‘If there’s not one near you now, there soon will be’

AMERICAN FAST-FOOD CHAINS COME TO NEW ZEALAND*

THE CURRENT (2004–2005) New Zealand television and billboard advertising campaign for Kentucky Fried Chicken (KFC) proclaims that its product is ‘Kiwi For Chicken’. Not only is the ‘fried’ aspect of its heritage elided, Kentucky has become New Zealand. Three decades after KFC’s arrival in New Zealand all that remains of its original marketing pitch is the chicken, flavoured with the ‘Colonel’s secret recipe’. Yet on Friday 20 August 1971, when KFC officially opened its first branch at the Manukau Road exit from the Royal Oak roundabout in Auckland — thus offering New Zealanders their first local taste of branded American fast food — the Americanness of the chicken was to the fore. Full-page advertisements in the Auckland Star (Figure 1) promoted the store’s opening with a large photograph of the company’s founder, Colonel Harland B. Sanders, and promises of free balloons for children. Live music from the Southern Bend Blue Grass Band accompanied the festivities.1 By the early twenty-first century, however, American fast food in New Zealand is so commonplace that we rarely notice it at all; ‘Kiwi For Chicken’ hardly raises an eyebrow.

New Zealanders, of course, enjoyed take-away food prior to the arrival of KFC. Fish and hot chips, meat pies and sandwiches from New Zealand Railways were staples of the local eating experience. Moreover, American influence on food and drink consumption in New Zealand had a history prior to the 1970s. American troops stationed in New Zealand during the Second World War brought with them their preference for chicken, coffee and fruit juices.2 Licensed Coca-Cola production began in the late 1940s and burger bars flourished in the 1960s.3 But with the arrival of KFC, Pizza Hut and McDonald’s in the 1970s New Zealanders were given the opportunity to sample a novel experience: branded American food in a themed and packaged service-oriented environment. These were franchised brands offering set menus and uniform standards of service.4

This article follows the arrival and subsequent expansion of the ‘big three’ American fast-food chains (KFC, Pizza Hut and McDonald’s) in their early years. In doing so it explains why these imports succeeded in the fast-food market while local derivatives (Georgie Pie, Uncle’s, Big Rooster, Homestead Chicken) failed. It then examines how the success of American fast-food chains was interpreted at the time by journalists and informed observers. It concludes by questioning how useful the idea of a New Zealand consumer society is as a means of either reinforcing a distinctive national identity, or,
alternatively, decentring New Zealand as the historical subject in a globalized world economy.⁵

Much of the academic writing examining the exportation of American consumer culture into host societies falls into two camps. Some perceive the arrival of ‘Americana’ as a form of cultural and economic imperialism.⁶ Others, more optimistically, emphasize the ways that local cultures appropriate aspects of American culture while retaining their unique character.⁷ The demand for American fast food across many different cultures means that it has come
under close scrutiny as one of America’s most successful cultural and economic exports. It provides evidence both for the American imperialist and the local appropriation lines of analysis. Instances of resistance to the invading hordes stand side by side with conflicting examples of collaboration. The problem for historians who use these sociological insights into the significance of fast food is that they may unwittingly trawl the past for evidence to make their favoured theory fit. Another dilemma facing the historian of fast food is becoming over-fixated with its American origins thus overlooking the other influences on New Zealand cuisine in recent decades. American fast food in New Zealand hardly counts as ‘ethnic’.

A better description — one adopted by the Auckland 2004 Yellow Pages telephone directory — is to place franchised fast-food outlets under the category of ‘family restaurants’. Complicating the matter further is the question of what American fast food signifies: do we approach the history of the big chains as cultural artefacts loaded with symbolism, or perhaps, more pragmatically, as successful multi-national businesses meeting the needs of their global customers within local markets? Moreover, there is the possibility of reading more into American fast food than is really there: a burger, a slice of pizza or a piece of hot, spicy chicken may be a ‘text’ waiting to be deconstructed by an enthusiastic academic but, from a historical perspective, it may have meant no more than a tasty — or at least convenient — snack to a hungry consumer.

It is important, therefore, to proceed with a degree of caution and not bite off more than we can chew: one historic case study cannot solve the riddle of national identity in a global consumer system. Instead, let us attempt to understand how these imports gained such a strong position in a relatively short period of time and why they succeeded when local chains failed.

The arrival of KFC in 1971 was part of a post-war consumer society narrative that also includes the opening of the first Foodtown supermarket in Otahuhu in 1958 and New Zealand’s first ‘American-style’ shopping mall in the Auckland suburb of New Lynn in 1963. All three show how New Zealand’s urban, consumer development resembled other parts of the Western world. As Peter Gibbons recently noted, New Zealanders have a long history of engagement with the desirable products of the world consumer system. Gibbons is right to argue that consumerism is one of the ways through which historians can pay ‘much more attention to the world’s place in New Zealand’. Giving attention to American fast food reveals how similar New Zealand consumers were to eager fast-food consumers dotted across the globe.

Perhaps the most remarkable aspect of the arrival of American fast-food chains in New Zealand is how unremarkable their appearance was to local commentators. In his recent exposé of the American fast-food business Eric Schlosser argues that there is a danger in seeing the ubiquity of fast-food outlets as ‘inevitable’ and ‘an unavoidable fact of modern life’. Schlosser is undoubtedly correct in reminding us that nothing — not even the popularity of McDonald’s — was completely predetermined. Nonetheless, the story of fast food in New Zealand does have a degree of inevitability about it. By 1980 KFC, McDonald’s and Pizza Hut were the acknowledged market leaders. Their rivals were already playing ‘catch up’. A decade later these big three fast-food chains dominated the New Zealand take-away food business. In the space of a
few years eating branded American fast food lost its novelty value and became a commonplace event for many New Zealand consumers. In a sense, KFC, Pizza Hut and McDonald’s had ceased to be ‘American’ food.

The story of American fast food in New Zealand during the early years divides into two neat chapters: the big three establishing a ‘bridgehead’ in the 1970s and the expansion and consolidation of their position through the 1980s. The tale reads like a successful military operation of securing key sites and pacifying the local competition. Following the successful opening of the Royal Oak operation, three more KFCs opened in the Auckland region (at Panmure, Takapuna and Papatoetoe) in the next 12 months. In September 1974 the same businessman who had managed KFC for its first three years in New Zealand led a consortium that launched the Pizza Hut restaurant chain in New Lynn. Almost two years later, on 7 June 1976, McDonald’s opened its doors in Porirua. The American fast-food invasion of New Zealand was well under way.

Apart from burger wrappers and empty chicken buckets these new arrivals to New Zealand’s shores left few historical traces. The National Business Review briefly noted KFC’s arrival in early August 1971, reporting that two New Zealand companies, General Foods (a subsidiary of the Watties Group) and Universal Management Ltd, were hoping to ‘repeat one of America’s greatest post-war business success stories’. In May 1974, when the first plans to open a Pizza Hut in New Lynn were announced, the business section of the New Zealand Herald noted that former New Zealand KFC general manager Garry Melville-Smith and other investors (one of whom operated the Pizza Hut Gold Coast franchise) had formed Pizza Restaurants (NZ) Ltd to operate the franchise. The Herald reported that the new company hoped to be operating 20 restaurants by 1979.

Discussion of the first fast-food stores and restaurants was limited to ‘advertorial’ spreads in local newspapers. Typically each store’s opening was publicized in a three- or four-page feature in which neighbouring local businesses and suppliers took out small advertisements welcoming the new chain to the area alongside photo stories with thumb-nail sketches of the store’s manager and new employees. The North Shore Gazette’s coverage of the opening of the Takapuna KFC on Monday 20 December 1971 followed this format. Free balloons for children were again provided. Without the services of the Southern Bend Blue Grass Band, KFC relied instead on the Mayor of Takapuna, Fred Thomas, to officially open the store by ceremonially cutting the red and white ribbon.

Three years later, in September 1974, Pizza Hut was officially opened, with the Mayor of New Lynn, Jack McCorquindale, officiating. Earlier in the year, the New Lynn Borough Council had debated the merits of giving planning permission for the proposed venture. Concerns were raised by councillors about whether or not the planned Pizza Hut would become a meeting place for teenagers and ‘riff raff’. Garry Melville-Smith reassured councillors that the planned venture was ‘designed as a motor-orientated restaurant capable of meeting the demands of a mobile society’, in keeping with the existing environment of the Lynnmall shopping centre.
Any negative connotations of American-style eating held by the New Lynn civic worthies were challenged in the company’s opening publicity salvo. Pizza Hut’s first advertisements in the *Western Leader* pitched the restaurant to respectable families (Figure 2). The ‘Worth leaving home for’ print advertisement encapsulated Pizza Hut’s main selling messages in the 1970s and 1980s: value for money, family friendly, clean, accessible, offering variety, and open on Sundays. Here was a new kind of place where you could take the whole (Pakeha nuclear) family for an affordable treat in pleasant surroundings. Accordingly, would-be Pizza Hut customers were promised: ‘The interior is spotlessly clean, congenial and the décor is imaginative and distinctive.’

McDonald’s reached New Zealand (the chain’s ninth overseas market) on Queen’s Birthday weekend 1976. The low-key publicity for the Porirua store opening in the local newspaper mimicked Pizza Hut’s sales pitch. Full-page advertisements for the new McDonald’s in the *Kapi-Mana News* promised diners ‘A new standard in quality, cleanliness, convenience, and service’ and ‘good food, good fun’ for all the family. Wally Morris, managing director of McDonald’s New Zealand operation, claimed that Porirua had been carefully selected as the location for first store as it had the right demographic characteristics (plenty of families with young children) and that the company was hoping to become a valued member of the community. It planned to involve itself in ‘educational programmes from ecology to bicycle safety’. Morris told the newspaper that in order to maintain its family image McDonald’s did not allow jukeboxes, slot machines or cigarette vending machines on its premises.

A television documentary that screened on South Pacific Television on 28 June 1977 reiterated the appeal of the Porirua McDonald’s to local residents. The documentary showed how busy the restaurant was on a Sunday morning, in marked contrast to the nearby deserted streets of Porirua. McDonald’s was the only place open for families. This ‘glossy addition to the landscape’ had already become the place to host children’s birthday parties. Parties were booked weeks in advance. Porirua children were quickly getting to know the company’s mascot, Ronald McDonald. Soon, the documentary claimed, children across the country would know all about Ronald.

In this the documentary was correct. Ronald McDonald, the Colonel and Pizza Hut’s distinctive red-tiled roof soon became familiar symbols on the local landscape. Looking back, it is easy to track the big three’s march across New Zealand in the 1970s and 1980s and assume that the process was unstoppable. The situation in the 1970s, however, was not so clear-cut. In 1986, reflecting on Pizza Hut’s early years, managing director Garry Melville-Smith described them as difficult for the company. Adverse economic conditions put pressure on the consumer dollar and there were local problems with zoning requirements and liquor licenses. McDonald’s did not generate a profit in its first decade in New Zealand. Auckland-based Shoprite Foodstores, which owned three-quarters of the initial joint venture with the American parent company, sold its stake in 1982 to concentrate on its supermarket business. McDonald’s managing director, Gary Lloydd, explained to *Management* magazine in October 1985...
that the company was in New Zealand for the long haul. It was concentrating on securing the best sites, a strategy that, Lloydd explained, “costs significantly more in the short term, but in the long term it pays off”.  

Only KFC, with its advantage of being first into the New Zealand market, was making any money in the early years. In 1979 it enjoyed a 50% share of the ‘quick service restaurant’ market with an estimated annual turnover of $20 million, providing Watties with a lucrative ‘cash generator’. It was spending twice as much on television advertising as McDonald’s. However, in the early 1980s, although KFC’s revenue continued to grow as it opened more outlets, it...
lost overall market share thanks to increased competition from McDonald’s and Pizza Hut, along with local ‘me-too’ fast-food operators Homestead Chicken, Uncle and Georgie Pie. Unsurprisingly, the main battlegrounds for the fast-food dollar were shaping up to be metropolitan Auckland and Wellington.

Until the arrival of McDonald’s — which, in the mid-1970s, had a global turnover larger than New Zealand’s total overseas income — there was little local reporting of the new fast-food outlets except in community newspapers. Despite the contemporary claim that the KFC in Royal Oak broke company records for the first week’s sales, with long queues forming around the store, and was the company’s busiest outlet in the world, there was no news reporting of this ‘fact’; it has become, nonetheless, part of fast-food folklore in New Zealand. Instead, early press reports dealt with parochial objections to the fast-food restaurants: problems with car parking, litter, pedestrian safety, and attracting ‘undesirables’ into an area. It was only in 1976, with the first McDonald’s in Porirua, that the mainstream media began paying attention to the fast-food craze.

The Listener dealt with fast food in two lengthy features in 1976. In ‘Biting Big Into A Fast Feed’ Pauline Ray examined the estimated $100 million fast-food business in New Zealand. KFC (the ‘pioneers’) had in five short years replaced fish and chips as the ‘national takeaway food’ and the arrival of McDonald’s (the ‘missionaries’) was only going to further expand the market.

Ray noted the emphasis fast-food operators placed upon catering for suburban nuclear families: ‘So the big chains made their stores into fun, family places. They don’t care if kids almost wreck the place as long as they eat up as well.’ Standardization, cleanliness and efficiency were the order of the day for the American-style operations: ‘Unlike the greasy joints of the 1960s where idle youths played pinball machines as they chomped on their burgers, the new fast food joints are hygienic, gleamy and spotless.’ Other appealing aspects of fast-food restaurants were that they gave families somewhere to go on Sundays, and for adults dining at Pizza Hut, somewhere to have an alcoholic drink in pleasant surroundings.

Behind the façade of cleanliness and novelty of the fast-food business, Ray also relayed some of the social criticism emerging from the United States about ‘junk food’ which has become the litany for fast-food’s vocal opponents: conformity, manipulative advertising and health concerns. It was clear to Ray that advertising messages and promotional activities in New Zealand were being targeted directly at children by the fast-food chains despite denials from KFC’s general manager Rob Vincent that it was deliberately ‘commercialising children’: Vincent claimed its advertising was directed at mums and dads who had young children. Finally, Ray cited nutritional analyses from Harvard University indicating that a diet of fast food would lead to scurvy and obesity.

Listener staff writer David Young observed the first day at McDonald’s in Porirua — ‘Americana Hits Porirua’ — to complement Ray’s article. Young attempted to make sense of this American ‘Trojan horse’ of cuisine, predicting that ‘even after the novelty had worn off, McDonald’s — like other immigrants,
Coke and KFC — will be assimilated here’. He also interviewed Bruce Peploe, McDonald’s operations manager, who denied that New Zealanders would resent Americana. Peploe conceded, however, that New Zealanders — both employees and customers — would need time to adjust to the American ‘have a nice day’ service culture. Young concluded by making a prediction which anticipated much recent writing on Americanization: ‘Before long McDonald’s will undoubtedly have their New Zealand citizenship too — another element in a packaged world growing increasingly uniform and mega-cultural.’

In response, Listener reader M. Ganter of Manurewa penned a heartfelt diatribe against the new fast-food chains. Ganter’s letter opened with the writer’s ‘deep concern and apprehension’ regarding the ‘arrival of the American fast food machine on a grand scale’. The main focus of Ganter’s letter was the likely health consequences for New Zealanders exposed to a diet of fast food. Ganter concluded with several questions: ‘Where are the protests, placards, boycotts, and petitions? Where is the voice of the concerned public? Strangely, the front is still and quiet. Is it ignorance or apathy? It seems strange that a threat, which we as parents have full control of, goes unnoticed and unchecked.’ No one attempted to answer Ganter’s questions. On this issue it appears that New Zealanders — or, at least, Listener readers — were not unduly concerned.

The stealthy integration of American fast food into New Zealand society was the focus of another Listener piece in August 1980. Staff writer Karl du Fresne noted how the big three chains had gained a strong presence in the New Zealand market due to solid institutional financial backing, ‘astute’ advertising and promotional campaigns, rigorous hygiene standards, economies of scale, and — most importantly — the ability to secure the best retail locations. Tom Brow, managing director of Homestead Chicken, was quoted in the article claiming that: ‘With an excellent location you have to produce very poor food not to succeed.’ Everything looked promising for both the American chains and local fast-food operators.

According to this Listener feature more was happening than well-financed corporations ‘muscling in’ on a growing take-away food market. Du Fresne argued that the growth in the consumption of fast food was linked to changing social patterns. For a start, more mothers were working in paid employment and had less time at home to cook meals. Increasing numbers of New Zealanders were living away from home and were less likely to eat around the dining table. Finally, with increased leisure time, families were combining weekend activities with a visit to McDonald’s or KFC: ‘A takeaway or sit-down meal at a fast food restaurant has become part of the Sunday drive and the Saturday sports match habits.’

Before the deregulation of weekend shopping hours, fast-food restaurants provided somewhere else for the family to go at the weekend. They also provided a safe dining environment and clean toilets for families wanting something better than the traditional take-away bar while still being affordable compared with licensed ‘up market’ restaurants. And lest we forget, American-style family dining still had a novelty value and a sense of difference in the 1970s that is hard to appreciate three decades later.
By 1980 the big three had a strong presence in New Zealand. KFC led the way with 37 outlets, Pizza Hut had 10 restaurants and McDonald’s eight stores. All three were planning further expansion and were ahead of the local derivatives in terms of number of outlets and the ability to advertise on television. Tom Brow, of Wellington-based Homestead Chicken, was conscious that his company had to grow to compete with the big three. He told the Listener: ‘You have to be big to afford advertising, and to get big you have to advertise.’ For Homestead Chicken this failure to grow fast enough (and in the case of Georgie Pie an attempt to expand too rapidly in the early 1990s) led to its demise. The advantages held by KFC, Pizza Hut and McDonald’s (in terms of an early presence in the fast-food market, institutional financial support and extensive television advertising) were further consolidated during the rapid economic and social changes of the 1980s.

The 1980s proved to be a good decade for the big three. The deregulation of the economy provided New Zealand with a more flexible labour market, fewer restrictions on private business and a prevailing sense that the once isolated New Zealand economy was opening up to the wider world. Any anti-American feeling generated by the break-up of the ANZUS military alliance in the mid-1980s did not affect the fast-food chains. McDonald’s Gary Lloydd was an outspoken supporter of the fourth Labour government. In November 1988 he told the National Business Review that Labour’s economic reforms had been ‘spot on’ and ‘outstanding’: ‘This government has been good for business, not just McDonald’s, but almost every kind of worthwhile business.’ Lloydd went on to accuse many New Zealanders of being ‘too lazy or too careless’ to take advantage of the new economic environment.

During the 1980s New Zealanders were eating away from the home more frequently, albeit at much lower levels than in Australia and the United States. Prior to the October 1987 stock market crash everything looked rosy for both the big three and local fast-food businesses. The August 1987 issue of Hospitality featured an article on the trade entitled ‘Big and Brash – and Bringing in the Bucks’. According to one retailer quoted in the piece, ‘only death and retirement homes’ competed with fast food as the ‘growth industry in this country’. Hospitality editor Karina Bliss argued that the New Zealand fast-food market had achieved in three years what the American market had accomplished in the 30 years since the 1950s. Her explanation was that fast food in New Zealand had been hampered by price freezes which meant it had been more economical to cook and eat at home than dine out. Since the end of these controls New Zealand had broken all records in terms of catching up. Brian Popham, Georgie Pie’s general manager, told Bliss that in his view New Zealanders had in the 1980s broken free from the ‘fish and chips on a Friday evening’ mentality and were now eating out far more often. Spending on non-essential consumption was increasing and the population was becoming more urban. In this environment, although business was very competitive, the New Zealand fast-food market was not saturated at all. However, Popham noted that the key battleground was in marketing — especially on television — and that it made sense to be ‘part of a large diversified group with resources’. For Georgie Pie that was Progressive Enterprises; for Homestead Chicken,
Equitycorp. Popham acknowledged that the New Zealand fast-food business posed ‘big opportunities for international operators, but the cost for local fast food chains seems prohibitive’.47

One local operator, however, seemed capable of breaking the dominance of the big three. In its September 1987 issue Marketing Magazine featured Homestead Chicken’s attempt to topple KFC. In ‘Can Homestead Outsmart The Colonel?’ reporter Anita McNaught evaluated the company’s chances of ending KFC’s domination of the sector. Homestead had launched an aggressive advertising campaign aimed at undermining the public’s perception of KFC’s fare, focusing especially on the ‘fried’ part of KFC.48 Here opinion was divided. Homestead was convinced that its cooking methods, in which food absorbed less cooking oil, were more appealing to an increasingly health-conscious public. KFC’s Mark McKenzie told McNaught that customers ‘suspended judgement’ when they purchased fast food, evidenced by the fact that sales of fried foods were increasing not decreasing.49 Regardless, Homestead emphasized what it saw as its product’s advantages while its marketing strategy was to build on the chain’s strong presence in Wellington and compete head-on with KFC in Auckland. Homestead was armed with an advertising budget of around $1 million while KFC was estimated to be spending $2 million on advertising out of a total marketing budget of $8 million.50 McNaught’s assessment was that Homestead could beat its American rival if it caught the public’s imagination and if KFC did not ‘get its act together’.51

While the competition between the big three and local fast-food operators was increasing, new American chains — Denny’s, El Pollo Loco and Wendy’s — were entering the fray. At this juncture another attempt was made to comprehend the cultural appeal of fast food, this time in the pages of Metro. The November 1987 Metro feature, intriguingly entitled ‘The Plastic Marae’, focused on the New Lynn McDonald’s and its 3000 daily customers. Mark Scott posed the question: ‘Why has this symbol of Americana found such fertile ground, not just in West Auckland, but everywhere in New Zealand?’52 Scott’s answer was that in the suburbs, McDonald’s offered middle New Zealand a new version of community. It was welcoming, clean and child friendly. The food itself was irrelevant. McDonald’s presented a healthy dose of American-style enthusiasm and motivation in contrast to New Zealanders’ normal laconic state.

The ‘egalitarian’ atmosphere of the fast-food restaurants was highlighted in the Metro feature. While liberal élites, who saw McDonald’s as a ‘dreaded American virus’, could enjoy expensive restaurants or wine bars, fast-food restaurants provided working- and lower-middle-class New Zealanders with a safe, non-threatening dining environment. It offered New Zealanders in the suburbs, isolated from each other, a chance to break free from their ‘post-immigration agoraphobia’ and find ‘a sense of belonging’.53 Scott’s piece was more sympathetic to both McDonald’s and its customers than one might expect from a magazine aimed at the ‘socially mobile’ affluent readers who allegedly saw fast food as a virus.

By the time readers had digested Scott’s article the New Zealand stock market had collapsed. In its wake New Zealand experienced corporate failures
and recession. The direct impact of this event on the fast-food industry in New Zealand was the closure of Homestead, forced into receivership in February 1989 as one of the many businesses to fail in the wake of Equitcorp’s bankruptcy. Another casualty was El Pollo Loco, which closed its two Auckland stores.

One of the lessons of the Homestead experience was that, in order to survive, fast-food chains needed to reach a ‘critical mass’ of approximately 20 outlets so that they could compete in terms of spending on advertising. Grey Seager, Homestead’s former general manager, told Marketing Magazine that the failed company was four stores short of reaching this target before its closure. The big three, though, had each reached this critical mass well before the crash. When Marketing Magazine’s Chris Pearson surveyed the post-crash fast-food scene in October 1989 he noted that the industry had undergone its biggest shakeout in its 18-year history. Spending on entertainment and luxury was down. However, not all the chains were struggling. McDonald’s claimed to be doing bumper business. Gary Lloydd commented: ‘It has been our best year ever in terms of elimination of excess. Business was easier a couple of years ago, but it was too easy. Now we are bullish and buoyant.’ The only new competition for its customers’ discretionary spending was Lotto, the recently introduced national lottery.

At the time of the stock market crash McDonald’s had 25 stores. By 1990, when most of its competitors had either gone out of business or curtailed expansion plans, it had doubled in size to become New Zealand’s leading fast-food operation in terms of turnover, market share and advertising expenditure. Although KFC had slightly more stores at the beginning of the 1990s, McDonald’s — not Homestead — had knocked KFC off its perch. However, all was not doom and gloom for KFC. In 1990 Pepsico Inc. bought out Goodman Fielder Wattie’s 50% share in the New Zealand business and directly invested $25 million to develop 14 new KFC restaurants. Pizza Hut had also survived the crash. Long-term managing director Garry Melville-Smith claimed that the economic climate made it very difficult for new entrants to gain a foothold in the fast-food market. The company was developing its home delivery service to meet the challenge of local operator Dial-a-Dino and add to its 36 restaurants.

By the end of 1989 the big three were estimated to control four-fifths of the fast-food chain business. Even in a recession McDonald’s, KFC and Pizza Hut were spending significant sums on advertising. Pizza Hut — the smallest of the trio — had a $2 million advertising budget in 1989 and 1991. In contrast, the three’s next largest competitor, Georgie Pie, was only able to spend about a quarter of this sum annually.

Not only could the big three afford to invest in television advertising during a recession, they were planning to further expand their operations while the largest local competitors had failed to reach the mystical critical mass. Garry Melville-Smith claimed that the big three ‘parleyed’ with each other over securing the best sites for new outlets. Between them Pizza Hut, KFC and McDonald’s now operated nearly 150 outlets. By contrast Uncles had 16 stores in the Auckland region, Georgie Pie eight, and newcomers Wendy’s and Denny’s two apiece in 1991.
So for the big three there were silver linings in the clouds of recession. Competitors fell by the wayside or stayed small. Advertising time on television was cheaper to buy. KFC president and chief executive John M. Cranor III was bullish about the New Zealand operation when he visited in early 1991. After 20 years’ operation in the country there was still ‘untapped opportunity’, he claimed. In a recession a company like KFC could expand aggressively: wage demands and property prices were lower. With tighter budgets consumers traded down from a ‘white tablecloth restaurant to a quick service restaurant’. 63 Despite the growth in fast-food outlets in the preceding 20 years, New Zealand had ‘only’ one outlet for every 20,000 people, compared with one for every 3000 American citizens.64

By the early 1990s it was clear to observers of the fast-food business that the big three had gained a dominant position in the fast-food market. Mark McLoughlin provided this succinct appraisal of what had occurred in the first two decades: ‘But if history has anything to teach, it seems that unless a fast food chain is prepared to pump enormous amounts of money into establishing a comprehensive network of outlets, and reinforcing its brand through advertising, then they may as well be independent operators and not part of a chain at all.’65

Did the big three succeed in New Zealand or did the local competition fail to capture a slice of the fast-food market? Business historians would most likely argue that the American chains had what the marketing textbooks call the ideal ‘marketing mix’: the famous ‘4Ps’: the right product; the right price; available at the right place; and with the right level of promotion.66 This was the language local fast-food managers used, so is the terminology used below in assessing why local fast-food chains could not compete against their big three American rivals.

Georgie Pie went into receivership in the early 1990s. According to business experts it failed because its product, the traditional New Zealand hot pie, was no longer suited to local lifestyles. Real New Zealand ‘tucker’ was now the McDonald’s ‘Kiwiburger’ rather than the soul food found in a meat pie.67 Georgie Pie copied what the American chains had done in the early years, building large-capacity restaurants, spending heavily on advertising, offering franchises, developing a family ‘value for money’ promotional strategy and rolling out new stores to reach a critical mass. While Georgie Pie was doing this, however, the big three were changing. The nuclear family was no longer their only target market. Pizza Hut was moving into home delivery with a sophisticated call-centre operation. McDonald’s and KFC were developing smaller outlets in downtown food halls, shopping malls and eventually college campuses. McDonald’s was also moving into the previously untapped breakfast market.68

A textbook marketing analysis would pinpoint Georgie Pie’s failure as being due to the company offering the wrong product, at too low a price, moving to the wrong locations (and too rapidly) and with an unsustainable promotional strategy. Progressive Enterprises, which lost out to Shoprite Foodstores for the rights to bring McDonald’s to New Zealand in the 1970s, had backed the wrong soul food for 1990s New Zealand.69
Useful as the marketing mix is as a means of comprehending company success or failure, it is not a historical tool. In the business press, the success of the big three was explained in terms of their ability to advertise heavily on television, strong management at home and overseas, and willing local operators who had a financial stake in the businesses. Franchising provided McDonald’s, and for a while KFC, with the ability to expand into smaller towns while centrally managing the larger ‘keystone’ sites.

The demise of Homestead and Georgie Pie shows that franchising a brand reduces, rather than eliminates, risk. When all else failed, the big three could outspend the local opposition. While Homestead was challenging KFC in 1987 one commentator argued that KFC would throw money at the problem to see off its local rival. In his opinion there was not enough room in the fast-food market for two large fried chicken operations in New Zealand. Pizza Hut was able to use its dominance in the market to sustain the set-up costs for a home-delivery service in the late 1980s. McDonald’s levied 4% of a franchisee’s turnover for advertising, creating incentives for both the company and its owner-operators: more consumption of Big Macs led to a bigger pool of television advertising revenue.

David Poutney, who developed the Uncles chain in Auckland in the 1970s and 1980s, gave up on the fast-food business in the early 1990s. He told Hospitality magazine that he had been ‘outpaced’ by the big three: ‘Multi-nationals have had a vast impact on the market in terms of their ability to spend a couple of million dollars developing a site, and the plans, building, equipment needed to open the doors’.

Tellingly, when Georgie Pie folded in 1996, McDonald’s moved in quickly to secure the best vacant sites for itself.

One can see ‘brute force’ economic reasons for why the big three succeeded and the local players failed. But there is another reason worth considering, namely the ability of the American chains to meet the needs of New Zealand customers. Initially all three chains successfully traded on their novelty value but later familiarity and ubiquity were the lure. This was achieved not just through their institutional backing but also via cultural acceptance. Convenience foods originally from Kentucky, Southern California and Kansas became the family dining or take-away food of choice for many New Zealanders. The American fast-food chains in New Zealand were conscious of the need to be viewed as ‘local’ companies. In the mid-1980s Gary Lloydd was reflecting on the practical business issue of globalization before the term gained currency in academic circles. Lloydd told Management that although McDonald’s in New Zealand had attempted some local innovations in its first few years, there was little need to undermine a winning formula: ‘There’s a tendency to New Zealandise McDonald’s, to say New Zealanders won’t like this or that. But in fact it’s much simpler to McDonaldise New Zealand.’ Lloydd was aware that the company had a local presence within a multi-national structure. Evidence that McDonald’s in New Zealand was able to inhabit these two spaces — local and global — simultaneously came at the end of the 1980s when it had the confidence to launch the ‘Kiwiburger’ and advertise it as an authentic addition to ‘our tucker’. The Kiwiburger, with a slice of beetroot to meet local tastes, was not an aberration or a flight of marketing fancy. It was a logical outcome
of McDonald’s desire to be, in Lloydd’s words, not a multi-national but a ‘multi-local’ business. The Kiwiburger and Kiwi For Chicken indicate that the American chains were able to find a receptive audience in New Zealand. The inability of the New Zealand fast-food clones to take on the big three at their own game gives some credence to the ‘cultural imperialism’ thesis but this interpretation should not be over emphasized. KFC, Pizza Hut and McDonald’s — ably assisted with local expertise and finance — were better at delivering the goods than the local competition. Simply having the right location was not sufficient to compete in the fast-food market. While we can question the hegemonic status of the American giants, it would be equally naive to interpret the use of local symbols and vernacular language in the marketing mix as evidence of the fast-food chains responding to New Zealand consumers’ playful appropriation of Americana for their own purposes. Giving the impression of being a local firm was not the same as being local.

Using consumerism as a way of exploring the past has great potential; but there are pitfalls too. Consumerism can equally mean active engagement with the market system — such as belonging to a consumers’ association or boycotting certain products — or passively accepting the way things are. The same individuals who consumed American fast food without a moment’s reflection about its significance may have had strong feelings about other aspects of their purchasing decisions.

Bringing the world of global consumerism into New Zealand might force us to accept that, as consumers of fast food at least, we were not so different after all. If this is the case, does it make sense to talk about a ‘New Zealand consumer society’? The rapid acceptance and development of American fast-food in New Zealand suggests that rather than a unique, national story, we should think instead about modern consumer society taking place in a particular geographic setting. To paraphrase Gibbons, we can do history in New Zealand without necessarily writing histories of New Zealand. Of course, one case study does not a thesis make, but the local success of America’s big three fast-food chains poses uncomfortable questions for local cultural and consumer nationalists. The best way forward is for historians to appropriate McDonald’s notion of being a ‘multi-local’ enterprise as the organizing framework for developing further historical studies of consumer society in New Zealand.

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NOTES

*The title of this paper comes from website of Restaurant Brands Ltd and refers to the new style Pizza Hut outlets being launched by the company, ‘All Change at Pizza Hut’ available at: http://www.restaurantbrands.co.nz/brands/part_02.htm (21 April 2004). I would like to thank the following for their guidance and assistance in this research project: Eugene Rees and John Paynter for information on franchising in New Zealand, Peter Haynes and Glenda Fryer for employment and labour analyses of New Zealand’s fast-food businesses, Jo Hill at McDonald’s, Neil Livingstone and Andrea Geange at Colenso BBDO, Sally Williamson at the New Zealand Television Archive, Virginia Callanan at the New Zealand Film Archive and finally Caroline Daley, Deborah Montgomerie and David Parker along with the anonymous New Zealand Journal of History reviewers for commenting upon early drafts of this article. Stephanie Wyatt, Joe Flynn and Helen Laurenson gave first-hand testimony of the excitement and novelty of eating at KFC in the 1970s that inspired me to pursue this study in the first instance.

1 ‘Colonel Sanders’ Kentucky Fried Chicken comes to Auckland at the Roundabout Royal Oak’, Auckland Star, 19 August 1971, pp.21–24.
4 Eugene B. Rees, ‘Franchising and the Social Organisation of Production Consumption Systems: Examining Franchise Relationships in New Zealand’, MA thesis, The University of Auckland, 2000, p.111. One of the paradoxes of fast food in New Zealand is that most of the fast-food outlets have not, in a technical sense, been run as franchised operations. The big three have centrally managed most of the stores — in effect being the master franchisee for the whole country — while the local competition, such as Uncles and Georgie Pie, went down the individual franchising path. More recently McDonald’s rapid growth, eclipsing KFC in the 1990s, has been achieved with a mixture of centrally managed stores (typically the larger, high-profile sites) and new outlets developed by franchisees.


9 In August 1999, French farm workers’ union leader Jose Bove used his tractor to demolish a McDonald’s outlet under construction in Millau, with his subsequent court case and imprisonment generating huge publicity and making him a folk hero of the anti-globalization movement, see Eric Schlosser, Fast Food Nation: What the All-American Meal is Doing to the World, London, 2002, p.244. Other high-profile acts of opposition to McDonald’s took place in Rome’s Piazza di Spagna (1986) and Cracow’s old market square (1994). In both cases local residents protested against allowing McDonald’s to open in these historic locations, see Richard Pells, Not Like Us: How Europeans Have Love, Hated, and Transformed American Culture Since World War II, New York, 1997, p.303. In contrast, the popularity of the McDonald’s in Moscow’s Red Square, with the ‘Beeg Mek’ sold to over 80 million customers between its opening in 1990 and 1995, was viewed as a victory for American capitalism over socialism; McDonald’s in Moscow was, during the post-Soviet era, the most popular McDonald’s in the world, with more customers than there were visitors to Lenin’s Tomb or the Kremlin, see Pells, p.303.


12 Gibbons, p.47.

13 Schlosser, p.7.


15 ‘McDonald’s opening at Porirua at Queen’s Birthday’, *Kapi-Mana News* (KMN), 1 June 1976, p.16.

16 ‘Kentucky Fried Chicken Comes to Town’, *National Business Review* (NBR), 16 August 1971, p.25.

17 ‘Franchise Plan For Big Chain Of Restaurants’, NZH, 23 May 1974, section 2, p.3.


22 ‘Now Open’, McDonald’s advertisement, KMN, 8 June 1976, p.9.

23 ‘McDonald’s opening at Porirua at Queen’s Birthday, KMN, 1 June 1976, p.16.

24 ‘Not so much a hamburger, More a way of life’, television documentary, directed by Marcia Russell, broadcast 28 June 1977, copy held by New Zealand Television Archive, Lower Hutt, Basis Form No. P6314.


29 Claim about McDonald’s global turnover made in ‘Not so much a hamburger, More a way of life’.


33 ibid., pp.14–16.

34 See in particular Schlosser, *Fast Food Nation*.


39 ibid., p.16.

40 ibid., p.17.


45 ibid., p.30.
46 ibid.
47 ibid., p.32.
48 McNaught, p.25.
50 ibid.
51 ibid., p.30
53 ibid., p.261.
54 Pearson, p.52.
55 ‘Brand Profile: McDonald’s’, p.36.
56 Anne Byrnes, ‘KFC in $25m expansion mode’, NBR, 20 November 1990, p.3.
59 ‘No Time To Drag The Chain’, p.43.
60 ibid.; McLoughlin, p.35.
61 Pearson, p.53.
62 McLoughlin, p.35.
64 Young, p.39.
65 McLoughlin, p.35.
66 The ‘marketing mix’ 4Ps concept (product, price, promotion and place) is attributed to Jerome McCarthy; Philip Kotler, Marketing Management: Analysis, Planning, Implementation, and Control, 9th edn, Upper Saddle River, 1997, pp.92–94.
68 Boland, p.39.
69 Rees, p.110.
70 McNaught, p.28.
71 Boland, p.39.
73 Rees, p.112; Agee, p.48.
74 Baird, p.50.
76 Pearson, p.55.