Panera Bread Company

Name of the Writer

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Panera Bread Company

**Summary of the Case**

By the spring of 2016, the Panera Bread Company was considered to be a leading entity in the fast-casual part of the restaurant industry. Being a leader in such a segment of the restaurant industry meant that they were a nick above fast food restaurants such as Mc Donald's, because of good service, high-quality food, a better menu selection and limited to no table service. Panera had an average of 7.8 million customers coming through their doors in their franchises and produced more specialty bread daily than any other bakery café in the USA. In the year 2006 Panera decided to expand its workings and wanted to increase its locations to 2000 by 2010. Under the Great Recession, the company saw a fall in its working but afterward, they saw a modest boost in their earnings. This boost gave the top executives the confidence to pursue their expansion strategy again and till 2016 they opened several franchised units. By the start of 2016, the company's top management had expressed confidence that the company had done well and the workings taken under the strategic initiatives will bore fruit ahead of schedule (Thompson, et al, 2015).

**SWOT Analysis**

**Strength**

Panera Bread Company has a number of strengths that they could pursue to increase their profitability. They are a very well-known brand in the USA and Canada. They have a high demand due to good quality and fresh food. It has a prominent presence due to its large number of locations in both USA and Canada. Also, they have a strong distribution network and a good supply chain.

**Weaknesses**

Other than its considerable strengths, Panera Bread has numerous weaknesses. These involve a slower rate of growth over the years from 2013-2015. They have so many outlets and franchises that management is becoming a tough task. Also, they are focusing too much on technology distracting them from their core.

**Opportunities**

Panera Bread Company has the opportunity to take advantage of the low inflation rates within its countries of operation and will provide more stability for the business. Also, Panera Bread Company can take advantage of the new trends in consumer behavior and increase its revenue streams. Its focus on technology can also help in promoting a differentiated form of pricing strategy. This will lead them to retain existing loyal customers and lure more customers.

**Threats**

The new Paris Agreement of 2016, could become a threat to Panera Bread Company and their existing product categories. Low-quality imitations of its products can become a huge threat for Panera Bread Company. As Panera Bread is working in numerous countries, currency fluctuation can adversely affect its profits. Panera Bread faces a threat in the form of tough competition from companies such as Buffalo wings, Starbucks, Mexican Grill, and Chipotle.

**Financial Analysis**

**Liquidity Ratio**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Debt to Equity Ratio** | **2015** | **2014** | **2013** | **2012** | **2011** |
| 1.32 | 0.89 | 0.25 | 0.21 | 0.56 |

Over the years it can be seen that the company’s debt to equity ratio has been increasing but even then the company is still within the desired level of ratio. This means the company does not rely too heavily on debt to finance its operations.

**Profitability Ratio**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Net Profit Margin** | **2015** | **2014** | **2013** | **2012** | **2011** |
| 5.57% | 7.08% | 8.23% | 8.14% | 7.46% |

From the period 2011 to 2015, the company’s profitability has seen a variety of ups and downs. This could be accredited to the changing external conditions that the company has faced over the years.

**Efficiency Ratio**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asset Turnover Ratio** | **2015** | **2014** | **2013** | **2012** | **2011** |
| 1.60 | 1.60 | 1.79 | 1.48 | 1.55 |

Panera Bread Company has had a good and positive asset turnover ratio over the years. This references the fact that the company is generating more revenue per dollar on the assets.

**Strategic Issues and Challenges**

In order to achieve its strategic objectives, Panera Bread Company will have to face certain strategic issues and challenges in certain areas. In product offering, an understanding of the freshness of products and ingredients of their company should be made to be understood by their customers and stockholders. Well trained chefs and staff need to be employed. Also, innovation and change needs to be brought about in their menu selection. It will be harder for them to provide high-quality food at a very low cost without taking a hit on their bottom line. So they will have to keep a balance between sacrificing cost and sacrificing quality. This is because this will give it a stronghold on the financial and consumer base. They also would need to develop brand awareness using the experiences of their customers. They can also mold their marketing strategy in such a way that makes Panera Bread and all day food operation rather than a breakfast, lunch and dinner type of restaurant (Krimpenfort, 2016). For every new site selection, they need to develop a team to research the demographics of the customer base present in the area. They should also work on improving the environment of their customers and should promulgate their phrase “Panera Warmth” (Eckhardt & Dobscha, 2018).

**Strategic Plan**

Panera Bread Company has put forward a number of strategic intents that it wants to fulfill over the next years. Its strategic plan involves making available great bread to all its customers and consumers across the USA. This will be done by creating a café that would be anchored by an artisan bakery providing fresh dough. A wide variety of menu selection with quick service would also be imperative. Their strategy also involves increasing their number of stores and locations across the USA and focusing heavily on the Product, Environment and Great service at each of their locations. This all culminates into making Panera Bread a household name around the country (Panda, et al, 2018).

**References**

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