OUTSIDE INSIGHTS | BY DENISE LEE YOHN

How to Defeat McDonald's

Taking advantage of a competitor's innovation could mean rewards for any company—no matter the size.

Quick-serves fight in a hypercompetitive environment. Brands duke it out with surprising new products which seem like punches coming out of nowhere and low blows of heavy discounts or free giveaways—not to mention the pot shots lobbed between dueling sassy advertising campaigns.

All of the category in-fighting can lead to a tit-for-tat approach to marketing in which companies counter each other's moves with products and deals so similar it's no wonder consumers often confuse one brand's promotions for another. This kind of combat is necessary to sustain traffic counts, but quick-serves should also be on the lookout for opportunities to rise above the fray, dominate their challengers, and solidify a sustainable victory.

Burger King has such an opportunity now. McDonald's has blinked, setting its sights on Starbucks and launching a $100 million advertising spend to promote its new coffees. McDonald's describes McCafé as its largest product launch in 30 years and promises many more McCafé experiences to come.

Regardless of whether or not these efforts will be successful, having all of McDonald's eggs in one basket is good news for Burger King. Burger King can fill the void in the conversation about food and promote the superiority of its food preparation and products. Lately Burger King hasn't been talking about its key product differentiators—flame broiling and Have It Your Way—but now is the perfect time to bring them to the forefront. These product attributes are the brand's strongest competitive advantages, and McDonald's has left itself open for attack.

McDonald's isn't the only quick-serve that has made itself vulnerable. Chinks in the armor usually emerge during launches of ancillary products, PR blunders, or M&A activity. Both Pizza Hut and Baskin-Robbins have recently blinked, pouring millions of dollars into pasta and soft-serve ice cream introductions respectively. By neglecting their core businesses and vying for consumers' attention in new categories, these brands have created great opportunities for their competitors.

Challengers can take advantage of these opportunities by:

Acting fast: The window of opportunity may not last long. Fortunately most chains aren't shy about touting big plans, so if you're astute enough to sense a "blink" in the making, you can be at the ready to launch an offensive attack as soon the other guy's initial media burst starts to trail off.

Hitting them hard: This is the time to leverage your core competitive strengths. Shore up what you do best and promote the heck out of it. If necessary, you may have to be overt about your strategy—perhaps calling out your competitor for its foolishness may be the best way to draw attention to your offering.

Staying focused: It may be tempting to follow your competitor's moves or to take a breather while the pressure is off. But attempts to engage in the new game would only seem like efforts to compensate for a weakness—and backing off wastes the opportunity. A confident, offensive move is what's called for.

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By going for the punch when the competition isn't looking, quick-serves have the chance to differentiate themselves in a meaningful and memorable way. Instead of fighting over chump change or market share gains of a few hundredths of a percent, a well-timed, well-placed push can secure a big win.

Case in point: Earlier this year when it seemed that Burger King was the one with its eye off the ball, McDonald's made a big gain. McDonald's had blanketed the market with dollar deals while Burger King was off featuring a tie-in with a TV series. The result? McDonald's comp store sales rose 4 percent in the first quarter, while Burger King's were only up 1 percent.

With competition so fierce in the quick-service arena, brands must exploit every advantage. Those who are fighting to win will be ready to hit with their best shot when the other guy isn't looking and let the consumer declare a T.K.O.

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