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Breakfast: A big meal for food chains

Subway has joined the battle over the morning meal by introducing a breakfast menu. Stacey Vanek-Smith reports the restaurant is the latest fast-food chain to step up its morning game.



An advertisement for a Subway breakfast combo (subwayfreshbuzz.com)

TEXT OF STORY

KAI RYSSDAL: Thirty thousand people hit the South Lawn of the White House today for the annual Easter Egg roll. The business world rolled out some eggs of its own this morning as well. The kind you eat, over easy, maybe -- not the hard-boiled ones you push around in the grass at the White House.

Subway restaurants has joined the battle over the morning meal. It's introduced a breakfast menu. Marketplace's Stacey Vanek-Smith has more on the home of the \$5 foot-long stepping up its morning game.

STACEY VANEK-SMITH: The breakfast crowd is getting kinda crowded.

BREAKFAST ADS: The new BK Breakfast Muffin Sandwich, for a buck. It's the one and only Sausage McMuffin. Subway now has breakfast!!!!

Americans spent more than \$55 billion on Egg McMuffins, hash browns and lattes last year. Restaurants rolled out hundreds of new breakfast items.

Why the early morning rush? It's the only part of the fast-food business that's growing says Harry Balzer, with consumer research firm NPD group.

HARRY BALZER: It's the one bright spot in the restaurant industry and that's why I think you're seeing a lot of people running to that space.

Subway's muffin melts will go up against new offerings from heavyweights like Burger King and McDonald's, which is doing a dollar breakfast menu and experimenting with new foods, like oatmeal.

The recession took a bite out of fast food breakfasts last year. But now that the economy is recovering, restaurants want to be ready says industry consultant Gary Stibel.

GARY STIBEL: Restaurants that offer a compelling value proposition for Americans returning to work or returning to spending are going to be way ahead of the curve as we come out of this recession.

Stibel says breakfast is cheap to make and doesn't eat in to other business. People who eat breakfast are just as likely to eat lunch as people who don't. Subway noticed that trend when it was test-marketing breakfast.

Jeff Larson is VP of marketing at Subway.

JEFF LARSON: We found that a healthy breakfast business has very positive impacts on our lunch business.

Other big chains are watching. Everyone from Taco Bell to Quiznos is scrambling to get on the breakfast bandwagon.

I'm Stacey Vanek-Smith for Marketplace.

COMMENTS

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By Ralph Lee
From Irvine, CA, 04/05/2010

Taco Bell already serves breakfast around here in their Newport Beach location. It seems like a limited/test-run thing though.

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