

Au Bon Pain trying out a new recipe for its stores

Seeing loss in market share to Panera Bread and other rivals, bakery chain spending big to revamp outlets nationwide

By [Jenn Abelson](#)

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It's lunchtime at the remodeled Au Bon Pain on Boylston Street in the Back Bay, where the staff is taking orders with iPads, serving free samples of bruschetta, and cooking a new line of toasted sandwiches for crowds of customers.

This nearly million-dollar makeover has resulted in a brighter ambience, expanded product offerings, and a better bottom line. Company officials say sales have increased double-digits since the remodel three months ago.

The success here and at several other dramatically revamped shops has given executives at the Boston bakery chain the confidence to introduce this new look to its entire 300-plus store chain and to speed up its store openings over the next several years.

By August, Au Bon Pain expects to have 26 new cafes, and at least two dozen more are planned in 2012. Au Bon Pain, which for years has lagged behind fast-growing rivals like Panera Bread, is seeking to bring this concept across the country, including new markets in Sacramento, Nashville, and Cincinnati.

"We're taking the customer experience to the next level," said Sue Morelli, Au Bon Pain's chief executive, as she dug into a cup of her new favorite soup, Tuscan White Bean, at the Boylston Street shop. "The response we've been getting to our new prototype has validated our decision to accelerate our growth, including by going to new markets nationally."

Restaurant analysts say it makes sense for Au Bon Pain to step up its efforts and capture a larger share of the growing bakery market. The bakery cafe category increased about 2.9 percent between 2009 and 2010, while Au Bon Pain had flat sales, according to Ron Paul, president of Technomic. Panera, meanwhile, was up 4.3 percent.

"Au Bon Pain hasn't really been keeping pace with the growth of the category," Dennis Lombardi, executive vice president of foodservice strategies at WD Partners, a restaurant consulting business. "The brand will benefit immensely from a store that is not only more attractive to the customer, but also makes a fair profit."

Au Bon Pain, which has a mix of company-owned and franchise locations, said recent makeovers in Harvard Square, on State Street, and on Boylston Street each cost \$500,000 to \$1 million. But the company also has plans for scaled-back versions that require less capital.

The newly remodeled stores feature colorful greens and yellows and signs promoting the use of antibiotic-free turkey and cage-free eggs. The soup station, an awkward focal point in its other cafes, is now tucked

in a corner. Nearby, an expanded “Grab and Go” section offers a vast array of sandwiches, salads, and wraps and a new smaller-size cup of soup.

Employees — wearing new uniforms emblazoned with the words “Custom Made Fresh” — take orders on iPads at the sandwich counter, now the centerpiece of the cafe.

Au Bon Pain has also added 10 new ingredients, including edamame and beets, to its make-your-own salad program for a total of 37 choices. Cupcakes — also a new item — are prominently displayed under glass cake plates near the registers and along the wall with other baked goods.

“This is catering to the iGeneration that is all about ‘How do I get it my way?’ ” Morelli said. “It’s more in tune with what people care about. And it makes the cafe easier to shop for time-constrained but discerning customers.”

The chain held 50 hours of focus groups in the last year to get feedback on the makeover and continues to tweak the concept.

Jane Lydon, a lunch regular at the Boylston Street location, is already pleased with the results.

“It’s much more modern, and the service is quicker with the iPad,” Lydon said. “I now feel like I can sit here and take my time. It didn’t feel that way before.”

Au Bon Pain’s makeover comes several years after the Boston bakery business gave up on a suburban concept that would compete with Panera, formerly Au Bon Pain’s sister chain. The St. Louis sandwich company has since eclipsed Au Bon Pain with more than 1,400 stores.

Most of Au Bon Pain’s stores are in cities, along with hospitals and transportation hubs, like airports. Morrelli says the company is happy with its urban niche and is well-capitalized to compete at the national level.

Henry Nasella is a partner at LNK Partners, which invested in Au Bon Pain in 2008, and sits on the company’s board. He said the bakery business is able to fund its own growth plans, and its “proven and consistent financial returns and positive brand positioning have allowed [it] to step up its growth in the years ahead