

Restaurant Research's Benchmark Analysis Report

Panera

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Executive Summary

The Panera Bread bakery-café concept is the largest chain in the fast casual segment as measured by systemwide sales. By providing upscale, healthy fare, Panera is able to nicely distinguish itself from typical QSR while also remaining competitive with casual sit-down players because of its relatively fast service speed. What remains to be seen is how Panera will fare with its premium positioning during the current economic fall-out – especially as the chain has aggressively increased its pricing to keep-up with ingredient cost inflation. However, brand leadership believes that this recession will help debt free Panera to further extend its premium positioning as other stressed competitors are forced towards value. In the end, Panera has decided to focus more on profitability rather than traffic volume as it becomes apparent that this concept is more niche player than mass market participant. In the end, management's thesis is that our current economic condition is less hard on its relatively upscale customers who will not cut back on the "cheap" luxury of a visit to Panera. We believe Panera's strategy represents a gutsy, long-term call which may be worth the short-term pain of keeping its higher price points.

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RR Clients

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Restaurant Research LLC leverages an extensive network of industry players as part of its annual Concept Benchmark Analysis due diligence process for 22 large US restaurant chains. Also, RR tracks store level data for all major chains with system-wide sales in excess of \$1B across all major restaurant segments in order to produce 11 key Industry Data Topic reports. For more information please contact us at info@restaurantresearch.info or 860-274-4962.