



BUSINESS

Is Chipotle abandoning their non-Mexican eatery concepts?

By [Lisa Fickenscher](#)

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Photo: Reuters

Activist investor Bill Ackman's [9.9 percent stake in Chipotle Mexican Grill](#) could force the burrito chain to abandon its smaller concepts startups, restaurant sector experts predicted on Wednesday.

Chipotle, which has yet to regain the public's trust after making hundreds of people sick last year in norovirus and E. coli outbreaks, could be pressured into dumping its non-burrito restaurant concepts — like the as-yet-launched burger eatery Tasty Made, those experts forecast.

"What Ackman could do is force a new marketing direction, bring in new board members, get international development [into gear] and stop the burger and pizza sidelines," said John Gordon, principal of Pacific Management Consulting Group.

— ADVERTISEMENT —

Chipotle operates about 20 ShopHouse Kitchens and Pizzeria Locales.

Ackman's Pershing Square hedge fund announced its \$1 billion investment in Chipotle on Tuesday. Shares in the chain jumped 5.9 percent on Wednesday, to \$438.45.

The prospect of some or all of these changes has Wall Street salivating over the possibility that the billionaire hedgeie will seek to have McDonald's, which owned Chipotle from 1998 to 2006, make another play for the Denver-based company and convert it into a franchise model.

Ackman chatted on the phone with Chipotle management on Wednesday, according to reports. They are expected to meet soon.

Nomura analyst Mark Kalinowski said it would be "a mistake" for Chipotle to get back into the franchise game.

Ackman said in a regulatory filing that Chipotle has a "strong brand" and represents "an enormous growth opportunity."

For now, however, analysts say the company's recovery from its food crisis is going much more slowly than it should and that not even offers of free food are helping.

Over the past week, Chipotle began promotions [giving kids a free meal with the purchase of a full-price entrée](#) and free sodas for students — on top of its [Chiptopia Summer Rewards promotion](#) launched in June.

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