



Breakfast — The Most Important Meal of the Day

It's an old axiom: "Breakfast is the most important meal of the day." While that's probably true for diners, it's most certainly true for restaurants. Over the past five years, the breakfast daypart has accounted for over 60% of the growth in the restaurant industry.

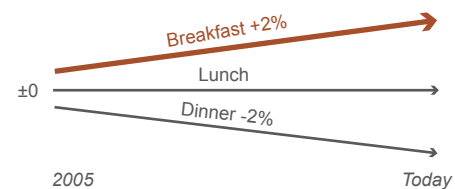
The importance of breakfast is magnified even more for QSRs. During the past year (2010), there were 12 billion breakfast meals served and over 80% of those were served by QSRs. Add the fact that breakfast is the only day-part experiencing positive growth (+2% versus flat lunch growth and 2% decline at dinner) and the importance of breakfast becomes clear.

Keys to the Growth of Breakfast

Since 2005, the fastest-growing product categories for QSR at breakfast have been breakfast sandwiches and specialty coffees. These categories deliver on key sales drivers that include handling convenience, ease of pick-up and reasonable price.

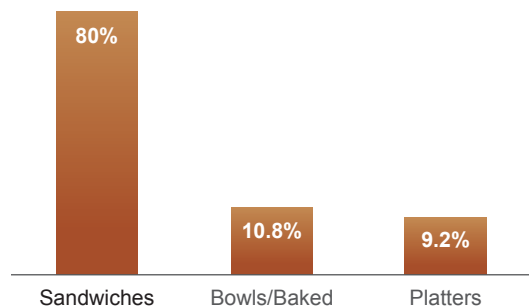
It's no coincidence that the QSR segment leader has maintained a strong focus on its coffee program and breakfast sandwich offerings over the past several years — and experienced tremendous success in the process. It is important to note that, in addition to convenience, price and the like, their success was a result of quality, variety and unique product offerings. Rather than offering a single selection of coffee or sandwiches that failed to innovate, they came up with unique and well-developed programs that kept pace with evolving consumer tastes. In order to compete, restaurateurs need to think in those sorts of terms.

Five-Year QSR Meal Trends



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OPPORTUNITY: QSR Breakfast Item Rankings



Competitive Opportunities

Reasonable ingredient costs and healthy margins at breakfast allow smaller restaurant chains to innovate and differentiate as they compete with larger competitors. With the right selection of natural ingredients and sophisticated flavors, they can build a successful menu that distinguishes it from any competition.

Often times a successful menu solution is as simple as replacing the American cheese on an egg sandwich with naturally aged Gouda, or swapping Swiss for Smoked Provolone. Sometimes it's a little more complex and might involve creating a sauce that makes a dish outstanding. Either way, Sargento can help. Sargento has the ability to produce a wide range

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of artisan cheeses — some of them extremely hard to handle on a conventional in-store slicer — and pre-slice them for easy, cost-effective use. With Sargento Sauces, customers get versatile products that use fresh, natural ingredients to make it easy to serve dishes with mad-from-scratch taste.

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Value Pricing

While breakfast margins are high, it is still important to manage costs in order to keep them high. This is always a challenge — even more so when competing purely on a price-based value proposition. However when you start to compete a little more on quality, while you still need to pay critical attention to costs, you start to loosen price restrictions just a bit and give yourself some competitive wiggle room in the process.

Sargento slices maximize your quality improvement flexibility while still keeping costs at a manageable level. In other words, you can deliver significant improvements in quality with only modest impact on price.

Conclusion

It is vital that restaurateurs understand their best competitive options and leverage key resources as they pursue those options. What worked ten years ago doesn't necessarily work today, and you have resources today that you never had before. Whether it's understanding the market, new products or cutting-edge technologies that benefit your business, your Sargento representative is there for guidance and support.

Converting a breakfast sandwich, or your entire breakfast menu, is made easy by tapping into Sargento slicing technology and wide assortment of unique artisan cheeses. Here are a few ideas to get you started:



Blueberry Sausage Melt — Natural Muenster Cheese, blueberry patty and scrambled eggs on a country biscuit



Cheddar Apple Croissant — Natural aged Cheddar Cheese, apple butter and sliced Granny Smith apples on a buttery croissant

Plus these great menu ideas:

Frittata Focaccia — Smoked Provolone, scrambled eggs, potatoes, zucchini, red peppers and pepperoni on focaccia.

Instant Breakfast Skillets — 3 oz. portion controlled matrix, ready-to-pan-fry of natural Mozzarella cheese, scrambled eggs, ground sausage, bacon pieces and green peppers.

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