



Limited-Service, Unlimited Possibilities

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Taco Bell made news early this week with CEO Greg Creed's announcement that the brand would scrap kids' meals and toys by January 2014—all in the name of kicking up its edgy image and resonating with its target Millennial customers.

Though the move isn't likely to create big waves financially—Creed said kids' meals brought in just \$35 million in 2012—not everyone agrees that this was a smart move for the Mexican chain.

The decision is an attempt to cater to Millennials, but it also ups the potential for veto votes with Millennial families with children, says Dave Stone, managing partner and principal at marketing management consulting firm New England Consulting Group.

“The idea that you want to ... put a stake in the ground that says, ‘Other people are not welcome,’” isn't a smart move, he says. And if a guest—Millennial or not—thinks the brand isn't kid friendly, “then there is some risk that they'll turn off people who are into the family end of the business,” Stone adds.

“I don't think they should be eliminating,” he says. “They shouldn't be creating potential for vetoes in terms of people coming to Taco Bell.”

Stone's colleague, however, believes the decision was not only strategic, but also gutsy.

“The biggest mistake that most of the restaurant management [teams] are making today is failing to make tough decisions and make choices. So the menus are getting out of control, they're trying to be all things to all people,” says Gary Stibel, founder and CEO of New England Consulting Group.

“The objective of a strategy is to decide where to play and how to win,” he adds. “And what they are doing is they are saying, ‘We will play among Millennials and Boomers. We will win with this group by focusing 100 percent of our attention—not 90, 95, or 85—there.’”

Stibel says Taco Bell's decision to nix kids' meals not only doesn't exclude kids from eating at Taco Bell—as they can order off the regular menu—but it will save the brand and franchisees money in the long run.

“The cost of making [kids’ meals] available is huge. You’ve got to have product in the stores, you’ve got to inventory product—some of which stales out, it takes space, it takes management attention, that product has to be refreshed,” he says. “It is a huge cost to both the corporation and the franchisees. By eliminating that cost, both in terms of product and time and ingredients and space, you can reallocate that attention to Millennials and [other] adults.”

Stone says making a brand statement about the decision and calling attention to it in the first place was unnecessary. “It kind of does raise the question of why they needed to say that explicitly and make a big deal about it, because they’re not going to talk about it again,” he says.

And though some may question whether Taco Bell’s decision to remove kids’ meals from the menu could influence other quick-serve players to do the same, Stibel says he expects quite the opposite.

He says the announcement could cause brands like McDonald’s to step up their kids’ meal games even further and “see this as an opportunity to offer something that other people aren’t offering. So I would expect McDonald’s not to follow suit, but to go the exact opposite way and to make McDonald’s an even kid- and family-friendlier place.

“At the core of McDonald’s strategy is family and kids,” Stibel adds. “By taking advantage ... of a competitor’s elimination of kids’ meals, which I think they will, that strengthens their appeal to their target audience.”

By Mary Avant