



PANERA BREAD COMPANY

Restaurant chain proactively removes additives with goal of offering fast, casual and “clean” food

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Summary

In June 2014, Panera released an expanded food policy that publicly committed the company to serve food they describe as ‘clean’ by doing the following by the end of 2016:

1. Reformulate its products, focusing on using only essential ingredients.
2. Ban more than 150 artificial additives such as flavors, sweeteners, preservatives, and colors from artificial sources.
3. Provide a transparent menu that discloses ingredient and nutrition information.

In May 2015, Panera released its ‘No No List’ of prohibited food additives and noted that 85% of its ingredients were already reformulated to remove these substances or were being tested for customer satisfaction. In August 2015, Panera expanded its efforts to include a new line-up of bottled beverages. In April 2016, Panera extended its commitment to remove

those additives from its “Panera at Home” packaged-food line by the end of 2016.

Panera’s policy and approach demonstrate its ongoing leadership in offering simpler, cleaner food to customers. They also align with EDF’s Behind the Label initiative, which identifies five key areas where companies can lead in safer chemical practices: institutional commitment, supply chain transparency, informing consumers, public commitment and product design.

About the Company

Panera Bread Company (Panera) is a chain of bakery/cafe fast casual restaurants based in St. Louis, Missouri. Panera was founded on the belief that “quick food could be quality food.” With over 2,000 restaurants in the United States and Canada, Panera’s aspiration is to serve “Food as it should be.”

Context

When Panera set its original 1987 goal of baking bread from fresh dough every day, artificial preservatives were not yet viewed as a key concern by the business community.¹ Since then, the market has changed. Consumer skepticism and worry about chemicals in food have grown to unprecedented levels.^{2,3} Scientific concerns include the pervasiveness of colors from artificial sources and their effect on children's behavior;⁴ a number of authoritative bodies have declared some artificial flavors to be known or suspected carcinogens.⁵ The use of phthalates and bisphenol-A has also been rethought due to their impact on children's health.^{6,7} These are just a few examples of questionable chemicals currently found in food, either through deliberate addition or contact with processing equipment or packaging that can leach these substances. There are hundreds – if not thousands – of additives in use for which no safety data is available.⁸

Motivation

Panera's institutional commitment to fresh bakery goods with simple ingredients in the late 1980s evolved to become its 2014 'Clean Food' Policy. According to Panera, the policy is rooted in its twin goals of 1) serving food that its team would want to feed their own families and 2) offering full transparency to patrons so they have confidence in what they eat at Panera. While consumer pressures, pending FDA action on food, and public health concerns were also considerations, customer satisfaction is the primary driver behind Panera's changes. Ten years prior, when antibiotic use in meat wasn't a common concern for consumers, Panera switched to chicken raised without antibiotics, despite increased cost. The reason – taste preferences.

Leveraging Suppliers

Supplier collaboration on ingredient research, reformulations and cost reductions proved crucial to Panera's success. When Panera switched to chickens raised without antibiotics, it found supply chain corporate partners willing to support the shift. These suppliers became more attuned to animal welfare issues to ensure compliance with Panera policies. Beyond antibiotic usage, Panera relies on suppliers who are willing to share knowledge and best practices with each other. One company found that a rosemary extract preservative used in some salad dressings may also work for their sandwich sauces.

In contrast to other food makers that targeted select additives, Panera looked at every ingredient it used, questioned whether each was essential to the food they sold, and targeted for

removal those that were not. Panera also identified more than 150 ingredients for its 'No No List,' primarily artificial flavors, sweeteners, preservatives, and colors from artificial sources. The company then began to 'un-engineer' its food to simplify and conform to the list.

Panera's Greek salad dressing is one such reformulated product. Organic guar gum and organic gum acacia replaced the emulsifiers polysorbate 60 and propylene glycol alginate – two 'No No List' items. A new blend of flavors – containing dehydrated tarragon, oregano, parsley, rosemary, thyme and bay leaves – replaced one produced from hydrolyzed corn and soy protein and undisclosed spices. The reformulation and refrigeration also made the preservative calcium disodium EDTA unnecessary.

Rethinking Greek Salad Dressing

Original Ingredients: soybean oil, water, olive oil, distilled and cider vinegar, salt, contains less than 2% sauterne wine, spices, corn starch-modified, dehydrated garlic, hydrolyzed soy and corn protein, lemon juice concentrate, xanthan gum, propylene glycol alginate, polysorbate 60, calcium disodium EDTA added to protect flavor

Revised Ingredients: soybean oil, water, distilled vinegar, olive pomace oil, cider vinegar, salt, organic gum blend [organic gum acacia and organic guar gum], xanthan gum, dehydrated garlic, black pepper, lemon juice concentrate, dehydrated tarragon, dehydrated oregano, citric acid, dehydrated parsley, dehydrated rosemary, dehydrated thyme, dehydrated bay leaves

Results

Panera published its food policy and communicated the process it follows to accomplish its goals, shares its progress, and updates the 'No No list' as needed to reflect the status of ingredients in its food. Panera also makes its ingredient information available in-store and on its mobile app, and 'clean' menu items are highlighted in marketing materials.

Panera has taken action on 90% of its ingredients, which must now meet both Panera's clean criteria and customer expectations. The balance is set for completion by end of 2016. However, challenges remain. While reformulated pumpkin spice latte syrups and a new line of bottled beverages have been rolled out, acceptable reformulations of fountain sodas remain elusive. Some ingredients, like pepperoncini or shelf-stable pastry cream without added colors or preservatives, may prove impossible to replace with currently available options and be removed from the menu.

Business Impact

To date, Panera has seen only one of their hundreds of supply chain partners walk away, while suppliers now adept on issues such as animal welfare and product reformulation are seeing their own businesses strengthen. As these changes have rolled out, Panera has received positive feedback from guests on both the food itself and the increased transparency. From a financial standpoint, Panera claims that “simpler food doesn’t always cost more” finding some reformulations resulted in savings and others required investment.

In July 2016, Panera Chairman and CEO Ron Shaich said “Our strong Q2 results reinforce the fact that our strategy is working and our initiatives are performing. Panera is becoming a better competitive alternative with expanded runways for growth. At a time when other restaurant companies are feeling the impact of a slowing consumer environment, we are maintaining our momentum.”

Since Panera launched its program in June 2014, more than a dozen major food manufacturers and restaurants have also made public commitments to reduce or eliminate artificial flavors and colors from their brands. In 2015, Fast Company listed Panera as the most innovative company in food.



¹ We are Panera Bread. <https://www.panerabread.com/en-us/our-beliefs/who-we-are.html> ² International Food Information Council Foundation, “Food Decision 2016. Food & Health Survey.” 2016. http://www.foodinsight.org/sites/default/files/2016-Food-and-Health-Survey-Report_FINAL1.pdf ³ Making Food Additives Safer. www.edf.org/saferfood ⁴ Amounts of Artificial Food Colors in Commonly Consumed Beverages and Potential Behavioral Implications for Consumption in Children. *Clinical Pediatrics* 2014, 53: 133–140 ⁵ National Toxicology Program. Technical Report on the Toxicology and Carcinogenesis Studies of Pyridine (2000) and Benzophenone (2006). ⁶ Persistent association between maternal prenatal exposure to phthalates on child IQ at age 4 years. *PLOS One* 2014, 9(12) ⁷ Further limiting bisphenol A in food uses could provide health and economic benefits. *Health Affairs* 2014, 33:316-323 ⁸ Data gaps in toxicity testing of chemicals allowed in food in the United States. *Reproductive Toxicology* 2013, 42: 85–94