

Foodies Joining Breakfast Club

DINING: Morning Diners Get Inventive Menu, Hip Settings, Hearty Servings By [LOU HIRSH](#)

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Johan Engman gets ready to serve a Breakfast Sammie, one of the signature dishes available at his restaurant Breakfast Republic. Photo by Melissa Jacobs.

San Diego — Restaurateur Johan Engman is doubling down on his bet that San Diego's burgeoning foodie culture can translate to breakfast hours, especially on weekdays, when time-strapped commuters increasingly scarf down fast-food fare in their cars or at their work desks. His 8-year-old company, Rise & Shine Restaurant Group, is attracting a growing local following with its full-service, breakfast-centric concepts, including three locations of Fig Tree Café and the currently expanding Breakfast Republic.

Breakfast Republic recently opened its third location, in Encinitas, following earlier debuts in North Park and Point Loma's Liberty Station. In 2017, Engman plans to open that concept in two more places — East Village in February and Carmel Valley in April.

Engman also has lunch and dinner on his business plate — recently opening the seafood-oriented Como Ceviche in East Village, and planning next year to open a concept called Pizza Republic and the Mexican-themed El Jardin.

But he's far from through with breakfast. Also set to open next year is North Park Breakfast Co., with a more rustic design and different menu, in the young and hip, foodie-friendly neighborhood that sparked much of Engman's early success in San Diego.

The popularity of his first North Park breakfast venue has so far been replicated in other locations, helping him retain steady foot traffic in relatively tight daily business hours, generally 7 a.m. to 3 p.m. The result is the creation of a solid local niche while competing against the stalwarts of today's breakfast business — several local full-service players and national chains led by Denny's and IHOP, not to mention fast-food players such as Jack in the Box, McDonald's, Subway and even Taco Bell.

Revenue Growth

In revenue terms, breakfast has become an increasingly important meal of the day for U.S. restaurants, with sales growth generally ahead of overall industry growth rates. According to the research firm Packaged Facts, nationwide breakfast sales topped \$47 billion in 2013, and were expected to rise by 5.6 percent in 2014 and an additional 5.1 percent in 2015.

Exact figures were not immediately available for 2016, but overall U.S. breakfast sales were likely to continue increasing with more players now serving those items.

Engman said his own company is on track to reach \$10 million in sales by the end of 2016, and is projecting that with the opening of the new venues that tally will potentially double, to between \$20 million and \$22 million for 2017

"It's pretty aggressive growth," said Engman, 35, who started his University Heights-headquartered business in 2008 and now employs about 300 companywide.

"I like how you have all this competition now," he added. "It makes you stay sharp. You have to bring your 'A' game all of the time."

Much of his menu planning combines several food-related trends that have grown significantly in San Diego County over the past five years, especially in full-service dining. Those include multicultural menus emphasizing and sometimes combining flavors from various world regions, while keeping prices relatively affordable — no more than \$12 to \$20 for most dishes.

Flapjack Flight

Engman's breakfast menus emulate those of local bars and restaurants featuring artisan ingredients, craft beers and exotic cocktails. Breakfast Republic, for instance, serves pancakes and French toast that can be ordered in flights — like those used to taste several beers or wines — so diners can sample multiple flavors such as Oreo Cookie, Lemon 'n Coconut, S'mores and Cinnamon Roll.

The menu also has items that if not healthy per se, are from the comfort category, such as Breakfast Mac & Cheese. Breakfast culinary "fusion" comes in the form of dishes like Shrimp & Grits and the Vietnamese Chicken Wing Breakfast Bowl. Also tying into local and national foodie trends are recent popular items such as bone marrow and quail eggs, served with chorizo.

Engman said his restaurants offer organic, vegan, egg-white-only and other health-oriented options, but he is generally focused on customers seeking a different kind of localized, culinary-focused experience.

"What I've found is that our formats allow us to do a lot of experimenting," Engman said. "We're bringing dinner items into the breakfast menu."

Engman said craft beer and brunch-style cocktails sell well throughout the day at his breakfast venues, and those drinks are among the higher-margin items that help Engman keep his menu prices competitive, along with strong retail sales of branded Breakfast Republic items such as caps and T-shirts. Engman said the extra revenue helps minimize the need to boost entrée prices, in the face of rising expenses including labor, food and health insurance.

His venues typically have a whimsical, casual air. The recently opened Encinitas location, for instance, includes a lounge with tables and chairs designed to emulate freshly cracked-open eggs.

The Demographics

Though he is seeking to reach other demographics with high disposable incomes, hip and young are currently big parts of Engman's business recipe. The restaurant industry consulting firm Technomic Inc. recently reported that 28 percent of consumers of all ages surveyed nationwide are now eating breakfast away from home more than they did one year ago. That percentage rises to 39 percent for those age 35-44; 42 percent among those age 25-34; and 40 percent for those age 18-24.

Technomic analysts said rising breakfast sales are a combination of several factors, including the proliferation of items on limited-service menus and greater spending flexibility due to a better economy. "Younger consumers have particularly increased their away-from-home breakfast occasions, possibly because this demographic is gaining more familial and professional responsibilities that place time constraints on their morning, or as a result of their increased spending power," researchers said.

Technomic noted that companies looking to sustain long-term growth may need to cater more to consumers concerned about health, quality and cost, already issues for groups including those age 45 and older who buy breakfast outside the home less frequently than their younger counterparts.

Managing the Morning Team

Engman was born in a small town north of Stockholm, Sweden, and came to San Diego at age 16. Through his travels over the years to at least 60 countries, he picked up the ability to speak in multiple languages. More importantly as a business operator, he obtained skills in nearly every facet of running a restaurant, from busing tables and washing dishes, to serving, hosting and managing.

"What I was seeing all over the world was that the breakfast restaurants, especially the diners, were pretty much all the same wherever you went," Engman said. Among the lessons he learned was that behind-the-scenes management decisions play the biggest role in retaining customers, even more than a hip décor and a trendy menu.

"I was seeing that you could do much more as an owner to improve the morale of the employees, and that affects the customer service," he said.



Photo by Melissa Jacobs

Patrons enjoy the offerings at Breakfast Republic at Liberty Station.

Rise & Shine Restaurant Group

Owner and President: Johan Engman

Headquarters: San Diego (University Heights)

Year founded: 2008

Revenue: On track for \$10 million in 2016

Employees: 300

Company description: Operator of full-service restaurants including Fig Tree Café and Breakfast Republic