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## BUSINESS

# McDonald's Tries Again With Upscale Burgers

One-third-pound patties join the menu two years after the chain plucked similar premium burgers from its lineup

By **ANNIE GASPARRO**

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McDonald's Corp. is adding premium sirloin burgers to its U.S. menu for a limited time, the latest move by new CEO Steve Easterbrook to revive sales at the struggling fast-food chain.

The upscale one-third-pound patties join the menu two years after McDonald's plucked similar premium burgers from its lineup. They also add complexity in the kitchen at a time when the chain is trying to simplify its offerings to reduce wait times.

The Oak Brook, Ill., company said the promotion would run from May 12 until the end of June, but some markets would start serving the burgers sooner. Franchisees can continue to carry them beyond the promotion period, a spokeswoman said, suggesting they could become a permanent item if they catch on with customers.

The sirloin burgers—one with bacon, another with mushrooms, and a third with classic lettuce-and-tomato toppings—are served on a wooden surface similar to

a cutting board, aiming to signify freshness—an attribute McDonald's image has been lacking lately.

Mr. Easterbrook, who took over as chief executive last month, has vowed to improve the burger chain's food quality, customer experience, employee benefits and brand image to help turn around the company after more than two years of sales declines. Last year, McDonald's revenue fell 2.4% to \$27.44 billion as net income dropped 15% to \$4.76 billion.

McDonald's in mid-2013 pulled from its U.S. menu its premium Angus Third Pounders that it began offering four years earlier. At the time it dropped the Angus burgers, selling for around \$4 or \$5, industry analysts said the burgers were too pricey to compete with its Dollar Menu.

“We did receive feedback that our premium burger prices skewed high and the value burgers were too low, without much in the middle,” a spokeswoman said.



McDonald's new sirloin burgers will be priced around \$5, in line with prices at trendier burger chains like Shake Shack and Five Guys. *PHOTO: BLOOMBERG NEWS*

The new sirloin burgers also will be priced around \$5, in line with prices at trendier burger chains like Shake Shack Inc. McDonald's refrained from commenting on the latest pricing decision.

“They are trying this again because a decent burger place has to have a premium burger,” said John Gordon, principal at Pacific Management Consulting Group. “Consumers are more sophisticated and expect better,” plus the company needs some pricier products to boost profitability.

The sirloin burgers—McDonald's biggest patties on the menu—could fare better

if they are made to order, rather than pre-cooked, Mr. Gordon said, which was a problem with its Angus line. But otherwise, they look strikingly similar.

Sirloin, as defined in the U.S., is a premium cut of beef, from the back part of cattle, and is usually divided into several types of steak. McDonald's regular burgers use the trimmings of cuts like chuck, round and sirloin, according to its website. Angus beef comes from a specific type of cow.

McDonald's also said the sirloin burgers will require restaurants to add five ingredients—the bun previously used on Angus burgers, the new sirloin patty, red onion, creamy peppercorn sauce and mushrooms. However, the company has publicly been on a mission to simplify its kitchen.

Over the years, the burger chain grew to more than 120 menu options as of last year, which contributed to longer wait times for customers. In response, McDonald's recently trimmed some versions of the quarter-pounder burger and several other items.

Mr. Easterbrook has made other moves to improve McDonald's food and image starting just days into his tenure when McDonald's announced that over the next two years it would stop selling chicken in the U.S. that comes from birds raised with antibiotics that are important to human health.

McDonald's also brought back the more upscale Chicken Select Tenders and came out with new premium chicken sandwiches featuring an “artisan” bun this year.

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