

# Toys may be story in kids meals' steady decline

## Simple playthings no longer a popular draw

By Bruce Horowitz  
USA TODAY

Kids meals are losing steam. Hit by the triple-whammy of the recession and the evolving tastes that kids have in the food they eat and toys they play with, orders for the \$5.6 billion kids meal segment are down 9% over the past year ended in March, reports research firm NPD Group. Orders from 99-cent/\$1.00 menus are up 13% over the same period.

It is the "nag" factor of kids meals — kids who nag their parents to take them to McDonald's or Burger King for the latest toy — that helped to propel fast food into a \$120 billion industry. There were 1.3 billion domestic kids meal orders placed in 2008, says NPD — and billions of additional orders from siblings and parents who went along. So any decline in kids meal sales is serious.

For the fast-food industry, "There's been a long, steady march downward on kids meals for the last three or four years," says Russ Klein, marketing



**Burger King:** Its mini-burgers, apple fries and apple juice are aimed at kids.

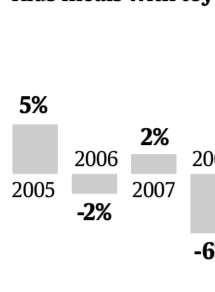
chief at Burger King. As a result, he says, Burger King is changing the marketing strategies of its kids business and focusing more on its lower-priced menu.

Executives from Wendy's and McDonald's declined to discuss kids meal sales at their chains. But

### Dollar menu more popular

More restaurant customers are buying from the dollar menu instead of kids meals. Percentage changes in purchases from the prior year in March:

#### Kids meals with toy



#### \$0.99 /\$1.00 menu



Source: The NPD Group/CREST online survey of 3,500 people of what was purchased during "yesterday's" restaurant visit. Data reflects a five-year trend of annual data collected April 1 to March 31 of each year.

By Karl Gettes, USA TODAY

the biggest problem may be the toys themselves — not the food or price. "You have 6-year-olds with cellphones who are not interested in kids meal toys," says Bonnie Riggs, restaurant industry analyst at NPD. "They want to be more grown up."

Why kids meal sales are off:

► **Kids want cooler toys.** In an era of age compression, young kids increasingly want techy toys that are too costly to be placed in a kids meal, Riggs says. "Kids meal toys are not where the action is for them," she says.

At the same time, some toymakers are increasingly reluctant to place their toys in kids meals. If they have a small toy that they think could be a hit, they're more likely to place it in a toy store for far more profit, says Jim Silver, editor of TimetoPlay-mag.com, a consumer website on toys.

► **Restaurant visits are off.** Fewer kids are eating out as restaurant visits overall have slid during the recession. Restaurant traffic for families with kids declined 5% in the period from December 2008 through February 2009, NPD says.

► **Food choices are changing.** Many of those who do eat out are ordering from the lower-priced dollar menus to save money. Families can mix and match dollar menu items for considerably less than kids meals, which are priced at about \$3 or more.

At the same time, some parents are steering kids to more nutritious offerings, including salads and grilled chicken. Burger King on Wednesday rolled out three more-nutritious kids meals, including a BK Burger Shots kids meal with two mini-burgers, Fresh Apple Fries and calcium-fortified apple juice.

## Cover story

# CEO tweets giv answers short n sweet

Continued from 1B

CEOs published with this story were downloaded to USA TODAY by a link provided via Twitter.

For those yet to be baptized into the latest social networking craze, Twitter is a site that lets people "follow" what others write with an important restriction: Any single piece of prose distributed via Twitter, called a tweet, is limited to 140 characters or less.

That's restrictive, to the point that the preceding sentence, at 267 characters, would require a major haircut to be launched into Tweeterdom.

"140 character thing is a pain but forces u 2 distill your thoughts 2 the very essence of the subject. good luck on the piece," tweeted David Morris, CEO of Dillanos Coffee Roasters, a wholesaler of beans to coffeehouses in 50 states. He employs 80; he has 25,500 followers on Twitter.

USA TODAY exchanged 427 tweets with the 21 executives, mostly over three days. Twitter may be the latest in social media, but it hearkens back to the 19th century when newspaper correspondents filed by telegraph. Stop. Or even almost 27 years ago when USA TODAY was launched with sentences squeezed to fit because so few stories were jumped to inside pages.

Conspicuously absent from this story are Twitter executives: CEO Evan Williams, Chairman Jack Dorsey and co-founder Biz Stone. Do any of them ever look at Twitter? If so, they chose not to respond to numerous tweets for comment from USA TODAY and other tweeters who saw that USA TODAY was after them and enlisted in an unsuccessful quest to get their attention.

Even as USA TODAY and its enlistees were trying to hunt down the executives, Elisabeth Hasselbeck tweeted that they were on the set of *The View*. "about to head upstairs for show: just hung out with twitter guys(founders)their wives.love'em," Hasselbeck tweeted.

It wouldn't be fair to say that the Twitter executives declined requests for comment, although the requests were many. USA TODAY did not phone or e-mail Twitter headquarters. And, the Twitter executives weren't alone. Many others did not respond to USA TODAY's tweeted requests for comment, including Virgin Group Chairman Richard Branson, Oprah Winfrey and Sun Microsystems' Jonathan Schwartz.

One explanation may be that many of the best-known executives have hundreds of thousands of followers. Williams had 771,768 followers as of late Wednesday, and Dorsey and Stone each have more than 600,000. They are swamped with tweets, so many that they may not have time to cull through even those that are directed at them. However, Tony Hsieh, CEO of online retailer Zappos, had 658,901 followers late Wednesday, and he found time to deliver a one-tweet response.

"Capitalism will always be part of the US economy, but I think more people are realizing there's more to life than money," Hsieh said.

Even though Schwartz didn't respond, it's of no consequence because his tweets are written by an imposter, as are those of Microsoft's Bill Gates and Steve Ballmer, tweeted Amy Dean, co-founder of tweetxorist.com, a site that exposes tweeters posing as celebs, athletes and executives. Some use ghost tweeters, including Guy Kawasaki, former Apple whiz and now venture capitalist, Dean says.

### An interview request from @jonesdel

Twitter is new to most CEOs, and many had been testing it for only a few weeks or days when this landed on their screens: "@jonesdel: Reporting USA TODAY cover story entirely on Twitter. Topic: Is U.S. economy evolving away from capitalism? Your thoughts please."

Back came the Robbins tweet: "Government (Gummit) controls business. I ate Chinese 2 days ago. The restaurant had 9 licenses/permits on the wall. (1 of 2)."

OK, sounds like Robbins is an opponent of regulation?

"US has moved to fascism- Private "ownership", but gummit control by rules, regs, statutes, agencies. Free-market being bled out."

Please go on.

"Observed in Decl. of Ind. [king has . . .] sent swarms of Officers to harass our people and eat out their substance."

Anything else?

"We may have capitalism but we no longer have free market capitalism. We have not evolved. Our system has devolved. :-)"

CEOs' opinions regarding the fate of capitalism range widely: "US is not evolving away from capitalism, it is evolving towards a better form of it — one that is more balanced and responsible," tweeted Nova Spivack, CEO and founder of San Francisco technology venture Radar Networks. "I am generally in favor of more regulation of giant corporations, healthcare reform, energy and financial industry oversight, etc."

"Gov role now to correct greed driven excess in markets," tweeted Stuart Blake, founder and CEO of

### Other CEO tweets



A pure Capitalistic Economy would let Chrysler fail then another company would come in and buy them for pennies on the dollar..

Jeff Mello, co-founder of BuzzCal



Smoot Hawley like legis wld be bad; Roosevelt had "the grand bargain". We need new grand bargain

Sue Marks, CEO of Pinstripes



I don't believe that since small and mid-size cos really grow economy. Gov role now to correct greed driven excess in markets.

Stuart Blake, co-founder and CEO of The General Counsel



Like in Atlas Shrugged, the shift is only temporary. Sooner or later, inefficiencies will be apparent and unacceptable.

Jay Steinfeld, CEO/founder of Blinds.com

legal services provider The General Counsel. "What do you think it was like as US evolved from agricon to industrial in 1800's? US must now evolve into global econ w/ethics."

Some CEOs, including Hsieh, tweeted requests to be interviewed by e-mail or phone, but were told that rules were rules. Even background information was restricted to websites linked to from tweets, but there was an abundance of background information to be found. Many of the websites were found using what are known as "hashtag" searches on Twitter for #capitalism and #socialism. Those sites often leaned to one fringe or the other, but others had useful information, such as a Rasmussen survey in April that found just 53% of Americans believe capitalism is the superior economic system, although it remained solidly ahead of socialism because 27% were undecided.

Chris Jenkins, CEO of executive search firm Harrington & Reed, says the new capitalism is spelled "Capitol-ism," due to the intervention from Washington, D.C., and he tweeted a link to his May 5 blog entry headlined "Observations on Whether We are Moving Away from Capitalism," where he criticizes government intervention into the private sector.

"The government takes \$1,000 in taxes, wastes \$800 on bureaucracy and inefficiency, and pays the employee the remaining \$200 of his own money," Jenkins wrote in his blog. In a tweet he added: "Nothing like the citizens funding the government takeover of their own jobs. Feels good short term. socialism or worse long term."

"history affirms that capitalism works but that a widespread societal quest for 'security' can be its enemy," tweeted Mark Oakes, CEO of Concentric Security, with expertise in anti-terrorism solutions. Then, later: "In the event there was any question relative to my earlier tweets, I firmly believe capitalism will win out!"

Another blog link from Twitter suggested that a generation of investors has been lost due to the market collapse, but former GE CEO Welch tweeted to USA TODAY and his thousands of followers that he was unconcerned. "hold that thought and watch what happens when Dow goes thru 10,11,12. 'Experts' love to focus on today not tomorrow."

Companies and the CEOs they hire are largely to blame for capitalism's erosion, tweeted Alexandra Gibson, CEO of Gibson Design Management. "Bob Nardelli was a disaster @ Home Depot & then hired as head of Chrysler? Govt is bailing out bad leaders & sending message . . ."

"A pure Capitalistic Economy would let Chrysler fail then another company would come in and buy them for pennies on the dollar," tweeted Jeff Mello, co-founder of BuzzCal, a website that alerts sports fans to when their favorite teams are playing.

Morris agrees. "a huge problem is that the irresponsibility of those large company CEOs has painted a negative portrayal of ALL business . . ."

"we WILL end up paying for the free lunch we've been enjoying. Capitalism/entrepreneurship is in the human DNA. Drift is temporary," tweeted Larry Strassner, CEO of Russell & Mackenna, which makes cottage-style furniture.

### John Q. Public gets chance to weigh in, too

Twitter allows interviews to be conducted in private using what is known as a direct tweet, but most CEOs, including Welch and Case, had no objection to being interviewed publicly where all could read what was being said, and at times weigh in.

"maybe capitalism itself is evolving," tweeted in Martin Montero of Austin, who describes himself as a social media practitioner, cyclist and knowledge junkie, among other things.

Mr. Case, do you care to respond to Mr. Montero?

"Of course it is. Has evolved and will continue to," tweeted Case, now CEO of Revolution.

After tweeting that the government needs an exit strategy from a necessary intervention, Case tweeted: "As we learned with Iraq, there are typically unintended consequences, and it is always easier to get in then get out." Another tweet from Case: "So I support Obama's economic intervention, but would be very concerned if gov't doesn't pull back in year or two."

Blinds.com CEO Jay Steinfeld tweets this warning: "So as with happiness, it takes sadness to appreciate it. Sunshine: rain. And maybe, capitalism: socialism?"

One other CEO was quiet. It might have been coincidence, but shortly after USA TODAY began reporting this story, it won over a prestigious Twitter follower: Barry Diller, CEO of IAC/InterActive, who started Fox Broadcasting.

Unsolicited, @BarryDiller was now following @jonesdel. Yet, Diller did not respond to tweeted requests for comment, and for more than a month Diller had only a single posted tweet, dated April 21.

Tweeted Diller: "I have no interest in Twitter," and by press time @BarryDiller was nowhere to be found on Twitter.

Does he have an interest in capitalism? The answer to that might force one to pick up the phone.

# Economy isn't slowing Apple's building plans

Effort stresses customer service

By Jefferson Graham  
USA TODAY

Apple isn't letting the recession slow its retail ambitions.

The company said Wednesday that it plans to remodel 100 of its stores this year, to make more room for customer training and displayed products. Additionally, it will open 25 new stores, including a fourth location in New York City, and new ones in Paris, Italy and Germany.

**Technology** "We know that a lot of people are cutting back, but we're doing the opposite," says Ron Johnson, Apple's senior vice president of retail. "We're investing in the downturn."

The company, which saw a 3% decline in sales of Apple computers in the most recent quarter, plans face-lifts for older stores to emphasize customer-service programs.

Some 170 million folks visit Apple Stores yearly. New tables will enable "twice the amount" of Mac computers and other products to be on display, Johnson says. Apple's beloved Genius Bar, offering free tech support for Apple products, will have 50% more room, he says.

Apple's One to One subscription program will see major changes. Currently, anyone with \$99 can sign up for a year of unlimited training on Apple computers and products.

But beginning June 2, Apple will limit sign-ups to people who buy new Mac computers at Apple Stores or via its website. Additionally, any of the 500,000 current One to One subscribers can renew.

"We originally set up One to One to get people to switch to the Mac," Johnson says. "Now we want to expand it to make it even more relevant to people who have bought their Mac."

Still priced at \$99, the annual subscription includes personal setup, transferring of files from an older computer (Windows or Mac) and help with projects.

In the past, sessions timed out at one hour; now the limit is three hours, but sessions might also include up to three participants.

Despite the expansion, Johnson concedes that the recession has affected in-store traffic. It's still strong, he says, but not as big as last year, when long lines greeted the introduction of the second-generation iPhone.

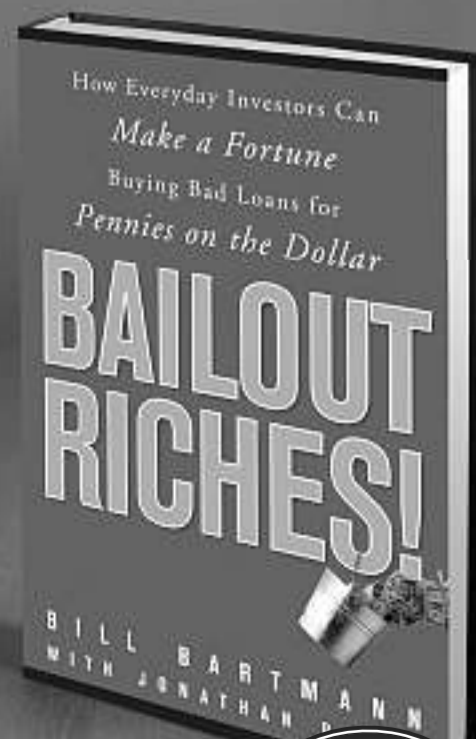
Charles Wolf, an analyst at Needham & Co., says that with the decline in Mac shipments, Apple needed to do something to help invigorate computer sales.



— Bill Bartmann  
America's leading expert  
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