
2.0 Industry Analysis

Break-in-Fast, a drive-thru breakfast restaurant, will be entering the quick-service restaurant segment of the restaurant industry. Our analysis of the industry shows how it is a thriving sector and has been continually growing. This proves that our business has the opportunity to excel in this successful industry. In this section we will give an overview of the industry, including current trends, industry leaders, risks, and growth forecasts.

2.1 Restaurant Industry Characteristics

Companies in the restaurant industry process, manufacture, distribute, market, and/or sell foodstuffs for human consumption. According to the National Restaurant Association (NRA), the restaurant industry has nearly \$476 billion in sales and 12.2 million employees, making it the largest private sector employer in the United States in 2005. Restaurant industry employees make up 9% of the nation's workforce.

Many restaurants are responding to consumers' interest in health and wellness. A newsletter by the United States Department of Agriculture stated that some full-service restaurants are offering sections in their menus with lighter fares, including nutritional value information printed in the menu for health conscious patrons.

The NRA also states that American consumers are developing more diverse and sophisticated tastes when it comes to dining out. Americans have more choices in restaurants now, such as Thai, Ethiopian, South American, and Indian. Adults are looking for more flavorful restaurant foods that they cannot duplicate in their home kitchen.

2.1.1 Quick-Service Restaurants

Quick-service restaurants are companies that own, operate, and/or franchise eating places that provide a casual dining experience in a compressed time frame.

According to Robert Derrington, a restaurant analyst, fast-food chains are doing much better than the casual dining segment. With their lower prices and convenient drive-thru services, fast-food restaurants are seeing good traffic trends.

Since quick-service restaurants are doing well, we believe that *Break-in-Fast* will be a viable venture. Our unique characteristics will allow us to break into the industry and become a prosperous restaurant.

2.2 Current Trends and Developments

Breakfast is becoming a booming source of revenue for quick-service restaurants. According to Technomic, a market research firm in Chicago, breakfast accounts for an

estimated \$40 billion in annual sales in the U.S. and 60% of the business is by fast-food companies. More people are now picking up their breakfast at a restaurant instead of eating at home. Commuters on their way to work are taking advantage of the drive-thru because of their limited time in the morning. An article in *Maclean's* states that even Starbucks is introducing breakfast sandwiches which it estimates will bring in an additional \$35,000 in revenues to each of its stores.

In response to Americans' concerns about their weight and a healthful lifestyle, many restaurants are emphasizing balanced menus. An article in *Restaurants & Institutions* mentions examples of fast-food restaurants adding healthier choices to their menus, such as whole-wheat pasta, salads, and fried-food alternatives. Also, according to a report by QSR magazine 68% of consumers agreed or strongly agreed that "I want healthy food before I want convenient food." *Break-in-Fast* recognizes this trend and will offer a healthful menu.

2.3 Industry Leaders

The industry leaders that offer breakfast are McDonald's, Starbucks, Burger King, Taco Bell, and Dunkin' Donuts.

McDonald's had 13,680 units in 2003, according to *Consumer USA*. Figure 2.1 represents *Consumer USA's* findings. It is no doubt that they have been leading the way in fast-food restaurants. "McDonald's has dominated the morning market for more than three decades with only a handful of hot and savory options," stated Cathy Gulli in an article in *Maclean's*. The article also states that sales have jumped 33% to \$20 billion since 2002.

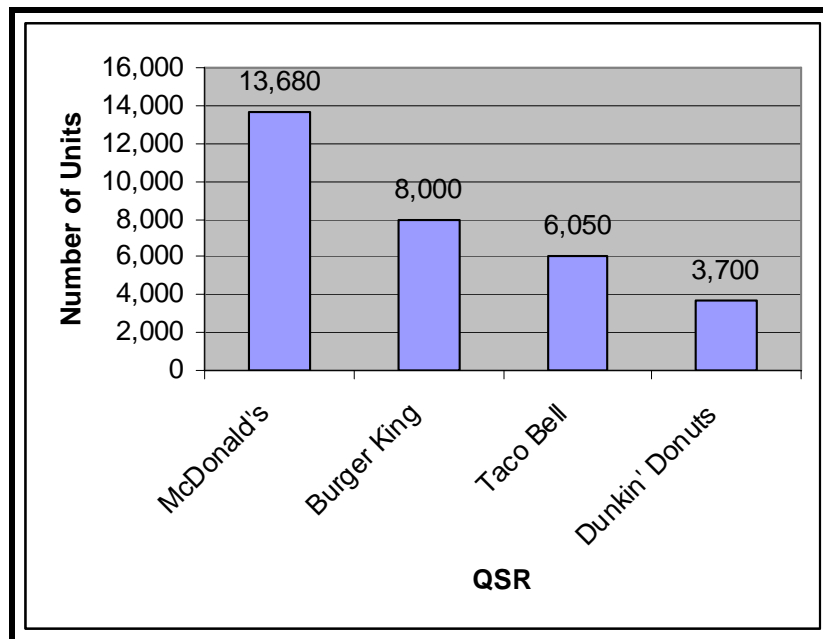


Figure 2.1. Leading Brands by Number of Units 2003

Break-in-Fast's speedy service and healthful menu will attract customers who don't want a heavy breakfast away from McDonald's. We offer a solution to the usual greasy foods found at fast-food restaurants.

2.4 Risk Assessment

Break-in-Fast will not be the only quick-service restaurant serving breakfast. We will face competition from businesses that are well established and have a strong customer base. However, we feel our unique characteristics will attract our target market and will provide them with an excellent breakfast meal. We are confident that our menu will allow us to establish a strong customer base as well.

2.5 Growth Forecasts

It has been forecasted that the restaurant industry will continue to grow, including quick service restaurants. According to an article in Nation's Restaurant News, B. Hudson Riehle, National Restaurant Association senior vice president of research and information services, predicts that industry sales in 2010 should total about \$577 billion, compared with \$399 billion in 2001 and \$239 billion in 1990. This data is shown in Figure 2.2.

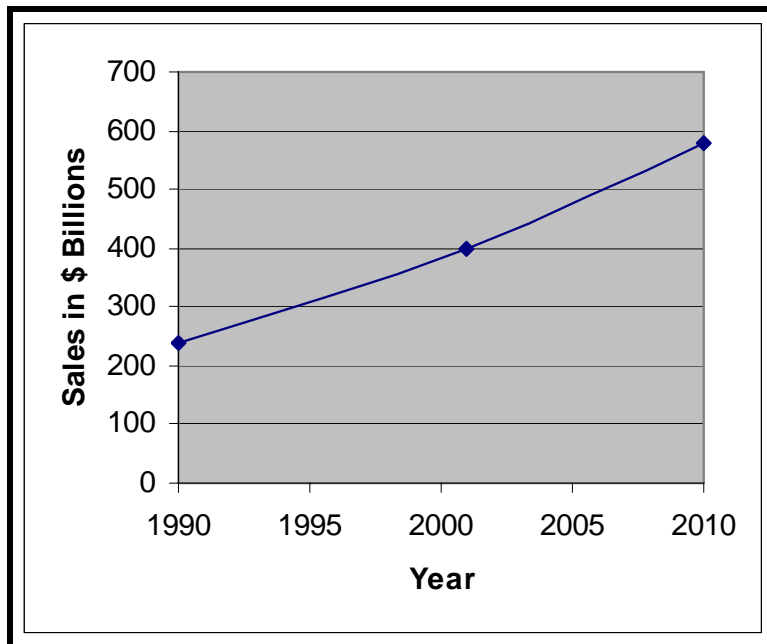


Figure 2.2. Industry Sales

Also, "Spending Spurs Industry Growth", stated that the NRA projects that quick service restaurants will register sales of \$150.1 billion in 2007, a gain of 5% over 2006. As shown in Table 2.1, Consumer USA forecasted that number of units, transactions and value sales in quick-service restaurants from 2004-2008 would steadily increase.

Table 2.1. Forecast Number of Units, Transactions and Value Sales in QSR 2004-2008

	2004	2005	2006	2007	2008
Units	302080	306392	310292	313861	317086
Transactions (million)	34642	35258	35838	36357	36809
Value (constant 2003 US\$ billion)	177	179	180	181	180

The expected growth of the industry will allow for *Break-in-Fast* to be a viable venture.

2.6 Conclusion

The restaurant industry has been growing and will continue to grow in the future. Based on the facts and statistics that we have found about the industry, we believe that *Break-in-Fast* is a viable venture. By filling the need for a quick and healthy breakfast, we feel that *Break-in-Fast* will attract many customers.

3.0 Product Description

Break-in-Fast is a quick-service restaurant (QSR) located in Los Angeles. The fast-paced lifestyle of this city has inspired us to create a restaurant that will cater to the needs of the average working-class citizen. It is our goal to allow commuters to get a quick, healthful and easy breakfast. In this section we will discuss how *Break-in-Fast* will be able to provide this with our dual drive-thru, our balanced menu, and our portable food items.

3.1 Our Mission Statement

At *Break-in-Fast*, our mission is to provide customers with a quick, fresh, and healthful breakfast. We will have a large number of employees, use only the freshest ingredients, and use healthy alternatives to achieve our goal.

3.2 Why *Break-in-Fast* is Needed

According to the quarterly Quick-Track survey by Sandelman & Associates, about half of the breakfast QSR users were between the ages of 35-54. Figure 3.1 represents their findings. People at this age are most likely part of the working class. Frequently, these working-class commuters do not have time to grab breakfast before they leave their home. This is why *Break-in-Fast* is needed. We will allow this demographic to get a quick and healthful breakfast with our revolutionary dual drive-thru.

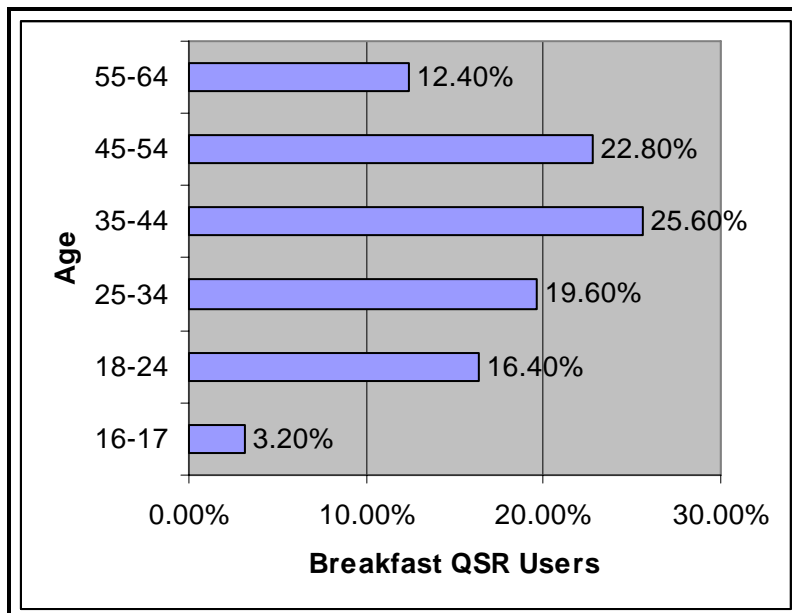


Figure 3.1. Percentage of QSR Breakfast Users by Age

3.2.1 Solution to the Commuter’s Nightmare

Los Angeles is burdened with traffic every morning as individuals begin commuting to work. According to the 2005 United States Census Bureau, 4.2 million workers commute to Los Angeles. The surplus of commuters creates an inconvenience for the everyday businessperson. As a result, this time constraint for the working community makes activities such as breakfast a low priority. *Break-in-Fast* offers a dual drive-thru access, a unique feature that facilitates a speedy solution for hungry workers.

Traditionally, a well-balanced breakfast is not a meal that can be accomplished in a short amount of time. The Quick-Track survey states that 49.3% of quick-service restaurant breakfast customers use a drive-thru. This demonstrates a large market for fast, convenient morning meals. Our dual drive-thru satisfies this niche.

3.3 Features and Benefits

Break-in-Fast has many unique characteristics. Our dual drive-thru layout allows the everyday Los Angeles worker to conveniently grab breakfast. Current studies show that Americans are looking for healthier food, and Los Angeles is no exception. Also, we have eliminated the mess of ordinary breakfast items by creating a menu composed of portable and delicious food items. Table 3.1 provides an outline of our features and benefits.

Table 3.1. Features and Benefits of *Break-in-Fast*

Features	Benefits
Dual Drive-Thru	Will allow customers to get their breakfast quickly
Healthy and Hearty Breakfast	Studies show that eating a healthy breakfast contributes to a healthy lifestyle and is a good way to start the day
Utensil-Free Menu	Will allow customers to conveniently and easily eat their meal

3.3.1 Dual Drive-Thru

With a drive-thru on two sides of our building, customers will be able to quickly order breakfast and be on their way to their next destination. We are providing this feature because we realize that time is limited in the morning.

3.3.2 Healthy and Hearty Breakfast

A well-rounded breakfast not only improves a person physically but also mentally. At *Break-in-Fast*, our goal is to provide a product with these qualities in mind.

America's Breakfast Council KRC research reported that 96% of Americans said they believe consuming a nutritious breakfast is part of a healthy lifestyle. Los Angeles, like the rest of America, holds their personal health as a high priority. According to an article in *Consumer Reports on Health*, a healthy breakfast helps keep your weight down, revs up your metabolism, boosts your alertness, and increases your energy for the rest of the day. *Break-in-Fast* offers a breakfast that will provide these qualities by using whole-grain flour instead of white flour, using vegetable oil rather than butter, and by offering fruits and vegetables.

3.3.3 No Spills, No Mess, No Worries

While healthy food is an ideal quality in breakfast, oftentimes convenience goes a long way. We acknowledge this importance by offering a complete utensil-free menu. Items such as our breakfast sandwiches, fruit-kabobs, and whole-grain pancake dots allow *Break-in-Fast* to remain clean and convenient for the customer.

In 2006, Mintel Global reported that 41% of the U.S. is looking for natural, healthy, and convenient products. *Break-in-Fast* easily provides these components to future customers with our unique menu.

3.4 Our Feature Item

The feature item at *Break-in-Fast* is our breakfast sandwich. Rather than forcing the customer to adhere to a strict menu, *Break-in-Fast* allows its patrons to personalize their breakfast. The customer will be able to pick what kind of bread item they want and then choose from a variety of healthy toppings to create their own sandwich. Figure 3.2 is an example of one of our delicious breakfast sandwiches.



Figure 3.2. Example of One of Our Signature Breakfast Sandwiches

According to an article by *Foodservice Equipment & Supplies*, research shows that breakfast sandwich popularity is on the rise because of their portability and, as a result, more operators are introducing these menu items as a way to drive up daytime sales. This demonstrates why our feature item will make *Break-in-Fast* a viable venture.

3.5 The Menu

Below is *Break-in-Fast's* unique menu which is built on an axis of versatility. We will allow each customer to substitute any bread or topping to any of the base sandwiches. In addition, *Break-in-Fast* has also kept the cost for the customer at a minimum by applying moderate prices.



Sandwiches

The Beast - \$6.00

A toasted Bagel topped with bacon, eggs, diced peppers and smothered in cheese

The Californian - \$6.00

A crispy croissant with a turkey, bacon, eggs, cheese, and topped with avocado

The Freshie - \$5.00

A healthy dish with egg whites, tomato, and cheese on wheat bread

The Great White - \$6.00

Eggs, chicken, diced onions, potatoes, tomatoes and cheese on white bread

Any bread or meat can be substituted

Bread: Bagel, Croissant, Wheat, White

Meat: Bacon, Turkey, Chicken

Extras: Avocado \$1.00, Egg Whites \$0.50, Potatoes \$1.00

Sides

French Toast Sticks - \$2.50

Pancake Dots - \$2.50

Fruit Kebab (apples, oranges, grapes, bananas) - \$2.00

Drinks

Coffee - \$1.00

Juices: Orange, Apple, Cranberry - \$1.25

Water - \$1.25

3.6 Conclusion

With the billions of commuters in Los Angeles and the importance of breakfast to start off one's day, we believe that *Break-in-Fast* has the potential to be a profitable and successful business. Our unique characteristics will allow us to achieve our mission and to provide our customers the healthy breakfast they've been looking for.