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What Panera Had to Change to Make Its Menu ‘Clean’

CEO Ron Shaich says the chain reformulated 122 of 450 ingredients to eliminate man-made preservatives, sweeteners, colors and flavors



‘We had to break down each ingredient,’ says Panera CEO Ron Shaich of the company’s move to a ‘clean’ menu. ‘You have to go back all the way to the source.’ *PHOTO: DAVID ELMES*

BY JULIE JARGON

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Panera Bread Co. last month made good on a promise it made two years ago, saying its food is now free of man-made preservatives, sweeteners, colors and flavors.

The 2,000-unit bakery chain, which has been working for a decade to eliminate artificial additives from menu items, in 2015 released a “no no” list of more than 96 ingredients that it vowed to either remove from or never use in food. The chain’s conversion to a “clean” menu is now complete, affecting everything from its salad dressings to coffee drinks.

The journey, however, has been fraught with recipe challenges, additional training for employees, and educating customers about just what “clean” means amid an environment of competing claims and a lack of government standards.

In an interview, Panera founder, Chief Executive and Chairman Ron Shaich laid out the challenges of sourcing, making and marketing food free of artificial ingredients. Edited excerpts follow.

Fixing the system

WSJ: *What made you decide to change your menu to be free of all unnatural additives?*

MR. SHAICH: We wanted to be part of fixing the food system. In the '60s and '70s all these additives were put in food for good reason—to extend the shelf life of products for distribution purposes and to drive better economics. But then you realize maybe all of these things aren't so good.

WSJ: *What kind of supply-chain challenges did this pose?*

MR. SHAICH: We had to break down each ingredient, and in many cases that meant questioning not only our supplier but our supplier's supplier. You have to go back all the way to the source, sometimes as far back as the field. We had a team of 10 people working on this, some for a decade. Many new ingredients had a shorter shelf life, which meant intensifying food safety.

WSJ: *You revised your popular broccoli cheddar soup 60 times to remove artificial ingredients without losing the taste and texture. Why was it so difficult?*

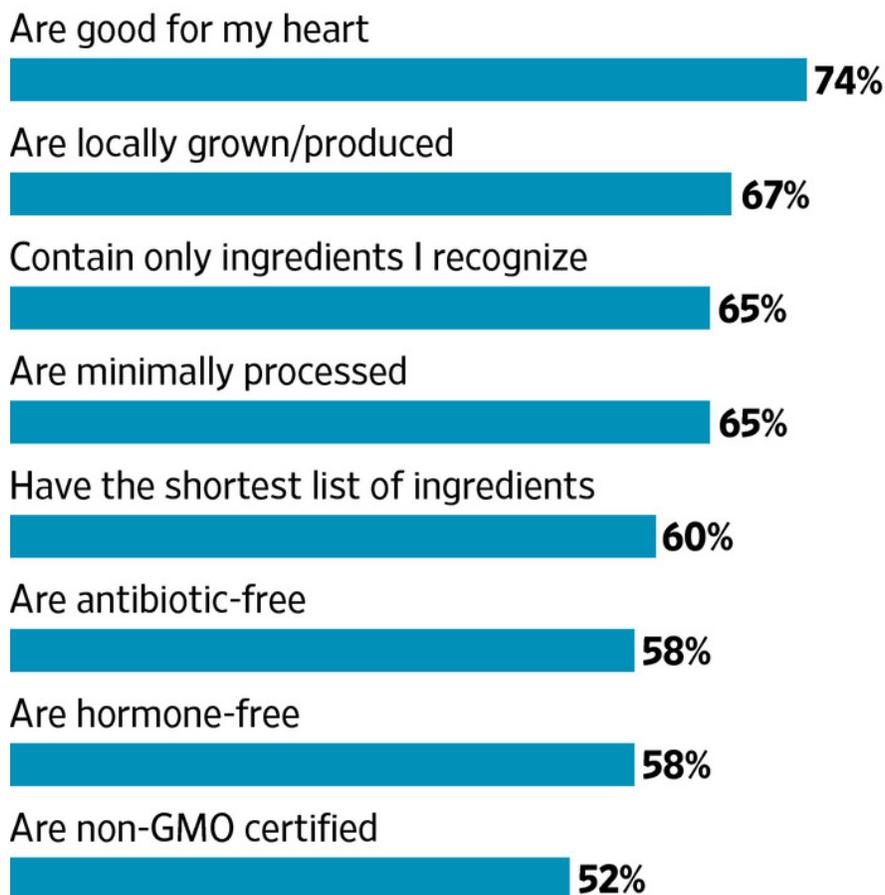
MR. SHAICH: It was about finding the right balance of milk, cream and emulsifiers, like a Dijon mustard, to give it a creamy rich texture. The soup's velvety texture came partly from the sodium phosphate, so it was difficult to maintain that creaminess without adding new emulsifiers. We had to create a new cheddar cheese and a new Dijon mustard with unpreserved vinegar instead of a preserved wine.

WSJ: *How many menu items had to be reformulated?*

MR. SHAICH: Every menu item was touched in some way, which meant that 122 of our ingredients out of 450 had to be reformulated.

Healthy Choice

The percentage of surveyed consumers saying they look for foods and beverages that:



Note: Figures are those answering "Describes me well" or "Describes me somewhat" for each category.

Source: Hartman Group Health and Wellness online survey of 1,562 U.S. adults, May 2015

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WSJ: *How much did the whole effort cost?*

MR. SHAICH: We haven't given a number, but we were able to do this without a significant material impact to profit. In many cases, a preservative was adding cost, so some of that counterbalanced the bigger expenses, like removing nitrates and nitrites from deli meat. We got

more efficient, like using the whole pork belly. We use the broken pieces as bacon bits to top our salads.

WSJ: *Have you raised menu prices?*

MR. SHAICH: Only on certain items, like our turkey. Generally we have attempted to do this without [raising prices]. Overall menu prices haven't gone up more than inflation.

WSJ: *Do consumers really base their dining decisions on who offers food free of artificial ingredients?*

MR. SHAICH: To some people, this is a really big deal, but not to everyone. More broadly, it's like a Good Housekeeping seal of approval. When you walk into a Panera, you can trust the food.

Defining 'clean'

WSJ: *"Clean" has become a food-industry buzzword, much as the term "natural" once was slapped on all kinds of products, resulting in lawsuits. How do you make sure it means something to customers?*

MR. SHAICH: We're being very clear in what that means for us. It means zero artificial flavors, preservatives, sweeteners or colors from non-naturally occurring sources in any food in our restaurants in the U.S. Period.

WSJ: *You publicly criticized McDonald's for marketing its Chicken McNuggets as preservative-free. Why did you call them out?*

MR. SHAICH: I saw their commercial during the Olympics saying their McNuggets are preservative-free, but kids will dunk it in sauces laced with preservatives. That's wrong. I have never pushed on a competitor. It isn't part of our public-relations program. But as a parent, I'm offended when people are trying to pretend to be something they're not, so it was very much a personal statement. [A McDonald's spokeswoman says, "We are proud of the number of changes we have made to our food, including the removal of artificial preservatives from Chicken McNuggets, high-fructose corn syrup from our buns and now only serving chicken free of antibiotics important to human medicine. These quality improvements touch ingredients in nearly half of the food on our menu."]

WSJ: *Does declaring yourself virtuous make you a target for critics?*

MR. SHAICH: We aren't on a campaign to make everyone look bad. We're doing what we do because it's the right thing to do and because it matters to our guests. Taking a leadership role in anything opens yourself to criticism.

WSJ: *Where is the restaurant industry headed, and how does Panera's "clean" push fit into that?*

MR. SHAICH: We believe guests are looking for a more personalized experience with real food options that they can trust. That means understanding where ingredients in food come from. Our 100% clean-food initiative was just one of many steps to meet the growing demand for greater transparency.

WSJ: *How much employee training have you had to do?*

MR. SHAICH: We've completely changed our training programs and procedures. Employees now have to make the salad dressing instead of opening a bottle.

WSJ: *Many of your menu items are still high in calories. Do you have plans to offer more healthy choices?*

MR. SHAICH: That's a generalization. There are items that are high in calories, fat and sugar and items that are low in sugar and nutrient-dense. What is clear is that consumers know a calorie isn't a calorie. There are good fats and bad fats and good proteins and bad ones. We're moving toward more lean meats and increasing the number of plant-based alternatives and generally trying to move to less-processed foods.

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