

## case study

# Who is Losing the Breakfast Battle? A Case Study of McDonald's and Taco Bell

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## Introduction

For many people breakfast is believed to be the most important meal of the day to help them kick off their busy work day. In America, cereal and fruit juice have been breakfast choices for generations. In July 2014, Kellogg, the giant breakfast cereal company, announced a decrease of 16% in its global quarter earnings and the Florida Department of Citrus reported the lowest sales of orange juice in a decade (Siegalbaum, 2014). The food choice of everyday American breakfast has been changing when Americans change their habits and look for a quick, delicious hot meal to start their morning. According to NPD Group, a market research firm, in 2013 there were 12.5 billion breakfast visits made to U.S. quick service restaurants, increasing by 3% from 2012. While lunch and dinner continue to decline, the breakfast market has been growing for the past few years (NPD Group, 2014). One reason that contributes to the consumers' preference is that breakfast is the cheapest meal of the day and in the post-recession period consumers tend to be very conservative with their spending.

According to Technomic, a food industry research firm, fast food breakfast sales amounted to \$31.7 billion in 2012 and had been growing at the rate of 4.8% on an average annually since 2007. McDonald's seems to have effective monopoly for holding 31% of the market share (Lopez, 2014). There is so much promising potential for this market and the increasing fast food breakfast sales has sparked a full-out battle among fast food giants as they competitively improve their breakfast menu selection and fight by all means for the right to charge the consumers a few bucks for their breakfast.

## Breakfast battle

Fast food chains have steered their focus toward the attractive breakfast market to maximize sales in every possible day part. The industry giant, McDonald's, has already captured one-third of the breakfast market with its old-fashioned breakfast sandwiches and acquires 20% of its sales from breakfast (Janis, 2014). Another fast food chain, Yum! Brands, which previously had no breakfast offering, started serving a fresh and innovative breakfast menu at its Taco Bell restaurants in the first quarter of 2014. The heated battle for every cent

of the breakfast menu does not just start among the big names in the fast food industry since other establishments also want their shares of the market. Some other businesses in the food industry like Starbucks and Dunkin' Donuts also entered the breakfast market by serving all-day breakfast to millions of their customers who come in for their coffee. Dunkin' Donuts introduced a new item, the Eggs Benedict sandwich, to their menu selection. Starbucks also unveiled their new breakfast items, such as the Egg and Cheddar sandwich on multi-grain toast and the new and improved Reduced-Fat Turkey Bacon Breakfast Sandwich (Janis, 2014). It is undeniable that the breakfast market has become the strategic area in the fast food industry for the fact that those seemingly few breakfast dollars yield an incredible return to justify their enormous expense on marketing campaigns.

## Taco Bell

Taco Bell, established in 1962, is a subsidiary company of Yum! Brands, Inc., the world largest fast food company in terms of units. It is the nation's leading Mexican-inspired quick service restaurant serving Tex-Mex type food, such as tacos, burritos, nacho, and quesadillas. With more than 5,500 restaurants in the US, Taco Bell serves more than 36 million customers every week (Anonymous, 2014). With the intention to provide "a fresh new perspective on classic breakfast," Taco Bell's creative breakfast selections challenged the old-fashioned breakfast choices with 13 new menu items, featuring waffle tacos, burritos, breakfast wraps, flat bread, and Cinnabon Delight donuts. Taco Bell started selling the popular A.M. Crunchwrap for an average price of \$2.49; a cup of coffee for \$1.49; and orange juice for \$2.99. Interestingly, the breakfast items were designed to be held in one hand so the customers can have one free hand at the same time to enjoy coffee on the go or use mobile phone. Although the company did not disclose its marketing expense, it made a remark that the marketing campaign had been the biggest in its 50 plus years of history. Some analysts believed that the company had spent around \$40 million to \$50 million for the breakfast's marketing campaign (Anonymous, 2014). According to Kantar Media, a market research company, Taco Bell spent \$310 million on TV ads, up from \$244 million in 2012 (Gillette, 2014).

## McDonald's

McDonald's Corporation holds its top position being the world's largest hamburger fast food chain. The company has over 35,000 outlets located in 119 countries and its global customer services range up to 70

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Figure 1

## McDonald's breakfast selection

(McDonald's website, 2014)

Wake up  
to deliciousness.



million per day. Its US segment accounted for 31% of total revenue in 2013 (McDonald's Corporation, 2013). Introducing its first breakfast item, Egg McMuffin, in 1971, the company perfected the breakfast menu by 1976. For more than 40 years, Egg McMuffin (Figure 1) is still one of the most favorite fast food breakfast items and is sold for \$2.79 on an average in the US. McDonald's full breakfast menu also offers McGriddles, biscuits, bagel sandwiches, and hotcakes together with breakfast platter and sausage burritos. Customers can find the dollar value breakfast menu for sausage burritos, sausage biscuit and a cup of coffee in most of its outlets in the US (McDonald's Corp., 2014).

According to Sanford C. Bernstein & Co., McDonald's \$9 billion breakfast sale in 2013 was accountable for about 20 percent of McDonald's total revenue. In 2014, McDonald's was reported to have spent \$136.1 million on their US breakfast advertising campaign. However, that figure does not include the company's expense on marketing through social media portals and theme events (Vranica, 2014).

### *Taco bell's "the next generation breakfast"*

Being known as a creative menu developer, Taco Bell has been test-

ing breakfast for two years since it was offering items such as scrambled egg-stuffed waffles in 2012 (Figure 2.). On March 27, 2014, Taco Bell launched its national breakfast menu at all 5,500 locations in the U.S. In 2013, a new breakfast item made with eggs and bacon wrapped in waffle drizzled with syrup called Waffle Taco was tried in a handful of Southern California branches. The breakfast item became an instant best seller. Based on the successful trial, the chain decided to expand its menu and offer breakfast from 7 am until 11 am. Extending breakfast until 11 am instead of 10:30 am traditionally followed by other fast food chains like McDonald's is to accommodate people who want to sleep in on weekends. Bringing in breakfast is not an easy task. It is a major undertaking in addition to operational complexities when employees have to serve breakfast and lunch in a small kitchen space (Reporter, 2014).

To retaliate, on February 24, 2014, McDonald's announced that it was in the early stages of devising plans to extend its breakfast hours (Reporter, 2014). McDonald's CFO Peter Bensen acknowledged that it is natural for customers to explore new things, the new fast food fare, but McDonald's would not easily lose its position. "I think that new entrants into the market always bring a different level of atten-

Figure 2

## Taco Bell's "The Next Generation of Breakfast Is Here"

(Taco Bell website, 2014)



**Figure 3**

## Picture of 25 Ronald McDonald's in the Taco Bell Advertisement

(Thinkalytic, 2014)



tion to breakfast, in which many cases supports us. We have become America's favorite place to eat breakfast. And we don't plan on giving that up," said Bensen (Ferdman, 2014).

### *Taco bell's advertising scheme and McDonald's response*

#### **Before March 27th 2014**

Although it is not very common, it is not new to attack competitors through marketing campaigns. Taco Bell did exactly that to promote their new breakfast menu in March 2014. Taco Bell's innovative way of approaching several individuals with the same name "Ronald McDonald" and getting them to vouch for Taco Bell's breakfast was very creative which definitely got consumer's attention. Taco Bell launched the commercial titled "Guess Who Loved It" (Eiden, 2014), which featured 25 men named Ronald McDonald from various parts of the country who express their love for Taco Bell's new breakfast items. This commercial was directed by an Oscar winner, Errol Morris, hired by Deutsch LA ad agency in Los Angeles. To take direct aim at McDonald's, Taco Bell contacted several persons named Ronald McDonald and brought them together in Los Angeles to create this ad. The ad begins with a narration, "To show you just how much people love Taco Bell's all new breakfast, we asked some very special people." One by one, a handful of men introduce themselves as Ronald McDonalds (Figure 3). In the end, all these 25 men say in unison "My name is Ronald McDonald, and I love Taco Bell's new breakfast." (Horovitz, 2014).

In addition, there were three TV spots with these men named Ronald McDonald who gave glowing testimonials of Taco Bell's new breakfast items. Each spot ends with the sign off, "Delicious new breakfast everyone can love, even Ronald McDonald." The main TV spot

has gotten over 1.6 million views on YouTube as of November 2014 (Incitrio, 2014). The spot included a disclaimer that Ronald McDonalds in the commercial are not affiliated with McDonald's Corp. This commercial began airing on March 27, 2014 (Thinkalytic, 2014).

Taco Bell's marketing scheme also heavily utilized social media for marketing. Their marketing campaign included phone promotion that was created by Taco Bell and Publicis Groupe's [DigitasLBi](#), the chain's digital agency (Morrison, 2014). The promotion sent 1,000 prepaid disposable phones to "fans" that texted throughout the day with time-sensitive breakfast related missions. The mission included tweeting where selected fans would try Taco Bell's breakfast within the continental U.S. and ask them for the reason for doing so. The winner would get a trip to go to the city where they wanted to enjoy Taco bell's breakfast (Brand eating, 2014). All those who received phone calls also got other prizes such as Waffle Taco-themed PJs and T shirts, Crunchwrap- themed bed set, for responding. This campaign added a lot of hype to the breakfast before the planned release on March 27, 2014 (Immerman, 2014).

#### **March 27, 2014**

This was an important day in the history of Taco Bell. Taco Bell released its breakfast menu over 5,500 stores nationwide. The menu included the Waffle Taco, the A.M. Crunchwrap™, Cinnabon® Delights™, Breakfast Burrito – Bacon, Breakfast Burrito – Sausage, Steak and Eggs Burrito, A.M. Grilled Taco – Bacon, A.M. Grilled Taco – Sausage, Sausage Flatbread Melt, Hash Brown, Premium Hot Coffee and Tropicana Orange Juice, all with the great value Taco Bell can provide. This was the biggest menu expansion in history of Taco Bell since it was first opened 50 years ago (Tacobell, 2014).

**Figure 4**

**McDonald's post "Imitation is the sincerest form of flattery"**

(Maskeroni, 2014)



Making changes to people's usual routine is hard. It was a challenge for Taco Bell to get people's attention and make them understand that there is a great alternative to their routine. They faced this challenge by launching this "competitive and combative" advertising campaign with Ronald McDonalds enjoying their breakfast menu items. The ad went viral in the social media and Taco Bell accomplished what it wanted to achieve. According to Kantar media, Taco Bell's parent company, [Yum Brands](#), spent about \$280.3 million on U.S. measured media in the first nine months of 2013 (Morrison, March, 2014).

"Taco Bell President Brian Niccol said the campaign strategy was to turn heads and make the chain stand out in a sea of sameness." "This is about getting people to understand that there's a great alternative to their breakfast routine. There are lots of competitors [at breakfast]. Even the advertising all looks the same and it's hard to distinguish one breakfast sandwich from another. We needed marketing that is not going to be taken as your ordinary breakfast-menu marketing." (Morrison, March, 2014). McDonalds responded to Taco Bell's advertisement on twitter with "Breaking! Mayor McCheese confirms: Ronald, in fact, still prefers McDonald's" (DiBlasio, 2014).

**March 28, 2014**

As a response to Taco Bell's advertising campaign and its breakfast offering, McDonald's announced that it will provide free small cups of coffee every morning during its breakfast hours from March

31 through April 13 (Rogers, 2014). They also put on a concert in Times Square and a flash Mob in Chicago to get the buzz growing in major cities over their McCafe coffee line (Janis, April 11, 2014).

McDonald's also came back with more tweets. One was with a picture of McCafe coffee, Egg McMuffin and Hash Brown from McDonald's with a saying "Nothing beats the original "FirstMeal." (Twitter, 2014). The second was a response on Facebook with a text "[Imitation is the sincerest form of flattery](#)" and a picture of Ronald McDonald petting a Chihuahua (Figure 4.), which was the spokes dog for Taco Bell. (Maskeroni, 2014). The Chihuahua named Gidget was a popular advertising figure for Taco Bell until 2000. Due to a controversy Taco Bell stopped using the dog in its ads. The dog spoke in Spanish and his catchphrase was "¡Yo quiero Taco Bell!" which meant "I want Taco Bell!" in English. In July of 1998, the leader of a coalition of 50 Latino groups found the commercial to be ethnically offensive and called for a boycott against Taco Bell. Mario Obledo, president of the Sacramento-based California Coalition of Hispanic Organizations and former state secretary of Health, Education and Welfare said, "To equate a dog with an entire ethnic population is outrageous, despicable, demeaning and degrading" (Reyes, 1998).

**April 7, 2014**

Taco bell did not stop with this. It released another commercial with a clear message to its consumers that eating Egg McMuffins is outdated. The message was conveyed with an advertisement titled

**Table 1**

**Chronological events in the breakfast war between Taco bell and McDonald’s**

Date	Company	Action
Before March 27th, 2014	Taco Bell	Taco Bell launched the commercial titled “Guess Who Loved It” which featured 25 men named Ronald McDonald from various parts of the country who express their love for Taco Bell’s new breakfast items.
March 27th, 2014	Taco Bell	Taco Bell released its breakfast menu over 5,500 stores nationwide.
March 28th, 2014	McDonald’s	McDonald’s announced that it will provide free small cups of coffee every morning during its breakfast hours from March 31 through April 13. Concert in Times Square and a flash Mob in Chicago Twitter: “Nothing beats the original #FirstMeal” Response on Facebook with a text “Imitation is the sincerest form of flattery” and a picture of Ronald McDonald petting a Chihuahua which was the spokes dog for Taco Bell.
April 7th, 2014	Taco Bell	Advertisement titled “Get with the Times”. The ad features a man who sings to the tune “Old McDonald Had a Farm”

“Get with the Times”. The ad features a “man” who sings to the tune “Old McDonald Had a Farm” that he has been eating McDonald’s Egg Muffin since 1984. He suddenly decides to get with the times after seeing Taco Bell make its waffle Taco. He gets his hair cut; throws out his old mobile phone; gets a smart phone; sells his outdated things; and goes to Taco bell for breakfast. “Taco Bell CMO Chris Brandt said that the aim of the commercial was to show consumers that McDonald’s has been selling breakfast for years and that [Taco Bell was offering the “next generation” of breakfast.](#)” He said that in order to make a mark in the market the brand had to be disruptive (Baliga, 2014).

As of November 8, 2014, the quick, simple, response by McDonald’s with Ronnie petting a Chihuahua received over 7,000 likes and 1,450 shares, plus over 600 comments. Facebook posts on March 30, 2014 promoting the free coffee have received more engagement than its response to Taco Bell did, with over 66,000 likes and over 6,000 shares. Both Taco Bell and McDonald’s saw a spike in Twitter when Taco bell launched the ad campaign on March 27th and McDonald’s responded on March 28th (Incitrio, 2014). Chronological events in the breakfast war are shown in Table 1.

*Comparative Assessment: Other Ad Wars*

**Mercedes vs. Jaguar**

In September 2013, Mercedes-Benz used the ad agency Jung von Matt to launch an ad campaign that went viral on YouTube. The commercial used “dancing” chickens to boast the company’s new suspension system. In the commercial, a white gloved person holds while dancing with a chicken in hand and when several other chickens join to dance. Even though the bodies of the chickens were moving, the heads stayed absolutely stable (Figure 5.). This commercial was aimed to demonstrate “Stability at all times,” “Magic Body Control,” and “Intelligent Drive” that

Mercedes-Benz offered (Youtube, 2013). This commercial got more than 7 million hits as of November 8, 2014 (Barness, 2013).

Three months later, followed by the success of the Mercedes ad, Jaguar Land Rover responded with a clever version of the commercial, where a scientist wearing white gloves imitates the chicken dance in the Mercedes-Benz ad and says “See, it’s just like a Mercedes.” A jaguar appears suddenly and eats the chicken. Text appears: “Magic Body Control? We prefer cat-like reflexes.” (Davis, 2013)

Mercedes hit back in response to the attack by Jaguar with a poster within 3 days. It boasted their PRE-SAFE braking technology (in capitals) a feature which was not available in Jaguar. This feature senses when someone is about to crash and adjusts seat belt tensioners as well as front seats to aid airbags deployment. It reverts back to the original position if there is no crash (Figure 6). Since this feature requires very quick deployment, cat-like responses are not fast enough. Mercedes cleverly responded back with the poster to tout the PRESAFE brake mechanism (Lloyd, 2013).

**Samsung vs. Apple**

In the recent years we have been watching Tech giants Samsung and Apple using comparative/competitive advertising strategies to compete for the smart phone market. In late 2011, Samsung came up with an ad campaign to promote their Galaxy S II. In the ad, while iPhone users were still standing in line to get their next iPhone, the Samsung Galaxy S II users were passing by. The people in line were checking out the Samsung Galaxy S II. One of the Galaxy S II user asks the people in line “Why don’t you guys just get 4G phones?” while another one boasts about the larger screen. The text says: “The next big thing is already here” and the iPhone users are still standing in line (Anuar, 2015).

A month later, Samsung also came up with a poster titled “Cutting

**Figure 5**

### Mercedes-Benz's chick ad

(Youtube, 2013)



**Figure 6**

### Mercedes responds to Jaguar's chicken spoof by getting technical

(Lloyd, 2013)



Edge" vs. "Old School" (Figure 7). The display in the poster had Galaxy S II under Cutting Edge and iPhone, old fashioned cell phone and a pair of empty tin cans under "Old school." Samsung did not stop with that. The ad campaign continued with a series of posters bashing apple as "old school". It was funny to some but some considered this as bad marketing (Masand, 2011).

#### **Coca Cola vs. Pepsi**

Coca-Cola Company and PepsiCo, two big players in the carbonated soft drink market have been battling for the top spot since their introductions in 1886 and 1903 respectively. Interestingly, marketers from both companies have never been shy from directly competing with their arch-rival publicly. Both companies often include each other's products or images in their promotional materials. In 2012, Coca-Cola's ad during the Super Bowl depicts a mix match groups of cowboys,

showgirls and bikers who are all racing toward a giant bottle of Coca Cola in the middle of a burning desert in hope to cure their thirst (Zmuda, 2013). Later, PepsiCo hired all of the actors and actresses from Coca-Cola ad to make a sequel ad with the intention to mock its all-time competitor directly. Pepsi ad revealed that the desert chase scene was actually a movie set. When the cast was taking a short break, the cowboys, showgirls and bikers made their efforts to get Pepsi cans from a broken Pepsi vending machine while there was a Coca-Cola machine standing sadly right next to it (Figure 8.) (Wasserman, 2013).

#### *The dilemma*

#### **Game Theory in Play**

The ad campaign war between Taco Bell and McDonald's and the other brands are examples of competitive and combative advertising in real world situations. If considered from strategic angle they

Figure 7

## Cutting Edge Vs Old School

(Masand, 2011)



demonstrate “The prisoner’s dilemma” in game theory. “The prisoners’ dilemma” is the best-known game of strategy in social science. It helps us understand what governs the balance between cooperation and [competition](#) in business, in politics, and in social settings” (Nalebuff, 2015). As seen in the examples provided in this case, one player’s strategy is dependent on the other. If Taco Bell did not start its campaign attacking McDonald’s, there was no need for McDonald’s to fire a response with Ronald McDonald petting a Chihuahua. What was the reason for Taco Bell to start the brand war against the breakfast giant? Wouldn’t Taco Bell be successful in its campaign by only promoting its products without any references to McDonald’s? What is the strategy behind this? Is the main goal is to get the market share or is

it mainly to get consumers’ attention? Taco Bell would have definitely anticipated a response from McDonald’s before making a decision on whether to attack McDonald’s or not. What are the impacts and outcomes of competitive and combative advertising?

### Theoretical Underpinnings

When two businesses Taco Bell and McDonald’s are competing against each other, an essential part of the competition is advertising. The Prisoner’s Dilemma is a perfect way to understand companies’ incentives behind advertising (Quora). If both Taco bell and McDonald’s do not use combative ads or in attack each other, they both do not risk losing advertising dollars. The best possible scenario according to Prisoner’s dilemma for Taco Bell would have been if McDonald’s did not respond back. However, if McDonald’s did not respond back, it might have affected McDonald’s profits. According to Nash Equilibrium, McDonald’s decision to attack back is the only stable outcome of the war started by Taco Bell. Game theorists use the Nash equilibrium concept to analyze the outcome of the [strategic interaction](#) of several [decision makers](#). In other words, it provides a way of predicting what will happen if several people or several institutions are making decisions at the same time, and if the outcome depends on the decisions of the others. The simple insight underlying John Nash’s idea is that one cannot predict the result of the choices of multiple decision makers if one analyzes those decisions in isolation. Instead, one must ask what each player would do, taking into account the decision-making of the others.”

The major lesson learnt from these ad wars relate to the use of “competitive and combative” advertising. In a 1999 survey of 1800 U.S. corporate executive conducted by the American Advertising Federation found that 83 percent agreed that advertising provides a competitive edge (Beard, 2011). An observation is that neither the advertisers nor industry observers have always been so confident

Figure 8

## Coca Cola and Pepsi ads in 2012

(abcnews.com)



about the role advertising plays in competition nor how combatively to compete with it. Earlier many businessmen believed that not only the competition in advertising be avoided but competitors should be ignored. However, recent advertising have a tendency to use competitive and combative advertising, which in many cases have proved to be fruitful. One of the reasons for such a move may be the competition in expanding markets. It should also be considered that combative advertising may be a resultant of declining sales or a competitor's success. This is apparently evident in the case of McDonald's and Taco Bell case. A well-established view is that the generic advertising is especially effective early in the product life cycle. According to one of the findings (Beard, 2010), advertising wars often produce mutually damaging consequences and that advertisers who engage in them often regret it. The study also shows that advertisers often criticized combative advertising, while simultaneously engaging in it.

### *Who are the Real Winners?*

#### **Taco Bell**

In the time of backdrop of weak economic growth and lackluster and declining sales, finding a new way to attract consumers may prove crucial. "It killed me for years driving by all those McDonald's that are full before we even open our doors," said Taco Bell's CEO, David Novak during the company's earning call (Kelso, Feb, 2014). Taco Bell has spent a large investment on its national breakfast marketing campaign to get customers' attention and their purchases; however the ad strategy is believed to be a "copycat." "Ronald McDonald" ad series have been recognized to be similar to an ad that Jack in the Box, a West Coast fast food company, ran in its campaign in 2002. In the ad, the Jack in the Box mascot gives a guy named Ronald MacDonald a Jack in the Box burger. The mascot then says "Now my burgers are so good even Ronald MacDonald likes them" while Ronald MacDonald is enjoying the burger. The ad was made by Secret Weapon in 2002. Richard Stitig, the founder and creative director of Secret Weapon, commented that Taco Bell's new breakfast ad, exactly has the same idea" (Gillette, 2014).

According to Ace Metrix, an ad performance research firm, Taco Bell breakfast ad series were scored higher in term of likability than McDonald's ads as of July 2014; however the highest scoring was not the Ronald McDonald ads. It was the ad that featured two old men watching young people eating their Taco Bell breakfast with one hand and wondering why it is so good (Vranica, 2014). "Attack ads" technique is considered by some people a risky approach in marketing world. In fact, some viewers disagreed with Taco Bell's use of "attack ads." They think that if McDonald's breakfast is outdated and boring, then we should also give up on our other all-time favorites, such as Hershey bars and Coca Cola (Kalb, 2014).

Taco Bell is proud to be "one of the few companies in the history of quick service restaurant industry to launch breakfast successfully

and profitability in year one," said CEO Novak. Taco Bell's US same-store sales were reported to increase by 3% in the third quarter of 2014 (Kelso, Oct. 2014). Yum! Brands also noticed a "dramatic difference" in same-store sales growth between restaurants offering breakfast and those that don't (Vranica, 2014). Breakfast serving is anticipated to help push the company's targeted sales to \$14 billion by 2022, from \$7 billion it made in 2012. The brand experienced its highest growth in the decade with a plan to open at least 200 new restaurants through the country in 2014, up from 100 restaurants in 2013 (Kelso, Oct 2014). The company expected that the breakfast business would help increase the annual sales from \$700,000 to \$120,000 per restaurant.

#### **McDonald's**

As the industry giant, Taco Bell's Ronald McDonalds campaign was not the first time that McDonald's was attacked in advertising. With a huge number of fans and customers, McDonald's has proved its long-term success in the quick service restaurant industry. In 2013, the company had around \$36 billion in revenue in the US, comprising \$10 billion of US breakfast market share (Morrison, 2014). "McDonald's does more breakfast sales in the U.S. than Taco Bell does total sales globally," said Darren Tristano, executive vice president at Technomic. However, when mentioning the breakfast offensive from Taco Bell, "McDonald's has to pay attention," he added (Morrison, 2014). Taco Bell's attack ads invited the retaliation and McDonald has made some responses. McDonald's were giving out free coffee, posting a light response on its Facebook account, pushing marketing for its breakfast McGriddle sandwiches, considering extending its breakfast hours and offering some breakfast items all day.

With more than 14,000 McDonald's restaurants in the US, which are more than double Taco Bell's US outlets, franchisees seem not to consider that Taco Bell's breakfast is a threat. They are not "actually concerned with Taco Bell's breakfast," said Dick Adams, a former McDonald's franchisee and consultant. He does not think that Taco Bell's breakfast can hurt McDonald's (Morrison, 2014). On September 9, 2014, McDonald's reported that its same-store sales in the U.S. dropped by 2.8% in August in addition to 3.2% drop in July. However, it is hard to predict and isolate the impact of competitive/combative/attack advertising.

### **Discussion questions**

- Can Taco Bell's menu expansion to include breakfast be considered in line with the company's mission?
- Was Taco Bell's advertising strategy appropriate for securing market share?
- Was it appropriate for Taco Bell to go after a large corporation like McDonald's?
- Was Taco Bell's advertisement be considered as Competitive or Combative or both? If none, give reasons for your assessment.
- What should each company consider before deciding on a

competitive ad campaign strategy?

- Was actions can McDonald's take in response to Taco Bell's advertisements?
- Do you consider Taco Bell to be a smaller operation considering the fact it is a part of Yum Corporation?
- How is Taco Bell vs. McDonald advertising campaign war similar to other brand wars cited in this case study? How is it different?
- Who is the real winner or loser? Taco Bell? McDonald's? Or other quick service restaurants?
- Is combative advertising an effective marketing technique to debut a new product or service?

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