

# Taco Bell Bets on Waffle Taco, Other Breakfast Items

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NEW YORK (AP) — Egg McMuffin, meet the Waffle Taco.

Taco Bell is readying for the launch of its national breakfast menu on March 27, with items such as the A.M. Crunchwrap designed to appeal to its fan base of younger men. And the chain says breakfast will be available until 11 a.m. — a half-hour later than McDonald's offers its Egg McMuffins.

"We can turn the breakfast conversation into a two-horse race," Taco Bell President Brian Niccol said in an interview, noting that Taco Bell intends to be a "strong No. 2" after McDonald's.

McDonald's has long been the fast-food leader in the mornings, with its popular Sausage Biscuits, Hotcakes and other items pulling in roughly 20 percent of the company's U.S. sales. But the chain has been facing stiffer competition over the years, with places such as Starbucks and Subway looking for a piece of the growing breakfast business.

On March 4, for instance, Starbucks also plans to roll out new and revamped breakfast sandwiches, including a croissant sandwich with ham, cheese and egg.

It's not clear how Taco Bell's entry into breakfast will alter the fast-food landscape. Last year, an executive with Taco Bell's parent company Yum Brands said that breakfast accounted for about 4 percent of sales in locations where it was tested. But that was before the chain put its full marketing might behind the menu, he noted.

McDonald's, which has more than 14,000 U.S. locations, has also said it plans to step up its marketing of breakfast this year as new players enter the space. Separately, the president of McDonald's USA, Jeff Stratton, also told the Associated Press that the chain is in the early stages of looking at whether it can extend its breakfast hours.

Stratton noted that cutting off breakfast on the weekends at 10:30 a.m. "doesn't go very well" with people in their 20s and 30s in particular. Still, figuring out how to serve both breakfast and lunch poses an operational challenge given the limited kitchen space in restaurants.

In the meantime, Kevin Newell, U.S. brand and strategy officer for McDonald's, seemed unfazed in an interview late last week by Taco Bell's breakfast plans.

"I think they're going to find that going into the breakfast business is not like what

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they're accustomed to, in terms of marketing," Newell said. The breakfast menus of the two chains only have one main offering that seems to go head-to-head, a sausage and egg burrito.

Taco Bell has been testing and tweaking its menu in a select number of its nearly 6,000 U.S. locations over the past several months. For the national rollout, the company's restaurants have had to hire additional staff, train existing staff and buy new equipment, including for the coffee it plans to start serving for the first time.

To keep operations simple at the start, Niccol said Taco Bell will start with drip coffee before expanding to specialty coffees such as lattes.

The items on Taco Bell's breakfast menu are intended to be easy to hold and eat on the go. They include:

- A.M. Crunchwrap — scrambled eggs, a hash brown, cheese and bacon, sausage or steak in a flour tortilla.
- Waffle Taco — a waffle wrapped around a sausage patty or bacon, with scrambled eggs and cheese, served with a side of syrup.
- Bacon and Egg Burrito — Bacon, scrambled eggs and cheese wrapped in a flour tortilla
- Sausage Flatbread Melt — A sausage patty topped with cheese wrapped in a flatbread and grilled.

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