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SHAKE SHACK: CAN AN ENLIGHTENED BURGER COMPANY STEER AWAY FROM BEEF?[1]

Fabrizio Di Muro wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

In 2021, Shake Shack Inc. (Shake Shack) was an established but still growing fast casual restaurant chain. In its early years, the company had created the slogan "Stand for Something Good." Shake Shack followed through on its mission through a large series of initiatives that included support for sustainable farming, responsible animal welfare practices, antibiotic- and hormone-free beef, as well as an ecological store design and many donations of both time and money to a variety of charitable organizations.[2] Yet, despite Shake Shack's strong focus and effort related to sustainability and corporate responsibility, the production of the company's core product offering—the hamburger—was extremely taxing on the environment. From 2009 to 2021, several alternative protein sources had emerged that were much more sustainable and environmentally friendly than traditional meat. These included plant-based meat, lab meat, and insect protein. Each of these alternatives had shown a potential to eventually replace traditional meat, although none of them had yet become entrenched as a serious alternative to traditional meat, as of 2021. It was also unclear which, if any, of these alternatives would emerge as a clear winner in the race to displace traditional meat. Shake Shack's chief executive officer (CEO) Randy Garutti had to decide if he should shift the company's products away from beef; if so, which alternative protein source should the company focus on?

HISTORY AND BASIC INFORMATION

Shake Shack was founded in 2001 as a hot dog stand in Madison Square Park, a popular public area in New York City's Manhattan borough, by famous restaurateur Danny Meyer. The hot dog stand was strategically situated to support art projects that were exhibited in the square. In 2004, Shake Shack was revamped into a kiosk in the same location and branded as a "modern day 'roadside' burger stand serving a classic American menu of premium burgers, hot dogs, crinkle-cut fries, shakes, frozen custard, beer and wine."[3] Over the years, Shake Shack added various new products, including the 'Shroom Burger, a portobello mushroom sandwich, and the Chick'n'Shack sandwich.[4] In 2018, the company introduced the Veggie Shack sandwich in its US locations,[5] followed in early 2021 by the launch of the Korean Style Fried Chick'n sandwich, which received some criticism.[6] By 2021, Shake Shack was still considered a relatively small company but had opened 311 locations (204 within and 107 outside the United States) across 14 different countries.[7] Shake Shack targeted mainly the millennial consumer segment with a promotion strategy that centred exclusively on several different social media platforms.[8]

Shake Shack had focused on being a socially responsible company from its inception, consistent with the company's mission to "Stand For Something Good."[9] Shake Shack fulfilled its mission in a variety of ways. The company was guided by Meyer's principle of "Enlightened Hospitality," whereby it prioritized employees first and customers second, followed by the community, suppliers, and investors, respectively.[10] As a result, Shake Shack paid its employees US$2[11] per hour above minimum wage plus 1 per cent of store revenues per year. The company also provided employee health benefits and contributed to the employees' pension plans, commonly known in the United States as 401 (k) plans, for employees who worked at least 25 hours per week. Shake Shack believed that this investment in its employees would, in turn, motivate them to treat customers well.[12] Shake Shack also made sure to give back to the community in which it operated. The company supported, and encouraged its employees to support, various social causes including hunger relief, arts and culture, education and family, environment, animal welfare, and health. Employees were also encouraged to volunteer in their local communities through actions such as serving meals to less privileged communities, mentoring children in need, and cleaning up parks. Shake Shack also partnered with local charities and donated 5 per cent of its revenues to local charities.[13]

AN ENVIRONMENTALLY CONSCIOUS COMPANY

As part of its "Stand For Something Good" mission, Shake Shack attempted to operate in an environmentally friendly manner. The company tried to partner with firms that were committed to sustainability. For example, Shake Shack's beer was produced through Brooklyn Brewery, a company that had engaged in a variety of environmentally friendly practices. Brooklyn Brewery used technology that transformed wastewater and chemicals into energy, and the company had purchased carbon emission offsets in order to lessen the negative effects of its operations. For its coffee, Shake Shack relied on Stumptown Coffee Roasters, another company that was committed to sustainable business practices, including by sourcing coffee beans directly from farmers through direct trade. For its hamburgers, Shake Shack sourced beef from suppliers who avoided hormones or antibiotics in their processes, which not only ensured ethical business practices but also provided a premium product to customers.[14] Shake Shack supported ranches and farms that minimized the negative effects of their operations on the environment. The company also developed an animal welfare policy to support the humane treatment of animals in agriculture.[15] Finally, Shake Shack avoided genetically modified organisms, including vegetables, and sourced milk from farmers who avoided artificial growth hormones and corn syrup to ensure healthy food processing practices.[16]

Shake Shack also engaged in various environmentally sustainable practices. For example, the company locally composted its waste[17] and followed proper recycling and waste-sorting practices to ensure that its recyclable materials did not end up in landfills. By 2021, Shake Shack had eliminated 84,190 kilograms (185,606 pounds) of trash and recycled 1,050,800 kilograms (2,316,600 pounds) of waste oil through its clean oil management system.[18] The company was also a member of a sustainability group called "1% for the Planet," which ensured that 1 per cent of revenue from the water bottles sold was donated to the environmental organization Waterkeeper Alliance to help provide clean water throughout the world. Even Shake Shack's restaurant design incorporated environmentally friendly features. Many locations featured counters and tables made from reclaimed bowling alley lanes, chairs created from sustainable materials, and booths constructed using energy-efficient methods.[19] The company also purchased wind credits to offset the environmental effects of energy use in its restaurants. One Shake Shack outlet located in Pennsylvania installed solar panels that provided 10 per cent of the power it used.[20]

Although Shake Shack placed a strong emphasis on sustainability, the production of the company's core product offering, the hamburger, was actually very damaging to the environment. According to the United Nations Food and Agriculture Organization, 14.5 per cent of worldwide greenhouse gas emissions came from

livestock (in contrast, airlines produced only 2.0 per cent of worldwide greenhouse gas emissions), with 65.0 per cent of these emissions coming from the production of beef and dairy. As a result, beef and dairy production accounted for 9.4 per cent of worldwide greenhouse gas emissions. In particular, the production of one beef hamburger patty released 4.35 kilograms (9.57 pounds) of carbon dioxide into the environment. This was 10 times higher than the amount of carbon dioxide released from the production of a chicken patty.[21]

However, measures had been taken to reduce the negative environmental impact of livestock. For example, scientists had discovered that adding garlic and citrus to cow feed reduced methane emissions by up to 38 per cent.[22] In 2021, related to this finding, the giant quick service chain Burger King introduced a new product called Reduced Methane Emissions Beef Whopper in five major US cities: Miami, New York, Austin, Los Angeles, and Portland. The new Whopper sandwich used beef sourced from livestock that had been fed a special diet that resulted in reduced methane emissions. In some cases, as much as 33 per cent less methane per day was emitted into the environment.[23]

GREENWASHING

Greenwashing referred to the idea that companies made themselves seem more environmentally responsible then they actually were. Sometimes, companies intentionally engaged in greenwashing when they claimed that their products were green, sustainable, or eco-friendly, even though this was not the case. In one example, Singapore's Energy Market Authority created a video campaign that attempted to minimize the negative effects of natural gas by featuring children speaking about its benefits. For example, one child stated, "We need electricity to power many things. Lights, air-con, even the fridge so I can eat my favourite ice-cream!" Another child commented, "And to produce electricity, we use natural gas. Natural gas is the cleanest fossil fuel around. It gives out less carbon dioxide than coal when used for producing electricity." In a second greenwashing example, in 2020, the Italian oil company Eni SpA was fined $5.94 million for claiming that its biodiesel saved fuel, reduced air pollution, and was generally good for the environment.[24]

Companies sometimes received backlash for greenwashing even when they were not trying to fool the public into thinking that they were environmentally friendly. This tended to happen when consumers perceived that companies had not acted in an environmentally friendly manner throughout their existence. For example, when Shell Oil Company asked consumers on Twitter what they would be willing change to help reduce fossil fuel emissions, the company seemed to be attempting to start a conversation on reducing emissions,[25] but Alexandria Ocasio-Cortez, a US Democratic politician, saw it as greenwashing and posted a message on Twitter stating, "I'm willing to hold you accountable for lying about climate change for 30 years when you secretly knew the entire time that fossil fuels emissions would destroy our planet."[26] She later tweeted, "The audacity of Shell asking YOU what YOU'RE willing to do to reduce emissions. . . . They're showing you RIGHT HERE how the suggestion that indiv choices—not systems—are a main driver of climate change is a fossil fuel talking point."[27]

PLANT-BASED MEAT

The idea of plant-based meat started to gain traction in 2009, when Ethan Brown founded Beyond Meat Inc. (Beyond Meat). The company aimed to reduce meat consumption and reduce harmful greenhouse gas emission through the production of a meat alternative that used 100 per cent plant-based proteins. Beyond Meat transformed plant protein, oils, and water into a meat-like product using a proprietary cooking and pressurization process.[28] By 2021, Beyond Meat products were carried by major supermarkets and restaurants including Whole Foods Market Inc., Target Corporation, Del Taco Restaurants Inc., Carl's Jr. Restaurants LLC (Carl's Jr.), TGI Fridays,[29] Publix Super Markets, Safeway Inc., A&W Restaurants

(A&W), and Dunkin' Donuts LLC.[30] Perhaps most importantly, Beyond Meat was able to get supermarkets to place its products in the meat aisles, right next to traditional meat. This emphasized to customers that plant-based meat was equivalent to animal meat.[31]

Impossible Foods Inc. (Impossible Foods) was another entrant in the plant-based meat market. Impossible Foods was founded in 2016 by Patrick Brown, a Stanford University professor, for sustainability reasons.[32] In particular, the founder claimed that "using animals to make meat is a prehistoric and destructive technology. We're making meat from plants so that we never have to use animals again. That way, we can eat all the meat we want, for as long as we want. And save the best planet in the known universe."[33] In contrast to Beyond Meat, Impossible Foods used plant-based heme to give the meat its flavour. Heme was produced by fermenting genetically engineered yeast. The base product consisted of genetically modified soy and potato proteins. By 2021, Impossible Foods and Beyond Meat's products were distributed in many US grocery chains such as Walmart Inc., Target Corporation, Ralph's, Whole Foods Market Inc., Wegmans Food Markets Inc., and Gelson's Markets.[34]

In 2021, the industry outlook for plant-based meat was extremely favourable. It was predicted that the market size for plant-based meat would reach $100 billion by 2034.[35] The rosy forecast for plant-based meat was driven in part by an increasing number of consumers who were interested in reducing their meat consumption. An overconsumption of red meat was linked with an increased risk of cancer, and the high fat content present in red meat increased the risk of heart disease. As a result, many national health bodies advised citizens to reduce their consumption of red meat.[36] In the United Kingdom, the National Health Services stated, "If you eat a lot of red and processed meat, it is recommended that you cut down as there is likely to be a link between red and processed meat and bowel cancer. . . . Some meats are high in fat, especially saturated fat. Eating a lot of saturated fat can raise cholesterol levels in the blood, and having high cholesterol raises your risk of heart disease."[37]

While the detriments of red meat were well documented, less was known about the healthiness of plant-based meats, as scientific research had not yet determined their long-term impact.[38]

Another reason why many consumers were drawn to plant-based meat was animal welfare. Although some consumers were not concerned about this issue, many were strongly opposed to the slaughter of animals for food consumption at all costs, and others felt that killing animals for food was acceptable only if it was done in a humane manner. Clearly, plant-based meats resolved the problem of animal welfare; no animals were harmed during the production of plant-based meat.

A third important reason why consumers were attracted to plant-based meats was sustainability. Both Impossible Foods and Beyond Meat were able to produce their products using significantly fewer resources and with significantly lower greenhouse gas emissions than traditional meat producers. In particular, Impossible Foods was able to produce its Impossible Burger with 96 per cent less land, 87 per cent less water, and 89 per cent fewer greenhouse gases compared to producing beef hamburgers. Similarly, Beyond Meat was able to produce its Beyond Burger with 93 per cent less land, 99 per cent less water, 46 per cent less energy and 90 per cent fewer greenhouse gases than it took to produce traditional meat hamburgers.[39]

Interestingly, Beyond Meat and Impossible Food customers were typically not vegans. Beyond Meat claimed that over 90 per cent of its customers were carnivores.[40] A Mintel survey found that approximately 40 per cent of Americans who identified as meat eaters were willing to try plant-based foods. These consumers were sometimes referred to as flexitarians—people who were not outright vegetarians but aimed to reduce meat consumption.[41] Millennials, who comprised the highest number of flexitarians, were a target group. A survey by the US supermarket chain Sprouts Farmers Market Inc. found that 54 per cent of

millennials identified as flexitarians, as did a significant portion of generation Z consumers (a subset of millennials born in the mid to late 1990s).[42] Another significant portion of millennials (15 per cent) followed a strictly vegan diet, and 35 per cent of generation Z consumers planned to eliminate meat from their diets by 2021, although it was unclear if they were in favour of a vegetarian or flexitarian diet.[43] Overall, a GlobalData Plc report suggested that millennials were the single largest driving force behind the 70 per cent reduction in worldwide meat consumption. Fiona Dyer, a consumer analyst with GlobalData Plc noted that "the shift towards plant-based foods is being driven by millennials, who are most likely to consider the food source, animal welfare issues, and environmental inputs when making their purchasing decisions."[44]

ALTERNATIVE SOURCES OF PROTEIN

Lab Meat

Laboratory (lab) meat, which was also referred to as cultured meat, clean meat, cultivated meat, cellular meat, or in vitro meat, was created in labs from animal stem cells.[45] These animal cells originated from biopsies of living animals, fresh meat, cell banks, or feather roots. There were two types of cells: primary cells (i.e., muscle or fat cells) and stem cells. Stem cells offered more flexibility because they had the ability to develop into any cell type. Stem cells also had an infinite existence, which meant that they could be used continually for production. To create the meat, an appropriate cell line was chosen (likely one that grew quickly and had above average taste). It was then allowed to multiply in the lab and subsequently harvested. The resulting strands were constructed into various meat products such as sausages or hamburger patties.[46] One cell line could produce as many as 80,000 quarter-pound hamburgers.[47]

Lab meat had several advantages over traditional meat. From a production standpoint, lab meat eliminated animal welfare concerns because no animals were slaughtered in the production of the meat. It also satisfied sustainability questions by eliminating the emission of greenhouse gases and the use of land, water, and energy needed to graze cattle for meat. "We'd no longer have to breed, feed and take care of [cattle] for three years, [nor to] kill them, process them and ship them. The use of animals for meat will decline quickly in the Western world," noted Paul Cuatrecasas, an entrepreneur and author of the book *Go Tech or Go Extinct*.[48]

Lab meat was also generally considered safer than traditional meat. Contamination from bacteria such as salmonella, E. coli, and campylobacter was a significantly lower concern in lab meat compared to meat sourced from cattle. Theoretically, the lab setting where cultured meat was produced was considered safe because producers had a carefully controlled environment, although some critics claimed that a perfectly controlled environment was impossible to achieve because unexpected complications, such as cell dysregulation, could surface during the creation of the meat. Potential health hazards of consuming lab meat with cell dysregulation were yet unknown in 2021, as was the nutritional content, although many people believed that it was healthier than traditional meat. Scientists claimed that it was possible to minimize saturated fat and maximize more beneficial elements of meat, such as omega-3 fatty acids and protein.[49]

The market outlook for lab meat was favourable. By 2040, lab meat was expected to account for 35 per cent of the world's meat consumption.[50] By 2021, several companies had already entered the lab meat market, including Meatable and Mosa Meat from the Netherlands, Future Meat Technologies from Israel, and UPSIDE Foods (formerly Memphis Meats) and Eat Just Inc. from the United States. The industry was expected to grow, but consumers had not yet fully accepted lab meat. A study from the Netherlands reported that 9 per cent of participants completely rejected lab meat and 67 per cent of participants had reservations about eating lab meat. There were also groups opposed to the production of lab meat. One activist group created the website Clean Meat Hoax, which claimed, "though we had hopes that 'clean meat' might be part of the solution to the many ethical and ecological problems with animal agriculture, we now believe it to be a distraction from the

fundamental issues."[51] Conventional meat producers also argued that lab meat was not equivalent to traditional meat, so it should not be labelled as such or displayed with traditional meat in supermarkets.[52]

In 2021, lab meat was considerably more expensive than traditional meat and was not well distributed, although both of these issues were expected to be resolved in the near future, as Sarah Lucas, the head of operations at Mosa Meat, explained: "We aim to be in restaurants by 2022, and in supermarkets several years after that. There is still a significant amount of work to do to scale up so it's hard to be more specific than that about when we'll be in supermarkets. We're working hard to do it as soon as possible." Cuatrecasas predicted that lab meat would become "affordable by 2022 and by 2023 will be on restaurant menus and supermarket shop shelves."[53]

Insect Protein

Another alternative source of protein that was becoming widely accepted was insect protein. By 2021, approximately 80 per cent of the world's population ate insects by choice. According to a report by the United Nations Food and Agriculture Organization, eating insects was extremely common in Asia, Africa, and Latin America. An estimated 2 billion people from these continents ate 1,900 different insect species.[54] Insect protein had been identified as a potential alternative to traditional meat by Innova Market Insights, a firm that studied consumer trends. The global hospitality management group Benchmark Resorts & Hotels classified insect protein as a trend after consultations with the company's chefs.[55] One reason for insect protein emerging as an alternative source of protein was sustainability. According to a United Nations report, the world's population was expected to grow to 9.7 billion by 2050, which would mean that twice as much food would be required to feed the planet than was needed in 2021. Another major concern was the availability of land if beef continued to be the world's primary source of protein.[56]

A shift to insect protein was expected to alleviate these concerns. Sourcing protein from insects would require less water and less land than sourcing protein from livestock. It would also result in the emission of fewer greenhouse gases. In particular, crickets had strong potential, partially because they offered significant sustainability benefits. Crickets emitted 80 times less methane into the environment than cows. The production of one pound of cricket protein required approximately two pounds of feed. In comparison, producing one pound of beef required 25 pounds of feed. The process of sourcing protein from crickets was also much quicker due to the insects' short life cycle. A cricket matured into an adult in seven weeks, compared to a much longer timeline for most forms of livestock. In addition, antibiotics and hormones were not used for the production of protein from crickets or other types of insects.[57]

Entomo Farms, a Canadian company that sold various cricket-based products, raised crickets from the initial egg stage until maturity. Shortly before the end of their lifespan, the crickets were killed with gas or ice and cleaned in boiling water. Some crickets were subsequently baked and ground into powder; others were seasoned and sold as snacks.[58] In addition to significant sustainability benefits, crickets were a superior source of protein, at 69 per cent compared to only 29 per cent in beef. Crickets also contained all nine essential amino acids, as well as B12, iron, zinc, magnesium, sodium, potassium, and calcium.[59]

In 2018, the insect protein market generated sales of $152 million and was expected to grow substantially to reach approximately $1.4 billion by 2026.[60] Various insect-based food products were already available on the market. Some high-end restaurants served dishes such as sautéed beetle larvae, spicy cricket fritters, crunchy fried crickets, and grasshoppers. Entomo Farms and other companies also sold a variety of cricket and mealworm snacks.[61] Cricket-based foods were available in powder and bar format. Cricket powder, the more common of the two formats, could be added to breads, soups, and salads.[62] However, various flavours of

cricket bars, including apple cinnamon and banana bread, were also available,[63] as were Chirps, a cricket-based brand of chips.[64] By 2021, insect protein was also finding its way into more functional foods in North America, such as gluten-free cricket pasta and baked goods that used cricket flour.[65]

Insect protein had also made its way into the hamburger category. In 2017, insect hamburgers made from mealworms could be purchased at supermarkets in Switzerland.[66] In 2019, Beyond Meat announced that it was exploring offering hemp and cricket hamburgers, although by mid-2021, these products had not yet been released.[67] Although insect protein had significant potential, there were also hurdles to overcome. The main difficulty, especially in the North American market, was getting consumers to accept the idea of eating bugs. "There's definitely a psychological hurdle. A lot of insects are just simply gross to look at. This isn't an overnight shift," commented Mohammed Ashour, the chief executive of Aspire Food Group.[68] Similarly, Kara Nielsen, the vice-president of trends and marketing at CCD Innovation stated, "Right now, it still has a scary factor. . . . There's such a high ick factor when it comes to insects, but I think other cultures and younger people will be more open to it."[69]

ALTERNATIVE MEAT OFFERINGS OF THE MAJOR COMPETITORS

A&W

By 2021, A&W featured several alternative protein products on its menu. It was one of the first companies to feature a plant-based hamburger on its menu. When the company rolled out its Beyond Meat hamburger across Canada in July 2018, A&W became the first Canadian chain to feature a plant-based product on its menu.[70] The new meatless hamburger was very successful. The company's CEO, Susan Senecal, commented that "it became even more popular than we had expected."[71] A&W experienced record same-store sales after the introduction of the Beyond Meat Burger. In March 2019, given the success of the first product, A&W introduced a second Beyond Meat menu item: the Beyond Meat Sausage & Egger[72] and followed that with the introduction of plant-based chicken nuggets in December 2019. The plant-based nuggets, which were available for a limited time in the Canadian provinces of Ontario and British Columbia, were made with peas, wheat, and fava beans, offered through a subsidiary of Maple Leaf Foods Inc. called Lightlife.[73]

BurgerFi International LLC

BurgerFi International LLC (commonly known as BurgerFi), a small but growing fast causal restaurant chain that served award-winning gourmet hamburgers, introduced its Beyond Burger in June 2017, after test marketing in eight locations the previous year. The company offered the Beyond Burger in a traditional style, topped with onions, pickles, lettuce, tomatoes, and cheese, as well as in a vegan style, where it was served on a vegan bun or wrapped with lettuce.[74] The product received favourable reviews from customers, including a review from the Mashed website: "It's really dang good. Its cooked well, it's topped with the fresh ingredients that BurgerFi is known for, and has made more than one convert."[75]

Burger King

By 2021, Burger King offered one plant-based product on its menu: the Impossible Whopper. The company began offering this sandwich nationwide in the United States in the summer of 2019.[76] The addition of the Impossible Whopper helped the company experience a same-store sales growth of 5 per cent in the third quarter of 2019. However, this sales growth slowed in the fourth quarter of 2019, although Burger King

attributed the change to fewer value promotions. Jose Gil, the CEO of Burger King's parent company Restaurant Brands International, claimed that the Impossible Whopper was "an important sales driver. . . . The product clearly resonates with our guests, . . . and we plan to invest behind our leadership in the fast-growing plant based segment."[77] Burger King seemed to have kept its promise. In April 2021, after a trial in Ontario, the company rolled out its Impossible Whopper nationwide across Canada,[78] and it was experimenting with a potential Impossible Sausage menu item.[79]

Carl's Jr. and Hardee's Restaurants LLC (Hardee's)

With the 2018 introduction of the Beyond Famous Star Burger, Carl's Jr. was one of the first fast casual restaurant companies to feature plant-based products on its menu. The new product was very successful. Carl's Jr. sold over 6.7 million of the Beyond Famous Star Burger in its first year on the menu, making it one of the most successful product launches for Beyond Meat.[80] In October 2019, Carl's Jr. announced a second plant-based item, the Beyond BBQ Cheeseburger,[81] and in December 2019, it was followed by the Beyond Sausage Burrito and the Beyond Sausage Egg & Cheese Biscuit. That same month, competitor Hardee's announced the introduction of the Beyond Sausage Burrito, the Beyond Sausage Biscuit, the Beyond Sausage & Egg Biscuit, and the Original Beyond Thickburger. Together, Carl's Jr. and Hardee's became the first companies to offer plant-based products for breakfast, lunch, and dinner.[82]

Fatburger Inc.

Fatburger Inc. (Fatburger) was a relatively small fast casual chain that introduced a plant-based hamburger in all its US locations (approximately 70) in 2018. After a successful trial in Los Angeles, California, Fatburger's CEO expressed high expectations that the new product would attract new customers: "I knew from the moment we debuted the Impossible Burger patty in Los Angeles that this was going to do well with our customers—it quickly became one of our best-selling items. . . we're hoping to engage both old and new fans alike with a top notch meat-free option."[83] A successful product launch in the United States led Fatburger to introduce a plant-based hamburger in Singapore[84] and the Impossible Fatburger in Canada.[85]

McDonald's Corporation

In November 2020, McDonald's Corporation (McDonald's) announced that it planned to offer a meatless hamburger called the McPlant using Beyond Meat. The company was excited about the new product's prospects. Ian Borden, the president, international of McDonald's, commented that "McPlant could extend across a line of plant-based products, including hamburgers, chicken substitutes and breakfast sandwiches. . . . We are excited about the opportunity, because we believe we have a proven, delicious tasting product."[86] Despite the announcement in November 2020, McDonald's had already been offering the McPlant hamburger in select Canadian locations in southwestern Ontario earlier in 2020 and in 2019.[87] In 2021, McDonald's was continuing to offer the McPlant in various test markets around the world, including in Sweden until March 15, 2021, and in Denmark until April 12, 2021. McDonald's planned to introduce the product in additional test markets, but it was not clear which areas it would choose. By May 2021, McDonald's had not yet stated if it would permanently feature the McPlant on its menu.[88]

White Castle

White Castle Management Co. (White Castle) was a regional US hamburger restaurant chain that offered a plant-based product on its menu called Impossible Sliders. White Castle offered the product, which was made from heme, across the country in September 2018, after completing a trial run at select locations in April 2018. White Castle was the first restaurant chain to offer a plant-based product nationwide.[89] The Impossible Sliders were a big success. White Castle's CEO Lisa Ingram reported that the product increased market share by 250 per cent for the White Castle locations that featured it.[90] The Impossible Sliders product also won several awards, including Most Unexpected Product, Most Impactful Product, and Best of the Best.[91] According to a reviewer from the website Eater, it was simply "one of the country's best fast-food hamburgers, period."[92] In March 2020, the company announced that it was offering a dairy-free cheese to complement its plant-based slider.[93]

NEXT STEPS FOR SHAKE SHACK

Shake Shack was a fast casual restaurant chain with a strong focus on sustainability and corporate responsibility. However, despite its stated environmental commitments, the production of the company's core product offering—the hamburger—was extremely taxing on the environment. Between 2009 and 2021, several new alternative protein sources had emerged that were much more sustainable and environmentally friendly. Shake Shack's CEO had to consider the idea of shifting the company's product focus away from beef and toward one of the new alternative protein sources, which had already yielded favourable results for several restaurant chains. Was this the right time for Shake Shack to make a change?

ENDNOTES

[1] This case has been written on the basis of published sources only. Consequently, the interpretations and perspectives presented in this case are not necessarily those of Shake Shack or any of its employees.
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