

incredible!

BREAKFAST BEAT

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Great Day in the Mornin'!

There's no disputing the fact that the morning daypart has been – and remains – a great growth opportunity for QSR operators. Let's look at the facts:

- Annual QSR breakfasts per person have increased from 31 in 2005 to 35 in 2009. ⁽¹⁾
- QSR Magazine's 2009 "QSR 50" shows three chains moved up in the top 10 - Subway replaced Burger King at #2, Starbucks edged Wendy's out of #3 and Dunkin' Donuts took over #8 from KFC. It's worth noting that all three happen to focus heavily on breakfast.
- Breakfast penetration at QSRs has increased over 100% in the past four years.
- For 9 consecutive quarters, morning meal has grown in traffic. ⁽²⁾

Why is this happening?

- Price: QSR breakfast offers us an affordable way to treat ourselves without straining our budgets.
- Convenience: Our lives are rushed – 65% of those surveyed agree with the statement, "Grabbing a to-go breakfast is more



convenient than eating breakfast at home." ⁽³⁾

- Comfort: As the ultimate comfort food, a warm breakfast gives us a little "hug" in difficult times – especially if someone else does the dishes.

In this edition of "Breakfast Beat," we'll look at what's working for successful operators. Take a look and see how your menu measures up.

DID YOU KNOW?

- Egg protein is of such high quality that it is often used as the standard by which other protein foods are measured.
- A large egg yolk contains a moderate amount of fat, about 5 grams, but only 1.5 grams of the fat is saturated.
- An egg yolk is one of the few foods which naturally contain vitamin D. One large egg contains 5% of the Daily Value for this nutrient.
- Eggs contain lots of vitamins and minerals. They are an excellent source of choline and selenium and a good source of protein, vitamin B₁₂, riboflavin, and phosphorus.



Give Them a (Helping) Hand!

2009 Mintel research ⁽⁴⁾ found 65% of respondents say convenience was a reason they last visited a restaurant. Patrons are time-starved and mobile in the morning, so it's no wonder that hand-held breakfast meals continue to be so popular.

- Breakfast sandwich sales have enjoyed a compound annual growth rate of 8% every year from 2001 through 2008. ⁽³⁾
- Breakfast sandwich sales are not slowing in 2009, having maintained their growth trajectory with an 8% increase during March/April/May of 2009 over the same period in 2008. ⁽⁵⁾

Is your menu the same-old-same-old, or is it supporting that consumer need?

They're Coming and They're Hungry



Carl's Jr. says many people feel that fast-food breakfast items don't fill them up so they often order two sandwiches at a time. If the most common QSR breakfast patron is a 35-44 year-old male who is not on a diet and who places a premium on convenience, ⁽³⁾ perhaps Carl's Jr. is on to something with their Monster Breakfast Sandwich™ – two eggs, two strips of bacon, sausage patty, and both Swiss and American cheeses on grilled sourdough bread. How are you attracting those hungry men?



Amaze Them with Familiarity!

Smart operators take advantage of the popularity and versatility of the breakfast sandwich format by putting their own twist on the familiar.

- Jack in the Box – Chorizo Sausage & Egg Breakfast Burrito; the fire-roasted salsa and chorizo add spice and an exotic flavor seldom found on QSR menus
- Bruegger's – 2009 LTO Sunday Brunch Sandwich made with eggs and sausage on a French toast bagel with maple cream cheese

- Coffee Beanery – Breakfast V'egg-io Sandwich made with eggs, grilled tomato, roasted peppers, and onions on a hot ciabatta roll, brushed with olive oil chili pesto, and topped with melted Swiss cheese
- Wendy's – currently conducting consumer taste tests on breakfast items, including an artisan bread fried-egg sandwich with Asiago cheese

Does your menu compete with the creative twists offered by these chains?

Eating Light Goes Over Easy

Consumers' desire for lighter fare has not translated into a stampede for fruit at breakfast – which has been proven by several recent QSR's. But there is a lighter, healthier food that consumers equate with comfort and value: The Incredible Edible Egg. Eggs boast some very compelling features, since they:

- Contain the highest quality protein of any food.
- Are demanded by the consumer, making them the leading breakfast protein by a 2-1 margin. ⁽⁶⁾
- Provide 70 calories in one large egg.
- Are nutrient-dense – lots of vitamins and minerals compared to their calorie count, and they are all-natural.
- Make a welcoming base for a wide assortment of flavors.
- Are rich-tasting and hunger-satisfying.
- Are inexpensive.

These are some of the reasons why eggs are found, to good effect, in the vast majority of breakfast sandwiches.



Taking it on the Run

Only 18% of QSR breakfasts are eaten on-premise, with a whopping 57% being eaten either in the car or at work. ⁽⁷⁾ No wonder that hand-held sandwiches continue to maintain their position as the top food on QSR morning menus or that the wrap/burrito is the fastest growing item. Does your menu have the legs to be a winner?

Everyone Needs a Little Love

Hard economic times bring a greater interest in comfort foods. A warm breakfast is not only the classic comfort food, but also one that can be had at a low price. Even when it's a rush through a drive-thru, the positive emotional effect of dining out can be seen in the results of a 2008 Mintel study. ⁽⁸⁾ When asked what they choose to do with "extra" money left over after paying bills, the most popular thing – at 47% – was "Dining Out." "Paying off Debt" came in second, at 37%.



The Most Valuable Time of the Day

Question: What do McDonald's and Starbucks have in common? **Answer:** They both are focusing on attracting breakfast business with value offerings. (Not what you expected was it?)

Value meals and low-priced combo meals attract patrons with appealing price points. Burger King, Sonic, Dunkin' Donuts – all

are working to keep the breakfast consumer eating with them, so that when the economy improves they'll reap the benefits of loyal diners.

As a relatively inexpensive protein, the use of eggs in value menu items gives them a higher perceived value in the eyes of patrons – and isn't that what every operator wants?

BRIEF NOTES

Significantly more eggs are currently used in QSR than any other segment. It's almost 80MM pounds more per year than family dining, the next closest segment! ⁽⁹⁾

52% of survey respondents would switch where they go most often for another place less than five minutes away that offered a better deal for the money. ⁽¹⁰⁾

42% of survey respondents would switch for another place less than five minutes away that had a better version of their favorite breakfast item. ⁽¹⁰⁾

When asked where they normally ate breakfast away from home on weekdays, 45.6% of people said QSRs. ⁽¹¹⁾



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