On menu innovation, brand relevance...**

The product innovation side of Sonic is super important to our consumers. It gives them different reasons to come visit on various occasions and always keeps things fresh. One of the things that consumers really love about Sonic is all of the variety we have. Product innovation is just another way to introduce variety. If we think about where we want to focus, we focus on high-quality foods, things that can be customized, and we also have strengths in beverage and frozen.

### **On the importance of mobile apps...**

It's not necessary for every brand to have an app. I think for Sonic it was very impactful for us, because as we talked to consumers about what they really needed to get out of the brand, there were sort of two main things. One was value and one was convenience. The technology and the ability to order off-premise really was what enabled that idea via the app.

### **On off-premise offerings and niche merchandising...**

People love alcohol, so we made hard seltzers. [For off-premise retail.] We had this flavor story to be able to tell with the variety. Also...people love their dogs. We love dogs. So we did merchandizing just for the dogs.

### **On finding palatable price points...**

We've been doing a lot of talking to our consumers. One

thing that's interesting from a Sonic perspective is we actually have more items at the \$2 and \$3 price point than a lot of other brands out there. We're actually adding a whole section to our menu that is just our \$2 and \$3 items. They're super easy to find, piece together, maybe get a little snack—a snack or ice cream—and something savory. It's about bringing those options together.



**“Our country is really embracing indulgence. Sonic shied away from that in the past. It's been something that's sort of in the cornerstone of the DNA that we really didn't fully embrace... We did some soul searching...and we really landed on this idea of how important indulgence is and what a profound role it can play in consumers lives.”**

### **On a foundational ad campaign...**

It's hard to talk about campaigns without talking about the two guys, who are fabulous. That would be a campaign that I am very proud of. They were a core part of the brand's advertising for more than a decade, and they're fabulous improv actors that we originally recruited from Second City. Usually we would give them sort of a scripted scenario and then they would read for a couple of hours, and about 60% of the time we would land with something that was totally unscripted. That was just them being funny. And for so long they really were the brand personality.

### **On focusing more on food...**

What we found was when we showed really craveable food, it was more meaningful in terms of actually producing action in the business. The other thing that we learned is that unlike a lot of QSR brands, Sonic actually skews female from a customer base standpoint. So, [it's about] understanding the unique nuances and [having] a broader view of our customer base.

### **On influencer marketing...**

I think influencer marketing can be super beneficial if you use it in the right way. It's all about context. Making sure that you have the right audience...and you're really clear on what that influencer's stance is. It is a really tight connection back to the idea that you're trying to get across...I think that it can work really well, [but] there are certainly instances where you can overuse it.

### **On the franchisee challenge...**

There's an art of negotiation when it comes to working in a franchise environment, and it is very much about understanding their feedback and really listening to them. [You] wait for those moments where you can give a little to get a little. That has been where I felt like we had the most success in execution—where they feel heard and we feel heard.



## Building a Better Burger

Sonic makes no secret of its ambitions to be a bigger burger player and is constantly experimenting. In May it introduced the new Sonic Griller, touting its “backyard cookout-inspired char-grilled flavor.” The LTO was made available to Sonic app users a week before it officially hit the menu. That iteration and innovation is the latest in a calculated effort. In 2021, Sonic completed a burger improvement project that brought standardization of the build, including a lighter bun that toasts and transfers heat better, a thicker beef patty, chopped lettuce instead of shredded lettuce, fresh pickles instead of shelf-stable ones, and onions that are chopped in-house. It also standardized its butter placement for its butter burgers—using a scooper to place just under half an ounce of butter on top of the burger and then melting cheese on top to help seal it in.



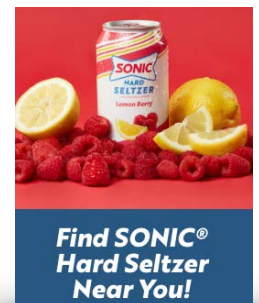
## Common Menu Misconceptions

In an interview last October, then-Sonic president Claudia San Pedro discussed how shifting consumption behaviors have impacted the chain’s menu development. She told Franchise Times that snacks have become a much larger part of the product mix over the past 20 years and the brand is working to balance its identity as a hamburger and hot dog-focused drive-in while evolving in step with consumers. “If we think about eating trends and behavior patterns, certainly it’s evolved from the standard three meals a day to, ‘I want smaller portions but more frequently throughout the day.’ If you look at today’s generation, they’ll use mozzarella sticks as a snack, they’ll use mozzarella sticks as a meal.” San Pedro also said there are some misconceptions about who’s ordering what. “As you think about the niche we have, we’re considered a hamburger QSR. Really 60% of what we sell are drinks, ice cream, and snacks. Drinks are an important component of that. 24% of our sales are drink-only, so we do have a special space for that.

**Sonic’s challenge, the chain’s executives say, is to retain its brand identity while showing up in unique ways to consumers, who increasingly favor more frequent snacks rather than full meals.**

## Thinking Outside the Drive-In

Nation’s Restaurant News reported last October that Sonic expanded its line of branded alcohol products, which already included hard seltzer brewed for it by COOP Ale Works—which like Sonic is based in Oklahoma City. The branded products are not available at Sonic restaurants—which don’t have liquor licenses—but are sold at retail stores in 40 states. COOP is now rolling out hard sweet tea and hard slushes in cherry limeade, watermelon, and blue raspberry flavors. The slushes contain 6% alcohol and don’t become solid in a conventional freezer, but they do become slushy, according to COOP president Sean Mossman.



## What’s in Store

Sonic’s retail ground game is gaining momentum. In June it began distributing its iconic tater tots—in frozen form—to more than 4,000 Walmart SuperCenters nationwide. The 28-ounce frozen bags are priced starting at \$4.98. “By expanding into the frozen food aisle, we’re able to offer customers a versatile mealtime option that can be enjoyed as a side dish or as the star of a delicious meal, all with the added convenience of allowing customers to prepare them at home,” a spokesperson said. Adding some context, Food Dive noted, “The fast food chain is no stranger to seeing its products carried in supermarkets and mass retail stores across the country. Sonic has its name on everything from gelatin and flavored drink packets to frozen flavored push-up pops.”



## Food for Thought: Culinary Curation

Mackenzie Gibson, Sonic's VP of culinary and menu innovation, was a guest on a December 2022 Restaurant Business podcast. Selected outtakes from that interview...



### On new-product launches...

We've launched a ton of products over the last couple of years. They have sort of this all-American twist to them. As we think about creating new products, we think about what does Sonic stand for? Does it feel all-American? Does it feel like something that is trendy but not too far out and hits that sort of sweet spot?

### On menus and marketing...

As I think about the future of culinary, it's not just culinary on its own. It is the integration of culinary into marketing as one unique unit. And it's also being led by the consumer. We're not being led by brand anymore. We're not being led by what we think is going to work on the calendar. We talk to our consumers at every single point. Previously we were led from a marketing perspective, and now we're led from a new-product-development perspective.

### On listening to consumers...

We do a ton of dine arounds. We follow trends, but most of all, we talk about food and we live food every single day. We pull

ideas together continuously and talk to our consumers, because a dumb idea out front may gain traction throughout the development process and turn into something absolutely amazing.

### On menu item creation...

We will take an idea from anywhere. At Sonic, it is really about finding the craveability in a product and turning that into something that speaks to our consumers. We talk a lot about the "Sonic DNA."

### On signature menu items...

There are some things that I don't think as a brand we would want to get rid of—potentially the chili cheese coney. And we are working very hard to be a burger QSR. So we have our Supersonic. Our Bacon Supersonic. I would say our cherry limeade, our chewable crunchy ice. I think almost everything has a lifecycle to it as consumers get older, as new consumers come in. I don't want to say never, but there are some sacred cows.

### On growth opportunities...

We're open for breakfast, but I would say breakfast is probably not the biggest driver for Sonic. What we do see is that a huge number of consumers come in for beverages and they say, "I'm just going to get a get a little breakfast burrito." So innovation for breakfast is probably not where we focus, but as there comes a need, our brand team will pulse on new innovation.

## Curb Appeal: New Prototype



In 2020, Sonic began rolling out a new site design after an initial trial run in Oklahoma. The "Delight" prototype features 18 stalls for parked cars, a drive-thru, a covered outdoor patio where customers can sit under string lights, and lawn games. A large, brightly lit cherry on the side near the drive-thru is a nod to Sonic's signature Cherry Limeade beverage. (The chain sells about nine million of them every year.) Inside, the units features a new kitchen layout designed to help employees operate more efficiently.

"They were being perceived as retro and the style seemed old-fashioned. They wanted to move away into a fresh face to really reintroduce the brand. It was all around this kind of notion of an oasis and summertime anytime—and leaning into colors like red and blue for hot and cold treats. It is unlike anything else in the space," said Ryan Brazelton of the Ohio-based design firm ChangeUp.



**"We have a unique format with our drive-in model and carhop service. Consumers have the ability to pull into a stall and have their own time, whether it's with a friend who joins you on your trip to Sonic, or if you are alone and just need a moment of me-time. This idea of an oasis is important in how we cultivate the experience by giving consumers exactly what they want and having this moment for them to relax."**

## Mastering a Mobile Mindset

Sonic's mobile app has been a key area of focus for the chain, both in terms of loyalty and the functionality that eases ordering prior to pull-in. The chain rolled out mobile ordering in 2018. Raghu Sagi, CIO at parent Inspire Brands, said in a 2022 interview that Sonic went from no digital sales to 10% digital sales in two and a half years. The technology innovations have been well embraced by the franchisees, says Sagi, mainly because the corporate team tests new concepts prior to offering them to franchisees. Then-CMO Lori Abou Habib said in a 2021 interview, "We absolutely will use the data for marketing purposes. We always have an offer of 'Happy Hour Anytime.' We also have monthly rewards and birthday rewards. We are certainly looking to supply more value through the app in terms of rewarding our loyal customers. We hope to keep that

engagement with the people that started to use the app, not only through rewards but also through insider information and new ways to provide convenience features like tipping. We are looking at leveraging the data and information to make those experiences easier and more personalized."

**For years, customers paying via credit card at a Sonic Drive-In had no way to tip their carhop—creating awkward interactions for some drivers who had no loose change in their cupholders. The capability was added to the chain's mobile app in 2021. (A Change.org petition was created in 2017 asking Sonic to add the ability to tip via credit/debit card purchases. The petition received over 33,000 signatures.)**

## The Sales, The Segment



RANK	QSR 50 RANK	COMPANY	2022 U.S. SYSTEMWIDE SALES (MILLIONS)
<b>BURGER SEGMENT</b>			
1	1	McDonald's	\$48,734
2	5	Wendy's	\$11,694
3	8	Burger King	\$10,278
4	13	Sonic Drive-In	\$5,499
5	19	Jack in the Box	\$4,111



## A Newbie's Take on the Menu



Food writer Lauren Harkawik, writing for *TheTakeout.com* last year, set out to analyze the mystery of Sonic's "all over the place" menu. Below are her findings—and some things she learned from Mackenzie Gibson, Sonic's VP of culinary and menu innovation....

- "What do you get at Sonic? I posed the question to family and friends. People told me their favorite things to grab—besides the ice. Unlike a debate such as Big Mac vs. Quarter Pounder, the responses were all over the place. Mozzarella sticks, onion rings, popcorn chicken, hot dogs, burgers. The only thing everyone's responses had in common was that no two were the same."
- "Gibson explained that Sonic has a base menu, but also features location-specific 'local favorites.' Philly cheesesteaks, for example, are favorites in Philadelphia. In New Mexico, there's a burger with hatch green chiles on it. 'Every area of the United States has their own flare,' said Gibson. 'We try to let franchisees and drive-ins choose products that speak to what's popular in their area.'"
- "You can add things to your drink, you can customize each sandwich, you can order seemingly incongruent foods (corn dogs, jalapeno poppers, chili cheese wraps) to comprise your personal favorite meal. Sonic, Gibson said, is about taking a break from your day and having whatever you need right then, however you think it should be."
- "I'd say I tried a little bit of everything, but the truth is, there are many things I didn't try. Sonic's menu is vast. I got the foot-long Coney. I also got broccoli cheddar tots, Ched 'R' Peppers (jalapeño poppers), mozzarella sticks, and popcorn chicken. The Sonic app offered me a free Wag Cup, which I thought was an ice cream cup but turned out to be a cup of whipped topping that's intended for dogs."
- "As for the food, the hot dog and Ched 'R' Peppers were my favorite. But it was all decent, none of it a showstopper or a standout. It's not about getting that 'one thing.' It's about ordering small comforts, whatever that might mean to you at the time."

## A Value Play



In January, Sonic launched a \$2 "Crave" menu consisting of three items: a junior cheeseburger, a junior wrap, and mini sundaes. The idea: "Guests can enjoy items from the Under \$2 Craves menu alone as a snack or build them into a meal."

### The ABCs of the LTO

Sonic prides itself on limited-time items that are both appetizing and quirky—known to draw attention from the likes of Hoda and Jenna. First introduced in 2018, Sonic's Pickle Juice Slush is one of the most frequently requested menu items by fans on social.



August 2023  
Bacon Peppercorn Ranch  
Grilled Cheese Burger



July 2023  
Buffalo Chicken Dip Bites



June 2023  
Red Bull Slush



June 2023  
Aloha Slushes



February 2023  
BBQ Potato Chip  
Seasoned Tots



January 2023  
Chophouse Cheeseburger



### Cold Comfort

The company's trademark crushed ice has developed a cult following. First shaved—then compacted to give it a unique texture—the ice is available for purchase by the bag.

# JIM TAYLOR

## BRAND PRESIDENT

**Approximate Age:** 54 **Current Position Since:** April 2023

**Personal:** Married with kids. Met his wife, Jamie, at a concert.

**School days:** "I was kind of a wallflower in high school. I was so socially shy, which people have a hard time understanding now. And my life was about sports. It was about grades."

**First job:** "I have always loved food. I think I made the first meal for my parents when I was seven. My dad was in the restaurant business, so it was kind of a natural fit. My first job was as a cook at Dairy Queen. I took a lot of pride in it and loved it."

**A transformative experience:** "My mom worked at a grocery store in an office with a wonderful German lady who was starting an exchange program, and I was perfectly suited for it. My parents made a big sacrifice to put me on a plane to Hamburg for three months. During that time, I really did blossom. And it was because I was in a totally new culture. People didn't know me from Adam. I didn't know the language...Everybody has to have those moments where they start to believe in themselves and in their future."

**What drives him:** "To transform businesses and people to their full potential. That's a purpose I can get behind each and every day in my family life and in my business life—all of it."

**One key mentor:** "Jody Allen, my first boss at P&G. She taught me how to cut through a dizzying array of data sometimes that we face to really identify what's important and what's not. And how to use it to tell and support compelling stories to influence business decisions. I'll always be grateful for that foundation she gave me."

**On differentiating Arby's:** "In a world where McDonald's was mass producing ten-cent hamburgers, Arby's came in and sold 40% premium roast beef sandwiches. It was almost kind of the first fast casual restaurant, because it was sliced to order right in front of you. Very simple menu. And it was about this premium, craveable, delicious experience around high quality meat. Then that whole thing about being different—a little bit different."

**Advice to young professionals:** "You're going to make mistakes in your career and in life. Just own up to them—proactively. Say, 'Hey, you know what? This happened. This is what I did. I'm happy to help resolve the situation.' The number one career killer, I'm convinced, is not knowing your blind spots, which simply is, 'What do other people perceive about me and my skills and how I behave that I don't perceive the same way?'"

**One regret:** "We had three children five years or younger, and there were a lot of nights I didn't make it home for dinner or I did make it home for dinner but was not engaging with the family, frankly, and continuing to work. I don't think that was healthy. I would not do that again."

**His media escape:** "I love music. I love to dance with my kids. I try to stay in touch with what they listen to. I like to know a little bit about the lyrics behind what the artist is trying to communicate as well."

**A favorite band:** The Talking Heads.

**The bottom line:** "I think if you're going to lead other people effectively and lead the business effectively, you have to learn how to lead yourself effectively. That's the heart of everything."



**"The number one mistake that you can make as a marketer is to confuse yourself with the guest. Just follow the guests and what their needs are. Innovation is about finding something that is different, desirable, and deliverable by your brand."**

### Career at a Glance

#### Aug. 2019 - April 2023

Brand President, Arby's, Inspire Brands

#### Aug. 2017 - Aug. 2019

CMO, Arby's, Inspire Brands

#### June 2014 - August 2017

SVP, Product Development and Innovation, rising to SVP, Brand Advertising and Activation, Arby's/Inspire Brands

#### 2010 - 2014

Numerous positions ladder up to SVP, Enterprise Strategy and Innovation at Darden Restaurants

#### Earlier

Various finance and marketing leadership roles for oral care, male grooming, and digestive wellness portfolios at Procter & Gamble.

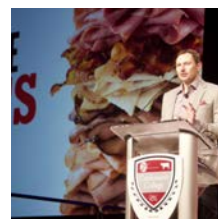
### Education

#### 1994 - 1995

MS, Stanford University

#### 1986 - 1991

BS, General Engineering  
University of Illinois



# KIM LEWIS

## VP, BRAND EXPERIENCE

**Approximate Age:** 44 **Current Position Since:** August 2023



### Career at a Glance

#### Sept. 2021 - Aug. 2023

VP, Integrated Marketing Communications  
Sonic Drive-In

#### May 2017 - Sept. 2021

VP, Digital Strategies  
Sonic Drive-In

#### Oct. 2016 - July 2017

Executive Consultant  
Lewis Loyalty

#### Aug. 2015 - Dec. 2016

Head of Marketing and E-Commerce  
Golfsmith International

#### June 2013 - Aug. 2015

Director, then Sr. Director, CRM  
Golfsmith International

#### Earlier

Various CRM Roles  
Sally Beauty Supply; Charming Charlie

### Education

#### Post-Grad

MBA, Business Management  
The University of Dallas

#### Undergraduate

BA, Integrated Marketing Comms  
Abilene Christian University

**Personal:** Married with two kids. Originally from Abilene, Texas. Her husband, Shane, has worked in VP-level sales roles at Citi since 2014. Prior to that, he had a 10-year run at paint manufacturer Behr Process Corp. He studied communications at Abilene Christian University.

**In her own words:** "Marketing leader. Sports fanatic. Passionate about everything I do. Persistent and determined."

**Parental guidance:** She told an interviewer in 2016, "I've been lucky to have a number of professional mentors, but I'm only who I am today because of my parents. I've never known anyone who works harder and is more supportive than my mom and dad, who have always stressed the importance of trying new things and approaching life with a loving, positive attitude. These guiding principles shape everything I do."

**Best advice she's received/would give:** "Never send an email when you are mad."

**Outside the office:** Enjoys golf, skiing. Watches University of Oklahoma softball.

**Favorite quote:** "The harder you work, the luckier you get."

**Geography Lesson:** In 2020, her son, Bowen, made a goal to visit all 50 states. She gave him a map to track his progress.

**Brands she loves:** Rent the Runway, The Container Store.

**In the community:** From 2018-2019, she was a board member for the Oklahoma Institute for Child Advocacy and served on the executive council of the Oklahoma Sports Hall of Fame.

**One bit of wisdom:** "It's okay to be wrong. When you make a mistake, own it, apologize, learn from it, and move forward."

**One professional success:** "Building Golfsmith's cross-channel customer database from the ground up."

**Management/hiring philosophy:** Don't focus on cultural "fit" when making hires, but who will be a cultural "add." ("Bringing new perspectives and people who will constructively challenge the status quo is key to driving results.")

**In the vacation rotation:** Padre Island, Texas. Park City, Utah.

**For the record:** "Life isn't fair. Do your best with what is in your control and try not to worry about the rest."





# MACKENZIE GIBSON

## VP, CULINARY AND MENU INNOVATION

**Approximate Age:** 46 **Current Position Since:** September 2021

**Personal:** Married with two kids, a son and a daughter. Grew up in Oklahoma.

**Mapping it Out:** Her husband, Josh, works as a GIS Manager at Tall Oak Midstream. He received his BA from the University of Central Oklahoma and is originally from Janesville, Utah. Enjoys cycling and is no stranger to the 50-mile ride.

**Separation anxiety:** Her daughter, Claire, just started her freshman year at the University of Oklahoma.

**Dog days:** "I grew up with the Sonic brand. My mom always used to take my brother and I, and I remember her getting the Chili Cheese Coney, the footlong. That was probably my favorite. Now that I'm at the brand, that is still my all-time favorite."

**Professional Aha! moment:** "Jack in the Box is really where I got my feet underneath me when it comes to development—for things that went straight to consumers as finished products. And I just fell in love with it. I fell in love with seeing my products being consumed, seeing them on TV, and I knew I was hooked. And a couple of years into that journey, Sonic had an opening and I had put out feelers."

**On choosing Sonic:** "I wanted to work for a brand where I was a customer. After I learned about developing products for food service, I realized understanding your customer is such a big part of it. I felt like I was that Sonic customer...and I could really bring my talents to them."

**Weekend respite:** Happy to tour a farmer's market.

**Beaches or mountains?** Beaches.

**A favorite quote:** "Laugh when you can, apologize when you should, and let go of what you can't change."

**College activities:** Member of Alpha Chi Omega.

**Social, Not Social:** Started a Twitter account in 2009—then apparently thought better of it.

**A cause she has supported:** Suicide prevention.

**What she's having:** "A cup of ice with lime and salt is one of my favorite 'secret menu' items. We can never take that ice off the menu."



### Career at a Glance

#### June 2018 - Sept. 2021

Senior Director of New Product Development Marketing  
Sonic Drive-In

#### May 2015 - May 2018

Sr. Director of Culinary Innovation  
Sonic Drive-In

#### May 2013 - May 2015

Director of Culinary Innovation  
Sonic Drive-In

#### 2005 - 2008

Sr. Product Development Manager  
Jack in the Box

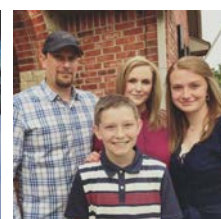
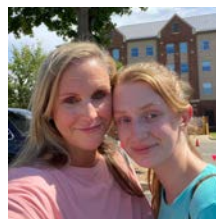
#### 2001 - 2005

Research & Development Manager  
Gardenburger

### Education

#### 1995 - 1999

BA, Food Product Development with an additional focus in Meat Science  
Oklahoma State University





# THE CATEGORY

## Why Fast Food is Killing It

*Writing for The Washington Post in April, Laura Reiley noted several trends that are benefitting the fast food category. Among her observations:*

### Groceries Are Still Expensive

Though inflation is receding, groceries remain pricey, with the cost of basic building blocks of meals at home still elevated. For restaurant-goers, convenience and price are critical, especially when they are feeling financially squeezed. So if the average eater's check is \$8 at a quick-serve pizza chain and \$6.56 at a hamburger chain, according to market research firm Circana, these restaurants are an affordable option often competitive with making a meal at home.

### Drive-Thru is King

From February 2020 to April 2023, on-premise dining went down 14%, according to the National Restaurant Association. In that same time, off-premise dining increased 14%, with drive-thrus up 12% and delivery up 5%. (Carryout is down 3%.) Quick-serve restaurants with drive-thrus are stomping restaurants that are largely sit-down. Of all orders placed at American fast food restaurants last year, 85% were taken to go, according to Circana data. Many chains have ramped up drive-thru lanes, some devoted solely to delivery drivers or orders placed via mobile apps. These are gleaming high-tech spaces missing only one thing: they have no dining rooms at all.

### Healthier Options are Growing

The second quickest-growing fast food chain in the United States right now sells salads. Salad and Go, a tech-forward chain with locations concentrated in the Southwest, saw its units expand by 115.8% last year, while sales rose 166.3%, according to market research firm Datassential. In the early 2000s, consumers called for more healthy options on fast food menus. The big chains delivered, but during the pandemic, as menus shrank to accommodate a tight labor market, frequently those healthier options disappeared. Still, "better for you" fast-food options have proliferated, often drawing a younger clientele. According to a new report by NPD Gathering, 19% of Gen Z shoppers identify as "veggie lovers" or vegetarian.

### Back-to-Office Mandates Drive Traffic

For several years, millions of American workers padded into their home kitchens every couple of hours for a snack or to slap together a quick sandwich. Many downtowns saw significant closures of independent mom-and-pop sit-down restaurants that depended upon office worker lunch business, even as fast food drive-thrus have flourished. More back-to-office mandates may be spurring further growth. According to Yelp data, business openings for fast food restaurants are up 10% in the past three months (May to July) compared with the same period last year. As a comparison, grocery store openings have increased by half that.

**"Fast food's growth has been fueled in large part by advances in what McDonald's calls the 'Three Ds': digital, delivery and drive-through. In a period when hiring has been difficult, the fast food industry has adopted automation, both robotics and artificial intelligence, in an aim to streamline service and improve staff recruiting and retention."**

## All Eyes on Breakfast

In an April report, Food Business News noted, “Breakfast time is playing an increasingly important role in the success of quick service restaurants. Breakfast eaten away from home is a growing consumer trend that QSRs are taking advantage of to play a major part in the restaurant industry.” David Portalatin, food industry advisor for The NPD Group, told the publication, “Breakfast at restaurants was adversely affected in the early stages of the pandemic, and it is recovering now that more consumers have returned to more out-of-the-home routines.” NPD found that breakfast was the most important meal of the day for the U.S. restaurant industry based on growth of visits. Breakfast sandwiches were the top food choice of QSR breakfast offerings; 37% of all QSR breakfast orders included these sandwiches.



## Evolution at the Drive-In

In an April QSR piece, Paul Crawford, a restaurant industry technology executive, discussed the lasting appeal of the American drive-in. His takeaway: “The quick-service industry recently witnessed the resiliency of the drive-in restaurant structure during the COVID-19 pandemic. A nostalgic staple of Americana, drive-in restaurants hold a special place in the hearts of millions of Americans—combining the people’s love of comfort and cars. While its prominence has decreased, the American drive-in refuses to disappear completely.” Crawford asserts that technology has been a key element of the endurance. “Ironically, drive-ins have noticeably been advancing with the times. Sonic has made customer interaction digital through wireless ordering systems and other drive-thru options. It has allowed customers to choose whether they want a faster experience with less human interaction or the more traditional drive-in experience of pulling up and eating onsite in their car. For the latter, it will be vital to keep factors of the experience the same to preserve the iconicity that drive-ins thrive on. Not every mom-and-pop drive-in can afford to offer multiple options like Sonic. Still, they must carefully maintain their charm when deciding how to implement new technology into their business and what aspects of the experience to digitize.”

## Automation as a Stress Reliever

In its annual ranking of the top 50 quick serve chains, QSR magazine described a changing landscape. One takeaway: “One thing is for certain—automation is coming sooner rather than later. A host of companies are tinkering with robotics in the back of house, on the phone, and at the drive-thru. Not for the sake of replacing human bodies, but for the benefit of relieving an already stressful job that suffered greatly from recruiting and retention issues during the pandemic. The restaurant industry is often labeled as a sector slow to adopt technology. But COVID remapped the minds of operators nationwide. Ideas that were once seen as innovative and cutting edge are quickly becoming table stakes. Onlookers should buckle up—the pandemic appears to be in the rearview, and the quick service segment is preparing for another transformation unlike anything it’s seen before.”

### Down on Delivery

In an August report, Pyments.com reported QSRs have been seeing an uptick in pickup orders as consumers increasingly shun delivery fees. “In the wave of earnings presentations over the past several weeks, fast-casual concepts, casual dining chains and quick-service restaurants alike have been observing this shift... Consumers are adjusting their dining behavior, not only shifting channels but also pulling back on frequency, managing their check sizes, and considering how expensive a given eatery is when deciding where to make their restaurant purchases.”

## Dealing With the “Four Ds”

*A year and a half into her job as National Restaurant Association CEO, Michelle Korsmo sat down for an interview with Nation's Restaurant News to discuss her take on the industry's “4 Ds.” Excerpts from that conversation...*

### On the new industry landscape...

There's so much that's happened in the last three years in this industry. That was tough, and we got through. Obviously not everybody made it, but even the ones that didn't make it are thinking about what's the next concept they're going to start. I like to categorize what we're going through right now into kind of four forces: demographics, digital, demand, and disruption.



### On the shift to digital...

I think that we all saw this tremendous increase in digital adoption during the pandemic as so many things accelerated. And it needs to be something that's not an afterthought for restaurants. It's really that full integration of digital into your restaurant experience. So what does that digital discovery look like? What does that look like in terms of reflecting on who you are from an atmosphere perspective? All of that is a big part of the business. And then as we know, we're keeping a lot more customer data. And so we need to think a lot more about our responsibilities there.

### On differences in demand...

Two thirds of people are more likely to eat meals off premise than just before the pandemic. So that's been a real shift in the way that people think about restaurants and approach restaurant food. I like to say that we've moved beyond just dining room or drive-thru options, but there really is a bigger sense of, 'How I want to experience restaurants? Am I going to do takeout and bring that back into my home to serve family dinners?' Demand in lots of different places is really shifting. And you see the restaurants really responding to that in a great way. And so much about a restaurant changes when you're doing so much more of your business off-premise.

### On workforce demographics...

There's no question that demographics is a big driver. If we break that down, demographics is really all about a changing workforce. Expectations are changing, what employees are expecting out of their job and what they want from their employer has changed a lot. We need to be thinking about what are we doing as an industry to make this an attractive place for that workforce to come in.

### On disruption as a new normal...

The final kind of force to think about is that disruption is a constant. It isn't that this is an unsettled time. I really think that we have to have the mindset that this disruption is just how we live and work [now]. And so how do we manage our businesses so that we're much more able to be responsive and agile?

# THE COMPETITION

## Competitor Activity: McDonald's

### Recent Performance, Minding the Store

McDonald's U.S. same-store sales increased by 10.3% in the second quarter, driven in part by the Grimace Shake campaign and growing market share in chicken. Third-party data indicate traffic increased by 9.7% in June, versus the overall QSR segment, which experienced a 3.1% YOY increase. The company is also keeping an eye on the fundamentals. Its PACE (Performance and Customer Excellence) initiative launched in the U.S. earlier this year includes six to 10 restaurant visits a year from company and third-party assessors to find opportunities for improvement. Execs say the program has led to operational improvements, faster service times, and an increase in customer satisfaction scores.

### The Future isn't Super-Sized

McDonald's has returned to unit growth in its home market for the first time since the mid-2010s and is eyeing underdeveloped markets, notably in southern U.S. One piece of the plan: smaller stores being tested in markets like Fort Worth, Texas. The to-go-only locations (dubbed "CosMc's") feature a mobile-order-ahead lane, conveyor system that delivers food to customers, self-order kiosks, curbside, and an in-restaurant pickup shelves. At nearly 3,200 square feet, it is 26% smaller than an average McDonald's. "While our primary focus is on opening traditional units, we are always testing and learning," said a spokesperson. "The way customers order and receive their food has changed dramatically over the past few years. CosMc's is geared toward customers based on their needs wherever they are."



### The Loyalty Advantage

The chain's loyalty app was downloaded over 40 million times last year, and McDonald's sees it as an important sales lever. Its swelling member base (now numbering more than 50 million) visits 15% more frequently than they did pre-adoption, suggesting that the program could prove a multiyear driver of comparable store sales. "If our app isn't culturally relevant, it gets deleted," Caleb Pearson, VP of media and digital at McDonald's, recently said. "With the ever-growing evolution of digital it's more important than ever to listen and learn from our fans to cement our place—and our app—in culture." Another loyalty driver is in-app, member-exclusive items. McDonald's rewards users can now buy Big Mac sauce through the app and a limited run of the brand's Szechuan sauce was also available to users last year. (The sauce was originally available in 1998 as part of a Happy Meal promotion for Disney's "Mulan.")

### Consumers Trade Down, McDonald's Benefits

McDonald's CMO Chris Kempczinski recently noted, "There hasn't been a dramatic change in the U.S. consumer. We're seeing sentiment improving a little bit, but it's certainly still far off from 2019. We are gaining share in the incomes under \$100,000, suggesting a benefit from trade down from full-service, casual, etc. Then if you go to incomes of \$45,000 or less, our business is performing well there. We're seeing a little decrease in order size, but it's offset by continued strength in traffic. Our business, particularly our value proposition, puts us in a good position to continue to drive market gains."



*"Last quarter, the theme was consistency. This quarter, if I'm honest, the theme is Grimace," said McDonald's CEO Chris Kempczinski, pointing to the three billion views the Grimace Shake Challenge accumulated on TikTok. "This is another proof point of the power of marketing at McDonald's today."*



*The chain's McCrispy—its crispy chicken sandwich rebranded in March—has "resonated with customers and driven significant chicken market share gains," according to CFO Ian Borden. He said the company has gained share in beef, as well.*



Digital sales now comprise nearly 40% of systemwide sales in the firm's top six markets, attributable to the combination of growth in the delivery business, a successful global loyalty program launch, and pilots of smaller format stores which could unlock heretofore inaccessible trade areas.

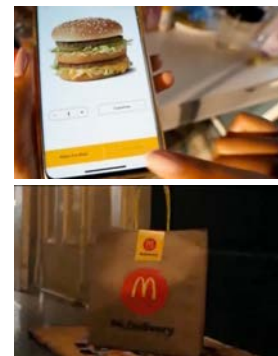




**Latest Work** In August, McDonald's launched a global campaign promoting a new "As Featured In" meal, a collection of menu items that have made appearances in film, music, and TV. The meal includes a choice of 10-piece Chicken McNuggets, Quarter Pounder with Cheese or Big Mac, along with fries, a medium soft drink and a newly branded sweet 'n sour sauce. Per Nation's Restaurant News, "The sauce is inspired by McDonald's next 'as featured' in moment, which is with Marvel Studios' "Loki" season 2, streaming Oct. 6 on Disney+." Morgan Flatley, global CMO, said in a statement. "It's not only our real-life fans who have a go-to order...for decades our favorite movie and TV characters have, too. The 'as featured in' meal is our biggest Famous Orders offering yet." Watch [here](#).



**No Sauce to Waste** "An experienced QPC eater knows you should never let the ketchup that falls from the hot and juicy burger go to waste." After all, there are fries that need dipping. This spot for the iconic Quarter Pounder With Cheese keeps the message simple and the food photography tantalizing. Watch [here](#).



**Hair Today** Ordering ahead in the McDonald's app can save you time curbside, but what if you'd rather stay put? This spot pitches the virtues of McDelivery: "Your favorite thing delivered right to your door." Watch [here](#).



The chain has opened the door to TikTok creators. Its "Menu Hacks" campaign last year spotlighted creative menu item combinations sourced from users of the video app, such as a Double Cheeseburger/ Filet-O-Fish item called the "Surf + Turf."

The company has played up its "One McDonald's Way," an effort to identify the best advertising and operational practices from individual markets and scale them globally.

## Competitor Activity: Wendy's

### At a Glance

Wendy's is the second-largest QSR burger chain in the U.S. behind McDonald's. Its brand cachet includes a perception of higher quality and a (relatively) healthy halo to better cater to U.S. restaurant goers increasingly concerned with nutrition profiles, according to one industry watcher. For 2023, the company expects global systemwide sales to grow 6% to 8%, compared with growth of 6.8% last year. Wendy's adjusted earnings guidance for the year was roughly in line with analysts' expectations. "I am confident that Wendy's best days are yet to come," CEO Todd Penegor said. (Wendy's has generated an impressive 12 straight years of comparable store sales growth.)



"Wendy's has invested in strategic menu development around chicken, salad, and premium burger platforms."

### A Mobile-Minded Makeover

Last month, Wendy's unveiled its first two "Global Next Gen" outlets in Kansas and Oklahoma. The outlets are distinct from the chain's 7,000 traditional locations, which boast iconic red pillars and honey-toned wood. Inside, the new design prioritizes takeout over dine-in. The larger, dual-sided kitchens can produce 50% more food, with a significant portion channeled to a dedicated pickup window. Additionally, the stores feature self-service kiosks and collection shelves. In a conversation with Adweek, Wendy's executive Abigail Pringle said the rise in takeout demand prompted the changes. She said the chain expects the recent surge in digital ordering will persist as consumers grow more accustomed to the option.



Wendy's plans to open 200 Next Gen Global units through 2024.

### Watching the Clock

With about 90% of its stores now open until midnight or later, Wendy's has ramped up its advertising to pull in more of the late night crowd for a burger and fries. The after-hours strategy is working. In the second quarter, late night sales at Wendy's grew by double digits, spurred by the additional marketing weight. "We continue to see room to grow our share of this daypart versus our QSR competitors and are excited to continue advertising late night during the third quarter," CEO Todd Penegor told analysts and investors on the company's second quarter earnings call. "We believe the daypart will expand even further as customers come to know that Wendy's is reliably open for the high-quality, late night experience they deserve."



### Top of the Morning

In August, Wendy's added an English muffin-based sandwich to its menu lineup, going head-to-head with McDonald's classic Egg McMuffin. Since last spring, Wendy's has promoted its "bookend" dayparts of breakfast and late night to expand sales. The new sandwich will be available with bacon or sausage, the company said. The menu item took more than a year and half of development. "We tested 60 variations before we landed on these light and fluffy muffins made with a touch of honey and topped with a savory buttery spread," said John Li, Wendy's global VP of culinary innovation. Customers can claim \$2 off any breakfast combination in the smartphone app through Sept. 3, the company said. The sandwich joins other breakfast offerings like the Breakfast Baconator.

"Late night is a big opportunity for us," Penegor said. "We've leaned in for the first time in about four years on advertising. It is incremental. We continue to see opportunities at midnight or later."



### Cool Calculation

With the launch this month of the Pumpkin Spice Frosty, Wendy's hopes to solidify the strategy of having the iconic frozen treat available in seasonal variants,



### Bringing the Heat

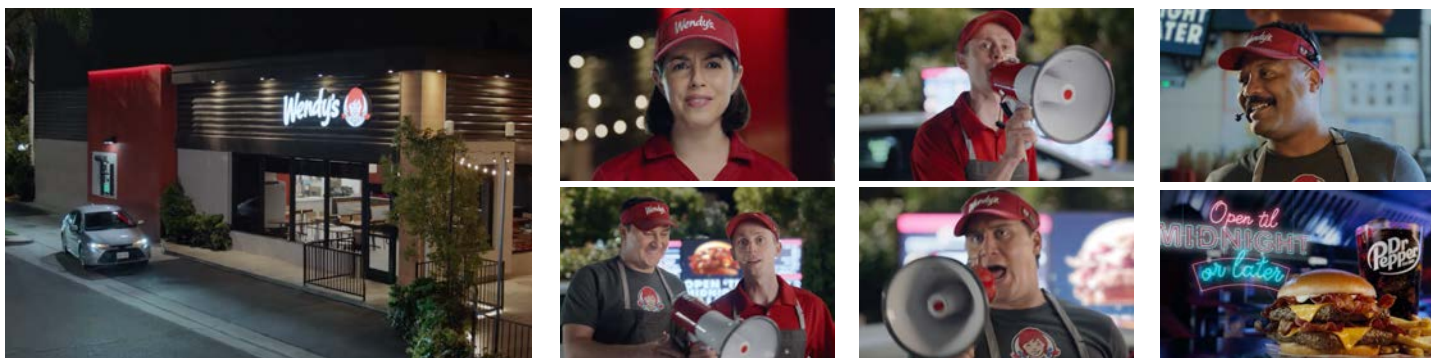
Left: a May LTO for two fiery new menu items: Ghost Pepper Ranch Chicken Sandwich and Ghost Pepper Fries.



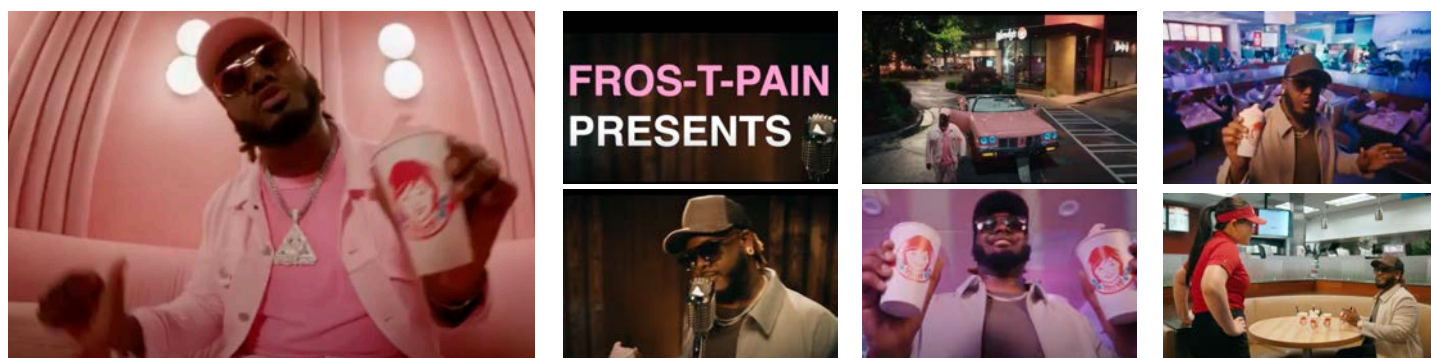
### Can-Do Spirit

Like rival Sonic, Wendy's has moved to put some of its products on grocery store shelves.





**Night Fever** Wendy's employees command a megaphone—or attempt to—in an effort to drum up some late-night business. The message: “Give into those cravings and get that Baconator.” (Or as one over-eager staffer urges. “When I say ‘bacon’ you say ‘ator.’”) Watch [here](#).



In June, T-Pain stepped up to the mic to profess his love for Wendy's summertime Strawberry Frosty. “Buy U a Frosty,” a reimagined take on T-Pain's hit single “Buy U a Drank,” was posted to Wendy's YouTube channel. It was created by VMLY&R, produced by SixTwentySix, and directed by Miles & AJ (whose previous music video credits include Billie Eilish and Doja Cat). Per Ad Age, “In ‘Buy U a Frosty,’ T-Pain gets caught up in a strawberry-accented fever dream before finding himself back in reality, having perhaps overindulged at a local Wendy's.” Watch [here](#).



Longtime brand endorser and former NBA star Reggie Miller fronted a Wendy's March Madness spot from VMLY&R, Spark Foundry, The Marketing Arm, and Ketchum. In the ad, Miller cheers on a Wendy's crew as they promote the restaurant's iconic square hamburgers, declaring “There's the beef!” and “Square's the beef!”—a riff on the chain's classic 1980s “Where's the beef” commercials. Watch [here](#).

## Competitor Activity: Burger King

### **New Priorities, New CMO**

In September 2022, Burger King unveiled a two-year turnaround plan dubbed “Reclaim the Flame.” Parent Restaurant Brands International (which also owns Tim Hortons, Popeyes, and Firehouse Subs) installed new leadership and earmarked \$400 million to boost advertising and revamp everything from restaurant design to the way BK’s flagship burgers are constructed. Executives said overly complex menus, slow operations, and outdated restaurants had tarnished Burger King’s standing with diners and investors. Burger King said last year that the course correction would involve adding meaning and relevance to the historical brand anchors “Flame Grilling” and “Have it Your Way,” while introducing new elements to attract younger guests. In January, Burger King named Patrick O’Toole as its chief marketing officer for the U.S. and Canada. O’Toole most recently was CMO for PepsiCo’s Mountain Dew brand.

### **The Math Behind a Remodel**

Restaurant Dive reported that RBI’s investment in store overhauls, dubbed the “Royal Reset,” will target franchisees that meet certain profitability thresholds and demonstrate that a remodel would permanently boost sales. Previous remodels generated a 12% sales boost on average in the first year at participating locations, before gradually falling to a 2% sales lift versus comparable, unimproved restaurants. RBI expects sales improvements from the Royal Reset to be higher because of improved location selection. The remodel program will be financed in part by increased royalty rates spread over the 20-year lifespan of franchise agreements.

### **BK Says, “It’s a Wrap”**

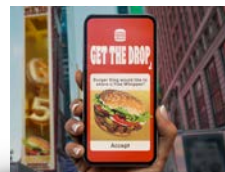
Burger King in August undertook an expansion of its chicken platform with a lineup of all new BK Royal Crispy Wraps. Three variations—Classic, Spicy, and Honey Mustard—feature white meat chicken, tomato, and lettuce in a soft tortilla for \$2.99. “At Burger King, we’re no strangers to innovation when it comes to chicken. We first introduced the BK Royal Crispy Chicken sandwich last August, and our guests have loved it so much that we’ve turned it into a snack-sized wrap version,” said Pat O’Toole, CMO of Burger King North America. “Forget the chicken sandwich wars: We’re now in the midst of a wrap battle,” one news outlet reported. In February, KFC Wraps were rolled out nationwide for a limited time after a successful Atlanta test run. A month later, Wendy’s introduced its Grilled Chicken Ranch Wrap, a tortilla filled with chopped, herb-marinated grilled chicken breast.”



**In April, Burger King U.S. President Tom Curtis told CNBC that preliminary improvements to restaurant operations and new marketing campaigns are already boosting sales and customer satisfaction, although it's still early innings. The chain claims it is selling more Whoppers than ever before.**



As part of its ongoing overhaul, BK said it plans to pour \$30 million into its app to improve the “Royal Perks” loyalty program, as well as adding personalized offers and upgrading “the overall convenience of delivery and pickup options.”



Burger King has been promoting its app aggressively. It recently “airdropped” thousands of Whopper coupons to cell phones in NYC.



"This is, quite intentionally, a new creative direction for BK. When OKRP won the business, the brief for the advertising was to 'put the consumer back in front,' agency CEO Tom O'Keefe said. This followed years of work, from agency David and others, that included creatively lauded but polarizing stunts like Andy Warhol silently eating a Whopper in a Super Bowl ad and the Moldy Whopper campaign."  
—Ad Age, 1/27/23



In October 2022, Burger King launched a fresh advertising campaign in partnership with new creative agency of record, OKRP, that's intended to move beyond the pure product customization message of "Have It Your Way." According to a press release, the new brand platform, "You Rule," is about "celebrating everyday royalty, and puts the guest at the forefront of everything the brand does." A catchy soundtrack doesn't hurt. Per Ad Age, "If you haven't heard Burger King's 'Whopper Whopper' jingle yet, you clearly haven't been watching enough football. The earworm from BK's 'You Rule' campaign has been spreading well beyond NFL telecasts in recent weeks, infiltrating every social media space, from Twitter to TikTok, with its tuneful, uncomplicated love of flame-grilled hamburgers." Tom Curtis, Burger King North America President, said, "As with our entire 'Reclaim the Flame' plan, we worked closely with our franchisees on this new positioning over the last few months. This campaign celebrates our brand equities and delivers on our brand purpose: to relentlessly pursue a better experience for our guest." Watch [here](#).



For a recent spot, Burger King collaborated with DJ/music producer Steve Aoki to remix its "Whopper, Whopper" jingle. The ad debuted at the Video Music Awards after being teased on YouTube. It's the fourth year the brand has teamed with musicians in its sponsorship of the VMAs. Watch [here](#).



## Loyal Customers, Better Apps



Loyalty apps have become a fast-food battleground. Sonic and Burger King are currently in a Thursday throw down, offering app users 1/2 price cheeseburgers and 25%-off offers, respectively. Points schemes among players vary, as do rewards strategies. Wendy's has prioritized a seamless redemption process. Burger King has committed \$30 million to an app overhaul.

## Tradeoffs: Data for Deals

The fifth annual "Phygital Index Report" surveyed more than 1,000 U.S.-based diners who ordered food from a quick service/fast food chain, fast-casual chain, or casual dining chain within the past three months. One key finding: 56% of respondents value being part of a loyalty program, and 53% cite direct ordering as being less expensive. But customers are aware of the amount of data they give restaurants' websites and apps and expect more from directly transacting with them. 64% of those surveyed wanted to see more exclusive offers and discounts, with 44% wanting more customization options.

## Connecting With Diners

In a 2021 interview, Sonic's VP of brand experience, Kim Lewis, fielded a number of questions on the channels and tactics that are working best for the brand. An edited selection of her comments...

### On understanding purchase motivators...

A trip to a QSR is typically not planned significantly in advance. It's kind of spur-of-the-moment. You wake up really craving it or having something you really want. So our messaging really focuses on creating that crave, introducing value, or more importantly, providing a really immediate call to action.

### On utilizing personalization...

While much traditional retargeting or personalization really focuses on what you have ordered in the past, and while we certainly do quite a bit of that, we also really want to help guests find new and exciting ways to experience Sonic in a different way—and the uniqueness of our offerings and our messaging has really resonated well with customers.

### On which channels are working...

We have found that email is one of the very best places for us to increase general awareness of our items. Anything that can be read at a customer's leisure and doesn't necessarily need that immediate action since it's really hard for people to stay on top of the kind of constant deluge of emails they get

### On the benefits of email...

We can showcase incredible beauty shots of our products... The customer can see and picture exactly what they will be getting. We can explain in detail the features and the ingredients of those items. An email is also a great place for step-by-step instruction and detailed benefits of new features in our digital ordering channels.

### On immediate payoffs...

I am continually amazed at the incredible impact our text messaging has. I mean, literally the second that we hit that button, we start to see guests redeeming that offer or ordering that item.

### On the franchisee factor...

One of the things that we have to keep very most at the forefront of our minds—but lots of people don't have to worry about—is we're 95% franchised. Most Sonics are locally owned and operated by a member of your community. A lot of their money, maybe their life savings, is in their Sonic. So we can't necessarily always say we're going to put this out there as a loss leader. We work closely with them for oversight of our offers. We also can't do anything that's too operationally complex that will put at risk their ability to give all of the guests a really great experience.

### On messaging onsite...

[On our] digital screens, we rotate in messaging, saying, "Do you want to get things like 50-cent corndogs and 99-cent mozzarella sticks and half price shakes? Text to enroll in our program." That has proven hugely successful—to show people what they're going to get and then give it to them.

### On word-of-mouth marketing...

We've also run referral programs to say, "Don't keep those spoils all to yourself. Share with your friends. Be a hero. Get other people to enroll."



# THE MARKETING

"The brand is moving on from the well-known [two-guys-in-a-car] formula, ditching the documentary-style ads in favor of music-driven scripted spots. With a sense of humor still intact, the restaurant will home in on its menu, aiming to show how it can satisfy cravings and transport consumers to a happy place. The new tagline, 'MMM. Sonic,' may take some getting used to, but executives think it can 'dimensionalize' the brand." —Ad Age

## Recent Ads



Sonic's latest ads focus squarely on food and the promise of a brief escape from everyday life. One spot promoting the Chophouse Cheeseburger features a dad at his son's football game, daydreaming about being in a Montreal steakhouse. Watch [here](#).



Sonic serves up a steady stream of LTOs. This spot points out the one thing you'll need to enjoy the chain's Buffalo Chicken Dip Bites: more hands. Watch [here](#).

## From the Archives



It's an unusual distinction, but one of the more popular items on Sonic's menu: chewable ice. Plain or with a drink, get it "for an unlimited time only." Watch [here](#).