Restaurant Research®

Concept Analysis & Benchmark Report

Panera Bread 2024

Executive Summary

Panera is the 2nd largest fast casual player that is well known for its healthful "food that tastes good & is good for you" positioning, augmented by a "3rd place" oasis atmosphere (beyond home & workplace). Its bakery-cafe format features bakers that use simple ingredients and hot ovens to bake bread fresh every day. The chain's leading-edge digital ordering platform includes Rapid Pick-Up, curbside pick-up, in-store kiosks, app order from my table, delivery & catering. MyPanera is the industry's largest loyalty program, driving half of its transactions and its unique unlimited Sip Club also drives substantial mix by providing subscribers with access to all 26 of its drink options for $11.99/month. Everyday value is represented by its popular You Pick Two platform that allows guests to combine 2 entree orders of half-sized portions and its $6.99 Value Duets. Sales growth tailwinds include: menu positioning around unique, healthful & artisan; strength in digital & off-premise; relatively high frequency from loyalty & Sip Club members; brand orientation towards a wealthier demo which is more resilient to economic downturns; large group orders; and a return to the office (helping lunch orders). Notably, a strong AUV outperformance drives a unit-level EBITDAR dollar value that exceeds the segment average. Having said all this, Panera has a way to go to reclaim its peak market share achieved during 2016 and the chain's positioning is challenged by strong competition from fast casual, QSR+, casual and “better food" restaurants with cutting-edge culinary trends. Also, Panera's relatively high menu prices may be acceptable to its core customers, but act as a deterrent to value seeking consumers at the margin. Further, despite its higher price points, the chain remains challenged to increase its average check and overall frequency. In conclusion, while Panera is well positioned for the long-term with a healthy halo and digital strength, intermediate-term results may be tempered by the need for more value in a difficult economy and the need for a higher level of labor efficiency to support store-level profitability.

Parent Company Summary

Parent Company	Ticker	Corp. Debt Rating	Net Debt [(1)]/ EBITDA	EV/ EBITDA	Stock Performance		
					2023	TTM	Jan-24
Panera Bread Company	Private	Not Rated	N/a	N/a	N/a	N/a	
$1B+ Chains			5.49	15.52	21.1%	3.9%	

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