

PORTION BALANCE COALITION: PANERA BREAD CASE STUDY

Major restaurant chain applies both full transparency and “stealth health” approaches to make changes in their menu offerings

SUMMARY

Panera Bread, a major national restaurant chain spanning across 47 states with more than 2,300 locations, has put consumer well-being at the center of its efforts to enhance the customer experience. It serves 10 million+ guests per week with its line of soups, salads, and sandwiches. Two significant investments in the past few years illustrate the chain’s commitment to “raising, serving and eating food that is good and good for you”. In 2017, Panera Bread implemented their “Sweetness for Every Taste” Initiative, introducing six new beverages along a sweetness spectrum with each having at least half the added sugar content compared to traditional soda fountain drinks. To improve transparency and provide consumers greater autonomy in their beverage choices, Panera chose to reveal the added sugar content and calorie count in every self-serve beverage at the point of pour and on cups.

In 2019, Panera re-launched their bakery lineup with adjusted portion sizes and reformulated recipes to improve each item’s nutrient profile. Bakery goods continue to sell well, supporting the merits of this smart, “stealth health” approach.

The process to launch a new beverage line required coordination across the entire network and a substantial capital investment:

Timeline for New Beverage Line



Drivers of Innovation

Customer Needs:

Panera Bread seeks to fulfill its guests’ growing interest in having healthier beverage alternatives without compromising taste. They recognize that, in general, consumers are drinking more water and looking for alternatives to sugar-sweetened beverages.

Product Innovation:

Of the six new beverages, all are made fresh daily; half with no added sugar while the other half are moderately sweetened:

- Unsweetened: iced black tea and plum ginger hibiscus tea.
- Lightly sweetened with fruit juice: prickly pear hibiscus fresca.
- Moderately sweetened: green tea (re-launched with 40% less added sugar than the legacy version); agave lemonade; and blood orange lemonade.

Customer Choice:

Fully sweetened soft drinks are still available and are situated near the “Sweetness for Every Taste” line-up.

The process to re-launch its bakery line was done to improve the nutrition profile and reduce portion sizes:

Timeline of Bakery Items Re-Launch



Drivers of Innovation

Customer Needs:

Guests are desiring new flavor profiles of pastries with a range of treats, from bite-size to sharable portions.

Product Innovation:

The primary innovation was introducing new pastries and flavors, such as the vanilla cinnamon roll. The second goal was to enhance the nutrition profile through rightsizing portion sizes.

Maintaining Value:

Able to deliver changes without having customers feel like they are missing out.

CHALLENGES

Driving craveability and desire for the product without encouraging overindulgence – for example, no deep fried, filled donuts even if they are super craveable for some guests.

Having skilled bakers to bake products fresh daily with consistency across so many locations.



RESULTS & IMPACT

With the re-launch on January 19, 2019, Panera has demonstrated the power of “stealth health”:

- Volume: Smaller portion sizes are imperceptible to the consumer; average weight of products reduced by 12.2 grams.
- Proportionality: Products continue to sell very well, fulfilling guests’ desire for the occasional treat.
- Quality: Energy density reduced while nutrition profile was improved with average calories reduced by 42, fat by 1.5 grams, carbs by 6 grams and total sugars by approximately 3 grams.



Innovation Roles & Components



KEY TAKEAWAYS

Does being a privately held company make it easier to make long-term bets? You bet. Panera Bread made a strategic decision at the top of the organization to have a focus on health and wellness as a way to drive positive changes in the chain's menu offerings. Being able to think about their market share five years from now instead of the next quarter allows for strategic long-term growth decisions.

Panera Bread's formula for meeting and anticipating consumers' preference for better-for-you foods and beverages while dining out:

- 1 Asking consumers what kind of future they want to live in;
- 2 Taking a health, wellness, and flavor perspective when designing new menu offerings;
- 3 Including a focus in the wellness innovation process;
- 4 Setting a target nutrition and portion size consistent with the company's mission; and
- 5 Thinking about the consumer long-term, not just what can drive sales in the short-term.

About the Portion Balance Coalition

The Portion Balance Coalition (PBC) is a multi-sector collaborative whose members have come together to identify, co-create, and implement demand- and supply-side innovations to support a balanced diet.

Georgetown University's Business for Impact at the McDonough School of Business is the coalition's neutral organizer and convener and is anchoring the work using the portion balance framework: volume (quantity), proportionality (variety), and quality (nutrient density). Young adults, ages 20-39, primarily millennials with children, are the design target for the coalition's efforts.

For more information, please visit www.portionbalance.org and/or contact Diane Ty, Senior Project Director, DLT40@georgetown.edu