Did McDonalds Give In to Temptation?

By ANDREW MARTIN



IT wasn't too long ago that the only thing <u>McDonald's</u> seemed good at was making people fat.

Staggered by overexpansion, listless sales and a barrage of negative publicity linking its food to <u>obesity</u>, the chain's glory days appeared to be fading.

In 2003, company executives set about reinventing McDonald's by focusing on getting better rather than bigger. In the last few years, McDonald's has seemed to do just about everything right.

The chain has spruced up its restaurants, improved its advertising and introduced menu items that have helped to reshape its image and reinvigorate sales.

Premium salads and apple dippers brought moms back. Chicken wraps lured people during off-hours; higher-quality coffee turbocharged breakfast business.

McDonald's stock price has quadrupled in the last four years, and the company has reported positive same-store sales, an important industry measure, every month since April 2003.

Given those results, a new McDonald's menu item is a bit of a stunner. Remember Supersize sodas? They're back, except this time the chain is trying a new name. Meet the "Hugo," a 42-ounce drink now available for as little as 89 cents in some markets. A Hugo soda contains about 410 calories.

McDonald's might as well have called it the Tubbo.

Making matters worse, Hugo ads are available in several languages, making sure that minorities — who are disproportionately affected by the obesity epidemic — are aware of the budget beverage.

McDonald's officials said they were simply offering customers a variety of choices. And they emphasized that the Hugo was a summer promotion and available only in some markets.

"People, I believe, tend to drink more during the summer," said Danya Proud, a McDonald's spokeswoman. "People are out and about."

She said the Hugo was being offered because of customer demand, and so far, it has sold quite well. Ms. Proud cautioned about comparing the Hugo to McDonald's old Supersize menu.

"That's not what this is about," she said. "You have to put it in context with the rest of our menu."

By offering the Hugo, McDonald's isn't doing anything different from its rivals, particularly Burger King, which has made huge servings, like the quadruple-patty BK Stacker sandwich, a signature of its menu.

Marion Nestle, a professor of <u>nutrition</u> at <u>New York University</u>, says she feels some sympathy for fast-food restaurants. Most are public companies that must continually find ways to grow, and she says that offering bigger sizes is an easy way to do it.

"The companies are stuck," she said. "They must grow. Therefore they are looking for products that are going to sell. And guess what? The healthy ones don't."

Some nutritionists, including Ms. <u>Nestle</u>, think that an increase in portion sizes is partially responsible for the increase in obesity, and the evidence is compelling.

The number of people who are overweight or obese has increased sharply since the early 1980s, and during that period, portion sizes have increased greatly. Ms. Nestle and Lisa R. Young, a nutritionist at N.Y.U., found that portion sizes offered by fast-food chains are two to five times larger than when first introduced. When McDonald's opened in 1955 the largest soda was 7 fluid ounces, according to Ms. Nestle and Ms. Young. Now a small soda is 16 ounces, and a child's soda is 12 ounces. And what was once considered a normal adult meal is now a child's portion. A patty the same size as the original McDonald's hamburger and a serving of French fries, for instance, is now offered to children as part of the Happy Meal, Ms. Young said.

The problem with bigger portions has been well documented. They are undoubtedly good deals. But put simply, if people are offered more food, they eat it.

Yet the Supersize phenomenon backfired for fast-food restaurants, particularly for McDonald's, which is the biggest hamburger chain and carefully cultivates its wholesome, family-friendly image.

As nutrition advocates increasingly harped on fast food's role in the obesity epidemic, so, too, did books like "Fast Food Nation," a surprise blockbuster that focused on McDonald's role in industrializing farming and food.

Worse yet for McDonald's was the 2004 documentary "Super Size Me" in which the filmmaker Morgan Spurlock ate nothing but McDonald's food for a month, vomited on camera and gained 25 pounds.

McDonald's dropped its Supersize menu that same year.

OF course, McDonald's remains a burger joint, and its turnaround has been driven in part by brisk sales of its dollar menu, which includes double cheeseburgers, McChicken sandwiches and fries.

Sales of healthier items on the dollar menu remain relatively weak. "Double cheeseburgers always outsold salads 10 to 1," said John Glass, an analyst at CIBC World Markets. But salads and yogurt provide a halo effect that makes the dollar menu more palatable. The Hugo is harder to swallow.

"They do not have to go there," said Bob Goldin, executive vice president for Technomic, a food industry research and consulting firm. "Common sense has to prevail. No one has to drink that big of a serving." Ms. Young, who tracks portion sizes of fast food , said McDonald's deserved credit in 2004 for dropping its Supersize menu and reducing portions. Neither Burger King nor <u>Wendy's</u> followed suit, she said.

Wendy's, she said, simply changed the name. A "Biggie" drink became a medium.

Now, Ms. Young accused McDonald's of doing the same thing with the Hugo. "They got rid of Supersize and got all that good publicity," she said. "I just think it's a dirty trick."

"I think they would get a lot of heat if they reintroduced Supersize," she said, "but basically Hugo equals Supersize."

McDonald's has wisely recognized that its competition isn't just other fastfood restaurants, but also coffee shops and convenience stores like 7-Eleven, where the Big Gulp remains a best seller.

But given the size of McDonald's and its status as a cultural icon, it will always be held to a different standard. After all, Morgan Spurlock didn't eat Burger King's Whoppers for a month.

Hugo-size me? Not a bad name for a sequel.

The Feed is a new, monthly column about the food and beverage industry. *E-mail: ajmartin@nytimes.com*.