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Panera CEO Says Rivals Should Clean Up Their Kids' Meals

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Bakery-cafe chain wants to spark a dialogue and encourage change.

Panera Bread chairman and CEO Ron Shaich is always passionate when talking about food, especially his mission to create a menu that he believes can offer healthy fare that diners can trust. But as the parent of two children, Shaich is especially ardent as he vows to ensure the kids' menu at Panera is stocked with "clean" ingredients and devoid of marketing gimmicks.

On Thursday, Panera is issuing a challenge to the company's restaurant and food manufacturing peers and rivals to improve the food they serve to kids. The bakery cafe operator has issued a "Kids

Meal Promise,” which includes five tenets that Panera is promising to adhere to. Those include: 1) No artificial flavors, preservatives, sweeteners, or colors; 2) no marketing gimmicks including toys or even toy-shaped food; and 3) Panera won’t encourage kids to drink a sugary beverage like some of the chain’s rivals. “Water first, then the option of adding organic milk or 100% juice,” the chain says.

“We are simply challenging our industry relative to kids’ meals,” Shaich told Fortune in an interview ahead of the announcement. “If there is anything that should be free of artificial flavors, colors, and preservatives, it should be kids’ meals.”

Sara Burnett, director of food and wellness at Panera, told Fortune the restaurant chain doesn’t want to lure kids in with toys or french fries and a soda. “Something that’s important to me is talking about how do we get kids to eat the same food as adults, just in kid-sized portion,” Burnett said. At Panera, which has had a menu for kids for roughly a decade, the overall line will be “clean” and adhere to Panera’s “No No List” of ingredients by this September when the fall menu launches.

Panera has been very vocal for many years about the company’s industry-leading position as a quick mover on making the chain’s menu more “clean” over the years. It was notably the first national restaurant company to voluntarily add calories to its menu boards in 2010. Subsequent updates have included a promise to only use “clean” ingredients at the company’s bakery-cafes, applying that change to Panera’s retail line, and making a transition to its soups as well.

The changes are public because Panera says it believes customers should be aware of what is in their food (and what isn't). It is all part of a broader food policy that was formalized in 2014 to promote clean ingredients and transparency. The message is resonating with diners: Panera has been outperforming rivals and investors are lauding the chain by sending the stock to all-time highs this year.

While Panera has been at this menu reformulation for years, Shaich takes issue with some rivals—he called out McDonald's and Subway specifically—for removing a single ingredient from their menus and trying to make a big, bold statement that they are serving healthier foods too.

“McDonald's is doing this ad where they are talking about the chicken nuggets and how it now has no preservatives in it,” says Shaich, calling out recent news the fast-food giant has generated on that front. But Shaich asks: What else is left in those McNuggets and what ingredients are in the sauces that come with the chicken (for the record, he says those sauces include problematic sugars, flavors, and colors).

“We've never talked directly about peers,” Shaich said. “Anyone that wants to do this right and comprehensively, we salute and we applaud. Folks that are trying to take one ingredient and trying to draw broad generalizations about their whole menu, we think its wrong. And particularly about kids' meals.”

Some of the broad stance Panera is taking can create a bit of tension with key partners in the food and beverage world. Take the chain's relationship with PepsiCo, for example. It could be problematic from a certain perspective to vow to not encourage kids to drink Pepsi's line of sodas. But Panera says that beverages have never been paired with the company's menu items, and it ultimately wants to continue to avoid the "entrée, fry, and soda" model that others sell to kids.

Shaich says much of his food journey starts with personal thoughts about his own family. He asks himself what he would want to serve his own kids before looking outward at broader trends in the food world. After making some generalizations, he and his team then do their own internal research.

What Shaich believes he sees in the market—and many agree with him—is that there's great distrust in Big Food brands and an appetite for disruption, which comes in the form of startups and newer restaurant concepts. "People want food that they trust. They want simpler food," he says.

And that includes parents.

"What we are trying to say to parents is, 'Hey, we are going to give you an alternative to treat your kids to good food, food you can feel good about, that's nutritious and healthy,'" Shaich said.