

Case Study #1: McDonald's Corporation

This is a fictional case study devised for educational purposes. Neither the author nor Northwestern University are affiliated with the company.

Contents:

Press Release (Launch of environmentally conscious changes)
Speech (Internally directed, Board of Directors audience)

By: Maddie Stengel
Master of Science in Communication, 2022
Northwestern University, School of Communications

Company Contact:

M.N.B. Strategic Communications
Maddie Stengel
(773) 123-4567
mstengel@mnbsratcomms.com

**Release Date:**

September 1, 2022

MCDONALD'S ANNOUNCES SHIFT TO 50% LAB-GROWN BEEF IN THE NEXT FIVE YEARS

The largest purchaser of beef in America¹, McDonald's, is publicly vowing to use 50% lab-grown beef in all American restaurants by 2027 in an effort to reduce carbon emissions

[CHICAGO, IL September 2022]: In a forward-looking move to demonstrate their commitment to fighting climate change, McDonald's is embracing a highly anticipated agricultural development: lab-grown beef. The change comes in response to recent environmental protection mandates from the Food and Drug Administration (FDA). The new mandates call for meat-producing farms to reduce carbon emissions by no less than 50% by 2030. These directives come after the UN's most current environmental report, which painted a dire picture of the future ahead.

Customers can expect to see gradual menu changes, including traditional favorites offered with the choice between lab-grown and traditionally-raised beef. According to a 2019 publication of Economic Geography regarding lab-grown meats: "These are foods that have traditionally required major animal inputs...Animal-free animal food products...are these same food products, or close approximations of them in terms of taste, look, and feel, that require little, if any, animal input." The use of lab-grown beef decreases the company's reliance on livestock, which in turn, decreases the emissions produced by beef farms. McDonald's sees this advancement as a natural stepping stone to net-zero emissions.

Consumers will start to see the menu roll-out in early January of 2023. McDonald's does **not** plan to make any choices on behalf of their consumers. Rather, the company will reduce their own purchasing of traditionally-raised beef, which may result in limited supplies in some locations. Customers do not need to worry about cost impact; the shift towards lab-grown beef will not impact meal prices. The company hopes to encourage their loyal customers to try these new offerings and get involved in other climate-protecting changes. More information can be found on McDonald's website: <https://www.mcdonalds.com/us/>

If you have questions about lab-grown beef or want to learn more about what McDonald's is doing to fight climate change, reach out to mstengel@mnbsratcomms.com.

¹ According to a 2021 co-authored report led by Steve Roach (Food Animal Concerns Trust and Keep Antibiotics Working).

Executive Address - McDonald's Quarterly Board Meeting CEO Remarks to Stakeholders (Virtual)

We are gathered at the precipice of change. Once again, this Board has another crucial quarter ahead. So, first I want to thank you for making the time to join our quarterly Board meeting. While we are not together as hoped, I am grateful to each of you for gathering virtually.

Before we dive into logistics, I want to touch on a matter of particular urgency. The FDA recently released a new set of environmental protection mandates. These regulatory changes come in response to the UN's environmental report, which paints a bleak future ahead. To slow this deterioration, the FDA has called for meat-producing farms to reduce carbon emissions by no less than 50% by 2030.

I can see a few skeptical glances happening around the "room." If you're thinking "McDonald's isn't a meat-producing farm," you are correct. We also are not in the business of agriculture. However, as the world's leading purchaser of beef, we are a contributor to the problem. In December of 2021, The Guardian published a scathing article calling us directly into question. Quoting the Center for Biological Diversity, Perkins writes, "When it comes to the most meaningful solution for the climate crisis – serving far less beef and shifting toward low-carbon options right now – we don't see the action on menus that we need from this megacorporation... not moving boldly on their menus suggests motivations might not be to mitigate climate change but to manage investors."

You might be surprised to hear me say this, but Perkins has a point. We must trust that the UN's report is true and therefore, we have a responsibility to impact positive change. For too long, McDonald's has been the punchline of jokes; the leading name in bad press; and the target of wide-ranging advocacy attacks. This is an opportunity to assume a leadership position in the fight against climate change.

We, as this company's leadership team, must take bold action. My proposal is this: McDonald's is to purchase 50% less beef by 2027 and replace that inventory with lab-grown or plant-based meat alternatives.

Implementing this solution will be challenging. We will face pushback. There will be moments when we think "what the hell are we doing?" I do not offer this solution with an ounce of naivete. I recognize that our customers will have strong opinions. I expect to be accused of restricting freedom of choice. I am prepared for bad press and political implications. Truthfully, I am even prepared for profits to dip during the transition. However, these short term obstacles will give way to a profitable and sustainable future, both for McDonald's and the earth.

According to the Plant Based Foods Association, plant-based meat sales are rising 6 times faster than conventional meat. There is real money to be made in the plant-based movement. Competing chains, like Burger King and KFC, are debuting plant-based alternatives. Experimental businesses, like Project Pollo, are emerging to satisfy non-meat-eaters. Consumers are telling us what they want - it is our job to listen.

McDonald's has already expressed a willingness to make adjustments to satisfy the public's changing palettes. Over the past 20 years, we have responded to calls for a more nutritious menu and higher quality ingredients. We experimented with build-your-own-burger kiosks and debuted new items like the Chicken McWrap. We published nutrition facts and changed the way we source our ingredients. If we can answer these calls, we can answer the call for climate action.

Our current purchases directly impact the beef-agriculture industry and its carbon emissions. Beef farms will have no reason to cut their emissions if our spending habits continue unchanged. Wielding our historic legacy and universal name-recognition, we can apply corporate pressure to agricultural practices. This change in our business model will freshen our identity and establish us as a significant leader in the upcoming climate change battle. If we fail to change or turn a blind eye to the public's desire for progress, McDonald's image and fortunes will continue to decline.

It's true that we have released sustainability initiatives, but it is also true that our plan omits the most crucial piece: menu changes. The Guardian's article, while damaging and blunt, impacted me. I felt defensive, angry, and dismissive. But eventually those reactions passed, and I found myself wondering - why are we so beholden to outdated practices when science tells us that model is no longer sustainable? You, our loyal investors, sit before me today. I cannot help but think of what we have achieved together, year after year, the impact we have had on your families, businesses, and local communities. Our profitability has supported you and will continue to support you. I am asking you to trust me, and McDonald's, as we shift to meet this moment. If our environmental impact remains unchanged, we will inevitably fail you. There will be no profits to bring home, no money to invest in the future of your children, if our planet collapses along the way. Together, we must act in our universal best interests.

Shortly, you will receive a financial breakdown including 3, 5, and 10 year projections, estimated carbon-reduction impacts, and an initial marketing strategy to support the launch of this new model. My door is open to your questions and concerns.

Citations

Press Release —

- Mouat, M. J., Prince, R., & Roche, M. (2018). Making Value Out of ethics: The Emerging Economic Geography of Lab-Grown Meat and Other Animal-free Food Products. *Economic Geography* , 95(2).
- Roach, S., Ronholm, B., Bohne, M., Wellington, M., Riess, S., Brook, L., Ranney, J., & Rogers, L. (2021). (rep.). Chain Reaction VI: How Top Restaurants Rate On Reducing Antibiotic Use in Their Beef Supply Chains (pp. 1–34).
- UN Environment Programme. (n.d.). Climate change 2022: Impacts, adaptation and vulnerability, the Working Group II contribution to the Sixth assessment report. UNEP. Retrieved April 15, 2022, from <https://www.unep.org/resources/report/climate-change-2022-impacts-adaptation-and-vulnerability-working-group-ii>

Speech —

- Oches, S. (2014, September). *The House Ronald McDonald Built*. QSR magazine. Retrieved June 15, 2022, from <https://www.qsrmagazine.com/charitable-giving/house-ronald-mcdonald-built>
- Perkins, T. (2021, December 10). *Hold the beef: McDonald's avoids the bold step it must take to cut emissions*. The Guardian. Retrieved June 15, 2022, from <https://www.theguardian.com/environment/2021/dec/10/mcdonalds-emissions-beef-burgers>
- 2021 U.S. retail sales data for the plant-based foods industry*. Plant Based Foods Association. (2022, June 15). Retrieved June 15, 2022, from <https://www.plantbasedfoods.org/2021-u-s-retail-sales-data-for-the-plant-based-foods-industry/#:~:text=Consumer%20demand%20rose%20last%20year,multiple%20times%20throughout%20the%20year.>