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Chipotle in Paris

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I. ONE-PAGE RESEARCH QUESTION

Introduction

Chipotle Mexican Grill is an American company established in 1993 in Colorado that operates at thousands of locations across the United States and several locations abroad, including locations in Canada, the United Kingdom, Germany, and France. Chipotle gained popularity by promising consumers “food with integrity” sourced from local suppliers that is fresher and better for the environment than other typical American food chains, and this strategy worked. Up until 2014, Chipotle saw significant growth and success by promising what seemed like a healthier, although pricier, alternative for American consumers. However, the strategy that once led to its extreme success and trust from the public has been Chipotle’s downfall in recent years. As illness outbreaks in the United States have hurt the company’s sales and have led to distrust from the public, many people attributed these illness issues to Chipotle’s complex sourcing process of food ingredients.

Compared to large American fast-food chains such as McDonalds, Chipotle has a relatively larger number of national suppliers for all their ingredient needs and therefore less control. Chipotle has a complex network of suppliers in closer proximity to stores because Chipotle emphasizes local sourcing and food integrity, the sourcing approach for better freshness and taste. But food quality or safety may become an issue under such sourcing approach as the supply networks are often times hard to manage. For example, throughout 2014 Chipotle experienced 14 food safety outbreaks at different restaurants in the United States that included norovirus, E. coli, and salmonella. Although Chipotle knew the traces of these illnesses came from within the United States, they were not able to pinpoint where the illnesses were coming from in Chipotle’s supply channels. (Maze, 2017) The lack of ability to pinpoint the illness source has caused the company troubles in managing food safety concerns, identifying the source of food safety violations, and mitigating future risks. (“In the C-Suite”, 2016) To resolve this serious issue,
Chipotle is looking to prioritize food safety by reducing its number of suppliers and outsourcing food from centralized locations to improve food safety; however, doing so will compromise the promise they once made to the public of providing locally sourced foods, a promise to which they can accredit much of their prior success in the United States.

In the middle of what many reporters refer to as Chipotle’s decline in the U.S., the company is looking to expand and open 195 to 210 more stores by the end of 2018, with Paris being one of its main targets, which include further expansions London and Munich as well by the year 2020. (Bradley, 2017) American companies that have ventured into France in the past, such as McDonalds, have been forced to change the way that they sourced their food ingredients to meet the preferences of the French people. The reason for that is, the French are keen on having higher quality food from an identifiable source where animals are raised in a respectful manner (Wile, 2014). American companies that have failed to do so, such as Taco Bell, have failed in Paris (“Chipotle Looks to”, 2016). The French take pride in their food and are very weary of the “Americanization” of their cuisine. Therefore, the main question that arises is: if Chipotle plans to succeed in Paris, how should Chipotle source its food ingredients in ways that please the French population without running into the same health concerns that it has faced in the United States?

Project Motivation

As a French major student, I chose to take on this project because I am very interested in exploring the Parisian market as well as Chipotle’s business model in particular. When I studied abroad in France last semester, Mexican food was something that I realized was missing in a lot of the places to which I travelled, and it was something I could only find in Paris. In Paris, I went to Chipotle, and it was extremely crowded and a bigger store than any Chipotle store that we have in the United States. I became very interested in the fact that there is possibly more opportunity for Chipotle and other Mexican chains to spread further into Paris. Therefore, I am doing this project and I am excited to learn more.

II. CONTEXTUAL INFORMATION AND VENTURE RATIONALE.
Chipotle is looking to expand its footprints across Europe in the midst of the crises that have caused their popularity and profitability to decrease drastically in the United States. Chipotle has set its sights on several large European nations. Now, the question is: why Paris?

**Venture Rationale**

Currently, Chipotle has thirteen locations throughout Europe, but only five of the locations are in France. Chipotle is looking to deepen its roots in the Parisian market to take advantage of the promising environment. In this rationale, we will focus on Chipotle’s current sourcing in Europe and delve into why Chipotle will have an easier time sourcing local, reliable, and healthy ingredients in Paris vs. the United States and why this will remain popular among Parisian residents.

I. *Current Sourcing of Raw Ingredients in Europe*

Chipotle sources heavily from local suppliers around Paris in addition to sourcing some of their ingredients from nearby nations such as England, and this has proved to be an easier task in Europe than it is in the United States for several reasons. There is a larger abundance of local suppliers who can supply raw ingredients to Chipotle throughout European countries and Paris in particular because people already expect this type of sourcing for the food they eat on a daily basis. (Much, 2011) Chipotle currently sources many of the vegetables that they use from farming areas outside of Paris and from the same suppliers in England that supply their London stores.

For sourcing meat, Chipotle relies on meat suppliers located just outside of Paris because these meats are reliable and meet high quality standards. According to CIWF France, a large organization in France dedicated to protecting the well-being of animals, Chipotle is attempting to meet the preferences of the Parisian people by sourcing “poulet Label Rouge,” or Red Label Chicken, and other high-quality ingredients such as locally sourced beef and pork that are raised in specific, healthy environments and fed high quality food. Chipotle has received two awards, “Porcs d’Or” and “Poulets d’Or,” from CIWF France for their dedication to humane practices in sourcing raw meat. (Lauréats, 2017)
Another large foreign hub for Chipotle has been London, a city into which the company has expanded more heavily than Paris. In their London locations, Chipotle has sourced their beef from Farm Assured British Farms and their chicken and pork from other local farms that meet health safety standards. All this meat comes from animals that are raised in humane conditions, and the vegetables used in these locations are sourced locally when seasonally available. (‘Chipotle Opens First’, 2017) In Paris, Chipotle has engaged in similar practices concerning sourcing their raw meats; however, they do not have nearly as many locations in Paris as they do in London currently. Therefore, this leads to another question: as Chipotle expands and opens more locations in Paris, how will they continue to cater to the people of Paris by sourcing local, high quality ingredients while also effectively managing their supply chain to avoid health safety concerns that have led to the company’s declining popularity in the United States?

II. Food Safety Regulations in France

In France, food safety regulations are much higher than in the United States, which will lower volatility in Chipotle’s supply chain. Suppliers are forced to comply to regulations and will be faced with fines, recalls, or could have their business shut down if they do not meet certain expectations. This relates to public regulation, which is the legislation that lawmakers have enacted that applies to all distributors and sellers; however, many companies also comply heavily by “private regulations” that force companies to meet an even higher standard. These private regulations promote “safe food,” and this can be used as a competitive advantage for many organizations. In France, both regulations and consumer expectations are very high; therefore, there are far less food safety risks than in the United States. Additionally, to achieve such high standards, many companies vertically integrate and therefore control their entire supply chain, which gives them more control and helps to pinpoint supply chain risk and problems.

For a company like Chipotle, these regulations may be helpful to avoid food contamination issues when expanding their supply chain and opening new stores. They are and will continue to rely on
suppliers who are highly regulated by the French government and will therefore follow safer practices in than they did in the United States. France is a country in which “safe food” is the standard and the law, which means Chipotle will have an easier time sourcing clean, healthy raw ingredients for more stores as they expand.

III. Consumer Preference

Another reason that Paris is an attractive market for Chipotle is that the French value high quality food sourced from local suppliers. Thus, Chipotle’s marketing and brand strategy would continue to fit seamlessly if executed properly in the market. Chipotle is renowned for focusing on “food with integrity,” meaning they prefer to use fresh ingredients and food sourced from animals that are raised without antibiotics or hormones. This sourcing strategy is something that is already ingrained in the culture of many large European cities. A spokesperson from Chipotle has stated: “I think we’ll do really well in Paris. They have a strong understanding of and a philosophical alignment around the kind of things we do with food. The way we source ingredients and our cooking methods are all familiar to people in Paris.” Thus, it is clear than people in Europe are willing to pay more for clean, healthy food, while in the United States, people are often drawn to the allure of the convenience and affordability of fast-food. In contrast, many Americans do not care about where their food comes from and are not willing to pay higher prices for fresh, healthy ingredients. American’s love the allure of “green eating” and saying that they are vegan or vegetarian; however, it seems as though in France, this healthy eating comes more naturally and is a value deeply ingrained in their culture.

III: INTERVIEWS

Now that we have established the reasons for which Paris is an attractive market for Chipotle to continue to expand with their current sourcing strategy, and it is important to explore the opinions of Americans and the French concerning food sourcing and how they relate or differ. In doing my research, I
interviewed 6 United States citizens and 5 Parisians to get a better understanding of how these people view their respective cultures and the food habits of each.

*Interviews with Americans*

First, I interviewed 6 American participants and posed the following two questions to gain a better understanding of how important food sourcing is to American people. In my interviews, I posed the following two questions:

1. If you choose to eat at a fast-food chain in the United States, do you first consider the methods that that company employs in sourcing their raw ingredients (meat, dairy, vegetables)? On a scale of 1-10, how important is this to you when deciding if you will eat at that restaurant?
2. Do you believe that Americans in general care about where the food that they eat comes from? Do you believe that we care more or less than people from other countries? Why?

From these participants, I received the following responses:

**Participant 1**

When I posed my first question to participant 1, I received the following response:

When I choose to eat fast food in the states, I don't typically consider the company's sourcing methods. I'm usually on the road, and therefore my primary concerns are price, convenience, and taste. On an importance scale of 1-10, I view the source of the raw ingredients at about a 3.

Next, when I posed my second question to this participant, I received the following question:

Unfortunately, I don't think Americans give much thought to the source of their food, or even the preparation of it. Americans have a reputation for enjoying low-quality food. The US government is also known to allow many questionable ingredients that are banned in other countries.

**Participant 2**

When I posed my first question to participant 2, I received the following response:
Yes, I definitely consider it because in elementary school we had to watch some movie on how McDonald’s stored like 1000 cows in a tiny room and shocked them and I’ve learned that fear before death releases catecholamines which affects the taste of the food. Also it’s gross to think that you’re eating something that could have been eating an inadequate food source. For me, I’d saying that it is about a 7 in importance.

Next, when I posed my second question to this participant, I received the following question:

I do think that Americans care about where the food that they eat comes from, however, sometimes where the food comes from is overshadowed by affordability and or the quickness in which you can get fast food. I guess I would say that, in comparison to other countries, America AS A WHOLE might care less. I think this is because we have so many options. Some other countries just don’t have as many fast food places that we do and have more access to grass fed beef, organic products, etc. which makes it easier for them to think about where their food comes from and make healthier decisions. In America, you have access to so many fast food places so it is easier to know that it’s not the best choice but make it anyway because it is convenient.

**Participant 3**

When I posed my first question to participant 3, I received the following response:

I absolutely don't consider that. I have simply accepted over the years that the fast food industry as a whole is unethical, but sometimes I just need a Big Mac. I very very rarely eat fast food (probably 3 times a year) so it's not something I think about when I do. I'd probably rank it a 1.

Next, when I posed my second question to this participant, I received the following question:

Americans like to think that we care a lot, because now we see vegan and fairly-sourced restaurants popping up everywhere, particularly in "blue", metropolitan cities. But, I don't think Americans really think of the trickle-down effect. I knew a family in high school who was obsessed with being vegetarian and only eating local foods, but they fed their dog pig ears, bought a new pair of ugggs for everyone in the family every year, wore Canada goose jackets, etc.
so in short, I think we care about the food when it's convenient, but no one is really making an impact by doing that. Great job that you tried vegan ice cream, but in the grand scheme of things it doesn't matter at all. I think other countries place a bigger emphasis on focusing on where their food comes from. In France especially, they are uber-concerned with buying things locally. However, I also think this is mainly due to the fact that French people think France is the only country they need. Some acquaintances I met there repeatedly told me that the best olive oil in the world was made in southern France, but I think basically everyone else would agree Italy is much more well known for this.

**Participant 4**

When I posed my first question to participant 4, I received the following response:

I would never think about that when getting fast food and I would say it's a 1 for importance. I think the point of fast food is that you don't think about it that much you just go and get it and eat it all within a small period of time.

Next, when I posed my second question to this participant, I received the following question:

Americans take for granted how accessible food is bc the majority goes to a grocery store to buy their food. Americans definitely care less about where their food comes from than other countries bc some other countries don't have the easy access to food that we do

**Participant 5**

When I posed my first question to participant 5, I received the following response:

When I do eat fast food in the United States I consider the quality of the food that I am consuming and I do believe that I am influenced by the company's reputation in sourcing its ingredients because many companies can engage in very disgusting practices without being held accountable. I would consider the quality and methods employed in sourcing ingredients to be an 8.5/10 for importance.

Next, when I posed my second question to this participant, I received the following question:
I don’t believe that Americans generally care about where their food is sourced from. I think that there are subsets of the population, typically the more affluent subsets, that find sustainably sourced produce and meat very important. I think that other countries care more about where their food is from. For example in Italy the French concept of terroir permeates food culture and regulation. An individual selling cheese in Sicily cannot call his or her cheese parmigiano unless it is produced in the Parma region. If they were to sell the cheese under false pretenses they can be fined and jailed.

Participant 6

When I interviewed my next participant, I asked more questions concerning differences between American and French culture, as participant 6 is a 21-year-old U.S. citizen who has spent most of his life in New York but has lived and worked in Paris for the past 2 years. This interview offered an interesting perspective, as he has lived in both countries and can highlight key differences between Americans and the French.

When I posed my first questions, I received the following response, which I believe is very important:

“I remember growing and my mom would take us to McDonalds at least once a week, and that became normal for me. I never really thought about where the food came from because I cared more about the taste. I guess now as an adult I still don’t really pay much mind to where the food actually comes from when I’m eating at a place like McDonalds, and I don’t really care when I go to the grocery store either. I think I’ve become more aware of this since I moved to Europe and saw how different it is here, but it’s still about a 2 on the scale for me.”

For this participant, knowing that he has experience with the Parisian culture, I decided to aim my second question a bit differently. I asked him to contrast how much Americans care about their food in comparison to the Parisian population.

“People in Paris care a lot more about where their food comes, especially people who have more money and can afford more expensive food. It seems like it is becoming more important in the
U.S. for people to know where their food is from and for it to be natural, but for the French it’s just kind of something they expect. The French think America is super processed and fatty whereas France is more clean. They pride themselves on a culture of skinny people. In terms of the public opinion on sourced meat is probably just that it needs to be super fresh so it would have to be relatively local.”

Thus, he can vouch from his experiences in France that he has seen people caring much more about where their food comes from. He stresses in this interview that French people care more about what they eat in general and where it comes from.

Analysis

These interviews revealed some important revelations about the American sentiment towards fast-food and where the food that they eat comes from.

When I asked my first question concerning how much Americans care about where their food comes from on a scale of 1-10, I received the following feedback:

- 2/3 of the respondents responded that it is less than a “5” important to them to know where their food comes from when deciding to eat a fast-food restaurant
- 1/3 of the respondents responded that it is more than a “5” important to them to know where their food comes from when deciding to eat a fast-food restaurant

Most of the respondents who stated that they do not care so much about where the food at fast-food restaurants comes from explained that the point of eating a fast-food restaurant is that you are not supposed to care. The participants who stated that they care more on this scale about how the fast-food chain at which they are going to eat sources their food both stated in some form that we have low food safety regulations in America, so they focus on this issue because they know that these companies do not have to live up to very high standards.
Next, for my second question, every participant answered that Americans care far less than most other countries about knowing where the food that they are eating at a fast-food chain comes from. They accredited this to the following reasons:

- We have higher access to unhealthy food and fast-food chains that other countries
- We do not pride ourselves as much as a nation on sourcing solely from American suppliers of food as other nations do, particularly European nations
- People in other countries pride themselves on certain foods that they create
- Other countries have higher access to healthy food choices
- Other nations pride themselves more on a culture of “skinny people” or people in better shape than we do in the United States

Questions to Parisian residents:

Next, to gain a better understand of how Parisians feel concerning food sourcing and American fast-food chains moving into Europe, I conducted phone interviews with 5 Parisian citizens and asked them the following questions:

1. How do Parisian people feel that their food should be sourced and how important is this to them?
2. Are Parisians weary of the food at American fast-food chains that open in Paris? Why?

Would it change your opinion if you knew that a company was sourcing their raw ingredients from local farms?

When I posed my questions, three of the participants, who are all in their late 20s, answered in a fairly similar fashion, stating that most people in Paris like to know where their food is coming from and that it is fresh. Participant 2, who speaks fluent English, elaborated on this, stating:

“We like to know what we are buying, and I know that many people will go to the market every day or many times a week to buy food for their meals. If I have the time, I like to do this as well rather than going out to eat. I like to see the food that I am buying before it is cooked so that I can
know it is fresh, and I like to know where it comes from. I feel the same way about food when I eat at a restaurant.”

Therefore, it is clear that these three participants felt strongly about their food being fresh and sourced from local suppliers in a safe fashion. Participant 2 even went so far as to say that he values the freshness of his food so heavily that he travels to the market very often to gather raw ingredients, and it is interesting because when I was in Paris, I noticed that people would do this very often. Unlike in the United States, people want to see the full dead rabbit or bird that they are going to eat, completely untouched, instead of having it processed and cut up for them as we do in the United States. These three participants each also stated that they tend to be weary of fast-food chains in general and will only stop when completely necessary, and Participant 1 stated that he is wearier of fast-food restaurants from America and other foreign countries versus those found in France because of information he has read about such restaurants and their business practices both in the news and online.

Moving forward, I found a slightly differing opinion from Participants 4 and 5 in my study, and an interesting commonality between this male and female participant is that they are 22 and 19 years old, respectively.

First, participant 4 is a 22-year-old from United Arab Emirates who has lived his entire life in Paris. When I posed to him the first question, I received the following response:

“Richer people in Paris would not want to go to fast-food restaurants because they tend to go to more gastronomical places. Young people go to fast-food restaurants but they still care about the origins of the meat and if it is a big-name brand then they trust it.”

This is an interesting distinction regarding class and age that he made and shows that age is a key factor influencing whether or not Parisian people would consider fast-food chains. Our 5th participant, a 19-year-old female from Paris, made a similar distinction when she explained that younger people are looking more for convenience than older people and will therefore “s’arrête souvent pour manger à MacDo,” which means that they will often stop to eat at McDonald’s. Additionally, she stated that her parents and grandparents would probably not want to join her for a meal at a fast-food chain. Both participant 4 and
participant 5 outlined that they do not consider the meals that they are receiving at a fast-food restaurant to be high quality, or “gastronomical,” as participant 4 stated. However, each of these two younger participants mentioned McDonald’s at least once and stated that they normally do not judge fast-food based on whether or not a restaurant is American.

Thus, from these interviews, it is clear that 3/5 of the interviewees took a more conservative position concerning food sourcing, stating that they care about where their food comes from and expressing a weariness concerning fast-food restaurants, particularly those that open from foreign countries that have different sourcing practices. On the other hand, the other 2 younger interviewees both vouched for the convenience of fast-food restaurants while also highlighting that they do care about where their food comes from while still making the distinction between French “gastronomical” food and fast-food that they eat with their friends. It is possible that they are either ignorant to the harms of fast-food, are simply just more laid back when it comes to eating habits, or that France has higher food regulations that provides them with a sense of comfort in eating at places like McDonald’s.

Conclusions

From these interviews, I have concluded that a greater majority of Parisian residents seem to care about where the food that they eat comes from. Americans seem somewhat blinded by the convenience of fast-food restaurants and are aware that there are low food safety regulations in the United States, so they accept the reality that they are eating low-quality food produced in oftentimes inhumane ways. Americans also realize that we have such steady access to these types of food and do not pride ourselves on creating high quality foods in our country, so we settle for what we have and fit fast-food into our fast-pace lives.

People from Paris, on the other hand, acknowledge that fast-food is not a healthy option and that they therefore do not eat it all of the time. However, none of these people stated that they do not trust their nation’s food safety regulations; instead, they acknowledged that this food is simply not “gastronomical” and is therefore not something they eat all the time. It seems that younger people are starting to eat more and more at these restaurants, but they still acknowledge that it is not where they would go to eat a good meal and that it is not popular among older generations. None of the French interviewees blatantly stated
that they do not care where their food comes from, as many Americans did, which is one of the largest takeaways from these interviews.

IV. RECOMMENDATIONS

Ultimately, Chipotle should continue to source the food for their Paris restaurants as they have up until now, and they should market their food using similar strategies to those that they have employed in the United States. I believe that Chipotle will have an easier time avoiding the health safety issues that they encountered in the United States when expanding their supply chain to serve more the Parisian market. First, their current sourcing of raw meats in Paris is meeting very high standards, as they have worked with French suppliers to get products, specifically meats, that are considered award-winning in France. Even in London, Chipotle has done a great job thus far finding reliable suppliers for their raw meats, and I believe that they will continue to do so. Additionally, I believe that Chipotle will avoid volatility in their supply chain and food safety risks because of how highly regulated the environment in which they will continue to operate is. It is much more regulated and vertically integrated than most suppliers and sellers of fast-food in the United States, which will in turn help Chipotle regulate the safety and reliability of their ingredients. With this, I believe that Chipotle will be able to continue to succeed and earn profits from their supply chain because the French expect and are willing to pay more for these types of food, even at a fast-food restaurant. This seems very different than what occurs in the United States, and I will explore in the next section how people’s sentiments concerning food sourcing at fast-food restaurants differs in Paris vs. the United States.

In the United States, fast-food chains often outsource many of their raw ingredients from suppliers that are far away from their restaurants, and these ingredients are oftentimes low quality. Therefore, trying to use a new method of supplying ingredients did not work for Chipotle and introduced a lot of volatility into their supply chain. However, in France, due to legislation that forces companies to meet certain food safety standards by producing high quality foods, there are a larger number of reliable suppliers from which Chipotle may outsource their food. Therefore, Chipotle will have an easier time
using the same approach they took in the United States of sourcing their ingredients locally, and they will likely avoid the food safety issues that they have run into in the United States. In Paris, the supply channels are already established, and Chipotle has the opportunity to choose from a larger number of local suppliers for their ingredients. With that, I believe that Chipotle should continue to work to build strong relationships with local suppliers around Paris in order to control their costs and build a reliable supply chain network.

Additionally, in France, people expect high quality food and are not rushed to eat as fast as they can, while convenience and low prices are valued most in the United States. Therefore, in Paris, Chipotle should advertise themselves less as a fast-food chain and more as a place where people may come and spend as much time as they want. They have worked to do this so far by opening their largest restaurant within Paris, which has helped to brand themselves as a restaurant at which people may come and spend as much time as they want. Additionally, Chipotle should use a slogan similar to the “Food with Integrity” one that they used in the United States to ensure to the Parisian people that they are eating safe, healthy food.

This will help Chipotle to brand itself as a place that serves high quality, fresh foods instead of falling into the American stereotype. When it comes to marketing, my last suggestion for Chipotle is to partner with local organizations to integrate themselves further into the Parisian market. The more involved Chipotle is with the community, the more likely they are to build strong, trusting relationships with the Parisian people.
Works Cited


