

BUSINESS NEWS

McDonald's Draws Franchisees' Pique On Celebrity Meals

By HEATHER HADDON

McDonald's Corp.'s celebrity-sponsored meals, which have generated strong sales for the chain, are drawing criticism from franchisees who say some of the artists don't reflect the company's values.

Some U.S. McDonald's restaurant owners have raised concerns over the chain's collaborations with celebrities including rappers Cardi B and Offset, according to franchisees and email messages to other owners and the company that were reviewed by The Wall Street Journal. Some owners said a number of McDonald's locations have declined to promote the current Cardi B and Offset meal, because of concerns about being associated with the artists.

In messages sent to the U.S. division in recent weeks, several McDonald's franchisees said that the artists' lyrics and lifestyles aren't aligned with the company's brand. Some owners wrote that the chosen celebrities could erode McDonald's family-friendly image, and urged other franchisees to remove advertising and merchandise associated with the Cardi B and Offset meal in their stores.

It couldn't be determined how many of McDonald's more-than-1,000 franchise owners were declining to promote the meal, or agreed that they were unsuitable for the brand. Franchisees raising concerns over the meals include some operating restaurants in southeastern and Mid-Atlantic states, according to the messages reviewed by the Journal.

McDonald's on Tuesday said the chain has received widespread support and excitement from owners and their restaurant employees regarding the Cardi B and Offset meal. The

company said the couple's promotion was meant to focus on love and celebrating special moments.

"Across our marketing, we're focused on putting McDonald's at the center of culture," McDonald's U.S. Chief Marketing Officer Tariq Hassan said.

Representatives for Cardi B and Offset didn't respond to requests for comment.

McDonald's "Famous Orders" meals, which typically combine a handful of celebrity-handpicked menu items in promotional packaging, have been among the burger chain's most successful marketing endeavors in recent years, executives have said.

The meals' introduction in 2020 helped the company recover U.S. sales lost at the Covid-19 pandemic's outset, and capture business from other burger chains, Wall Street analysts and the company have said.

The celebrity-backed meals largely draw on McDonald's existing menu, adding sales without increasing complexity in restaurants, McDonald's said. They also helped the chain drive more online orders and app downloads, one of the company's priorities, executives have said.

Cardi B, a Grammy-winning rapper, has stirred controversy over the explicit content of some of her lyrics and videos, particularly her 2020 hit "WAP," and she and Offset have collaborated on several songs. After the meal's announcement, some U.S. McDonald's operators relayed their concerns to the company, according to messages viewed by the Journal.

Some operators have questioned whether the celebrity tie-ins could conflict with the company's brand standards and franchisee rules.

Norwegian Cruise Line Issues Soft 2023 Earnings Guidance

By WILL FEUER

Norwegian Cruise Line Holdings Ltd. issued soft earnings guidance for the year as it works to contain surging costs and mount a comeback from pandemic-constrained operations.

The Miami-based cruise operator said Tuesday that it expects to be profitable this year for the first time since the pandemic halted U.S. cruising in 2020. However, the company's 2023 earnings guidance fell below Wall Street expectations amid rising costs tied to food, fuel and labor.

Shares sank 10% to \$14.82 Tuesday. The downbeat outlook also weighed on shares of Royal Caribbean Cruises Ltd. and Carnival Corp. Both fell 2%.

Norwegian and rivals such as Carnival and Royal Caribbean are grappling with surging costs for fuel, food, labor and more after three years of pandemic constraints. Higher interest rates are also weighing on the companies, which issued billions of dollars in debt to make it through the pandemic.

Norwegian said it has taken steps in recent months to cut costs and boost margins. Adjusted nonfuel cruising costs per capacity day are expected to drop almost 15% this year, compared with the second half of last year.

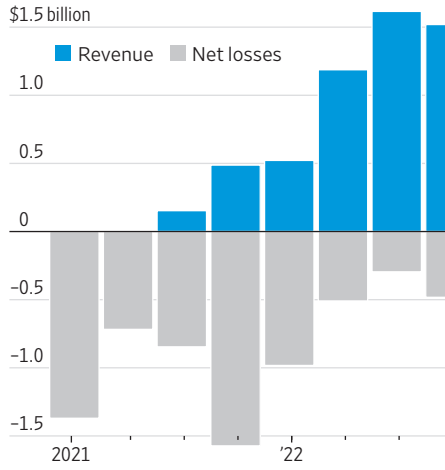
"We are now squarely focused on the future and are taking deliberate and strategic actions to best position the company for its next chapter," Chief Executive Frank Del Rio said.

The company said it expects to post an annual adjusted profit of 70 cents a share this year, below the \$1.04 a share expected by Wall Street analysts, according to FactSet.



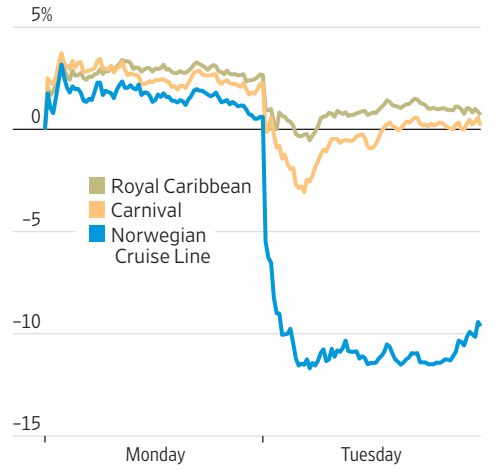
The company said it has taken steps in recent months to cut costs and boost margins.

Norwegian Cruise Line's quarterly financials



Sources: S&P Capital IQ; the company (financials); FactSet (share price)

Share-price performance, past two days



For the three months ended Dec. 31, Norwegian's revenue more than tripled to \$1.52 billion, topping the \$1.50 billion expected by analysts, according to FactSet. At the same time, cruise operating costs surged 70%.

The company posted a loss of \$482.5 million, or \$1.14 a share, compared with \$1.57

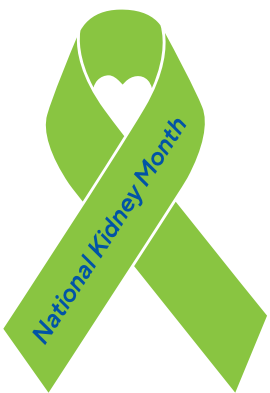
billion, or \$4.01 a share, in the same period a year earlier. Adjusted loss came to \$1.04 a share, wider than the 86 cents a share expected by analysts, according to FactSet.

For 2023, the company said it expects occupancy, a measure of how full a ship is, to return to historical levels this

spring. The company also expects to sail more than it did in 2019, with capacity expected to be 19% above 2019 levels, boosted by the introduction of new ships. Carnival and Royal Caribbean have said they expect to sail 3.3% and 14% more than they did in 2019, respectively.



More than
1 in 7
US adults
have chronic
kidney disease



Spread the word about
kidney health during
National Kidney Month.

GET TESTED AND FEEL YOUR BEST.
SCAN TO LEARN MORE.



Who's Who of Distinguished Leaders: 2023 Honorees

Since 1898, Marquis Who's Who has remained the standard for reliable and comprehensive biographical reference material. We are proud to highlight hand-selected listees who have been recognized as *Distinguished Leaders* in their fields of endeavor.

Of 1.5 million listees, only a small percentage is recognized with the *Distinguished Leaders* honor. We laud these individuals for their ambition, professional fortitude, industry contributions, and career accomplishments.



 Stefano Cartoni Chief Executive Officer Cork Alliance Inc.	 Renée S. Edelman Senior Vice President Edelman	 Grey A. Glover Sr. Captain (Ret.) U.S. Navy	 Roger F. Harris, MA Assoc. State Dir., Advocacy AARP Florida
 Andrea Darnell Hoke, DDS Dentist Hoke Family Dentistry, PLLC	 George Jabren, MD, FACS Urologist Urology of Greater Atlanta	 Albert Lee Jones OSD Exhibits Curator & Mgr. DOD/OSD Graphics, Pentagon	 Edward U. Maduh, PhD Toxicologist, Pharmacist DCVA Medical Center
 Michelle M. Marshall Founder, CEO Neowe R & D, Inc.	 JR Michael Founder United News Corporation	 Frank F. Rego Chief Executive Officer Meridian Gates Ent. Inc.	 Kelvin E. Reid CEO, VP-Sales & Marketing Smart Choice Technologies
 Nancy Reynolds Dancer, Writer The George Balanchine Fdn.	 Cynthia Schechter, OTR/L Owner, Pres. SchechterCare Breast CA/Lymph Rehab.	 Lynn R. Smith State Representative Georgia House District 70	 Angelene M. Vinson, BS Owner, Operations Manager AA&G Group Home, LLC