Breakfast Sandwich. New chili offerings were in the planning stages. During this time Shaich had also been busy tweaking things he wanted Panera to do better, such as improving the freshness of Panera's lettuce by cutting the time from field to plate in half. He also improved the freshness of the company's breads by opting to bake all day long, not just in the early morning hours. Panera's changes and improvements were all designed to build competitive advantage by strengthening value. Value, according to the company, meant offering guests an even better "total experience."

In 2008, Panera introduced the antithesis to the microwaved, processed breakfast sandwich, by introducing a made-to-order grilled breakfast sandwich. The new line of breakfast sandwiches were made fresh daily with quality ingredients—a combination of all-natural eggs, Vermont white cheddar cheese, Applewood-smoked bacon or all natural sausage, grilled between two slices of fresh baked ciabatta. Many of the company's competitors had also moved to more protein-based breakfast sandwich offerings because of the growth opportunities in this segment of the market. In order to be competitive, Panera needed to be different.

Not all of Panera's menu innovations had been successful with customers or had added much to the bottom line. Panera redesigned its menu boards in 2009 to draw the customers' eyes toward meals with higher margins, like the soup and salad combo, rather than pricier items, like a strawberry poppy-seed salad, that did not bring as much to the bottom line. The Crispani pizza was discontinued in 2008 after it failed to drive business during evening hours.

To improve margins, Panera was able to anticipate and react to changes in food and supply costs including, among other things, fuel, proteins, dairy, wheat, tuna, and cream cheese costs through increased menu prices and to use its strength at purchasing to limit cost inflation in efforts to drive gross profit per transaction.

Panera believe in being transparent with regard to the ingredients it used. They were one of the first restaurants to serve antibiotic-free chicken even though it was more expensive. Panera chose to be ahead of the curve again when it announced in early 2010 that it would post calorie information on all systemwide bakery-café menu boards by the end of 2010. Panera had for a number of years provided a nutritional calculator on its website so customers could find nutritional information for individual products or build a meal according to their dietetic specifications. Recognizing the health risks associated with transfats, Panera had completely removed all transfat from its menu by 2006.[72] Panera also offered a wide range of organic food products including cookies, milk, and yogurt, which were incorporated into the company's children's menu, Panera Kids, in 2006. Because of its healthy choices, Panera was named "One of the 10 Best Fast-Casual Family Restaurants" by *Parents* magazine in its July 2009 issue.[73]

Site Selection and Company-Owned Bakery-Cafés[74]

As of December 29, 2009, the company-owned bakery-café segment consisted of 585 company-owned bakery-cafés, all located in the United States. During 2009, Panera focused on using its cash to build new high-ROI bakery-cafés and executed a disciplined development process that took advantage of the recession to drive down costs while selecting locations that delivered strong sales volume. In 2009, Panera believed the best use of its capital was to invest in its core business, either through the development of new bakery-cafés or through the acquisition of existing bakery-cafés from franchisees or other similar restaurant or bakery-café concepts, such as the acquisition of Paradise Bakery & Café Inc.

All company-owned bakery-cafés were in leased premises. Lease terms were typically 10 years with one, two, or three 5-year renewal option periods thereafter. Leases typically had charges for a proportionate share of building and common area operating expenses and real estate taxes, and a contingent percentage rent based on sales above a stipulated sales level. Because Panera was considered desirable as a tenant due to its profitable balance sheet and