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McD, Taco Bell have different plans in 2012

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Taco Bell has big ambitions for its menu next year, fueled in part by its plan to "reinvent the taco" and extend its breakfast platform to additional markets in the West.

By contrast, McDonald's is expected to take an incremental approach in 2012, bolstering its many platforms like McCafé beverages or Angus Third Pounders with new flavors while deploying limited-time offers.

While many might see the two brands' menu moves as widely differing approaches to growth, analysts say the two strategies are not as far apart as they sound.

"There is no successful chain in this industry that isn't focused on both incremental and dramatic growth," said Gary Stibel, founder and chief executive of the New England Consulting Group, which has consulted with Taco Bell and McDonald's in the past.

"The best companies are focused on evolutionary and revolutionary improvements," he said. "You need your evolutionary changes to happen to get you into overdrive, where you can make a revolutionary change."

During parent Yum! Brands' third-quarter conference call, chief executive David Novak said the Louisville, Ky.-based company was unhappy with Taco Bell's same-store sales performance in 2011 and that dramatic menu innovation was required to reverse the declines. Same-store sales fell 2 percent in the third quarter, following a decline of 5 percent in the second quarter and a flat result for the first quarter.

But Novak said that next year, the brand's 50th anniversary, would see the "breakthrough" reinvention of the taco, toward the end of the first quarter.

Novak gave no indication whether the new taco would be a more premium product developed to compete with fast-casual chains like Chipotle or something more value-focused to shore up Taco Bell's positioning in quick-service Mexican sector. Most of this year's marketing at Taco Bell focused on value promotions and product reintroductions.

Coming off a more successful year, McDonald's spent 2011 making additions and refinements to platforms introduced over the past few years, such as rolling out a barbecue bacon flavor to its Angus Third Pounder line and adding Frozen Strawberry Lemonade and the Mango Pineapple Real Fruit Smoothie to McCafé. Sales of that premium-beverage line rose 16 percent in McDonald's most recent third quarter, compared with a year earlier. Domestic same-store sales rose.



Strawberry Lemonade smoothies were introduced to McCafé in 2011

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