

New Panera location says pay what you want

Bakery hopes to expand nonprofit restaurants around U.S.

By Christopher Leonard

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CLAYTON, MO - Panera Bread Co. is asking customers at a new restaurant to pay what they want.

The national bakery and restaurant chain launched a new nonprofit store here this week that has the same menu as its other 1,400 locations. But the prices are a little different — there aren't any. Customers are told to donate what they want for a meal, whether it's the full suggested price, a penny or \$100.

The new store in the upscale St. Louis suburb of Clayton is the first of what will Panera hopes will be many around the country. Ronald Shaich, Panera's CEO until last week, was on hand at the new bakery Monday to explain the system to customers.

The pilot restaurant is run by a nonprofit foundation. If it can sustain itself financially, Panera will expand the model around the country within months. It all depends on whether customers will abide by the motto that hangs above the deli counter: "Take what you need, leave your fair share."

Panera hopes to open a similar location in every community where it operates. Other nonprofits have opened community kitchens, where customers set the price, and the idea has spread among food enthusiasts and philanthropists. But Panera brings new scale to the idea — its community restaurants will use the company's distribution system and have access to its national food suppliers.

The first location bears the name St. Louis Bread Co. Cares — the chain's former name and one it still uses in its hometown. Customers seemed alternately puzzled and pleased by the concept.

Dawn Frierdich, 52, came in to buy three loaves of bread and an iced tea. She asked how much the drink would cost.

"About \$1.85," said the 21-year-old cashier, Michael Miller.

And the whole order?

"It would be, like, \$12," Miller told her, reminding her she didn't have to pay if she didn't want to. Frierdich tried to hand him \$12 in cash, but he directed her to put it in the donation jar.

"This is a little hard. I just can't wrap my head around this," Frierdich said.

A young man spoke on his cell phone nearby. "Seriously," he said. "They don't charge tax or anything."

The clientele at the Clayton location is a mix of well-to-do attorneys and bankers from Clayton, as well as lower-income customers who work nearby or are visiting the sprawling St. Louis County offices and courthouse nearby. Miller, the cashier, said most customers paid full price for their meals Monday, but some took a discount of a few dollars, or paid half-price.

Panera is using its nonprofit foundation to support the restaurant and any future locations. The foundation will pay the new restaurant's bills, including staff salaries, rent and food costs. At the end of each month, the foundation will tally donations to see if they cover food costs. The Panera parent company won't bear losses if the experiment fails.

Shaich was CEO of Panera until he stepped down Thursday, taking the post of executive chairman. He will run the nonprofit along with other projects for Panera.

Other similar experiments have worked. The One World Salt Lake City restaurant has operated as a nonprofit with pay-what-you-want prices since 2003, said founder Denise Cerreta. She works for a foundation that helps similar restaurants open around the county. She said the places don't get swarmed by crowds and emptied, but have managed to stay afloat based on the honor system.

"It somehow stays in balance," Cerreta said. "I think ultimately people are good. They want to contribute."

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