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.

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)

**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.

**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?

**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%.

**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)