



incredible!

BREAKFAST BEAT

Vol. 17 • April 2013 / An Official Newsletter of the American Egg Board

Up All Night



Americans can download books at midnight, shop for shoes at 1 a.m. and now, eat fresh McMuffins at 2 a.m. In an effort to give us what we want when we want it, three movers in the foodservice industry are staying up very late.

As reported in our October issue, **McDonald's** began testing "Breakfast After Midnight" in 2012, offering a limited breakfast menu from midnight until 4 a.m. A second iteration, "McDonald's After Midnight," is now being tested in markets around the country, offering the most popular selections from both the breakfast and lunch/dinner menus between midnight and 4 a.m., at which time the full breakfast menu begins.

Denny's has launched *AllNighter* mini-units, currently operating on a handful of college campuses across the country. Hours are dependent upon their location, but most stay open until 2:30-3:00 a.m. The special menu includes items from all sections of the Denny's menu, including eight of its most popular breakfast items.

Steak 'n Shake, recognizing that late night cravings may require burger or egg-topped hash skillet, Steak 'n Shake has expanded its breakfast hours to midnight through 11:00 a.m. and introduced its own "AllNighter Menu." Offered between midnight and 6 a.m., it includes new skillet and a seven-patty Steakburger known as the 7x7.

Winning Strategy

What's up with fast-casual restaurants (FCR)? Sales, for one thing. Aggregate 2011 sales at the top 500 restaurant chains grew by 3.5% over prior year, while the 150 largest fast-casual chains grew by 8.4% during the same period.¹

A major strategy for FCR to gain market share is through savvy breakfast menu innovation and adjustments. Shifts in FCR breakfast menu item incidence between Q3 2009 and Q3 2012² showed:

- **Up** - sandwiches (+6%); burritos (+43%); oatmeal (+71%)
- **Down** - platters (-25%); muffins (-45%); bagels (-73%)

Leading FCR chains have expanded breakfast items by 31% since 2011,³ using creative sandwiches to address wellness issues (e.g. Corner Bakery's Power Panini Thins) and upscale global flair (e.g. Panera's Mediterranean Egg White on Ciabatta). With the consumer dollar at stake, the competition should continue to be...delicious.



DID YOU KNOW?

Eggs Go Mobile

More food trucks are offering breakfast as a way to grow without relying on the saturated lunch day part. Consumers are attracted by creative items such as egg sandwiches on brioche and flatbreads, authentic ethnic breakfast items, and eggs paired with meats like pork belly and pulled pork.

Egg Burgers of the Month

- **Blue Door Pub** (Saint Paul, Minn.) - *The Humpty* burger is stuffed with cheese curds, topped with bacon and crowned with a poached egg.

• Burgers and More by Emeril (Bethlehem, Pa.) -

All-American Breakfast Burger is prime chuck topped with griddled onions, bacon, Cheddar cheese, chipotle mayo, hash browns and a fried egg served on an onion roll.

Starbucks Gets Thru

Starbucks is testing a drive-thru video ordering system in Washington, allowing drivers to see Starbucks staff members as orders are placed. A successful Starbucks drive-thru program should cause some concern for traditional drive-thru operations in the battle for coffee sales.

Giving Them What They Want

QSR enjoys an edge for attracting weekday morning visitors. Speedy drive-thrus and handheld foods offer a perfect solution to those eating on the run, but understanding today's consumers is paramount to getting guests through *your* drive-thru.

Are you planning for the following?

- Ethnic preferences/habits
- Generational likes/dislikes
- Dietary/allergy requirements
- Evolving eating patterns

Convenience, speed and portability have always been major requirements for weekday



breakfasts, but now health and nutrition and a tendency to snack have jumped farther up the list.

Morning patrons agree² -

- Healthy breakfasts are important (77%)
- Functional foods are attractive (44%)
- A la carte is better than combo meals (35%)
- Restaurants need to offer more for restrictive diets (31%)

Although no operator will be able to satisfy everyone, one approach is to offer better-for-you (BFY) items and smaller portions of core items, allowing patrons to make their own snacks or self-created combo meals. This would please guests wanting a more healthful meal, as well as others wanting to customize their experience.

Notable Chain News

Burger King (February)

- *Bacon Gouda sandwiches with eggs*, smoked bacon, Gouda cheese and herb spread are served on either a biscuit or English muffin. (LTO)
- Smooth Roast Coffee is made with "100% Latin American Arabica bean custom blend" from Seattle's Best. The platform includes brewed coffee, iced coffee and lattes.

McDonald's Steak & Egg Burrito is made with steak, scrambled eggs, peppers, onions, American cheese and salsa roja. (LTO)

Sonic's Santa Fe Breakfast Toaster includes fluffy eggs, fire-roasted bell peppers, grilled onions and melted Pepper Jack on Texas toast. (LTO)

Panera Bread (from the "Hidden Menu")

- *Power Breakfast Egg Bowl with Steak* includes two eggs, seared top sirloin, and sliced avocado and tomatoes.
- *Power Breakfast Egg White Bowl with Roasted Turkey* combines roasted all-natural turkey, egg whites, warm baby spinach, roasted peppers and basil pesto.

Data Digest

- The incidence of breakfast burritos on QSR menus rose 46% between Q3 2009 and Q3 2012.²
- 36% of fast-casual guests say they are ordering from the healthy menu more often than they did a year ago.³
- In 2002 LSR made up 47% of the total commercial foodservice industry, while FSR made up 53%; the situation is now reversed, with LSR accounting for 53% and FSR 47%.⁶
- The use of "freshly baked" increased 49% on QSR breakfast menus between Q3 2009 and Q3 2012.²
- Quick-service restaurants' share of breakfast sales has risen by 8% since 2007.⁷
- Boomers and older (48+) have increased their share of restaurant traffic by 6 percentage points since 2008, while Millennials have decreased their share of traffic by the same percentage points.⁴
- 51% of those surveyed say they purchased breakfast from a QSR within the past month.²

Restaurant Boom

While younger Americans still flock to restaurants, Baby Boomers are now the ones to court. Recent research⁴ shows that Millennials' visits have dropped for five years, while visits from Boomers and older (48+) are on the rise, with Boomers dining more often in every industry segment than before the recession.

The research shows that morning meal visits have recovered to pre-recession levels entirely due to the increased visits by older consumers, who are now the most frequent purchasers of restaurant morning meals.

Boomers tend to:

- Be loyal to their favorite restaurants
- Be well-traveled
- Have diverse culinary interests

Boomer restaurant desires are simple:⁵

- Cleanliness
- Booth seating
- Table service and payment

Possessing plenty of time and 70% of U.S. wealth, Boomers have the disposable income and dining habits that make them attractive to marketers.



incredible!



Follow us:
@Eggs4FoodServ

**For more breakfast insights
and information go to
AEB.org/Foodservice**

American Egg Board

PO Box 738 • Park Ridge, IL 60068-1340 • (847) 296-7043

SOURCES

1. Technomic, Top 150 Fast-Casual Chain Restaurant Report
2. Mintel, Breakfast Restaurant Trends - U.S. - January 2013
3. Technomic, Future of Casual Dining Consumer Trend Report, 2013
4. NPD, Boomers and Beyond - Targeting for Success, 2013
5. 2012 research from Purdue's School of Hospitality and Tourism Management
6. Technomic, The Future of LSR: Fast-Foods & Fast-Casual Restaurants Consumer Trend Report
7. NPD, quoted in Restaurant Hospitality, 1/11/13