

Paradise Bakery announces expansion

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Paradise Bakery & Cafe said Wednesday that it plans to nearly double the number of its restaurants by the end of 2008.

The Scottsdale-based company's move comes seven months after Panera Bread Co., a national chain of similar upscale bakery-cafes, bought a majority stake in Paradise's 46 stores to grow in Arizona and the West.

"We are now embracing the opportunity to grow aggressively and maintain our high quality standards at the same time," David Birzon, president of Paradise, said in a statement.

Company officials were not available for additional comment on Wednesday.

Paradise has 46 stores in 10 states. About 20 are franchises. Sales at its stores last year totaled roughly \$65 million, according to Chicago food research firm Technomic Inc.

"When you combine all these levels of growth in the state, in some ways it doesn't come as a surprise that you're seeing expansion like Paradise," said Steve Chucri, president and CEO of the Arizona Restaurant and Hospitality Association.

Arizona counted \$7.4 billion in restaurant sales last year.

Paradise said it would begin the expansion by adding 20 stores during the next six months, including 10 in the Valley.

The 20 new stores are expected to collect \$47 million in annual revenue, the company said.

"We believe (Panera) is still a viable concept that resonates well with consumers," Deutsche Bank analyst Jason West wrote in a recent report.

He predicted that Panera could double the number of its stores, to 1,100, in coming years.

Panera bought a 51 percent stake in Paradise after scrapping plans to add about 30 stores in the Valley.

At the time, Panera said that it would own part of its competitor rather than face off against the Scottsdale company, which has a strong local following.

Dan Patterson, chief executive of Paradise Bakery, started the company in 1976 in Long Beach, Calif., as a cookie and muffin shop. It arrived in the Valley in 1987.

According to Technomic, "quick casual dining" locations such as Paradise grew by \$10.6 billion in 2006, or 13 percent, outpacing fast-food and full-service restaurants.