

Clowning Around with Charity



How McDonald's Exploits Philanthropy and Targets Children

Michele Simon

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EXECUTIVE SUMMARY

Philanthropy is a common way for corporations to generate positive feelings among the public and the media. It is also a time-honored response to criticism of harmful corporate practices, such as McDonald's lobbying efforts to thwart public policy and its aggressive marketing to children—marketing that demonstrably contributes to today's epidemic of diet-related disease. And as this report reveals, the actual value of McDonald's giving is relatively small compared to the corporation's rhetoric.

With McDonald's facing heightened scrutiny while being increasingly on the defensive over its role in harming child health, the corporation's charitable activities deserve special examination. Several themes emerged over the course of our research into McDonald's philanthropic activities that raise serious questions about the substance of the corporation's charitable giving. They include:

- **Promoting the McDonald's brand unremittingly through Ronald McDonald House Charities, despite contributing only a fraction of the charity's revenue.**
- **Taking undue credit for the generosity of its customers. For example, McDonald's often claims the "donation box" contributions to Ronald McDonald Houses as its own.**
- **Selling unhealthy children's menu items by linking their sale to very modest charitable giving.**



RONALD McDONALD GREETES SCHOOL CHILDREN.

- **Profiting from marketing to children in schools under the guise of charity and education.**

While other corporations have designated foundations, McDonald's instead created a branded charity that is an extremely valuable PR vehicle. McDonald's describes Ronald McDonald House Charities as its "charity of choice" but it's really an extension of the McDonald's brand. There is no question the cause is noble: mainly, providing rooms either in or near hospitals so parents can be close to their sick children during treatment. Little could be more important than giving families a comforting place to stay together during such stressful times. The cause's importance, and the extent

to which McDonald's is serving versus exploiting that cause, is all the more reason for gaining a better understanding of McDonald's involvement.

Major Findings

Value of McDonald's Giving

- McDonald's philanthropic giving is 33 percent lower than leading corporations.
- The average American earning over \$50,000 donates 4.7 percent of their discretionary income to charity, which is 14 times more than what McDonald's gives.
- McDonald's spent almost 25 times as much on advertising as it did on charitable donations in 2011.

McDonald's Giving to Ronald McDonald House Charities

- Based on available information, in 2012, on average, McDonald's donated about one-fifth of the revenues of Ronald McDonald House Charities, the corporation's "charity of choice"—yet McDonald's enjoys 100 percent of the branded benefit of this charity.
- Local Ronald McDonald Houses use common disclaimers on their websites to explain how little McDonald's contributes and to encourage community members to give.
- Local Ronald McDonald Houses (as distinguished from the global Ronald McDonald House Charities entity) report receiving only about 10 percent of their revenue from McDonald's, including from direct customer donations.
- Ronald McDonald Houses report that the Ronald McDonald name causes many people to assume that McDonald's provides 100 percent of the charity's funds – and that this “common misperception” is “absolutely confusing.”

- The Ronald McDonald Care Mobile “Tooth Truck” (a project of the Ronald McDonald House Charities of the Ozarks) is 50 percent funded by taxpayer Medicaid funds, with the other half coming from community donations.

McDonald's Marketing Disguised as Charity in Schools

- At events called “McTeacher's Night,” teachers serve as free labor for McDonald's while parents buy fast food to raise money for schools. While generously boosting sales for McDonald's, the return for schools can equal as little as \$1 per student.
- McDonald's only donates about 15 to 20 percent of the proceeds from McTeacher's nights, although the events are billed as fundraisers for schools.
- McDonald's persistent targeting of school children violates its own self-regulatory pledge to not advertise in schools.

Recommendations

- **McDonald's should rename the Ronald McDonald House Charities organization it controls and stop licensing its brand to local chapters and houses to enable these entities to change their name.**
- **McDonald's should retire Ronald McDonald and stop marketing to children.**
- **McDonald's should conform to philanthropy best practices by being more transparent regarding its charitable giving practices.**
- **McDonald's should abide by its voluntary pledge to not market in schools.**
- **Organizations and schools should reject McDonald's “partnerships” and funding.**

To download complete report, “Clowning Around with Charity: How McDonald’s Exploits Philanthropy and Targerts Children” visit: www.EatDrinkPolitics.com.

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