



# McMarkets: Timing the McRib Reintroduction

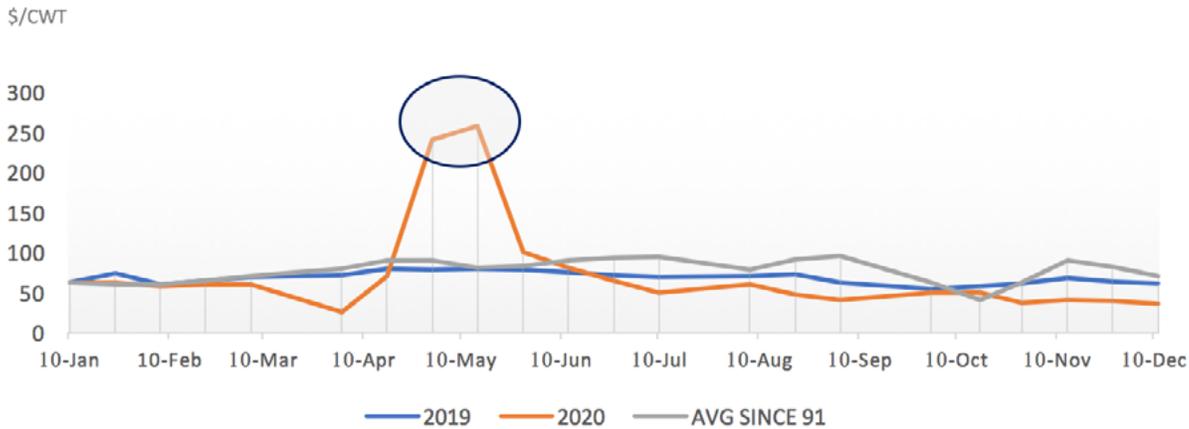
**Michael Farrand, DecisionNext**  
**Global Head of Food**

A recent Axios article observed that McDonald's introduces the McRib sandwich when pork markets are at their lowest point, presumably in order to optimize profitability. The historical evidence provided in the article illustrated that a low point in the broader pork market generally coincided with the reintroduction of the here today, gone tomorrow treat. But do the pork markets REALLY dictate the timing of the re-release? We, at DecisionNext, have reviewed this year's McRib nationwide launch, and instead found the more likely scenario of high ground beef prices leaving McDonald's hungry for an alternative promotional item, popular with their customers.

Where does the McRib come from? The McRib patty is made from ground and formed pork butts. Pork butts are not the part of the hog that the name might suggest, but well marbled cuts located directly above the front shoulder of the animal. This versatile cut of meat is ideally suited for applications such as pulled pork sandwiches, stews, and pork steaks. To understand the timing of the McRib launch, DecisionNext dug into the dynamics of the pork butt market in 2020.

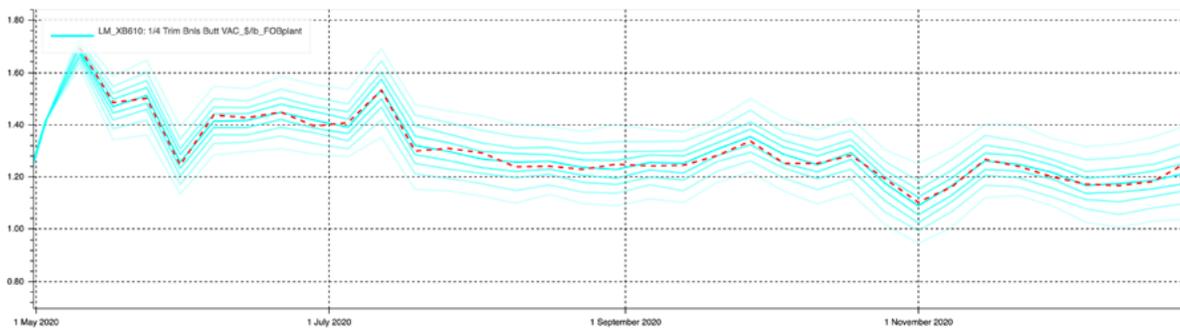
While the McRib is launched regionally on occasion, the last national launch was in 2012. Conversations with experts lead us to believe that sourcing, purchasing, and converting the millions of pounds of pork butts required to nationally launch the McRib would have to begin at least 6 months in advance of the launch, making the low pork market at the time of launch a mere historical coincidence. What was going on six months before the launch of the McRib, in May 2020? As you can see in the chart below, the Covid-19 virus had consumers eating at home more often, purchasing retail ground beef in historically high numbers and driving the 50% Lean Beef Trim market toilet-paper-high. Therefore, the fast food giant was most likely very motivated to find a surrogate promotional offering for later in the year in order to take the pressure off of hamburgers.

## Beef Trimmings Price History (50% Lean Fresh)

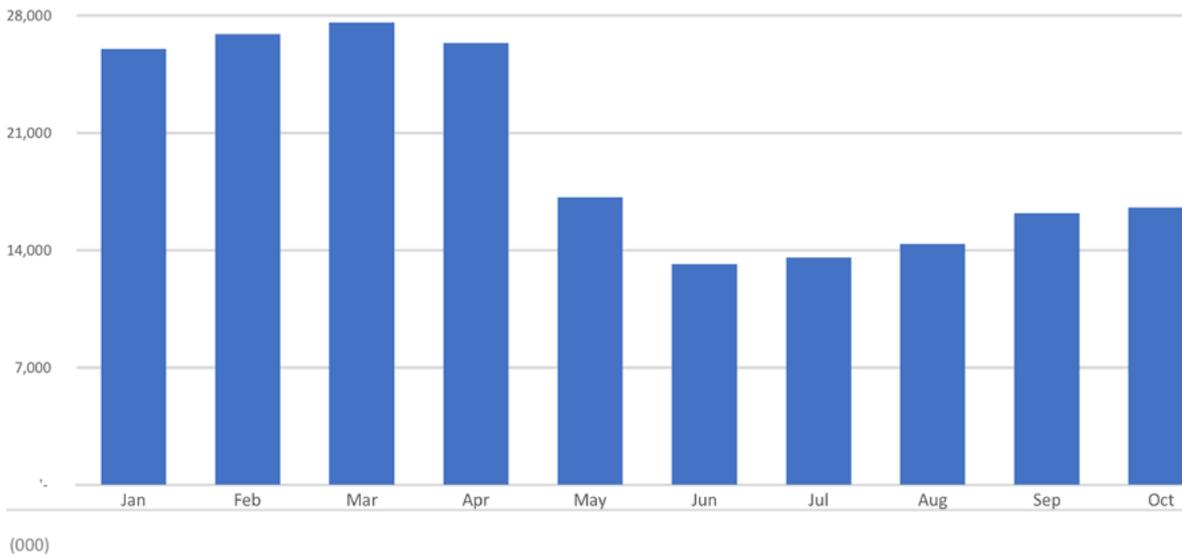


So, imagine you are a McDonald's exec looking for an alternative product that can drive traffic without putting further pressure on the nation's thin ground beef supplies. Enter the McRib reintroduction. At this point, you would look into pork butt prices and supplies. To do this we will use the DecisionNext forecast tool, and recreate the decision date back to May 1, 2020. At the time, Pork Butt prices were relatively high, and the outlook for the rest of the year was not incredibly compelling. At the same time, freezer stocks of Pork Butts stood at around 26MM# leading up to May, which was well above historical norms for that time period. Pork Butt freezer stocks dropped like a rock in subsequent months – coincidence? Again, that's a LOT of McRib.

## Pork Butt Price Forecast 5/1/2020

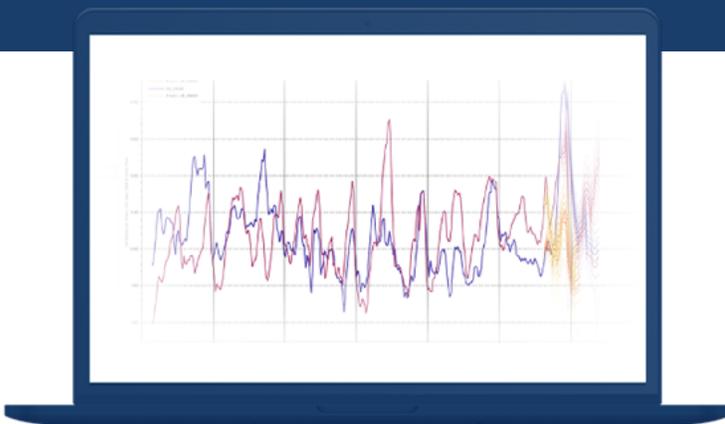


## Pork Butt Freezer Stock Levels (Pounds)



## Conclusion

We at DecisionNext believe that McDonalds was motivated to find an alternative to promoting hamburgers late in the year 2020, due to market realities at the time of the decision. We have also established that the low hog market has little direct impact on the timing of McRib launches, rather the operative market analysis involved in the decision is Pork Butts. Whatever the motivation, the theory we choose to believe is that McDonald's simply recognized the need for nostalgia this year, and brought back the beloved McRib sandwich amidst the pandemic as proof that they love us. They really love us. Welcome back, McRib!



visit [DecisionNext.com](https://DecisionNext.com)  
for more