

OCTOBER 21, 2002

## ▶ BW MAGAZINE

[U.S. EDITION](#)
[Full Table of](#)
[Contents](#)
[Cover Story](#)
[Up Front](#)
[Editor's Memo](#)
[Readers Report](#)
[Corrections &](#)
[Clarifications](#)
[Books](#)
[Technology & You](#)
[Economic](#)
[Viewpoint](#)
[Economic Trends](#)
[Business Outlook](#)
[News: Analysis &](#)
[Commentary](#)
[In Business This](#)
[Week](#)
[Washington](#)
[Outlook](#)
[International](#)
[Business](#)
[International](#)
[Outlook](#)
[Information](#)
[Technology](#)
[Marketing](#)
[Sports Business](#)
[Finance](#)
[People](#)
[Science &](#)
[Technology](#)
[Developments to](#)
[Watch](#)
[Government](#)
[BusinessWeek](#)

## MARKETING

### Why We're So Fat

Fast food at school, huge portions, and relentless TV ads make it easy

When McDonald's Corp. ([MCD](#)) shareholders met in May on the corporate campus adjoining Hamburger University in Oak Brook, Ill., CEO Jack M. Greenberg expected an angry crowd. Sales were stagnant. The company's earnings had declined for six consecutive quarters. And 2001 was the company's worst year ever for profits. Yet Greenberg didn't field a single query on the company's finances. Where is the diet plate? someone asked. What about a veggie burger? asked another. Greenberg replied that the company is testing veggie burgers in Canada. And a veggie wrap is being offered in New York--but it isn't selling. "We would love to find the right product we can sell a lot of," he said. Indeed, the company's sagging profits might be a sign of the nation's growing concern about nutrition:

Americans are getting fatter at an alarming rate, and some of them are worried enough, perhaps, to skip those trips to the Golden Arches.

Obesity is, by far, the nation's leading health problem. A report in the Oct. 9 *Journal of the American Medical Assn.* found that 30.5% of Americans are obese, up from 22.9% a decade ago. And 64.5%, or nearly two-thirds, are overweight. The researchers also found that 15% of children aged 6 to 19 are overweight. More than vanity is at stake: Obesity raises the risk of heart disease, cancer, diabetes, high blood pressure, angina, and lung disease, among other ailments. It accounts for about 300,000 deaths a year, second only to tobacco.

A growing number of health experts say this alarming rise in obesity is the consequence of an unhealthy environment that encourages overeating and discourages physical activity. High-calorie, artery-clogging foods are cheap and plentiful. Healthy foods can sometimes be hard to find. And children are surrounded by increasing amounts of junk-food advertising. The food industry spends an estimated \$33 billion a year on ads and promotions. "When you have \$33 billion of marketing aimed at you, challenging you to eat more at all times, it's difficult not to eat too much," says Marion Nestle, chair of the nutrition and food studies department at New York University

[Printer-Friendly  
Version](#)
[E-Mail This Story](#)

### RELATED ITEMS

[Graphic: The Economics  
of Food](#)
[Graphic: Obesity in  
Children](#)

- Find More Stories Like This

- [Investor](#)
- [BusinessWeek](#)
- [Lifestyle](#)
- [The Barker](#)
- [Portfolio](#)
- [Inside Wall Street](#)
- [Figures of the Week](#)
- [Editorials](#)

INTERNATIONAL EDITIONS

- [International -- Readers Report](#)
- [International -- Corrections & Clarifications](#)
- [International -- Asian Business](#)
- [International -- European Business](#)
- [International -- Latin America](#)
- [International -- Finance](#)
- [International -- Int'l Figures of the Week](#)

|                     |
|---------------------|
| LIFESTYLE           |
| COLUMNS             |
| FORUMS & CHATS      |
| NEWSLETTERS         |
| PERSONAL FINANCE    |
| SEARCH & BROWSE     |
| SPECIAL REPORTS     |
| TOOLS & SCOREBOARDS |
| VIDEO VIEWS         |

and author of *Food Politics*, published earlier this year.

That's not to say the food industry and its ads are solely to blame for the fattening of America. Nestle acknowledges that people choose to eat what they eat. "Is it a matter of personal responsibility? Ultimately, it is," she says. But diets and public-health campaigns, which focus on changing individuals' behavior, have failed spectacularly. That's why the search for a cure for the epidemic has shifted to the environment--especially regarding children. "You can argue that adults are personally responsible. With kids, that's a harder argument to make," she says.

The idea that obesity is partly the consequence of an unhealthy environment is a relatively new one--but its time has arrived. In July, Senators Bill Frist (R-Tenn.), Jeff Bingaman (D-N.M.), and Christopher J. Dodd (D-Conn.) introduced a bill to foster better nutrition and more physical activity, especially among children and minorities. Food activists and attorneys with experience in tobacco litigation met recently to devise strategies to recover some of the \$117 billion spent on obesity-related illnesses. And the surest sign the anti-obesity campaign is starting to work is the wave of new health programs from foodmakers. Many companies--from PepsiCo Inc. ([PEP](#)), with its Get Active, Stay Active program, to McDonald's, with its just-announced yogurt and sweetened-fruit menu for kids--are rushing to show their concern for the nation's health.

The food and restaurant industries stiffen at charges that foodmakers are partly responsible for the rise in obesity. "We have a long record of giving people choices," says Richard M. Detwiler, a Pepsi spokesman. Diet Pepsi was introduced in 1964, he notes, and Frito-Lay has offered low-fat products for a decade. "We recognize it's a problem. We've brought on consultants who are helping us to improve our products to make them healthier." One of ConAgra Foods Inc.'s ([CAG](#)) best-known brands is Healthy Choice, which was launched in 1988 after former CEO Charles M. "Mike" Harper had a heart attack and began searching for healthier foods. "We have a responsibility for providing information about what is in our foods," says Timothy P. McMahon, a ConAgra senior vice-president. But, he says, "people have a right to choose how they want to eat." Or, as analyst Eric Katzman of Deutsche Bank puts it: "The last time I looked, I didn't see a food executive stuffing a high-calorie, high-fat food product into somebody's mouth."

To understand the rise in obesity, it's useful to look at the economics of food. The U.S. food industry produces enough to supply each of us with 3,800 calories a day. That's one-third more than what most men need and nearly double the needs of most women. Supply exceeds demand. Prices fall. And Americans eat more. With the exception of a spike during the oil shock in the 1970s, food prices have dropped by an average of 0.2% a year since World War II, according to the Bureau of Labor Statistics. At the same time, the average American's food intake, which was 1,826 calories a day in the late 1970s, rose nearly 10%, to 2,002, by the mid-1990s.

And serving sizes have ballooned. According to the Agriculture Dept., muffins that weighed an average of 1.5 ounces in 1957 now average half a pound each. Fast-food hamburgers have swollen from an ounce of meat to six ounces or more. An eight-ounce bottle of soda is now a monstrous one-quart tumbler. And the original order of McDonald's fries, at 200 calories, pales next to today's 610-calorie supersize fries. McDonald's would not discuss portion sizes, but spokesman Walt Riker said in a statement: "You can find plenty of nutritious and balanced options" at McDonald's,

[Customer Service](#)

[Contact Us](#)

[Advertising](#)

[Media Kit](#)

[Special Ad](#)

[Sections](#)

[Conferences](#)

[Permissions &](#)

[Reprints](#)

[Marketplace](#)

including salads.

McDonald's doesn't deserve all the blame, though--supersizing is going on all over the fast-food industry. From 1970 to 1998, the average per-person consumption of soda in the U.S. climbed from 22.2 gallons per year to 56 gallons. That may sound impossible, but not to soft-drink executives. As one former Coca-Cola Co. ([KO](#)) exec says: "Have you ever seen how many 32-ounce Big Gulps a teenage boy can drink on a summer day?"

Another concern is that fast foods increasingly are showing up in schools. At the start of the 1990s, only 2% of U.S. schools offered brand-name fast food. That grew to 13% by the middle of the decade. Products from Pizza Hut Inc. ([YUM](#)), Taco Bell Corp., and others are now sold in schools. It's a win-win situation for everyone but kids, say critics: Franchisers sell more products and schools make more money because the price markup on fast foods is far higher than it is on federally subsidized school meals. The losers are the schoolchildren, who are eating food that seldom meets USDA nutritional guidelines.

School districts also are making money selling soft drinks to their students. Pepsi and Coke compete for what are called "pouring rights" in schools--meaning one company signs a contract giving it the exclusive rights to the district's thirsty young mouths. Vending machines and company logos are positioned around the schools, and school districts often get a higher payback if the students drink more. A study in 2000 by the CDC found that 49.9% of school districts have signed contracts with soft-drink makers.

Television is just as crucial a factor in the rise of obesity in children, critics say. In 1987, an average of 225 commercials were shown during Saturday morning cartoon hours. By the mid-1990s, that had jumped to 997, NYU's Nestle says. Roughly two-thirds of those commercials promote "foods of dubious nutritional value," Nestle says--presweetened cereals, candy, and fast foods. "I think marketing to kids is unconscionable," she adds.

The captive power of TV is contributing to another piece of the unhealthy environment: the drop in physical activity, especially among children. In 1989, kids watched an estimated 22 hours of TV a week, Nestle says. TV viewing has declined slightly since then, but combined with video games and PCs, children aged 2 to 18 now spend an average of 38 hours per week sitting in front of a flickering screen, she says.

Food companies are starting to address these concerns. Kenneth H. Cooper, the founder of Cooper Aerobics Center in Dallas and a prime mover behind the exercise boom of the 1970s and 1980s, has signed on with PepsiCo to evaluate the nutritional content of Pepsi products. "We want to modify some of the foods and make them good foods," he says. And Coca-Cola is undertaking a children's exercise program. This fall, it will launch "Step with It!"--which challenges kids to take at least 10,000 steps a day. Coke hopes to reach some 50,000 students and 5,000 teachers in 2002.

Solving the obesity epidemic is, on one level, quite easy. Kelly D. Brownell, director of the Yale Center for Eating & Weight Disorders, offers this prescription: "Do four simple things: Eat less junk. Eat more fruits and vegetables. Control your portion sizes. And exercise." To make that happen, however, the environment in which Americans live and eat must be changed, he says: "First of all, you get the unhealthy things out of schools."

Changing the environment could sharply cut America's health costs. And if it's done by shifting to healthier foods, it doesn't have to cripple the industry. That's a lesson McDonald's, Coke, Pepsi, and others may be starting to learn.

Read a [Letter to the Editor](#) about this story.

---

By Paul Raeburn in New York, with Julie Forster in Chicago, Dean Foust in Atlanta, and Diane Brady in New York

---

Copyright 2002, by The McGraw-Hill Companies Inc. All rights reserved.

[Terms of Use](#) | [Privacy Policy](#)

The McGraw-Hill Companies 