

THE WALL STREET JOURNAL.

McDonald's Continues Image Shift With Move to Cage-Free Eggs in North America

Fast-food chain has faced pressure from animal-rights advocates to make its supply chain more humane



McDonald's is revamping image by transitioning to cage-free eggs for its Egg McMuffins and other products in the U.S. and Canada over the next decade.

By **JULIE JARGON** and **LISA BEILFUSS**

Sept. 9, 2015

[McDonald's](#) Corp. plans to stop using eggs from chickens raised in cages in the U.S. and Canada over the next decade, an image-boosting effort that is likely to have a major impact on North America's egg industry.

McDonald's purchases about two billion eggs in the U.S. annually for its Egg McMuffins and other products, and its Canadian business purchases roughly 120 million eggs. That makes the

restaurant giant a major buyer in an egg industry that has come under growing criticism in recent years for its decades long use of small cages to confine laying hens.

The burger chain's move, unveiled Wednesday, is part of a revamp of the company's image. McDonald's has faced pressure from animal-rights advocates to make its supply chain more humane. Last month, it dropped a poultry supplier after watchdog group Mercy for Animals documented abuse at a Tennessee farm that supplied chickens that were processed into McNuggets.

"Our customers are increasingly interested in knowing more about their food and where it comes from," Mike Andres, president of McDonald's USA, said on Wednesday.

About 10% of McDonald's egg supply in the U.S. has been cage-free since 2011. But its plan to extend that to 100% is a significant development for the egg industry, following similar announcements in the past few years from companies including Starbucks Corp., Nestlé SA, Aramark Corp. and McDonald's rival Burger King. Today, less than 10% of the nation's egg-laying hens are cage-free, according to government data.

Wayne Pacelle, chief executive of the Humane Society of the U.S., applauded the announcement, calling it "a watershed moment."

McDonald's planned switch to cage-free eggs also follows decisions the company made earlier this year to sharply curb purchases of chicken raised with antibiotics in the U.S. by 2017 and to serve hormone-free milk.

The move to transition to cage-free eggs comes as the U.S. egg industry is trying to recover from [a severe bird-flu outbreak](#) that led to the deaths of millions of egg-laying chickens earlier this year. The supply shortage has boosted prices for eggs.

McDonald's egg purchases may soon increase, following its announcement to [offer breakfast items all day](#) at its more than 14,300 U.S. restaurants starting next month. The company is offering a limited number of core items, including sausage burritos, hot cakes and, depending on the region, Egg McMuffins.

As McDonald's purchases more eggs to meet demand for all-day breakfast, it could face supply challenges, especially if the poultry industry faces another avian-flu outbreak this fall, as some in the industry fear. McDonald's Mr. Andres, in a recent interview, said the company has an adequate supply of eggs and has planned for any possible shortages. "We are confident we will have a safe and secure supply of eggs," he said.

The Oak Brook, Ill., company, which has experienced a sales slump for the past three years, has been trying to win back young customers who have been flocking to such fast-casual restaurants as Chipotle Mexican Grill Inc. that market themselves as socially responsible. In October 2012, the company posted its first drop in monthly same-store sales in nine years, sparking a number of changes aimed at making the company more relevant with today's consumers.

McDonald's has been trying to be more transparent about where its food comes from and how it is made, [with a recent social-media campaign](#) in which it answered questions about its food and ads showing that it uses freshly cracked eggs in its restaurants.

Other companies across the food industry have also made efforts to adjust to shifting consumer preferences. General Mills Inc. and Yum Brands Inc.'s Taco Bell have moved to strip artificial flavors and colors from products including cereal and candy bars, while restaurants such as Chipotle have stopped using genetically modified ingredients in their food.