



Do You Hear the Pounding of Feet in the Morning?

That's the sound of consumers running to quick serve restaurants (QSRs) for breakfast. QSR's share of the foodservice breakfast market zoomed from 78% to 83% between 2001 and 2008, a 5 point increase. Don't let the crowd run to someone else's door.⁽²⁾

incredible!

BREAKFAST BEAT

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What's the Deal?

American consumers have had less money to spend lately, yet we spend more and more of our food dollar getting breakfast from foodservice operations. Counterintuitive? Not while smart operators are practicing the art of the deal.

As the US economy soured in 2008, operators regularly offering special deals and LTOs came out ahead. QSR increased deal traffic by 6%, while non-deal traffic declined 1%.⁽²⁾

Reducing margin in the short run pays dividends by increasing visits of occasional customers and encouraging new ones. And because breakfast dining is considered a habitual activity, getting customers used to coming

to your operation for breakfast will cause them to come more often, with or without the savings inducement.

The most successful breakfast deals focus on price/value. Promotions such as "Two for \$2" or "Free coffee with purchase" draw traffic and increase the perception of value, thus also increasing loyalty. Sixty-one percent of Americans confirm a renewed interest in value items typified by QSR dollar menus⁽⁵⁾, while coupon usage has increased 198% for casual and quick-serve meals during the year ending in September 2008.⁽⁶⁾



The Biggest Growth on the Menu⁽¹⁾

Consumer breakfast meals at foodservice have skyrocketed from \$57.5 billion in 2001 to \$80.9 billion in 2008. That's a staggering

increase of 40.7%! But the QSR operator showed an even more impressive increase with a stunning flip-flop:

- In 2001, the full-service restaurants (FSR) represented 27% of the morning daypart, while QSRs accounted for only 19%
- In 2007, FSR operators declined to 21% of the daypart, while QSRs comprised 31% - more than doubling QSR breakfast sales!

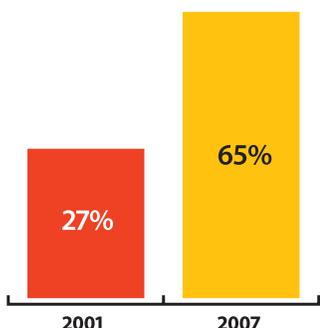


A Bright Start to the Day⁽¹⁾

Although economic conditions are causing reduced restaurant visits, there's a bright spot for

QSR operators. Consumers may need to tighten their belts but still crave the indulgence of the foodservice experience, and research shows why QSR breakfast is a winner:

- The number of people saying they don't have time for breakfast at home increased by 29% between 2001 and 2007
- During the same time period, an increase of 49% said they enjoy eating breakfast away from home
- QSR breakfast offers a cost-effective opportunity for consumers to treat themselves, provides a way to fit breakfast into hectic schedules, and all without overburdening our budgets



Grabbing a to-go breakfast is more convenient than eating breakfast at home.⁽¹⁾

Did you know?

- 57% of QSR morning meals were eaten at work or in car.⁽²⁾
- 33% of QSR morning meals were eaten in the car vs. 18% during other dayparts.⁽²⁾



Grab It and Run!

"Deskfast" and "dashboard dining" became commonplace during the mid-nineties as commutes got tougher, work days got longer and time-crunched workers had to multi-task to get it all done. A quick run through a drive-thru and a warm handheld meal made the morning just a little more civilized.

Portability continues to be the key in attracting morning diners. Handheld breakfast sandwiches have been the top volume mover for several years and operators are experimenting with different tastes, carriers, and ingredients to differentiate themselves and attract new customers.

Drive Thru the Obstacles



Existing operations with no drive-thru are at a disadvantage when beginning a breakfast program, but both Subway and Quizno's have entered the arena and found ways to make it work. The capital investment to add a drive-thru may be prohibitive, but starting a call-ahead ordering program with curbside delivery is one way around it.



Seeing into the Future ⁽¹⁾

Expect to see the foodservice industry continue to push breakfast heavily. Not only does breakfast represent an increasing percentage of total sales, but costs tend to be lower for breakfast items than for any other daypart.

Operators observe the most common trends in the near future being:

- More demand for handheld meals, such as breakfast wraps

- Increased expectations regarding speed of service, no matter the venue (QSRs have set the bar high here!)
- More interest in having breakfast items on the menu all day

For their part, consumers say they will continue to desire quick, affordable, and healthier alternatives for morning meals.



Where Did the Time Go?

Are you enjoying all those hours of leisure time that technology was supposed to provide us? No? Well, neither are your guests. The number of Americans having commutes of at least one hour increased 50% between 1990 and 2000.⁽³⁾ And those drives are beginning earlier in the morning: 1 out of 8 workers left home by 6 a.m. in 2006, up from 1 in 9 in 2000.⁽⁴⁾ This seemingly small change means 2.7 million additional drivers are on the road before dawn.

Is it any surprise that more chain locations are opening earlier to capture those commuters, and that more people are eating breakfast on the run?

Is the Train Slowing Down? ⁽¹⁾

Growth in QSR breakfast sandwich sales is forecast to continue at a compound annual growth rate (CAGR) of over 8%, while CAGR of the foodservice industry as a whole is expected to proceed at a rate of 3-4%. Any chain that doesn't get on board can expect to be left behind.

Who's Coming to Breakfast

Consumers who eat breakfast at QSRs at least twice per week are:⁽¹⁾

- Male, by more than a 2 to 1 margin
- Most likely to be between 35 and 44 years old
- Place a high premium on convenience



Above Normal Consumers of Top Breakfast Items

	Biscuit Sandwich	Bagel Sandwich	Wrap/Burrito	Other Sandwich
Age Group(s)	50+	18-24 34-49	35-49	25-34
Gender	—	Male	Male	Male

Source: The NPD Group / CREST[®] ⁽²⁾

DID-YOU-KNOW

Significantly more eggs are currently used in QSRs than any other segment. That's almost 80MM pounds more per year than family dining, the next closest segment!⁽⁵⁾

Seventy-nine percent of consumers say they enjoy having breakfast away-from-home, while only 53% agreed with that statement in 2001.⁽¹⁾

Breakfast sandwiches comprise a whopping 54% of the items on the breakfast menus of the top 250 QSR chains!⁽⁸⁾

The breakfast sandwich continues to maintain its position as the top food on the QSR morning menu, while the wrap/burrito is the fastest-growing.⁽²⁾

Menu mentions of eggs on Limited Serve Restaurants' breakfast menus outnumber mentions of bacon or sausage by almost 2 to 1!⁽⁸⁾

Between 2001 and 2008, consumer groups aged 25 to 65+ increased their average morning visits to QSRs by 12-33%, while decreasing their full service restaurant visits. Baby Boomer segments led the way with increases of 18-33%! ⁽²⁾

Products sold before 11:00 a.m. generate 30% of McDonald's sales.



American Egg Board
aeb.org/foodservice

For more recipes and information go to...

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SOURCES

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