

Lessons from Chipotle Mexican Grill's Foodborne Illness Outbreaks

Summary

This case study first presents insights into Chipotle's success as one of the fastest growing fast-casual restaurant chain companies for a number of years. Chipotle's reputation has been built around the company's "Food with Integrity" motto, defined as "our commitment to serving the most delicious ingredients we can find, raised responsibly and prepared using classic cooking techniques." However, a series of foodborne illness outbreaks attributed to E.coli, Salmonella, and Norovirus changed the overall perception about safety and health at Chipotle among consumers and experts. General consumers criticized how the concept of Food with Integrity may be linked with seven foodborne illness outbreaks in eleven different states over eight months. This case study addresses why Chipotle's problems have been more complicated compared to other foodborne illness outbreaks occurring at other restaurants. In addition to a financial impact, this case study identifies opportunities and challenging issues Chipotle has faced in order to regain trust from customers. This case study also encourages students to evaluate Chipotle's crisis management techniques as well as their recovery strategies, and eventually apply lessons learned from this food crisis to their current and future working environment. The businesses dilemma of not learning from the lessons of Chipotle is that the missteps will be repeated. The risk management process is that a food and beverage operation can be managed in such a way that the risks of a foodborne illness outbreak are substantially reduced.

Suggested Courses

This case study could be used in various ways. It could be the focus of a crisis management discussion in either a food safety course or in a strategic management capstone courses utilizing case studies. The lessons learned from the Chipotle case study could be applied to hospitality businesses in which the students are currently working as interns. The principles in the case also could be summarized by students and then utilized by them as "secret shoppers" to evaluate a local food and beverage operation.

In particular, the case will be useful to teach risk management in food and beverage operations so risk management may be thought of as a process control in that food ingredients served in a food and beverage operation must be: 1) on the menu, 2) purchased, 3) received, 4) stored, 5) issued, 6) prepared, 7) cooked, 8) cooled, 9) held, and then 10) served. This series of control points is a way to view the foodservice system. If each action is completely examined, it will be obvious which risks are present (e.g., temperature control for food storage). Then these risks can be addressed within each step of the process, or as in the overall process. The identification of critical control points (CCP's) is based on hazards that particularly could be responsible for a foodborne illness

outbreak. Measurements in each CCP take place to ensure risks are reduced or eliminated. Temperature measurements are only one example. When products are stored or held at recommended temperatures, risks are reduced. Another area of measurement is the wash/ rinse/ heat sanitization measurement for soiled tableware and cookware. A third is the concentration of sanitizer in the cleaning process. These measurements must be documented and addressed regularly. An inspection checklist could be developed to record the data (Cichy, 2008).

Learning Outcomes

After studying the Chipotle case, students should be able to:

- Review the series of foodborne illnesses at Chipotle in 2015-2016 and how these crises impacted Chipotle in terms of financial outcomes and brand image.
- Review common risk factors causing foodborne illnesses and how Chipotle's series of illness outbreaks are associated with these risks.
- Identify new food safety practices and business strategies implemented by Chipotle to regain customers' trust and to create a safe environment.
- Analyze different dilemmas or controversial issues Chipotle has experienced in its core business model (its Food with Integrity concept) to ensure food safety.
- Evaluate Chipotle's crisis management and recovery strategies and tactics in response to negative publicity.
- Compare and contrast Chipotle's approach and actions and benchmark different restaurants who experienced similar food crises and successfully overcame them.

Discussion Questions

1. *Some critics argue that Chipotle was more vulnerable to foodborne illness outbreaks because of its fresh food emphasis. Review the case study and other current news regarding Chipotle outbreaks. In addition to a fresh produce focus, what other aspects make Chipotle more vulnerable to foodborne illness outbreaks, compared to other fast-casual chains?*

Chipotle's dilemma is now meeting food safety standards while keeping the company's "Food with Integrity" goals. There are, of course, tradeoffs between serving locally-sourced, fresh produce, local food, and processed food for any company (Daley, 2015). As written in the case study, experts address the issue that fresh produce involves greater risks compared to cooked or processed food because there is no killing step for pathogens. Students may indicate that larger corporate farms may afford more extensive food safety testing compared to the local farm. Moreover,

faculty also can show Chipotle's annual report acknowledging that its core concept may be more susceptible than its competitors to foodborne illnesses because of its use of fresh foods. It is important for faculty to bring up the issue that recent foodborne illnesses are largely associated with fresh produce, which requires more stringent safety standards. At the same time, according to the "What's Hot" survey conducted by National Restaurant Association (2016), consumers are expecting more fresh items. It is important to reinforce to students that there is no killing of germs step when serving fresh produce. As part of the discussion, it should be emphasized that produce safety is a big part of the U.S. Food and Drug Administration's Food Safety Modernization Act. Faculty can address important key points such as the Produce Safety rule, the Foreign Supplier Verification Programs rule, and the Accredited Third-Party Certification rule regarding the FSMA's ability to help establish safety standards for produce farms and imported facilities to be consistent with the U.S. safety standards (FDA, 2015).

2. *Chipotle changed some of its cooking methods and procedures, meaning that some items are processed at a central kitchen rather than individual stores. What disadvantages and advantages arise from such a decision for Chipotle? Personally, do you feel that Chipotle made a good decision? Why or why not?*

Student responses are expected to vary depending on their knowledge, experiences, and familiarity with Chipotle's concept. Faculty can address five common risk factors associated with foodborne illness outbreaks such as: 1) purchasing food from approved, reputable suppliers, 2) controlling time and temperature, 3) preventing cross-contamination, 4) practicing personal hygiene, and 5) cleaning and sanitizing. Some students may express that preparing some key items at central kitchens reduces some of these risk factors, and enhances overall systematic food safety standards. This means that Chipotle would have much more power to control and implement consistent procedures across the units. In fact, faculty can remind students of the Salmonella outbreak that occurred in Minnesota, which was attributed to tomatoes served in their units. On the other hands, some other students may be against this new cooking method, because preparing at a central kitchen contradicts the brand's core image, and brings into question how Chipotle is differentiated from other similar fast-casual restaurants. Some students may say that it may not create high quality value any more.

3. *Food safety training may not change the way foodservice operators manage the business. What particular aspects and practices can create a culture of food safety for each Chipotle store or other foodservice operations?*

Extensive food safety training alone may not change the way

foodservice operators manage safety aspects in their establishments. To create a culture of food safety, food safety training is an important component, but there are other components that should also be presented. All staff members and managers should have a shared vision and goal that food safety is important and valued in their current organization. Staff members should support each other to achieve the common safety goal. Incentive systems should be devised to reward staff members' food safety behaviors. Faculty can introduce the concept of creating a culture of food safety by referring to existing academic literature (refer to the suggested reading list at the end of this teaching note).

4. *Review new food safety practices and procedures implemented by Chipotle in the wake of foodborne illness outbreaks. What particular aspects do you wish to benchmark for future working companies or apply to your current working environment? Or among new food safety practices or procedures Chipotle has implemented, are there any specific things that other restaurant chains easily can adopt and implement? On the other hand, which practices may not be feasible or may be unrealistic in your current and/or past work experience?*

There are many different directions that faculty can take to address these questions. Perhaps faculty can begin discussing causes of the two Norovirus outbreaks at Chipotle. The investigations suggested that sick employees who came to work were responsible for these Norovirus outbreaks. Even prior to these food crises, Chipotle actually implemented a policy that hourly staff members could get paid sick leave, and this policy has since been strengthened (employees should now take sick leave for five days after symptoms end). Faculty can address the short-term and long-term investment with this policy. As part of their class exercise, students may also browse actual restaurant inspection reports at Simi Valley locations associated with Norovirus.

5. *We briefly discussed other restaurant companies who experienced similar food crises such as the 1993 Jack in the Box's E.coli outbreak. In terms of recovery strategies and crisis management, are there any lessons Chipotle could learn from Jack in the Box? In addition to Jack in the Box, you are asked to find another hospitality organization that recently experienced a major crisis, but successfully adopted recovery strategies and crisis management practices.*

Faculty can discuss recent E.coli outbreaks that other fast-causal brands have experienced. Faculty may assign students to choose another similar food crisis and compare it to Chipotle's outbreaks in terms of year, number of victims, causes, deaths, and relevant PR strategies and crisis management tactics. For example, Taco Bell's business struggled after an E.coli outbreak in 2006, but they were able to recover from this food crisis. The following table provides just one example, comparing Chipotle's food crisis

Table 1

Comparing Jack in the Box to Chipotle’s E.coli Outbreak

	Jack in the Box’s E.coli Outbreak	Chipotle’s E.coli outbreaks
Year	1993	2015
Number of victims	700 sickened (178 victims with permanent injuries including kidney and brain damage)	60 sickened
Cause(s)	Contaminated ground beef	Unknown
Death	4 children	0
Advertisements	TV and radio	Hardly any TV and radio advertisement
Social media	No social media (one-way communication)	Popularity of social media

to Jack-in-the-Box’s E.coli case. In the minds of consumers, Jack in the Box may not have a reputation for high quality food or healthy alternatives like Chipotle. If faculty plans on using the Jack in the Box model as a comparison, it is important to address that Jack in the Box was able to overcome their challenges and is now known as a food safety leader in the restaurant industry. Chipotle, in some sense, followed Jack-in-the Box’s successful model. Both of them hired food safety experts and remained open to the public about their revised safety programs. One of the main differences was that Jack in the Box did not have as much pressure from social media (Bradley, 2015).

6. *After learning Chipotle’s PR strategies and crisis management tactics, which do you think worked successfully or which do you consider as failures?*

Students’ responses will vary. Faculty may ask students’ opinions about buy-one-get-one-free and free burrito offers to discuss if this promotion has been successful to attract customers’ visits and interests. Faculty can also show students examples of the newspaper apology or letter posted by co-founder (Steve Ells). Compare these examples with other messages sent by different executives to see if their messages are consistent, and not confusing to consumers. Faculty can also suggest that students browse Chipotle’s social media coverage, and, in particular, students can evaluate how Chipotle has responded to consumers’ negative comments. Furthermore, as the students develop strategies to address the risk management issues in the case, lead a discussion – pros and cons, implementation, evaluation of effectiveness – for each strategy. What strategies are similar? Which are different? Is it possible to approach a strategy from different perspectives yet have the same outcome as results?

7. *Research other hospitality business examples that exemplify higher standard of food safety using advanced foodservice technology. What can Chipotle and others learn from those examples?*

As a best practice, faculty can present Disney’s new food safety

application focusing on automation and real-time control. Faculty can show the video clip from the following website <http://disneysynclink.com/disney-chefs/> (Disney website, 2016). It is valuable to share that Disney CHEFS technology has been introduced to integrate supply chain elements, which was one of the main issues with Chipotle’s outbreak. Since Disney CHEFS technology is available to non-Disney restaurants worldwide, Chipotle and other restaurants may benchmark the success of the Disney food safety application, which allows immediate tracking of food items from farm to fork. As part of this system, Disney also uses a specific app to track whether or not employees wash their hands frequently (Elahi, 2016).

Conclusion

Foodborne illness is a preventable public health challenge that many restaurants face daily, given the complexity of supply chains and the various ingredients prepared, cooked, and served in restaurants. After years of strong growth, Chipotle suddenly has faced challenging issues from several reported outbreaks of E.coli, Salmonella, and Norovirus in various units across the country. Some of the general public are still skeptical about the safety of the food products served at Chipotle. The negative publicity also resulted in a drop in sales and stock. Although Chipotle’s series of foodborne illnesses was troubling, Chipotle has a great opportunity to rebuild its brand image and regain consumers’ trust, if they handle the situation properly. This case study highlights new business strategies and food safety practices that Chipotle has implemented. In particular, this case study presents several resources on how risk communication and crisis management tactics should be handled. This case study can be appropriate for both undergraduate and graduate levels with different types of class activities, and can target different courses such as food safety, strategic management, and hospitality marketing and branding.

Suggested Reading List

Recommended Articles: Food Safety Culture

- Abidin, U.F.U.Z., Arendt, S.W., Strohbehn, C.H. (2013). Exploring the Culture of Food Safety: The Role of Organizational Influencers in Motivating Employees' Safe Food-Handling Practices. *Journal of Quality Assurance in Hospitality and Tourism*, 14(4): 321-343.
- Arendt, S., Strohbehn, C., & Jun, J. (2015). Motivators and barriers to safe food practices: Observation and interview. *Food Protection Trends*, 35(5): 365-376.
- Boeck, E., Jaxsens, L., Bollaerts, M., & Vlerick, P. (2016). Food safety climate in food processing organizations: Development and validation of a self-assessment tool. *Trends in Food Science and Technology*. 46(2): 242-251.
- Griffith, C.J., Livesey, K. M., & Clayton, D. (2010). The assessment of food safety culture. *British Food Journal*, 112(4): 439-456.
- Jespersen, L, Griffiths, M., Maclaurin, T., Chapman, B., & Wallace C. A. (2016). Measurement of food safety culture using survey and maturity profiling tools. *Food Control*, 66: 174-182.
- Powell, D. A., Jacob, C. J., & Chapman, B. J. (2011). Enhancing food safety culture to reduce rates of foodborne illness. *Food Control*, 22(6): 817-22.
- Ungku Fatimah, U.Z.A., Strohbehn, C.H., Arendt, S.W. (2014). An empirical investigation of food safety culture in onsite foodservice operations. *Food Control*, 46: 255-263.

Recommended Articles: Crisis Management in Restaurant Industry

- Hedberg, C. W., Smith, S. J., Kirkland, E., Radke, V., Jones, T. F., Selman, C. A., & EHS-NET. (2006). Systematic environmental evaluations to identify food safety differences between outbreak and no outbreak restaurants. *Journal of Food Protection*, 69(11): 2697-2702.
- Howells, A. D., Roberts, K. R., Shanklin, C. W., Pilling, V. K., Brannon, L. A., & Barrett, B. B. (2008). Restaurant employees' perceptions of barriers to three food safety practices. *Journal of the American Dietetic Association*, 108: 1345-1349.
- Israeli, A. A. (2007). Crisis-management practices in the restaurant industry. *International Journal of Hospitality Management*, 26: 807-823.
- Semercoz, F., Pehlivan, C., Sozuer, A., & Mert, A. (2015). Crisis management practices and strategic responses through customer loyalty and price strategy in hard times: Evidences from fine-dining restaurants. *Procedia – Social and Behavioral Sciences*, 207: 149-156.
- Seo, S. & Jang, S. (2013). The roles of brand equity and branding strategy: A study of restaurant food crises. *International Journal of Hospitality Management*, 34: 192-201.
- Seo, S., Jang, S., Almanza, B., Miao, L., & Behnke, C. (2014). The negative spillover effect of food crises on restaurant firms: Did Jack in the Box really recover from an E. coli scare?. *International Journal of Hospitality Management*, 39: 107-121.
- Seo, S., Jang, S., Miao, L., Almanza, B., & Behnke, C. (2013). The impact of food safety events on the value of food-related firms: An event study approach. *International Journal of Hospitality Management*, 33: 153-165.
- Tse, A. C. B., So, S., & Sin, L. (2006). Crisis management and recovery: how restaurants in Hong Kong responded to SARS. *International Journal of Hospitality Management*, 25: 3-11.

Resources from Websites

- Centers for Disease Control and Prevention (CDC) and the Food Safety Modernization Act: <http://www.cdc.gov/nceid/dfwed/pdfs/fsma-fact-sheet-508c.pdf>.

- CDC's studies on Restaurant-related Foodborne Illness Outbreaks: http://www.cdc.gov/nceh/ehs/EHSNet/Foodborne_Illness_Outbreaks.htm.
- Centers for Disease Control and Prevention's final update – Multistate outbreaks of Shiga toxin-producing E.coli O26 infections linked to Chipotle Mexican Grill restaurants: <http://www.cdc.gov/ecoli/2015/o26-11-15/>.
- Chipotle's Food with Integrity: <https://www.chipotle.com/food-with-integrity>.
- Chipotle's Food Safety (a focus on food safety): <https://www.chipotle.com/foodsafety>.
- Chipotle's Local Grower Initiative: <https://www.chipotle.com/localgrowersupport>.
- Chipotle's featured story (it's a process, never processed): <https://www.chipotle.com/whats-happening>.
- Disney CHEFs technology (food safety technology): <http://disneysynclink.com/disney-chefs/>.
- Food Safety.gov: <http://www.foodsafety.gov/>.
- U.S. Food and Drug Administration (FDA)'s Food Safety Modernization Act (FSMA): <http://www.fda.gov/Food/GuidanceRegulation/FSMA/>.