

McDonald's CEO Doesn't Flinch Under New Breakfast Pressure

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NEW YORK (AP) — McDonald's apparently isn't scared by a waffle taco.

Without specifying names, [McDonald's](#) [1] CEO Don Thompson said during a conference call Tuesday that the company hasn't seen any impact from the "most recent competitor" in the breakfast space. In apparent references to Subway and [Taco Bell](#) [2], he also noted that McDonald's seems to face new rivals every year in the mornings, whether they're "sandwich shops or taco shops."

The comments come after Taco Bell's launch of its national breakfast menu late last month, which generated considerable fanfare because of the chain's [TV ads featuring real-life Ronald McDonalds](#) [3] professing love for items like its waffle taco. But Taco Bell's lineup is still fairly limited compared with McDonald's, and it's not clear whether it will be able to convince people to visit its restaurants in the mornings.

Taco Bell, which is owned by Yum Brands, has declined to say how its breakfast is faring so far. In a phone interview, the chain's chief marketing officer, Chris Brandt, didn't have much to say about the comments by McDonald's.

"Well, good for them," Brandt said.

McDonald's, which has been in the breakfast business for about 30 years, counts on items like the Egg McMuffin and Sausage Biscuit to generate 25 percent of its U.S. sales. The company, based in Oak Brook, Ill., has more than 14,000 U.S. locations, compared with around 6,000 for Taco Bell.

During the earnings call Tuesday, Thompson also seemed to draw a distinction between McDonald's breakfast and its unnamed rivals, noting that McDonald's cooks its food on site.

"We crack fresh eggs, we grill sausage and bacon, we bake biscuits and we toast muffins," Thompson said.

Later, he emphasized the point that McDonald's actually cooks fresh eggs in its restaurants, explaining that "It isn't a microwave deal."

Taco Bell has said it uses frozen eggs that are thawed and cooked in the mornings. Although McDonald's cooks eggs to order for some breakfast sandwiches, it also uses frozen products in some cases. But the company has been trying to focus on improving its image as a chain that serves quality food, emphasizing words such as "restaurant" and "kitchen" in describing itself.

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In the meantime, McDonald's plans to intensify marketing around its breakfast, with a focus on its coffee. Although traditional fast-food chains are struggling to boost sales, breakfast has remained a growing category in the industry and McDonald's is apparently determined to defend its leading position.

For the first quarter, McDonald's said its sales at established U.S. locations fell 1.7 percent. Global sales edged up 0.5 percent as gains in Europe offset the domestic decline.

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Links:

[1] <https://twitter.com/McDonalds>

[2] <https://twitter.com/TacoBell>

[3] <http://www.foodmanufacturing.com/news/2014/04/taco-bell-continues-assault-against-mcdonald%E2%80%99s-latest-ad>