

TOQUE OF THE TOWN

Bagel Baker, Sandwich Maker

Philip Smith's new menu helps transform Bruegger's from bagel bakery to fast-casual cafe. BY MONICA ROGERS

The only obvious holes that Bruegger's has left unfilled in its menu morph from bagel bakery to fast-casual cafe are the ones in its bagels. "We want guests to love our new look and menu but cherish us for our authentic, kettle-cooked bagels," says Philip Smith, executive chef of the Burlington, Vt.-based chain. "That tradition's not changing."

A whole lot else has since CEO James Greco set out to strengthen ailing 240-unit Bruegger's two years ago. The company has broadened its menu with cafe-style items like salads, upscale sandwiches and more indulgent sweets; remodeled stores with a warmer, more contemporary look; and shaped a next-generation prototype.

And company sales are starting to pick up speed. They built slowly through 2005 with monthly volumes averaging 2 percent higher than the prior year, finishing the fourth quarter with same-store sales 5 percent higher than the same period in 2004.

"It's very gratifying to see this taking hold," says Smith, who stepped over to menu development from a director of training position two months before Greco came on board in 2003. "It all coincides very nicely with the evolution of consumer interest away from low-carb toward healthy and flavorful offerings."

Going with the Grain

Requests for low-carb have steadily declined to the point that Bruegger's dropped its low-carb wrap in fall, in favor of a more flavorful whole-wheat wrap. Smith also launched a hearty whole-wheat bagel made with barley, sunflower seeds, pumpkin seeds, flax, rye, malted wheat flakes, millet, buckwheat and corn, that's more on point with customers' new desires.

"I knew that when the pendulum swung away from low-carb, the next thing was going to have something to do with artisanal craftsmanship and healthy basics, and that includes whole grains," he says.



MENU SAMPLER

BREAKFAST CLASSICS

Western Bagel Sandwich, with egg, roasted peppers, red onions, cheddar, bacon and chipotle sauce, \$3.39

SANDWICH CLASSICS

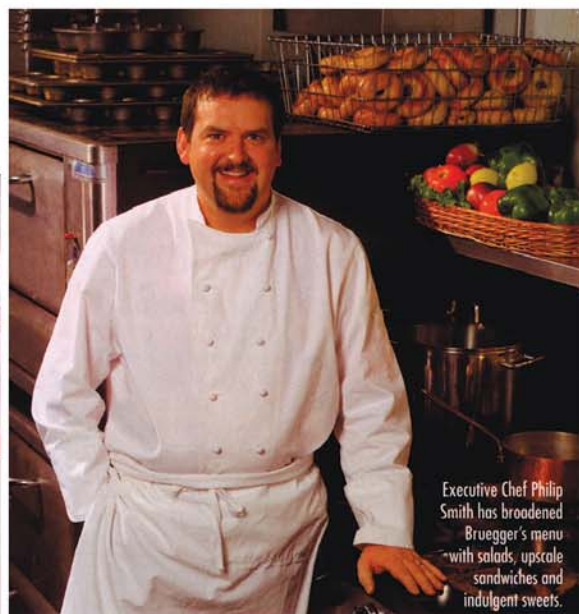
Leonardo da Veggie: roasted red peppers, Muenster cheese, lettuce, tomato and red onion with light herb-garlic cream cheese, on a plain Softwich, \$4.99

DELI SANDWICHES

Chicken Salad: lettuce, tomato, red onion, cucumber, green pepper, sprouts and choice of condiments, \$4.19

TOSSED FOR YOU SALADS

Sesame Chicken Salad, with grilled chicken strips, sesame seeds, sliced almonds, chow-mein noodles, salad greens and Asian sesame dressing, \$5.99



Executive Chef Philip Smith has broadened Bruegger's menu with salads, upscale sandwiches and indulgent sweets.

Bruegger's does 45 percent of business at breakfast and 45 percent at lunch.

Artisanal and healthful are the objectives in Bruegger's new items like the top-selling whole-wheat bagel and the sourdough bagel, slated for a mid-March launch, as well as the menu sections Smith shaped for 2004 and tweaked in 2005.

"Everything happened in two phases," Smith explains. "There was first the quick-change, 90-day plan, where we introduced the new programs, followed by the second phase where we built on the strengths and adapted what we felt could work better."

Bruegger's launch of salad in November 2003, for example, included four varieties, such as the Mandarin Medley, \$5.19, with Mandarin oranges, dried cranberries, blue cheese and greens, tossed with balsamic vinaigrette and topped with almonds. According to Smith, the salads did all right, coming in at 3 percent of sales and acting as a veto-vote-stopper, but he thought they could do better.

He switched to tossed-to-order service in April 2005 and added a \$5.99 Build Your Own Salad option, allowing guests to choose three veggies, one meat and one cheese.

Vice President of Marketing Scott Hughes reports that salad sales have doubled since the April change and that half the guests choosing salad now order the build-your-own option.

Sandwiches Go Beyond the Bagel

Arlene Spiegel, a New York-based restaurant consultant, says the timing is right for Bruegger's to move beyond bagels: "There is a great opportunity today to sell what you have all day, in all sorts of creative ways, without creating confusion in the consumer's mind about what you are."

Bruegger's new sandwiches fit that strategy. Smith upgraded ingredients and added some adventuresome flavors. He first added the top-selling Cuban Chicken,