

Menus should define concepts

I was CEO of Panera Bread for more than two decades. Every single day, without fail, I received a telephone call, a letter, an e-mail, a voicemail, a proposal — heck, even a postcard or two — from someone giving me their opinion on how to improve Panera’s menu.

Customers, associates, board members, franchisees, vendors, my friends, my wife’s friends, my sister-in-law, my barber, my mailman. You name the person, they had a suggestion.

I’d categorize the suggestions into two main buckets. The first bucket included those who wanted to see new items added to the menu. The second bucket included those who suggested ways to “optimize” the menu.

Those who wanted us to add new items would invariably comment, “If you have X, why can’t you have Y? It’s a natural for Panera. It would definitely sell!”

Those who wanted us to optimize the menu — a euphemism for making it “more efficient” — would ask, “Why not make the menu simpler for the customer to understand and easier for the operator to execute? Heck, Panera will make more money, right?”

Aren’t both sensible approaches to menu management? Not in my opinion.

Let me explain why. I’ll start by addressing the first issue: indiscriminately adding items to the menu. This is what I like to call product proliferation.

Many of you will likely relate to the type of restaurant I’m about to describe. There is a place down the street from my house that started out as a pizza shop. In the few years that it has been open, the owners have added sandwiches, salads, gyros, iced tea, bubble tea, smoothies and even soft-serve frozen yogurt.

The result? Sales kept going down.

The problem is that this restaurant attempted to use “willy-nilly” menu expansion to drive sales and over time stood for nothing. They didn’t “own” any category and ended up without

any credibility. Indeed, menu proliferation gives customers the cue that you’re not really good at anything. This ultimately causes the concept to die a slow death.

And let me tell you something: Misguided product proliferation doesn’t just happen to the little guy scrambling to survive. Think about how menu evolution often plays out at larger chains in our industry.

Here is an example. Back in the late 1990s, a little wrap cafe called World Wraps opened with great fanfare on Capitol Hill in Seattle. Six months later, after a cover story in Nation’s Restaurant News, everybody and their brother rolled out wraps. Why? Because everyone else was doing it.

Today, World Wraps is essentially gone, and wraps have disappeared from most menus.

More recently, we’ve seen the same thing happen with snacks, premium drinks, espresso drinks and breakfast sandwiches across our industry. Will those products last? Unless they support the competitive positioning of each of the concepts that adds them, they won’t.

In my mind, this is menu proliferation of the worst kind — mindless, reactionary copycatting. If one concept does something, everybody feels the need to jump onboard.

Ultimately, this adds little value to any business.

On the flip side, I often receive well-meaning suggestions to improve the menu by “optimizing it” and making it easier to execute.

I can think of many concepts that drove simplicity, but forgot to be special — concepts that focused on improving operational efficiency and ended up as an easy place to run with no real reason for existence.

For example, there was a time when a certain cookie concept was hot ... very hot. It dominated the malls, quickly went pub-



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lic, and was the talk of the industry. The concept’s formula was rooted in cookies prepared in small batches from fresh dough, served hot. Even I’d agree that they really were worth walking across the mall to get one.

Then along came the “suits” who thought frozen dough was “easier to execute.” Indeed, they asked, “Why not bake in larger batches?” Taking cost out certainly is a seductive prospect. Frozen dough is more efficient. Faster invento-

when it actually diminishes your competitive advantage? I say no.

Ultimately, my argument is that both tactics — product proliferation and optimization — as simply ends in and of themselves are paths to failure.

Neither tactic takes into account how and why people win in this business. Concepts don’t win by being everything to everyone, and they don’t win by being the easiest to operate. Rather, concepts succeed by being the best competitive alternative for a specific target customer.

I’d argue that you must take a strategic and contrarian approach to menu management. Rather than succumbing to

lining a difficult strategy, but think about the many companies that have done this well: Peet’s, Chipotle, Panera, Chick-fil-A, In-N-Out Burger, Carl’s Jr., Houston’s, Olive Garden and Red Lobster, to name just a few. Each of these concepts has succeeded by executing a menu management strategy rooted in their understanding of their position in the marketplace and their reason for being. And that reason for being didn’t change with the season.

Menu management is one of your most strategic weapons if you aim it properly. I encourage you to take a contrarian approach and use your menu



ry turns must lead to less waste and more profit, right?

Sure, these changes made the stores easier to operate and produced more profit in the short term, but they also compromised the chain’s competitive advantage and ultimately left the chain practically irrelevant. Where is that cookie store chain today? Essentially gone.

In the end, does simple matter

product proliferation or optimization, think about how to best use your menu to drive competitive advantage. Focus on staking out a position in the marketplace that’s defensible, sustainable and big enough to support you. Aim to create an establishment that is truly the best at some things, rather than second-best at everything.

It may sound like I’m out-

to define and defend your concept’s long-term competitive position. ■

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