Episode 7, featuring Meenakshi Nagarajan of Panera bread

Gopi Vikranth:

Hello everyone and welcome back. This is Gopi Vikrant and I lead personalization and customer experience analytics at CS. We both work at CS where we use our industry expertise, cutting edge analytics and technology to create real world solutions for our clients.

Gopi Vikranth:

In this executive series, we'll be talking to leaders about how they're re-imagining customer experiences at their organizations and the role personalization plays to drive customer loyalty. Arun and I are quite passionate about this topic as it is one that our clients often wrestle with and as consumers, we are constantly re-imagining how businesses can do a better job of engaging us.

Gopi Vikranth:

With us today is Meenakshi Nagarajan. Meenakshi is a senior vice president of recurring revenue and loyalty at Panera Bread. Panera Bread is a pioneer and market leader in fast, casual with more than 2,100 restaurants across the U.S.. It is well known for its clean, transparent, sustainable ingredients, along with leadership and omnichannel access and digital convenience.

Arun Shastri:

It's a pleasure to talk to you Meenakshi. Meenakshi brings rich knowledge from our contributions to PepsiCo, Domino's and Sweet Green. She has consistently been recognized as a top marketer and has served on the board of directors at Lou Malnati's.

Arun Shastri:

An interesting fact about Meenakshi, she is a founding member of Chief, which is simply an awesome organization. For those of you who may be unaware, Chief is a private network built to drive more women into so power and keep them there. I can't wait to hear from you Meenakshi. Welcome.

Meenakshi Nagarajan:

Thank you, Arun. Thank you, Gopi. Thank you for having me and a really kind introduction here. Chief, as you said, is one of a kind professional network for sure. It's a place where women leaders come together to learn, share, and inspire freely. Honestly, in times like COVID, that has been really rewarding. We've been able to discuss with each other and it's fascinating how similar challenges have emerged across industries and companies of different sizes. It's been a good way to build that camaraderie and a network of work professional women.

Meenakshi Nagarajan:

In terms of where I am, as you said, I too started my career with tech and in analytic space and now I've been in marketing for over a decade with established brands that you mentioned, both established as well

as growing. It feels like the three parts of my career are really coming together in better ways than ever before. Glad to be here talking to both of you.

Arun Shastri:

That's interesting to hear. Would you say that your perspective to and approach to customer engagement and marketing has evolved over the last 10 years Meenakshi? If so, how?

Meenakshi Nagarajan:

How has definitely evolved, I think in terms of... People ask me this a lot, and I really think that the fundamentals of marketing has not changed. The and goal of marketing to me has always been about building deep connections with customers. Are we able to tell compelling stories? Are we able to bring that brand satisfaction or a notion of belonging with guests or customers has been the notion all along.

Meenakshi Nagarajan:

But to me the how and how we go about it has changed quite tremendously. The brand to customer relationship is now I feel a lot more an ongoing one, it's more of a two way dialogue. There is a lot of data, not just because technology has enabled it, it's because customers are willing to share that when they have the trust. It's about how are brands able to build that brand promise through propositions, which are beyond functional, but also emotional aspects to it.

Meenakshi Nagarajan:

I think one of the shifts that I personally have seen a lot in terms of the initiatives that we end up prioritizing or how we go about marketing is not just looking at average increases in sales or average increase in brand perception. It's taking the time to understand the outliers, it's really taking the time to understand what are meaningful differences in cohorts of customers at any brands or any company you have today.

Meenakshi Nagarajan:

How do you prioritize initiatives that are at the leading edge of that, that match with your values? The example that I could potentially talk about with Panera is the latest initiative we had on labeling with cool foods meals. It's basically to be able to label climate friendly menu items and there we know it's about giving our customers and our consumers, empowering them with the choice to know the impact of what they eat and what that does to sustainability and the planet. That impact really comes from keeping our guests at the heart of everything that we do and where it's not just about the sales and the variety of options we offer, but also giving them the choices to make the right decisions for themselves.

Arun:

Now to cater those choices to me, I suspect that you got to know more about me and you got to have a better understanding of my preferences, what I like and what's important to me. I suspect that to some degree, the launch of the, MyPanera Loyalty Membership is a step towards that. Can you reflect a little bit on that to see, what are some things that you are doing that's trying to increase membership in MyPanera? How are you sustaining program renewals? What's the role of personalization in all of this?

Meenakshi Nagarajan:

Yeah. In terms of loyalty programs, Panera has one of the largest loyalty programs areas and it was a pioneer in the industry having launched this early in 2011. Since then we have around 43 million loyalty members across the board and really understanding their preferences in terms of what are the initiatives that appeal to them? What are their menu choices? All of that has been recorded and that has really driven in the food innovation and all of that we've done. To that point of understanding our guests and having their trust in order to get that data and build from that has been in the DNA of Panera for a long time.

Meenakshi Nagarajan:

I think the question of how do we continue to keep loyalty guests at the forefront, we really believe the best way to experience Panera is to become a loyalty member and have that digital experience. In order to do that, we strive hard to make sure that that remains true, whether it is, of course you get exclusive perks, you have the access of easy ordering, whether it's saving your favorites, it's being very relevant in terms of each time you show up the menu choices that come on top, because I've seen you order that several times. Or it is recognition across different channels of ordering, when you walk into a cafe, you're able to build that recognition and we train our associates, the value of our loyal guests and how do we make sure we deliver our own unique Panera warmth to them. It's very part of that training and also making sure the guests feel the value of being a loyalty member and giving them enough reasons to continue to be.

Arun Shastri:

Actually you talked about 43 million people, and you talked about the notion of Panera warmth, easy to convey warmth when I walk into a restaurant. How do you convey this warmth through a digital and how do you seamlessly stitch together my experience across digital and in store? Can you talk a little bit about that?

Meenakshi Nagarajan:

Yes. I think that is one of the hardest things, creating a multichannel experience is easy for retailers, but when it comes to a truly on omnichannel experience from a lens of a guest or a customer, that is the hardest part of it. We work hard and I will say that starts with recognition. When you walk into a cafe or when you're going into a drive-through, how is a guest able to know that you're a MyPanera member or a loyalty member?

Meenakshi Nagarajan:

The recognition comes either from an easy access to a card, give you something as simple as your phone number or now we also have a membership that you can add your Apple Wallet. When you go into the payment, it automatically comes up.

Meenakshi Nagarajan:

This is kind of recreating what it would be if you kept going to a local store again and again. You know that right away from a face, the associate knows this is Meenakshi and they give you an experience with the continuity of your last order that you may have had in person.

Meenakshi Nagarajan:

What we are using in digital and technology is to kind of recreate that seamless experience. When it comes to digital orders, whether it is delivery or a rapid pickup or whether I do it on curbside, because that's something that we did to expand our off-prem during COVID is being able to save the orders that you have, being able to read patents or recognize patterns of your ordering.

Meenakshi Nagarajan:

Maybe I'm someone who every time I order chipotle avocado melt, I remove cilantro. By the third time, I shouldn't have to tell you, and it prompts you that is your preference and kind of leads you that way, are you still going to do what you did the last time?

Meenakshi Nagarajan:

The other thing is maybe I'm always about ordering a U pick two with a soup and salad, don't show me the other breadth of variety that we have, which is a strength of Panera, but make it easy for me to navigate that based on how you have learned my ordering behavior. What we do is your menu gets personalized in simple ways of being ordering what do you tend to go to a lot more than what you may not. The navigation process makes a digital experience that much more easier.

Gopi Vikranth:

Meenakshi when you launched the subscription program, can you tell us a little bit around what is the thinking about sustaining the program engagement with customers and how some of these personalization strategies that you spoke about, what kind of role did they play in keeping your members engaged?

Meenakshi Nagarajan:

Yes. The launch of coffee subscription that we did last year was definitely a first of its scale in the restaurant industry. It is basically unlimited coffee at $8.99 per month. It provides that disruptive value and convenience and we know it goes after a needs state that exists, which is coffee is a habitual behavior, people want a good cup of coffee every single day. Being able to showcase value in a complete, no brainer fashion is what keeps a subscription going.

Meenakshi Nagarajan:

What we've been able to do in order to make that very clear to our guests, to keep them coming back is ensuring that they drive value from that. Whether it is things like on a personalized level, being able to highlight to them the savings they've had, after four cups of coffee, you've kind of recouped your subscription fee. After that, the savings that you've piled up, which is different for each guest.

Meenakshi Nagarajan:

Being able to highlight the great pairings that our beverages can get to our menu, depending on the time of the day, depending on some of the preferences that we talked about earlier as well, is another way to make this truly an experience that a guest can cherish. The more they redeem, the more value they see from it, the more value they see from it, they come back and renew. We have to create that virtual cycle for them and what are the nudges and what are the data points that we can share with them, which they don't have to think.

Gopi Vikranth:

That's fantastic. Meenakshi, you spoke about the digital experiences that are being delivered at Panera. Even though consumers are more digital now, human connection is still very important to deliver an exceptional customer experience. What are you doing to balance the right mix of digital and physical experiences for consumers at your stores?

Meenakshi Nagarajan:

Yes. Today, when you think about the biggest challenge in the restaurant industry, as it's no surprise anywhere, it's about staffing. It's about making sure our associates are in engaged with our guests and how do we train them to make sure there is quality delivered.

Meenakshi Nagarajan:

The reason I mentioned that is no matter how great your digital experience is, unless that last mile of delivering hospitality is taken care of, everything else falls down. We really look at technology as an enabler of that great experience between what our associates are bringing to the guest versus the reason

for our guest to coming in. I know it's a subtle difference, but I really think it makes a big difference in how you approach that.

Meenakshi Nagarajan:

We have enabled off-prem access, whether it's curbside delivery, whether it's rapid pickup, being able to set that expectation, things like message notification. Being able to say, "Your order is ready now," is great. But if it is delayed owning up to that and using technology to let them know that we were value your time, it's 10 minutes delayed and then when they come in to pick up that order, how do you let our associates know that the guest order is delayed? How do you include a little notification to say, "Make this personalized."

Meenakshi Nagarajan:

Have a personal touch to your conversation when you give an order, which is 20 minutes delayed from what it should have been. Using technology to enable some of those touch points is where we see really magic happen. Even though at the end of that experience and guest walks away with having an order, which is 20 minutes late, they still leave with an understanding that yes, things like this happen, but Panera and that general manager did everything they can to make sure that they could make this right for me. It's creating that human connection using technology is where the differentiator is going to come.

Arun Shastri:

Do you imagine the possibilities of what might be, and then you design the experience or do you try to ask your customers what they'd like and then you imagine the set of possibilities? What comes first?

Meenakshi Nagarajan:

It is a combination of both. I do think it's creating space for anticipating where something may fall. It is knowing the business and understanding how much of... That's why it's a restaurant and not a CPD kind of production machine, you know things are going to go wrong. We know where there are challenges and designing the experiences with those in mind.

Gopi Vikranth:

Meenakshi for some of these technology experiences to be powered, I assumed that they're being powered by AI. Can you tell us a little bit about how you're applying data science or AI to scale this personalization efforts at Panera bread?

Meenakshi Nagarajan:

When you think about I said there are 43 million guests that we have, and we strive to make decisions that are relevant to, if not each of them, but several cohorts of them, several segments. In order to do that, the decisions that are being made are, are clearly a lot more than we would be able to do without the power of data insights and AI.

Meenakshi Nagarajan:

Even if we don't call it AI directly, it's really using the power of data and decisioning at that scale is possible only when you have the right infrastructure in place. When I talk about the menu that shows up on the website or on the app, it's slightly different to what it would show up for you, it's powered through the data behind it and understanding the preferences at that level.

Meenakshi Nagarajan:

It's also from reading back to how each person is reacting to certain messages and certain offers and certain time of day nudges that we provide to them so we can read that back and replay that. I would say these are all in the notion of personalization, I don't believe we are all the way there in terms of that exact

one to one, but we are making a lot of progress in terms of getting there on things that matter. Whether it's messaging, whether it's what the content that we show them, which is very relevant to the preferences that they have either showcased through their transactions or through engagement in terms of the different content that we have.

Arun Shastri:

Corporate customers, we've talked a lot about perhaps your retail customer base and their experiences, corporate customers, I was recently in a meeting with a client after a long time in an office, and there were Panera Mediterranean sandwiches. It reminded me that that's probably a big segment where you were fairly strong in, that had disappeared for a little bit.

Arun Shastri:

What are you doing to reengage from a corporate experience perspective? Anything clever? Anything that we should know of in terms of how you're driving those experiences?

Meenakshi Nagarajan:

Yeah. We are definitely reinventing ourselves and evolving a lot there, very rapidly. Like you said Arun, in terms of catering was a big part of Panera's business, most of the office lunches was brought to you by Panera and it was very, very well received. It was a big part of it.

Meenakshi Nagarajan:

Gravity is definitely shifting away from that office weekday, lunch part and because we know where customers are working. There are a few things that we've done, one is we introduced something called Panera Connects, which is really enabling virtual office, virtual meetings. For instance, this virtual meeting that we are in, where we could have enabled food being delivered to each one of us and wherever we are working from with a simple code and being paid for by the office, things like that.

Meenakshi Nagarajan:

Other things that we're doing is something called Panera Day at Work, which is even though not everybody's in the office, as we are moving more and more into the hybrid workspaces, most offices are beginning to come back, where corporates are able to determine they can pick their day of the week when they want Panera delivered and we just make that easy, it's easily delivered to them.

Meenakshi Nagarajan:

It's still bringing in technology and bringing in our existing infrastructure, catering to the new evolved way people are working, wherever they're working from. Apart from of course, expanding delivery and curbside delivery that's another thing that we are seeing more folks would still want to step out of their homes and pick up something as quickly and as seamlessly as they'd like to come back to their at home offices.

Gopi Vikranth:

Meenakshi, that's very interesting. Does this virtual concept of a group of people ordering at Panera, does it extend into social ordering beyond the office setting and how are you guys thinking about it?

Meenakshi Nagarajan:

Yes, for sure. While we say the Panera connects, powers virtual events, it's about a lot of the social gatherings too. It's how do you utilize what our offerings are, freshly prepared food for everyone to enjoy no matter where they are and enjoy together. What we offer is so much about enjoying food together and how does Panera connect and power that is the thinking.

Meenakshi Nagarajan:

What we ended up doing by noticing this trend is instead of waiting to build a perfect architecture for this business case, it's almost pivoting what we could do and what a guest already does, and use that to make this situation come to life. What we do is provide an easy to share virtual event code. Most guests know how to use a promo code, and here is a simple event code and they go up, they sign up for MyPanera and they go about ordering their food the very seamless way that they're used to. All they have to do is incorporate this virtual event code and now it's taken care of by someone else and everyone gets food at the same time, and it's ready to be enjoyed when they are in person or virtually connecting with each other.

Arun Shastri:

The last two years have seen many changes Meenakshi in consumer behaviors, maybe some were temporary, some were a bit more permanent, as a marketer how do you think about designing customer experiences to take advantage of what the future holds?

Meenakshi Nagarajan:

Yeah, it's a great question. When we think about how COVID has changed customer expectations and behavior is it's a little bit of we can't go fast enough in some things, and we can't be slow enough in few things. What I mean by that is in terms of digital, being able to order wherever you are, being able to have the access to wherever you want your food from, the choices of what you want, they're all in your fingertips, and they want it fast, they want it at great price and they want it now. That whole technological, especially in the food and beverage industry has really accelerated and that's here to stay.

Meenakshi Nagarajan:

On the flip side of it is when you ask people, "What is the one thing they really want to do the minute COVID over?" In their mind, whatever that means is they want to go and sit down and have a great meal uninterrupted with coming together of people and creating that warmth. I think Panera is uniquely suited for that. For us, a dine in experience or a great in cafe experience is still core to what Panera is.

Meenakshi Nagarajan:

It is not just about great digital ordering fast off-prem, that's what a lot of QSR's would do, a lot of the delivery companies are able to offer. For us, we want to make sure that we are keeping up our cafes, whether it is the in-store ambience, whether it's a service, whether it's sometimes contact less ordering when you are in the cafe, in your table. We're thinking about those things and trying to stay a step ahead, is this guest who's now experienced frictionless technology and seamless easy payment comes back into store in full force, how do you still manage those expectations?

Meenakshi Nagarajan:

They want great food. They want it warm. They want it with a hospitable guest who's able to have a good human connection and have a little chit chat, but when it comes to payment, when it comes to recognizing who you are and all of that to be as seamless as possible. Being able to marry those two for whatever the new normal is what we're working towards.

Gopi Vikranth:

Meenakshi, if you flash forward and imagine the F&B industry five years from now, what are top three predictions on how this customer experience and personalization will change in the industry? We'll come back in five years.

Meenakshi Nagarajan:

Top three predictions. That's a scary question, but to me, it's first one, like I said, it is about technology and seamless recognition and frictionless ordering, easy payment, remembering what you've done, all of that has become tables stake. I think wanting that now is going to stay, that's not going to be a differentiator. What is going to stay, so that's one.

Meenakshi Nagarajan:

The second one is really that human connection and differentiating through that, thinking of hospitality when it comes to food and beverage versus just convenience and speed is going to be something where brands are going to differentiate themselves.

Meenakshi Nagarajan:

Lastly, to me, it's also the power of brands. No matter what storytelling and being able to talk about what a brand stands for, having a clear point of difference, and having a point of view really is going to be important. People are going to come to Panera after five years, of course, for the great food that we have and the best soups and sandwiches that we have and the most flavors and innovations that we can come up with. But also be because we care about the planet, because we want to be climate positive and putting a stake in the ground and living up to that is going to continue to be important.

Gopi Vikranth:

Meenakshi thank you joining us today. If I were to quickly summarize a couple of things that came out during this conversation. One, Panera is operating at a large scale, you guys have launched a new subscription program, which is first of its kind in the industry and it's working out pretty well.

Gopi Vikranth:

There is a lot of innovation that is happening on how do we bring technology to power customer experiences, specifically around ordering contact less delivery, making contact less order impossible and at the same time, ensuring that the human connection is intact. How do we keep the hospitality aspect intact while delivering all this technology enabled experiences is a big factor.

Gopi Vikranth:

Last but not the least, the brand is going to be really, really important over the next few years, as you engage different generations of customers as each of them value different things. For example, how do you show that you care about sustainability and where the ingredients are coming from and cater to the customers and what they like and build a trust that is necessary to drive that engagement. Is that a fair summary? Anything you wanted to add further?

Meenakshi Nagarajan:

No, that is right. I think it is about brands that can continue to be relevant, do it with ease and be distinctive, if I were to quote a marketing book called Red.

Arun Shastri:

Thank you Meenakshi for your insights as always and enjoyed this conversation.

Meenakshi Nagarajan:

Thank you.