



Case B2: McDonald's Decision

Susan Svoboda, Manager of the Corporate Environmental Management Program, University of Michigan, prepared this case under the guidance of Stuart Hart, Director of the Corporate Environmental Management Program and Assistant Professor of Corporate Strategy and Organizational Behavior at the Michigan Business School, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

On November 2, 1990, McDonald's announced its decision to replace the polystyrene clamshell sandwich packaging with a paper-based "quilt-wrap" that was expected to reduce the volume of its packaging by 90 percent. Representatives also stated that the production process used to make the new wraps would result in reduction of energy consumption, air emissions, and water pollution. Burger King and Wendy's do not use polystyrene for their sandwich wraps; Burger King uses polystyrene only for coffee cups and has even begun to phase out this use.

EDF's January membership newsletter reported the news of McDonald's switch from clamshells, calling it a "major victory for environmentalists." However, it referred to the quilt-wrap replacement an "interim step." EDF scientist and task force member Richard Denison was quoted as saying, "There's no question that paper has its own environmental problems. We're looking at other changes to reduce the impacts of the switch to paper" (e.g., using recycled or unbleached paper).

The press responded with mixed reviews of the decision. The *New York Times* story covering the decision ran a headline, "Packaging and Public Image: McDonald's Fills a Big Order." The *Chicago Tribune* ran an article saying McDonald's was "a lesson in environmental progress." The *New York Times* hailed the "Greening of the Golden Arch" saying that "McDonald's is at last showing some McSense on the environment." However, *Adweek's Marketing Week* accused McDonald's of "flip-flopping" again. And the *Los Angeles Times* said, "I guess the environmentalists won't be satisfied until McDonald's slaps the burger directly onto our outstretched hand. If it is a burger, an agreement with

the animal-rights movement may be next. Anyone for McTofu?"

A November 26, 1990, *Los Angeles Times* article called for government to set standards, practices, and definitions for recycling and incineration. Commenting on the assumptions underlying the decision to phase out the clamshells, the authors said that McDonald's "found itself doing the wrong thing for the wrong reason."

As part of McDonald's polystyrene recycling test conducted in New England, McDonald's supplied refuse to an industry-sponsored recycling center that was in the process of building plants in several cities. A spokesman for the center said that McDonald's decision would not change its plans to build the plants, but added, "The chief loss is [McDonald's] as an educational resource."

In the November 5, 1990, issue of *Business Week*, Amoco Chemical, one of McDonald's polystyrene suppliers, ran a full-page advertisement saying, "Some people believe that banning plastics and substituting other materials will solve the problem. We don't think they have all the facts . . ." It continued with the points that "Recycling is growing" and "Amoco is helping."

As a result of the efforts of the joint task force, the environmental image of McDonald's has improved. An independent study by Cambridge Reports/Research International showed consumers ranked McDonald's as the most environmentally responsible U.S. company. Environmental experts awarded McDonald's second place in the same survey. Also, McDonald's received the President's 1991 Environment and Conservation Challenge Award for environmentalism.



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