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Chick-fil-A: Sandwiches and Culture Wars (A)

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On October 10, 2019, the American food chain, Chick-fil-A, opened its gates in The Oracle, one of the most important shopping centers in Reading, 42 miles west of London. The opening was a continuation of the company's international expansion, launched in 2018 with the opening of a store in Toronto, the first one outside the United States.

The new restaurant in Reading was a six-month pilot test, "to help us understand more about the consumer interests in our brand and signature menu items."[1]

From a commercial point of view, the opening was a success: nearly a thousand people ate at the new restaurant on the first day. But it was not a moment of joy for everybody. Sixty campaigners rallied outside the shopping center against the fast-food chain's donations to institutions against LGBTQ+ rights.[2] Kirsten Bayes, a representative of Reading Pride, told bystanders: "Companies like this have no place here in Reading and they have no place anywhere."[3]

In fact, from the moment Chick-fil-A announced its arrival to Reading, the local LGBTQ+ collective organized protests outside the restaurant to denounce its ethos and moral stance, saying that the UK is "a progressive country that has legalised same-sex marriage for some years and continues to strive towards equality".

These criticisms were not new. To a greater or lesser degree, the Christian identity of the company, declared openly and frequently by its managers, had also found opposition in its native country. Criticism had not slowed down its development, which had continued to grow steadily. However, circumstances in the UK pointed to a different outcome.

The management of the company wondered: will it be possible to combine our principles with global expansion? How can we temper the tumultuous relationship with LGBTQ+ groups, and go back to "business as usual"?

This case was prepared by Professor Yago de la Cierva and Eduardo Notario, research collaborator. March 2021.
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The issue affected not only the company. Year 2019 was coming to an end and the company's Foundation had to decide the beneficiaries of the 2020 round of donations. A big decision had to be made: be faithful to their donation recipients or shift policy?

A Recipe for Success

In 1946, after coming back from serving in the army during World War II, Samuel Truett Cathy and his brother, Ben Cathy, opened a restaurant (called "the Dwarf Grill" because of its small size) in the Atlanta suburb of Hapeville, catering to workers from a Ford plant and Delta Air Lines offices nearby. The two brothers had a vision: "We built our business and made friends at the same time, always seeking to meet their needs whenever we could" [4]. Through the years, the restaurant prospered and led the Cathy brothers to further success.

They had grown up in Eatonton, Georgia, seeing their mother cook chicken in the traditional southern style, and tried to replicate her sandwiches. After endless tests and trials, in 1964 Samuel Truett (the most active of the siblings) created the recipe: a boneless, skinless chicken breast, fried in a mere four minutes, seasoned with a special sauce and placed on a buttered bun with two pickle slices. He called it Chick-fil-A: the final "A" being a measure, he said, of the sandwich's quality.

It caused a revolution in the fast food world. There was nothing like it on any menu in America. It was quick and easy to make, and customers were willing to pay a premium price for its quality. On the back of this simple but effective recipe suitable for the American palate and culture of fast eating, he opened the first Chick-fil-A restaurant in 1967 in Atlanta.

His second innovation was cultural. He understood, before the invention of food courts, that malls needed fast-food restaurants. Therefore, the company developed alongside the new trend of the time. During the late 1960's and 1970's, malls were in full expansion around the US, and Chick-fil-A spread with them. Only in 1986 did the company start opening independent restaurants outside malls - mostly in airports, university campuses and city suburbs.

The expansion began in Georgia, in the deep South, then moved to Southern and Southwestern states. Very soon, the company had more than 1,600 restaurants in 38 States. The distribution correlated with political orientation: more stores in traditionally Republican states, and less in Democratic areas like California or New England.[5]

Truett also deviated from the normal franchise model to a new one, in which the chain had more control. Instead of selling the right to open a chain's store and develop it with the franchisee's own money, which is the traditional fast-food franchise deal, Chick-fil-A covers nearly the entire cost of opening each new restaurant – real estate, equipment, inventory – and in return, takes a higher percentage of sales.[6]

The fourth innovation was creativity with its advertising. Chick-fil-A hit the mark with its series of advertisements on large billboards in cities and on highways, in which renegade cows became a big hit, defending their survival by suggesting people "eat mor chikin", (see Exhibit 1).

The campaign enjoyed such widespread public acclaim that the chain developed it into a fully integrated marketing program: in-store point-of-purchase materials, promotions, radio and TV advertising, and clothing and merchandise sales.

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In addition, every year since 2005, the chain has celebrated Cow Appreciation Day, offering a free meal to customers fully dressed as a cow (those who are too "chicken" to go all-out in cow attire will receive a free starter for wearing any cow-spotted accessory). The excitement around Cow Appreciation Day grows every year and more than a million Americans take part.

A Business Model with a Religious Purpose

Beyond the food, Chick-fil-A's real secret is its outstanding customer service[7]. Restaurants are particularly clean; tables have fresh flowers… The Cathys taught their staff the importance of treating customers with love, not just for the good of the company but because it was the right thing to do as human beings. When someone went to a Chick-Fil-A restaurant they would probably hear one of Truett Cathy's simplest catchphrases after ordering the meal, "My pleasure", which has become a memorable part of the chain's experience.

For the Cathy family, delivering sandwiches was an opportunity to serve people. "We should be more than just sellers of chicken. We should be a part of our customers' lives and the communities in which we serve."

In this approach, religion played an important role. Cathy was a member of the First Baptist Church in Jonesboro, Georgia, and taught Sunday School there for more than 50 years. He said that the Bible was his guidebook for life.[8] Cathy's religious background is therefore Protestant, according to the tradition of the Southern Baptist Convention.[9]

In this regard, Chick-fil-A's values were a continuation of his own. Truett was married for 65 years to the same woman and was a coherent Christian all his life. He expressed its corporate mission in explicit terms: "To glorify God by being a faithful steward of all that is entrusted to us and to have a positive influence on all who come into contact with Chick-fil-A."[10]

To be true to his Christian faith and the importance of resting and worship, from the very beginning, Truett Cathy made the decision not to open on Sundays, a decision which is still in force.[11] He was well aware that there was a price to pay: it is estimated to cost the company over $1 billion in potential sales every year. But it was important for him to allow his employees to attend church services and spend time with their families.

Other manifestations of this Bible-based approach were operating debt-free, giving a percentage of profits back to communities, and including prayers in company meetings and retreats. The company encourages franchisees to market their restaurants through church groups. For instance, anyone who brings in a church bulletin on Monday from the previous Sunday morning's evangelical service gets a free chicken sandwich. Some stores even host Bible study groups and offer a free breakfast to all who attend. "They have very tightly knit relations, often with evangelical churches", says Darren Grem, a historian at the University of Mississippi.[12]

As time passed by, Cathy wanted to ensure their values would last forever. In 2000, the Cathy family signed a covenant to strengthen the connection between their business plan and their values. In this document they firmly committed to their philanthropic work, with the idea of maintaining their conservative growth strategy, never taking the company public, and never opening on Sundays. "We will be faithful to Christ's lordship in our lives," the covenant stated. "As committed Christians, we will live a life of selfless devotion to His calling in our lives."[13]

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