

## Updates from the MIC alumni



Customers at some Panera locations can order via a small touch-screen tablet.

## PANERA ON DEMAND

### Panera Bread

The soup-and-sandwich café chain has been rethinking customer service across its 2,000-plus outlets, implementing a series of technology-infused initiatives it calls Panera 2.0. The project drives orders through digital platforms that simplify food prep in the back of the house while expediting the customer experience. And it's paying off: Twenty-four percent of the company's sales are made through in-store kiosks, on the web, or on the Panera app (only the pizza giants

drive more digital business), and 9% of customers opt to order ahead and pick up in a café. Panera's same-store sales growth in 2016 was 4.2%, well above the industry average. "We asked ourselves, 'What's going to be next?'" says CEO Ron Shaich, "and then we made the long-term commitment to build it ourselves."

The company's new big push is in delivery, which it's now rolling out across America. Notably, Panera uses its own cafés to fulfill orders—and hires its own drivers. "We tested with Uber, Postmates, and DoorDash," says president Blaine Hurst, "but we couldn't scale. No one has a national footprint that overlaps with us." The average delivery order is \$22, more than twice that of in-store orders, and Hurst believes it will add around a quarter-million dollars per year

to each store's average annual revenue of \$2.6 million. "Our rapid pickup service, delivery, catering, and Panera at Home [ready-to-eat meals sold in grocery stores] all have the potential to be \$1 billion-plus runways for us," says Shaich. The platforms also help Panera improve its "desire-to-friction ratio," a metric Shaich obsesses over. "We're winning at friction reduction," says Hurst. "But to really win you have to drive desire." —David Lidsky

**MILESTONES** In January, Panera achieved its goal of a 100% "clean" menu, with no artificial preservatives, flavors, or colors.

**CHALLENGES** Although it ranks first among chain restaurants for customer loyalty, Panera still lacks urban cachet, per YouGov BrandIndex.

**BUZZ** ↑