**MINNEAPOLIS (WCCO)** — What do you think of some egg and sausage wrapped in a waffle with syrup on the side? Taco Bell is making a big bet you're willing to try it. Its new Breakfast Waffle Taco and A.M. Crunchwrap are some of the new items available when the chain starts offering breakfast next month.

"It's all about utilization of assets," said Gary Stibel, C.E.O. of the New England Consulting Group, a marketing management consulting firm. "When you have all of this <u>real estate</u> 
☐ and restaurant equipment, why would you want to let it go idle for five hours a day?"

For the past few years, McDonald's has long held the top quick service breakfast spot, followed by Dunkin Donuts and Starbucks. About 20 percent of McDonald's sales come from its breakfast menu. Subway and Burger King have also entered the breakfast market, but experts say they haven't been quite as <a href="mailto:successful">successful</a>

"Breakfast is a real opportunity, because there's not a lot of play in the breakfast day part. There's not a lot of competition there," said Sam Oches, editor of QSR Magazine, a trade publication that covers the <u>quick</u> Service food industry.

Quick service restaurants, he says, are attempting interesting innovations to be able to compete with the quickly growing <u>fast</u> <u>d</u> casual restaurants like Panera Bread and Chipotle.

"The broader fast food industry is at a crossroads and they're trying to figure the next great thing that will take them in the future," Oches said. "They've had a lot of hits, but mostly misses with things like healthy items and they're trying to find their way."

Stibel says breakfast makes sense because eggs are cheaper to make compared to hamburgers, but Oches points out the high costs associated with offering new foods in new dayparts. Taco Bell will have to open earlier as well as add new employees 

and equipment.

"They mostly see an opportunity to innovate, an opportunity to steal customers from McDonald's and other breakfast places," Oches said. "They're hoping their <u>success</u> \(\mathbb{Z}\) will outweigh the costs."

Demographics might also be at work, according to the experts. Currently, Taco Bell's target market is young men, but breakfast offerings attract more people headed to work.

"If you capture them in the morning for coffee, you can give them a <u>coupon</u> of for dinner or even get them to buy lunch," Stibel said.