An Analysis of Sustainability Measures Used by Chipotle Mexican Grill

Pranav Devalla

University of Texas at Dallas

The fast food industry has been struggling to deal with the intense media barrage in the past few years that have scrutinized every aspect of the meat and produce supply chain. Increasingly customers are becoming more health aware and are searching for alternatives that are using produce that is natural and organic. Chipotle has emerged as a leader in sourcing sustainable meat and produce and has capitalized on these strengths by marketing themselves as the instigators of a fast food revolution. Chipotle has done many things differently that have set it apart in the restaurant industry, and the performance of its stock is evidence of its success. But as the company grows and matures, several problems will need to be addressed for Chipotle to continue to strive for excellence in sustainability.

Sustainability and responsibility to the environment has become a key factor of business across all industries in the modern economy. World demographics are changing, and with the rate of population growth as well as the rapid growth in the size of the middle-class population, more and more educated consumers are demanding more ethical and sustainable approaches to business and manufacturing. The definition of corporate sustainability is moving away from a one-dimensional effort of environmental or social change to a more comprehensive responsibility of a corporation to meet and improve on the current standards of economic, social, and ecological impact on society at large. Companies are now expected to make decisions in the best interest of domestic economy and environmental health. They are expected to meet high ethical standards of worker treatment and compensation. They are expected to propose programs to better the community and consider abstract ideas such as morality and justice in business decisions. This is no longer a marginal case for the good samaritan CEO, but a necessary standard for companies to adhere to in order to survive in an ever evolving highly competitive economy. The business case for sustainability has been made by the decreasing cost of environmentally responsible alternatives. New government regulations and laws have placed a premium on unsustainable business practices and have forced even unwilling companies to meet minimum standards. In addition, utilizing sustainability as a marketing tool can help build a brand icon that vastly increases the value of the company.

Chipotle has placed its vision of sustainable sourcing for its food at the center of its marketing campaign. According to Chipotle’s Annual Report and Proxy Statement, Chipotle spent $57,290 on marketing and advertising in 2014 and is increasingly using a mix of mobile and internet advertising to spread its vision and brand identity. Chipotle has constantly trumpeted its continual work towards sustainable farming practices and has used its advances to drive marketing. Recently Chipotle announced that it no longer serves food grown with GMOs. The reasoning behind this is that GMOs are still an untested substance and that using them in farming practices may hurt the environment. In January Chipotle also pulled its popular carnitas item from the menu after being unsatisfied with the practices the producers of the pork were using. Recently it has begun again using pork but has begun sourcing the food from a supplier in the U.K. that uses the free-roaming farming practices that Chipotle has demanded from suppliers. These moves have been making huge waves in the restaurant industry, and Chipotle has been given great credit for its groundbreaking work in making the fast-food industry more sustainable in the long run.

However, Chipotle is not without its critics. For every move that they are praised for by the public, several prominent publications cast a suspicious glance into Chipotle’s ultimate goals. Chipotle has had to add a disclaimer that it has not completely eradicated the use of GMOs in its supply chain as it is so prevalent that it is inevitable that some of its livestock have been fed GMO feed. Another reversal of its stance shows in its selection of a U.K. supplier of pork that uses antibiotics to treat its animals, a practice that Chipotle has long been against. The company’s inability to hold a firm stance in all its arguments has been given even more scrutiny from its investors, who have been asking for the release of corporate sustainability report from the company for a long time. Last year 30% of the investors voted that the company should release the report and more are asking as the report has become standard practice for all large companies. This disconnect between the company and its investors and customers presents a troubling risk that Chipotle may fall victim to the same scrutinizing media that brought down its competitors. Chipotle already implements many great programs that help its supply chain be more sustainable, and even more than just working to environmental goals, the company has had industry leading worker benefits and compensation. However, its lack of communication with the investors and its failure to provide more comprehensive data to demonstrate the quantitative change that the company is making on the environment hurts its trustworthiness. As its competitors recover and begin gaining speed in adopting sustainability measures of their own, Chipotle will be put under more and more pressure to develop its sustainability program past simply a marketing ideology into a real goal-oriented path towards sustainable practices. Chipotle first needs to set quantitative goals that match their vision and then show an unwavering responsibility to meet the goals they set. While in popular opinion Chipotle is still viewed as a trustworthy champion of natural and organic farming processes, its continued failure to meet its own goals and marketing statements could potentially hurt its credibility. Once they have adopted a plan and are disciplined in working towards their sustainability goals, they need to provide data to backup their marketing claims and be more transparent to their investors. Building a brand image on data and real change will help ensure that they do not lose investors and consumers trust and they continue to lead the market when it comes to sustainable farming practices.

Chipotle has seen great success in being the champion of a new style of fast food restaurant. They have constantly worked to push their view of the proper ways of raising animals and growing produce. However, if they do not keep making advances and work to ensure that they address problems in their vision before the media addresses them, they will be quickly swallowed by competition that is eager to steal revenue in the incredibly competitive restaurant industry.

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