

Chipotle Mexican Grill Inc.: Strategy with a Higher Mission Or Farmed and Dangerous?

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“Boycott Chipotle: My Farm is Not Dangerous” one blogger’s headline read (Schmidt 2014). Another headline stated “Chipotle Unnecessarily Tears Down Agriculture to Build a Brand” and the article went on to ask “what kind of values would inspire a corporation to wage a smear campaign against America’s farmers?” (Sheely, 2014). But was that what Chipotle had intended to do?

The agricultural industry was responding to the “Farmed and Dangerous” webisode series developed, with Chipotle’s backing, upon the heels of the brand’s successful short films “Back to the Start” and “Scarecrow”. The latter, a somewhat darker animated video, was a major piece of an integrated promotion that also included an iPhone/iPad video app and game. Both short films were entertaining, yet educational, videos introducing the concept of the dangers of industrial farming versus the benefits of naturally raised produce and meats on smaller family farms. Both ended with the message “Cultivate a Better World” and did not fully introduce the Chipotle brand until the last seconds of the videos.

Although not backed by a traditional network or cable channel, the “Farmed and Dangerous” television series was co-produced by Chipotle and hulu.com. It was distributed in early 2014 through the Huffington Post, an online journal, and hulu.com, an online television and movie content delivery website, many young adults accessed to view their shows. The “Farmed and Dangerous” comedy, which starred Ray Wise of “Twin Peaks” and “RoboCop” fame, was about a public relations team required to create positive spin about the most negative aspects of industrial farming. The show featured over-the-top hijinks by nefarious spokespersons and ridiculous situations like cows that exploded after being fed money-saving petroleum-based feed. The satirical show was meant to uncover issues such as antibiotic overuse and fossil fuel dependence in food production. According to Mark Crumpacker, Chipotle’s Chief Marketing Officer,

“The idea here is that if people put really even a little bit more thought into where their food comes from, it’s going to benefit Chipotle. It’s a longer term play for customers” (Luckerson, 2014)

Chipotle intended to find a vehicle to resonate with millennial consumers that would then, in turn, become evangelists, but did they intend to inflame their corporate stakeholders in the process?

Company Background

The first Chipotle was opened in 1993. Chipotle offered Mexican American fare with a focus on fresh ingredients and great taste. Steve Ells, Chipotle founder and Co-CEO, wanted fast food that was fresh and natural prepared on site. He pioneered a new kind of dining experience, coined “fast-casual” dining which combined fresh high quality food preparation with fast food affordability. In the growing “fast casual” segment of the dining market, customers expected food quality more in line with full-service restaurants, coupled with the speed and convenience of fast food. The segment had been growing at 11% (Trefis Team, 2014), a faster rate than the 1.1% year on year growth of the classic fast food segment of restaurants. (Patton, 2014)

Chipotle restaurants were open seven days a week from 11am to 10pm for lunch and dinner with the same limited menu all day at each location. Chipotle did not franchise, but corporately owned and managed each restaurant, which were serviced by 22 corporate owned distribution centers strategically placed across the country. This allowed for tight quality control, which was important to the company’s fresh and great tasting food values. The customer ordered by moving along a fresh assembly line of ingredients. They could pick whatever they wanted while a team member prepared the meal in front of them. Even with simplicity of the ordering process as a focus and the limited palette of menu items, customers had over 65,000 customization options. They could also purchase online, by mobile app and through a catering service.

Ells had been called the Steve Jobs of Chipotle. In an interview with the Wall Street Journal, Ells encouraged future entrepreneurs:

So many people told me it was not a good idea to start a restaurant, especially a fast-food restaurant. There was so much wrong with it – it was too spicy; everything was done by hand, from scratch. Everything was wrong. But that's why customers liked it; it's different, in the right way. If you have an idea, just go for it. If everybody is telling you that it's wrong, maybe that's an indication that it's an original idea. (Debaise, 2013).

Chipotle had received national recognition over its twenty-year history. In 2012, *Fast Company* named Chipotle the 34th most innovative company on their top innovative companies list. (Sacks, 2012) Its brand equity had been recognized as strong and standing for quality and high ethics, according to *Seeking Alpha*. (Chipotle: Wait For a Better Entry Point To Buy A Company With Outstanding Fundamentals, 2012)

With average sales of \$2.2 million per restaurant, (Choi, 2014) and a count of over 1,700 stores in the US as of 2014, Chipotle continued to expand the core brand. (Investor Relations, 2014) The company has launched 16 international restaurants in Canada, London, Paris, and Frankfurt. (Waltrous, 2014) Analysts’ projected the company could reach 7,000 world-wide stores (Hartje, 2011). Throughout its growth, Chipotle earned a reputation for eco-friendliness, natural food and supporting fair and sustainable farming. (See *Exhibit 1 Chipotle Timeline*.)

Food with Integrity Evolution

Ells' wanted to revolutionize the way Americans eat; he wanted to provide healthy, fresh, reasonably priced food. In 1993 he said,

I used fresh ingredients and prepared it in front of the customer. That's still true today, but along the way I realized fresh isn't enough anymore. We need to understand where it comes from and how it was raised." He started doing business with local family farms that offered him the freshest meats and produce grown and raised organically, with natural ingredients (Chipotle: Chipotle Story, 2013).

Thus, Chipotle's vision had evolved to include social consciousness, the environment and societal impact of the business. This shift took place in 1999 when Ells learned about the way pork was produced and processed in the US --- and what he learned was pretty grim. This changed his view on what suppliers to use, and birthed the campaign "Food with Integrity" (Chipotle: Chipotle Story, 2013). (*See Exhibit 2: Sample "Food with Integrity" Advertising.*)

Naturally Raised Livestock

In 2000, Chipotle saw consumer and animal well-being as a core value and an investment. The company started to serve "naturally raised pork" that were not given hormones or non-therapeutic antibiotics hormones and were given free range on farm-land. Chipotle created such a large demand that naturally raised meat suppliers emerged. Nearly all of its meat met or exceeded its naturally raised standard by 2013.

In the US farming had evolved away from family farming into more efficient containment and industrial farming. Confined animal feeding operations were known as CAFOs. CAFOs, or factory farms, kept their hogs in crates of concrete and steel, and gave them large amounts of antibiotics to fend off diseases created by such conditions. Ells had been instrumental in creating change within the industry and a return to reduced chemical methods of farming, where livestock were raised free range and fed a vegetarian diet.

Chipotle developed relationships with family run organizations like Niman Ranch. Niman Ranch was comprised of family farmers across several states raising livestock with respect for the animals, the land and the families that ran the farms. As a result, for every two Chipotle restaurants opened, one farmer was added to Niman Ranch alone. The California organization increased their farmer count from 60 to a network of over 700 family farmers and ranchers. (Recirculating Aquaculture Systems Workshop, 2012)

Changes in other food ingredients were made as well. By 2002, Chipotle served naturally raised chickens. By 2004, Chipotle started using zero trans-fat frying oil and in 2007, Chipotle stopped using cheese and sour cream with rBGH and started serving naturally raised beef (60%), but found it difficult due to lack of natural producers. Their goal was to serve 100% naturally raised beef, but by 2014, still found the product had periods of limited local availability. Since 2010, however, Chipotle sourced 100% of their pork from producers who naturally raised their hogs. Forty percent of their black beans were certified organic. As a result, Chipotle eliminated usage

of 140,000 pounds of chemical pesticides in this produce used by Chipotle. (Chipotle Mexican Grill: Position on Pesticide Use August 2011, 2011)

Family Farm Support

The conversion to organic foods and naturally raised meats had been no easy feat. In the United States, large scale industrial farms had replaced independent family farms as the primary supplier of dairy, meat and produce across the country. According to the National Agricultural Statistics Survey, since the 1960's, the total number of US farms had dropped by nearly 40% from 3.82 million to 2.2 million farms. The replacement of these family farms had adversely affected local economies and had increased urbanization as families left small towns to find employment in larger urban areas. (The Chipotle Cultivate Foundation, n.d.) Keeping family farms from disappearing became one of Chipotle's goals. It tried and sourced as much food as possible locally. This helped reduce food miles, support rural economies, and ensure fresh, great tasting produce. Chipotle set a guideline that supplies must come from within 350 miles of a restaurant location.

Additionally, open pasture systems were more environmentally friendly because they required less energy for production and transportation of feed. Ells believed that the cost of open pasture systems would be comparable to confinement farming costs over time. Raising Steaks report (Sherman, 2011)

Cultivating Integrity throughout Brand Operations and Eco-Friendly Actions

By maintaining tight controls of brand development and decision making from its inception, Chipotle senior management had been able to exploit how small decisions add up to significant differences in brand quality as well as consciously cultivate environmentally aware decision-making throughout the organization. In this way, they had continually supported their "Food with Integrity" messaging; however, the brand began to "Cultivate a Better World" through their broader daily operations.

Minimalist Store Design, Environmentally Conscious and LEEDs

Chipotle's atmosphere was part of the experience, and thus, a significant contributor to brand equity. The restaurants typically featured artwork and a minimalist design, which helped set the tone of the brand experience. Design married sturdy, lower cost industrial products such as corrugated metal, plumbing pipes and stainless steel, with birch-wood and cherry red accents for a "warmed up factory look". The restaurant environment echoed the food menu – simple and high quality.

Environmental responsibility and sustainability at Chipotle extended beyond the ingredients used in meals. Starting in 2008, the company started to make their new stores eco-friendly; they used recycled drywall, nontoxic paint, recyclable white tiles, and energy efficient appliances (water heaters, lights, windows). (Chipotle Investor Relations - Press Release, 2009) Chipotle used 100% recycled napkins, and by doing so saved over 22 million gallons of water per year. (FWI Facts, n.d.). In 2009, Chipotle's Gurnee, Illinois store became the first restaurant ever to receive

platinum certification (the highest LEED level) from the Leadership in Energy and Environmental Design rating system. (Chipotle Restaurants, n.d.)

Loomstate and 100% Organic Cotton

In 2010, Chipotle began an additional environmental stewardship program. They partnered with Loomstate to provide sustainable, 100% organic cotton uniforms to every Chipotle restaurant employee. This action supported Chipotle's brand mission because the conventional cotton industry used more pesticides than any other agricultural crop. The plant by-product was then ground into feed which then found its way back into the food system. (Loomstate !Act Natural! Blog, 2012)

Through these types of actions throughout the organization, Chipotle had sought to consciously demonstrate that a restaurant company could actively build business with integrity and work to cultivate a better world.

Marketing

Target Market

Chipotle targeted Millennials by providing them high quality, tasty, filling meals at just above fast food prices. An average check at Chipotle was under \$10 and provided an affordable meal in a pleasant environment. The company's higher mission (Food with Integrity) was appealing to this socially conscious demographic. Chipotle was ranked third in consumer perception, trailing Chik Fil A and Panera Bread, according to a February 2013 Motley Fool report. (Lutz, 2013)

Competitors

Competitors varied by region, market and by restaurant. In determining true competition, Competition factors included taste, quality, speed-of-service, price, value, brand recognition, location, customer service, restaurant ambience, and competitor condition. Chipotle's chief direct competitors were Qdoba, Baja Fresh and Moe's Southwest Grill. Other fast casual restaurants that were considered in Chipotle's competitive set included Panera Bread, Chick-fil-A and Noodles and Company, among others, even though they did not carry Mexican genre foods. (Chipotle Supplier, Partner, Competitor and Customer Lists, 2014)

Non-Traditional Marketing History

Chipotle used limited classical marketing methods. Although they employed radio and billboard media, they did not use television or heavy print campaigns. This lack of traditional media in the mix lent the company credibility among millennial generation consumers who viewed conventional advertising as not genuine. The company focused on word-of-mouth and strategic marketing promotions. Chipotle's foil wrapped burrito became a functional and iconic experience.

The company used social media such as Facebook and Twitter, as well as in-store communications to encourage customers to participate in the Chipotle community and to come back and repurchase. For example, in addition to specialty promotions for educators and

community events, Chipotle's annual Halloween "Boorito" promotion generated \$1million for The Cultivate Foundation. All customers were provided a \$3 burrito if they came into a store dressed as a burrito. (Chipotle Celebrates Halloween with Boorito, 2014). To increase word-of-mouth promotion among the hard to reach college population, college reps were hired to supply free burritos at Campus events or send out messages on Twitter and Facebook to fellow students for "buy one get one free" burrito days. In addition, Chipotle supported community events and donated a percentage of profits to specific fund raising school night events, among other local promotions. Chipotle also initiated action to recycle old billboards into reusable grocery and tote bags.

The Chipotle Cultivate Festival and Foundation

The Chipotle Cultivate foundation further supported sustainable and family farming, starting in 2011 with the introduction of their Cultivate Festival. The purpose of this festival was to cultivate stronger understanding of the "Food with Integrity" mission and encourage strong relationships among customers, growers and suppliers, chefs and the restaurants. The festivals featured musical acts, food and demonstration tents where local and national celebrity chefs partnered with local growers to create fresh and flavorful dishes, children's craft areas and a booth where organic cotton apparel and 'swag' were available for purchase. A key feature of the festival was a card that attendees got stamped at designated booths scattered throughout the festival. Each booth had an educational element about it that focused on important aspects of the "Food with Integrity" mission. Once the card was fully stamped, the attendees returned to the main booth and received a free burrito coupon to be redeemed.

Cultivate Foundation had a mission, which was:

The Chipotle Cultivate Foundation is committed to creating a more sustainable and healthful food supply and to raising awareness concerning food issues. This is realized through the support of family farmers and their communities, educators and programs that teach younger generations about food matters, along with support for ranchers and farmers who are working to develop more sustainable practices (Cultivate Foundation).

This organization helped to support much of the focused activism described below.

Focused Activism

Chipotle did not participate in corporate social responsibility programs as a form of public relations nor as an element of its marketing plan. Rather the company simply lived its values and supported causes and organizations that were committed to the same mission. Some examples include:

Grants: Grants to programs such as Jamie Oliver's Food Revolution, the Lunch Box, and Veggie U. And sponsoring the movie Food Inc, which was a documentary focusing on the negative aspects of CAFOs, including livestock quality of life and inferior meat quality. (The Chipotle Cultivate Foundation, n.d.)

Non-Profit Organizations: Chipotle contributed to the nonprofit organization Farm Aid, support family and sustainable farming. According to Ells, "We decided long ago that we didn't want

Chipotle's success to be tied to the exploitation of animals, farmers, or the environment". The company also supported sustainable farming practices through other organizations such as FamilyFarmed.org and the Niman Ranch Scholarship. (Eat a Burrito, Help a Family Farm, 2007)

Legislation: Ells provided clear support during December 2011 for Representative Louise M. Slaughter, who was striving to end antibiotic use on animals for growth purposes. (Zremski 2011).

Advocacy: Chipotle joined the Coalition of Immokalee Workers (CIW) and the Fair Food Program in October 2012. These programs focused on advocating for farm workers, providing better wages for the workers, as well as protecting and educating the workers about their rights. Specifically, the cost to Chipotle was an increase of 1 cent per pound of tomatoes, which was a significant impact to cost of goods but increased worker wages by 64%. (Schromer, 2009)

Human Rights: The company pulled its sponsorship from the Boy Scouts of America in March 2013. Chipotle felt that the Boy Scouts of America's ban on gay membership violated its community oriented and rights oriented focus for all people. (Wong, 2013)

These actions were a part of Chipotle's larger "Food with Integrity" mission and in keeping with the brand's evolution to "Cultivate a Better World".

"Cultivate a Better World" Short Films

Chipotle's signature "Back to the Start" short film was introduced at the Cultivate festival in August 2011, along with videos featuring Paul Willis, a Niman Rancher in Iowa. The Paul Willis film focused on his belief that animals raised in open pastures enjoyed an overall better quality of life. As a result, he believed that they were less stressed and thus, their meat was tenderer and better tasting. These are available on YouTube for public viewing.

"Back to the Start" was a two-minute animated film that Chipotle developed focusing on sustainable and family farming practices instead of factory farming. The film featured a Claymation story of a hog farmer moving back from contemporary CAFO practices to naturally raised farming animated to the Cold Play song "The Scientist" and sung by Willie Nelson. The short film was shown online, in movie theaters, and during the 2012 Grammy Awards, immediately before Cold Play's live performance. It won a Grandy, or top Andy Award in 2012, and was named one of Adweek's ten best commercials of 2011 (Chipotle and Creative Artists). "Back to the Start" had also been delivered to consumers via YouTube where people shared links to it in social media sites such as Facebook. The branding was subtle and the Chipotle logo did not appear until the very end of the film, along with the message "Cultivate a Better World". By February 2015, it had reached over 8.7 million viewings. (See Exhibit 3: "Back to the Start" Short Film Screen Shots.)

"Scarecrow" was introduced in October, 2013 along with an integrated promotional launch of a new mobile game for the iPad and iPhone and a downloadable song on iTunes. This short film had a darker tone to it and included a remake of the song "Pure Imagination" from the 1970's movie *Willy Wonka and the Chocolate Factory*. And, in another surprising combination of elements that work to support the brand message, was sung by Fiona Apple. The story line

featured a world where scare crows were servants to crows and were trying to survive through the unsustainable habits of a large fictional company “Crow Foods”. A lone scarecrow had set out to find an alternative way to live. Again, the brand name did not appear until the end, along with the “Cultivate a Better World” message. (See Exhibit 4: “Scarecrow” Short Film Screen Shots and Game Screen Shot.)

This second short film was supported with a separate Scarecrow game website that featured access to the game, the film and relevant facts. Through this integrated, interactive marketing promotion, the brand actively pursued their strategy of developing strong bonds with consumers and sparking their curiosity about the facts regarding where food comes from and about Chipotle. “Scarecrow” received publicity and within its first three and a half months had nearly 12 million views on YouTube.

“Food for Thought” Huffington Post partnership

In October 2013, the brand forged a partnership with Huffington Post and launched a new page in the publication called “Food for Thought”. The new section of the journal was dedicated to creating productive conversations about the most important issues within our food systems by bringing together a diversity of perspectives. This vehicle for content delivery was designed to provide a method for deeper consumer education about the complexities of food production in today’s society and to support the mission of “Food with Integrity” while inspiring consumers to help “Cultivate a Better World”. Chipotle brand identity was subtle, with the focus on content. Engaging stories were actively shared through platforms such as Facebook and increased dialogue about issues of interest to consumers.

“Cultivate a Better World” Message

The brand received publicity in various media outlets about their Sustainability activities. And, through the Cultivate festival, the foundation and creative integrative marketing efforts such as the short films, the brand was able to introduce the more consumer friendly “Cultivate a Better World” message. (See Exhibit 5: Sample “Cultivate” Communication.)

However, the amount of rich information that consumers could learn about how to cultivate a better world or what it really means to produce food with integrity was difficult to deliver. This is because traditional advertising and interactive promotions, such as the short films, had limited ability to deliver large amounts of content. Chipotle’s belief was that industrial agriculture was degrading the environment and the food supply. The information that the brand wished to convey to consumers involved complex fact-based content regarding processed food, animal confinement, and the use of synthetic growth hormones, non-therapeutic antibiotics, and toxic pesticides that were in the food supply. Although these messages could be delivered in broad strokes in the short films, the brand had been striving to find vehicles to deliver this rich content in other engaging methods. (The Scarecrow, n.d.)

Chipotle had been seeking content delivery vehicles that would resonate with consumers causing them to be curious about where their food came from, discover and seek out the brand themselves as well as eventually become brand evangelists. This was a slow build strategy, but they felt confident it would work. (Chipotle to Launch “Farmed and Dangerous”, 2014)

Content Marketing and the Millennial Generation

As the advertising and marketing industry adjusted to consumer multi-digital device usage and the resulting fragmented media channels, content marketing became a movement toward better acknowledging the viewer or consumer point of view. Although content marketing, in general, was not a new concept, it had shifted from travel brochures and newsletters to an immersion media concept as consumers drove to be more knowledgeable in subjects of their choice. The publisher as gatekeeper was removed by the instant access to information that the Internet provided. Content marketing distributed relevant and valuable information (content) to attract, acquire and engage a defined audience into a profitable consumer action. Highly targeted content marketing could elicit strong emotional responses and relate to stakeholder-shared values in ways that mass media communication could not. Ideally, great content would build brand evangelists by arming like-value consumers with data and information that supported a specific brand's mission or product benefits and attributes.

The new content marketing strategy reflected a shift from advertisers telling a captured viewing audience what they wanted to about their products to understanding that consumers choose information or entertainment of interest to them. From this point of view, one industry global director of brand communication was quoted as saying "it's a way of acknowledging from a viewer standpoint...ways to be entertained or get information through a screen. It doesn't matter whether it's coming from HBO or P&G, as long as it is interesting". (Rooney, 2014) For brands, content marketing became about depth of engagement and a hyper-immersive experience rather than increasing awareness impressions.

The internet was key in fulfilling this need. Consumers, especially, millennial, expected sources to be biased. However, by providing quality content, an organization developed credibility among their audience, yet they also needed to be interesting in order to gain attention. Good content understood not only consumer values, but also the brand's entire stakeholder community. Thus, content marketing could assist in shaping the viewer experience of the brand and had the potential to be a connective mechanism to bring communities of action together for those brands seeking a social platform.

There are approximately 80 million Millennials in the United States. They are the first generation to regard habits like tweeting, posting on Facebook and investigating a topic they're curious about through an internet search engine on their smart phones as normal, as everyday behaviors. They also expect to be entertained. When considering this target's digital channel appetite, marketers needed to understand the millennial audience's strong interconnectivity, which was enabled through digital media devices. (Atkinson, 2013) Through millennial media behavior research conducted with PHD's Creative Collective and University of Georgia's Grady College of Journalism and Mass Communication, it was found that this demographic, not only had an insatiable need to be connected, but a strong need to be acknowledged for their 'insider status' on a continual basis. Additionally, Millennials needed to see themselves as controlling their personal information and entertainment process. For this generation, the Internet had hastened this perception of control within the free market as they could actively express themselves and their product satisfaction online. Atkinson likened this in describing marketing to Millennials as

“more in terms of conducting a symphonic orchestra, with themselves as the conductors.” Thus, suggesting ‘being in the know’ through content marketing consumption was important to this investigative, freely expressive and authentic demographic. (Atkinson, 2013)

Content marketing appeared to be a solid return in the marketing mix, in general. According to the 2013 Annual Effie’s Survey conducted in partnership with the Forbes CMO (Chief Marketing Officer) Network, content marketing had emerged as one of the main areas of focus among advertising executives when they reflected upon the industry’s most pressing issues: metrics management, media investment and marketing priorities. Of those surveyed, 12% found content marketing tied for third with television as giving marketers the best return on investment, following Search Engine Optimization or SEO (14%) and Social Media (16%). (*See Exhibit 6: Top Platforms/media giving marketers the best ROI*). According to this same survey 87% of Content Marketing met or exceeded ROI expectations (*See Exhibit 7: ROI for Content Marketing Initiatives*). (Rooney, 2014)

After launching the content marketing partnership with Huffington Post, and the success of the YouTube video campaigns, were there other content marketing outlets and partnerships that would benefit Chipotle?

Farmed and Dangerous Webisode Series

hulu.com

In March 2007, two large broadcast companies, Fox and NBC/Universal, announced that they would, jointly, create the online video store Hulu.com. This streaming video store was designed to provide online home entertainment, including television shows and movies in an attempt to maintain control of their content in the face of ever sophisticated digital consumers. (Hulu: Hulu.com Opens to Public Offers Free Streams of Hit TV Shows, Movies and Clips, 2008) Approximately 40% of all videos viewed online, at that time, were YouTube videos, which ranked 1st, with Hulu.com ranking second as a video destination. Additionally, at that time at least 30% of 18-34 year old US Internet users viewed complete television show episodes on line according to the same study. (Logan, 2011)

By 2011, the free Hulu.com channel had 38 million viewers per month and the \$8 a month subscription based Huluplus channel had over two million subscribers. Both were growing. However, in order to continue to be a destination for the digital media consumers, Hulu.com strategically shifted to also developing their own content. (Cheredar, 2012) By 2012, 30% of all television viewing hours were watched in non-traditional methods such as time-shifted television, internet on mobiles, internet or computers, game consoles and, lastly, dvd/blue ray. In October 2012 alone, 183 million U.S. Internet users viewed more than 37 billion videos and 11 billion video commercials online, according to the digital analytics firm comScore.(STATE OF THE MEDIA: U.S. CONSUMER USAGE REPORT, 2013)

The webisode series

Building on their non-traditional marketing strategies, Chipotle premiered their four-part online comedy series on hulu.com February 17, 2014. It was simultaneously available through the Huffington Post, an online journal, which provided a link to the 1st hulu episode. The series, backed by Chipotle at a reported \$250,000 cost per episode (Cohen, 2014), was filmed by the production studio Piro, and co-created by Chipotle and hulu.com. Chipotle was active in script development, even altering dialogue and adding characters according to the Times (Luckerson, 2014).

The partnership between hulu.com and Chipotle was seen as an unconventional marketing tactic, and was an example of a convergence between Hollywood and the advertising industry as a method of reaching the millennial generation (Cohen, 2014). Luckerson at Time.com predicted that many brands will also have entertaining shows of their own, possibly in place of traditional 30-second commercials (Luckerson, 2014).

The show was designed to be satirical and reflect the comedic spirit of some of the Super Bowl ads that had been popular among millennial in recent years. The series hoped to leverage star power from Ray Wise of “Twin Peaks” and “Mad Men” who played the Villainous Buck Marshall of IFIB, the Industrial Food Image Bureau. The storyline featured a young farmer-activist hero named Chip Randolph and the antics required for a not-quite-ethical public relations team to positively spin the most negative aspects of corporate farming. There were quirky and over-the-top scenes throughout the series - from cows that exploded because they were fed food pellets created with cost-reducing petroleum-based filler, to a Dr. Strangelove-like scientist that invented eight-winged chickens, to gift-wrapped cash bribes being delivered under questionable circumstances. The original series was touted by the New York Times as a “full-throated attack on industrial agriculture” (Cohen, 2014).

Through the webisode series, Chipotle, hoped to further promote the brand’s concerns about humane animal treatment and farming sustainability. The show was, like the short films, not about product placement, but about “values integration” (Cohen, 2014). The four-part series only mentioned the Chipotle brand name once and was labeled as stealth marketing by corporate executives. Daniel Rosenberg, founding Piro partner and a former Hollywood executive, stated “Farmed and Dangerous is meant to strike large emotional chords – it’s not about selling burritos.” (Cohen, 2014). According to CMO, Crumacker, the objective was to start a dialogue among consumers and inspire them to question where their food is produced. This was received well by the marketing community. One representative marketer, Katie Stocking, stated that the satirical series was a great move by Chipotle, because it achieved the brand’s agenda of creating a way to break through and publically reinforce the brand’s mission. It provided a way for the brand to connect. According to Chris Arnold, Chipotle Director of Communications, the company was pleased with the amount of views they received and the results. He was also quoted stating “Farmed and Dangerous” was:

“...a very effective tool for us to engage people who aren’t paying attention to these issues or who don’t know much about them. The more people that understand food and where it comes from the more likely they are to make choices that are similar to the choices (Chipotle) makes. Down the road we think it will pay dividends.” (Doering, 2014)

The negative press

The webisode, however, set off a series of negative press within the American agricultural community. Farmers and agricultural groups said the show misrepresented the American farmer and the food production industry. In example, the Center for Land-Based Learning (CLBL) board canceled a major Chipotle fundraiser event with Chipotle due to their concern over the “Farmed and Dangerous” series. CLBL’s board was comprised of farmers, educators and financial professionals. The California based organization purpose was to create the next generation of farmers and teach California youth about watershed conversation and agriculture importance. Chipotle had developed a relationship with the organization the two years previous, so the canceled fundraiser was a strong statement. The CLBL statement said that the series “crossed the line by attempting to create animosity toward production agriculture as a marketing strategy” (California Ag Today, 2014).

Some bloggers in the agricultural community were vocal. Ted Sheely published the article, “Chipotle Unnecessarily Tears Down Agriculture to Build a Brand”, on Farms.com. He challenged the values of a corporation that would “smear...America’s farmers” and called the series propaganda (Sheely, 2014). The Foodie Farmer blog labeled the series “a new negative ad campaign” and felt the series offensive to the modern farm family (Schmidt, 2014). In USA Today, Iowa farmer Larry Sailer, stated “they put down big ag, but they are big food” (Doering 2014).

The issue

Through this unique approach to marketing, Chipotle hoped to find a content delivery platform that would inspire consumers to become curious about where their food came from, thus supporting Chipotle’s “Food with Integrity” product and the higher calling to “Cultivate a Better World”. Chipotle’s values branding and unconventional methods had a proven track record, but did this form of “strategic entertainment” achieve their objectives?

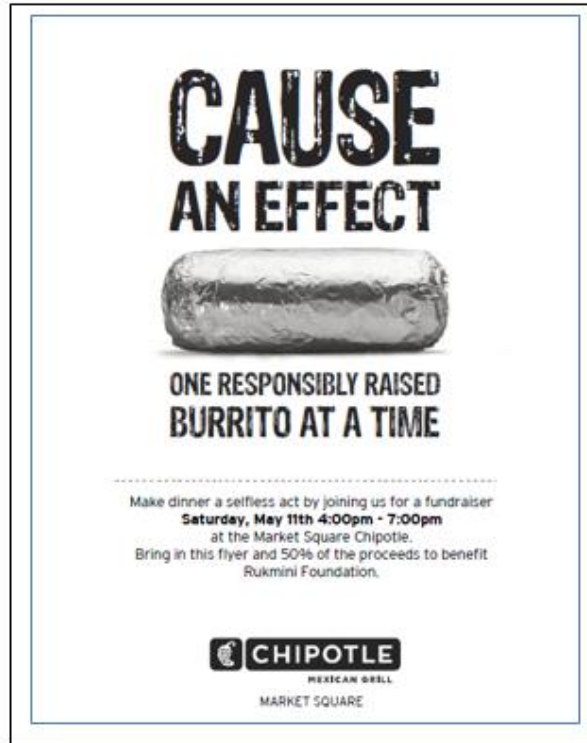
Exhibit 1: Chipotle Time Line

1993	First Chipotle opened at a former Dolly Madison ice cream location
1995	Second and third locations added due to the success of the first one
1996	The company added five more locations in Denver area
1998	Chipotle allowed outside investor – McDonald’s Corporation
1999	First Chipotle restaurants opened outside Colorado: Minneapolis, and Columbus
1999	Steve Ells discovered the way most pork was raised in the US and decided to find a more organic method to raise pork.
2000	Started serving naturally raised pork, first of its industry segment
2002	Started serving naturally raised chicken. Now, 100% of the chicken from farms that meet high standards
2004	Starts using zero trans fats frying oil, before other restaurants in the segment
2006	Chipotle’s Initial Public Offering on the New York Stock Exchange
2007	60% of the beef served in restaurant raised naturally.
2007	Chipotle stopped using cheese and sour cream produced by cows injected with rBGH. rBGH is a genetically engineered Bovine Growth Hormone injected into lactating cows to increase the production of milk.
2008	40% of the black beans used are certified organic and the company takes initiative to source their ingredients locally.
2009	Steve Ells testifies before Congress to try to eliminate the use of antibiotics in ranching
2010	100% of Chipotle’s pork is raised organically. Food, Inc documentary released.
2011	First Cultivate Event Launch “Back to the Start”
2012	Chipotle has 1230 Restaurants in the US and all of them are corporate owned in order to maintain the company’s mantra Now Chipotle 100% of their beef is naturally raised.
2013	Chipotle had 1410 stores, opening in Paris and Frankfurt Launch “Scarecrow”
2014	Launch of “Farmed and Dangerous” webisode series on Hulu.com

Exhibit 2: Sample “Food with Integrity” Advertising



(Von Stein, 2010)

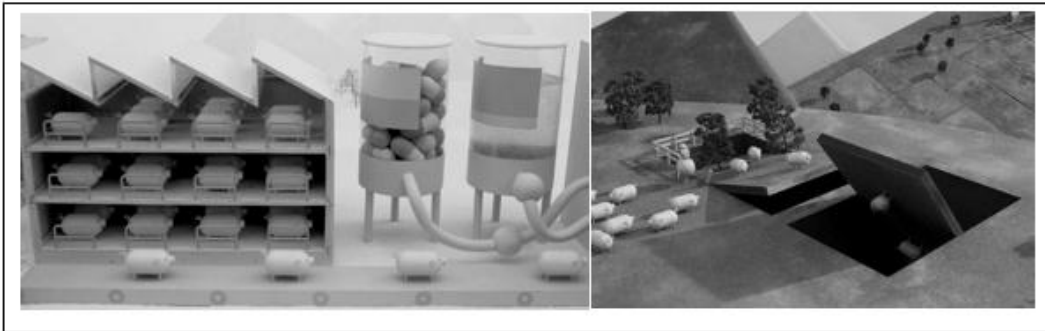


(Events at Chipotle Grill, 2011)



(Food, Think!, 2012)

Exhibit 3: “Back to the Start” Short Film Screen Shots



(Food, Think!, 2012)

(Jobson, 2011)

Exhibit 4: “Scarecrow” Short Film Screen Shots and Game Screen Shot



(Macleod, 2013)

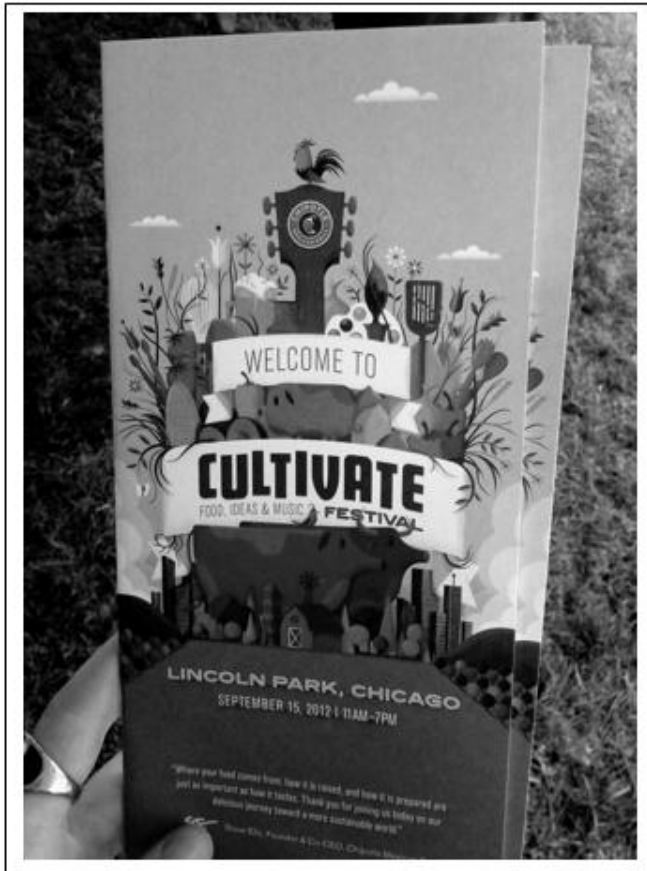


(Brandon, 2013)

(Chipotle uses "The Scarecrow" ad and app to raise awareness about processed food, 2014)

Exhibit 5: Sample “Cultivate” Communication

(Zahed, 2011)



(Escape Artist 101, 2012)

(Chipotle Cultivate a Burritoful World Toddler T-Shirt, n.d.)

Exhibit 6: Top platforms/media giving marketers the best ROI

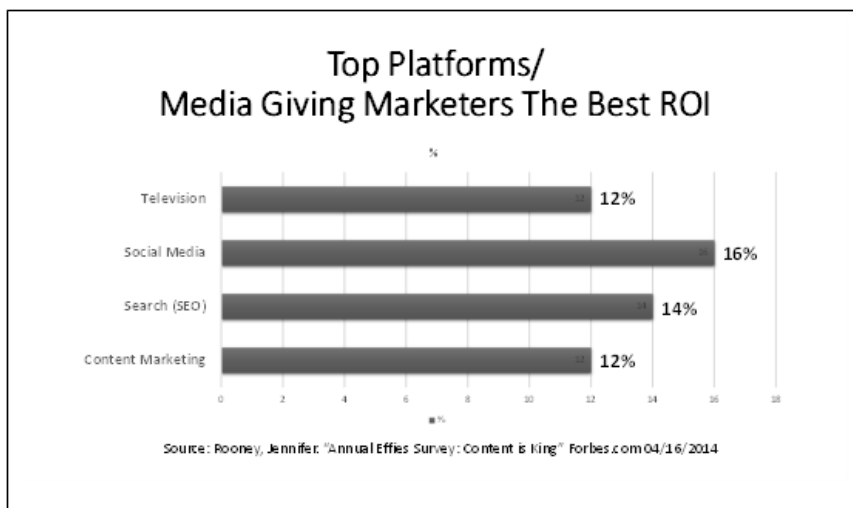
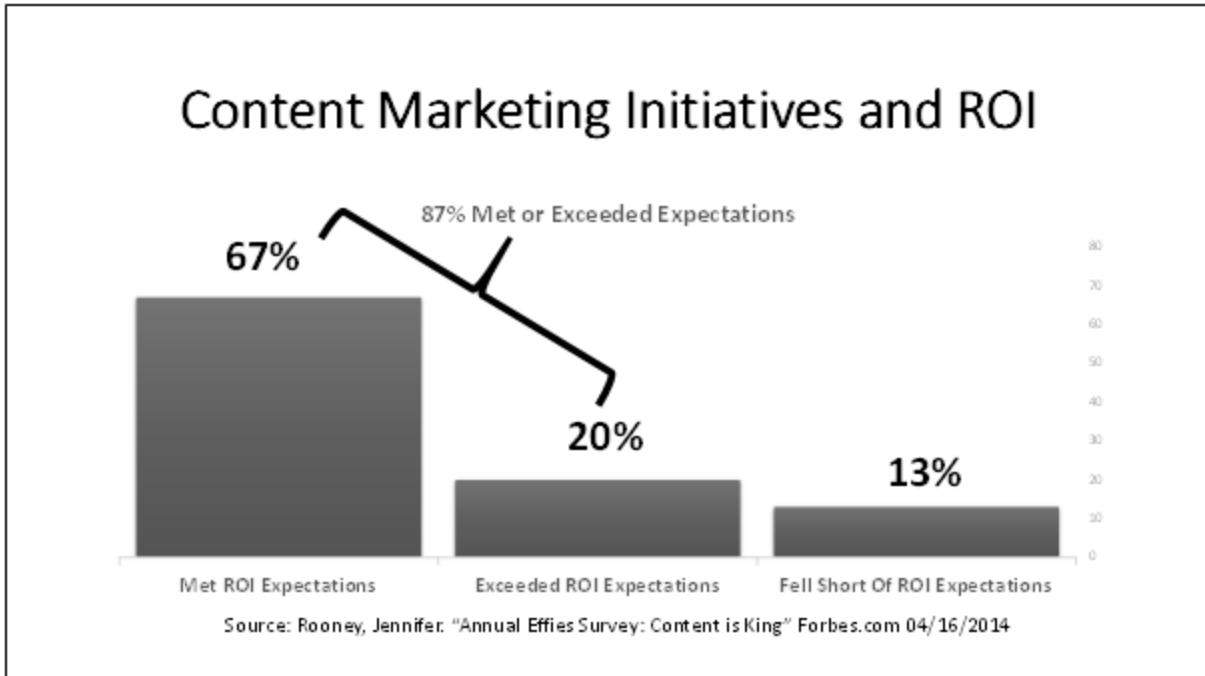


Exhibit 7: ROI for Content Marketing Initiatives



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