

TACO BELL: A MEXICAN-INSPIRED RESTAURANT IN INDIA

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With four outlets of Taco Bell opened in Bangalore by December 2013, Niren Chaudhary, managing director of Yum! Restaurants India, felt eager to expand its market offerings. He pulled out the morning newspaper and impatiently ruffled through the pages until he reached the business section. He paused briefly, folded the paper and leaned forward to read better. Focusing his attention on the article, which contrasted the cooling market with the heated competition in the quick service restaurant (QSR) business, Chaudhary said to himself, “What should we do to sustain our survival?”

Home to more than 9.5 million people,¹ Bangalore had offered Taco Bell a huge potential market. Yet, despite a record-breaking launch in 2010 when long queues of excited consumers waited to try the latest brand in town, the retail foot traffic had started to decline. Yet, more outlets had been introduced during the past three years.

TACO BELL HISTORY

Founded by Glen Bell, who launched a hot dog stand in San Bernardino, California,² Taco Bell evolved over the years into a popular international chain. The first Taco Bell was a 400-square-foot restaurant in Downey, California, built in 1962.³ Franchised, the company went public in 1964 and eventually was acquired by Yum! Brands (hereafter Yum). By 2013, Taco Bell had more than 6,000 restaurants in the United States and served more than 36 million customers every week.⁴

¹ Aparajita Ray, “Bangalore Population Booms to 96 lakh,” May 24, 2013, <http://timesofindia.indiatimes.com/city/bangalore/Bangalore-population-booms-to-96-lakh/articleshow/20238064.cms>, accessed October 24, 2013.

² “The Glen Bell Legacy – Fifty Years of Firsts,” March 21, 2012, www.tacobell.com/Company/newsreleases/Glen_Bell_Legacy, accessed October 24, 2013.

³ Sasha M Pardy, “CoStar’s Retail News Roundup: January 17-30, 2010,” January 25, 2010, www.costar.com/News/Article/CoStars-Retail-News-Roundup-January-17-30-2010/117819, accessed 25 May, 2014.

⁴ “Fiery Doritos® Locos Tacos to Heat up Taco Bell® Restaurants August 22,” August 13, 2013, www.tacobell.com/Company/newsreleases/new-fiery-doritos-locos-taco, accessed 12 September, 2014.

Taco Bell attempted to appeal to the young at heart, particularly those 18 to 24 years old. Targeting customers whose priorities were price and convenience, it was aimed at people who preferred their food served cheaply and quickly because they were busy and had less time to prepare meals. Taco Bell's demographics also included college students who preferred to eat out rather than cook for themselves. In addition, it served young adults looking for a quick bite after a late night out or a party.

According to its mission statement, Taco Bell took pride in providing the best Mexican-inspired fast food. In addition, it believed in providing service that was not only fast and accurate, but also friendly. Like other QSR chains, Taco Bell was all about convenience and inexpensive food. Its concept was items priced primarily under \$1, and the company meant to profit by volume sales.⁵

With its 59¢ cent value menu in 1988, Taco Bell was the first QSR chain to introduce food items at such a competitive price point. As a result, the company enjoyed a 50 per cent increase in sales in two years. In 2004, Taco Bell introduced its "Big Bell Value Menu," which offered several items priced under \$1.29. Within four years, Taco Bell further launched another value-priced menu, called "Why Pay More Value," with many products priced at 79¢, 89¢ and 99¢. A news release declared:

Taco Bell's history is steeped in offering breakthrough value for consumers. It first defined value when it introduced its three-tiered menu in 1988 and redefined value again in 2004, with the Big Bell Value Menu, which gave customers a choice of more filling items. In 2008, the permanent Why Pay More Value Menu re-established a key differentiation of three price points . . . as Taco Bell challenged America to trade their burgers for burritos and save their dimes. It's no wonder Taco Bell's 5,600 restaurants sell more than 22 million Why Pay More Value Menu items each week.⁶

THE GROWING INDIAN RESTAURANT MARKET: 2008 TO 2010

In 2008, the restaurant market in India primarily consisted of the organized and unorganized restaurant sectors. The unorganized sector consisted of local caterers and vendors, dhabas (a local, inexpensive restaurant) and restaurants-on-the-go. The organized sector consisted of fine dining and casual dining restaurants, QSRs and food courts, as well as pubs, bars, clubs and lounges (PBCLS).

Players such as Kentucky Fried Chicken (KFC), McDonald's and Subway dominated the QSR sector in India. QSRs, along with casual dining restaurants, contributed significantly to the revenues of the organized restaurant sector. The reasons for this growth included the growing middle class, increasing income levels and the number of choices for eating options. As a result, the organized restaurant segment grew at a compound annual growth rate (CAGR) of 19.1 per cent from 2008 to 2013.⁷

In addition, in India, QSRs offered an extensive array of cuisine choices. On the one hand, Indians were very regional in terms of their food habits, so Indian food continued to be the most popular choice when they ate out (see Exhibit 1). On the other hand, with changes in lifestyles and increased awareness of international cuisines, consumers had begun developing an affinity for trying new cuisines in a safe,

⁵ "Taco Bell Express Makes Fast Food Look Slow," *Toledo Blade*, November 20, 1991.

⁶ "Taco Bell® Redefines Value for the QSR Industry and Makes Combo Meals Relevant Again for Dollar Stretchers Everywhere with All-new \$2 Meal Deals," May 17, 2010, www.tacobell.com/Company/newsreleases/2_Dollar_Meal_Deals_2010, accessed August 3, 2014.

⁷ Yamini S. Verman, "Secret Recipe to Run A 'Chic' Ken Business," November 12, 2013, www.franchiseindia.com/magazine/2013/november/Secret-recipe-to-run-a-chic-Ken-business_104-2-1, accessed May 21, 2014.

hygienic and pleasant environment. Chinese, Thai and Italian cuisines already had gained popularity in the organized sector.

It was not just the evolving consumer preference to try new cuisines that led to the growth of international cuisines. It was also the common strategy among operators of popular QSR chains to offer products at reasonable price points. Such value-pricing strategies enticed value-conscious customers, thereby generating an increased trial rate and eventually developing consumer tastes for new cuisines.

Foreign food items, such as burgers, pizzas and sandwiches, had been gaining rapid acceptance among Indian consumers. New food items, such as donuts, tacos and bagels, which were very popular abroad, were still relatively unknown in India. Thus, there was an enormous opportunity for growth. Noticing this opening, many international QSRs were moving into Indian markets.

In 2007, the retail sector was poised to grow at 38 per cent CAGR (see Exhibit 2). As Indians became increasingly cosmopolitan, their consumption habits evolved, driving further QSR growth. In particular, the recent evolution in the appetites and attitudes of youth generated strong demand for international food products. India—home to more than one billion people—was the youngest country in the world: the median age was 24, and 70 per cent of the population was younger than 35. This tempted international players to expand their global footprint by entering the Indian restaurant market.

With rapid urbanization (see Exhibit 3), the average food bill per consumer increased, and the players in the restaurant market widened their product offerings to fight for a share of this increased consumer spending. Eating out constituted 11 per cent of the Indian consumer's expenses, the second largest share (see Exhibits 4 and 5). However, it was not easy to win the discerning Indian consumer.

To survive in the Indian market, innovation was crucial. For example, McDonald's introduced the McAlloo Tikki Burger, an Indian version of the hamburger, which soon gained massive popularity among local consumers. Domino's altered its pizza toppings to include spices essential to flavouring Indian cuisine. This allowed Domino's to gain greater acceptance among Indian consumers. All in all, the fast-food market in India showed high potential for growth yet presented the players with big challenges to overcome.

FEEDING THE WORLD THE YUM WAY

Yum included brands such as KFC, Pizza Hut and Taco Bell, making it the global leader in the fried chicken, pizza and Mexican-style food categories. Launching five new restaurants daily, the company had become the leader in international retail development. Yum was organized across four operating divisions: the United States, International, China and India.

While Pizza Hut was successful in the Indian market, initially KFC was not. However, after being reintroduced in 2004, KFC's progress had been remarkable, and it had become a notable brand in India.

In the United States, Taco Bell accounted for 5,608 stores out of 18,534 Yum restaurants, slightly more than 30 per cent. In fact, in an average year in the United States, Taco Bell consumers ate 3.8 billion corn and flour tortillas, 62 million pounds of pinto beans, 295 million pounds of seasoned ground meat and 106 million pounds of cheese. However, this scale was not repeated in the international markets, and the difference was stark. With just more than 2 per cent of Yum outlets being Taco Bell, there was huge room for the brand to grow internationally. Therefore, Yum's global development strategy was to gradually increase Taco Bell's presence in Mexico, the United Arab Emirates, India, Spain and Japan.

The similarity of Mexican to Indian food led Yum to believe that Taco Bell would be well-received in the Indian market. In March 2009, Chaudhary claimed that Yum had “more than 200 restaurants in India, about 140-odd Pizza Huts and more than 45 KFCs.” He added, “It is a very good time to get in something which is Mexican-inspired food, at street-food prices.”⁸

LAUNCHING TACO BELL IN INDIA

In September 2007, Ashok Bajpai, general manager and country head of Taco Bell’s Indian subcontinent division, asked himself, “How do we innovate and elevate the brand in India?” Bajpai knew that the answer to this question wasn’t an easy one. He hoped that Mexican-inspired fast food would be an immense success, at least in the first three months (the awareness and trial phase) before the novelty would start wearing off and sustaining consumer interest to ensure repeat visits would become the prime focus. Bajpai focused his attention on the three words that he considered the key drivers of restaurants in India—variety, value and vegetarian.

KFC and McDonald’s, which gradually gained acceptance and then popularity among Indians, were known to provide variety. Value was crucial to the contemporary discerning Indian consumer who was very demanding in asking for “more for less.” With combo offers springing up in most successful QSRs, Taco Bell had to think of a creative way to offer combo meals that were both tempting and profitable. The third key driver was the sizable vegetarian population, who, according to Bajpai, had the “vegetarian veto”; approximately 35 per cent of urban Indians were vegetarian. Eating out was a social opportunity, with most youngsters visiting QSRs in groups of three or four. Even if three of the four wanted to eat non-vegetarian food, the fourth friend could lead the group to a vegetarian-friendly restaurant. However, Taco Bell, like many other QSR chains abroad, had a largely non-vegetarian menu, of which beef was a staple.

Hence, to suit the Indian palate, the brand needed to reach a trade-off between international consistency and local customization. The challenge was how much of each needed to be sacrificed to reach the optimum mix. After much strategic deliberation, in March 2010, Taco Bell opened its first Indian outlet in Mantri Square Mall, Bangalore.

Bangalore, a bustling cosmopolitan city popularly referred to as the Silicon Valley of India, attracted many information technology (IT) professionals aged 20 to 30 from all over the country. Considering the fact that 60 per cent of India’s population was under the age of 30, the age demographic in Bangalore made it the right place to test the waters. Taco Bell positioned itself in Bangalore as a restaurant that served novel Mexican cuisine at a reasonable price and offered unlimited fun. Taco Bell’s “think outside the bun” positioning was expected to resonate well with young Indians, urging them to try food items beyond hamburgers.

With this in view, the following mix was implemented for the Indian market.

Product

Bajpai wanted to differentiate Taco Bell by offering a compelling variety of Mexican-inspired food that was “surprisingly abundant, packed with incredible tastes, at prices that were impossible to match.” There

⁸ Vijaya Rathore, “Yum Goes Mexican with Taco Bell to Take on Street Food in India,” *Mint*, March 10, 2009.

was a popular notion that Mexican food was very similar to Indian food, but with enough novelty to invite trial. The introductory menu included the following items⁹:

- Tacos were typically made of a tortilla shell containing vegetable or meat fillings, lettuce, diced tomatoes, cheddar cheese and sour cream. The introductory menu at Taco Bell included potato and chicken varieties of the “Crunchy Taco” and “Volcano Taco.”
- Nachos were crisp tortilla chips, usually covered with vegetables or seasoned meat, beans, cheese, diced tomatoes and sour cream. Taco Bell served regular nachos and ones with vegetarian and chicken toppings.
- Burritos typically were filled with vegetables or shredded meat, rice, beans and chipotle sauce, smothered with melted cheeses and topped with sour cream. Taco Bell initially offered two types of burritos: regular burritos (bean and paneer and potato, with a spicy chicken variant) and grilled stuffed burritos (paneer and fajita vegetables, with grilled chicken and tangy chicken variants).
- Crunchwraps were warm, soft flour tortillas filled with vegetables or meat, along with cheese sauce, sour cream, lettuce and tomatoes, all wrapped up and grilled. When introduced, there were only two variants: potato and spicy chicken.
- Quesadillas consisted of grilled and marinated meat or vegetables, combined with cheese and jalapeño sauce, folded in a grilled tortilla. Only three choices were offered: cheese, fajita vegetable and grilled chicken.
- The beverages, sides and desserts section of the menu included fries, specialty drinks and Pepsi. For dessert, the menu featured Chocodillas, Bell Cones and Bell Twists.

Although the novelty factor was expected to be the chain’s selling proposition, it also worked against the food.

Indians enjoyed eating flat breads (chapatti) and rice separately. So, the thought of rice with chicken and beans slathered with sauce inside a tortilla was not appealing to many of them (see Exhibit 6). At the same time, if Taco Bell localized food too much, it would lose its novelty value and become too similar to its Indian counterparts, such as a kathiroll¹⁰ vis-à-vis a burrito or a masala poppadum vis-à-vis a taco. So, the company had to walk a tricky line.

Price

Pricing was a major factor for most sales at Taco Bell, which was being promoted aggressively by Yum as the lowest priced international food chain in India. Because Yum successfully operated Pizza Hut and KFC in India, it was able to pass on a price advantage to Taco Bell customers. A free Pepsi refill was introduced as a good pull for repeat consumers. Moreover, the offer was win-win for both Pepsi and Taco Bell. Bajpai thought, “While Pepsi will get its volume, Taco Bell will get word-of-mouth publicity leading to awareness.”

Prices started at INR17¹¹ for a serving of Crunchy Potato Tacos and extended to INR309 for a meal consisting of a quesadilla, topped nacho, two tacos and two soft drinks. Tacos were priced from INR17 to INR35, while regular nachos were priced at INR25, nachos topped with vegetarian toppings at INR45 and those with chicken at INR50. Burritos ranged from INR40 to INR75, and crunchwraps from INR55 to

⁹ For descriptions of the food items, see “Food,” www.tacobell.com, accessed January 12, 2014.

¹⁰ “Kathiroll” is a famous Indian street food. Its original form was kebab pieces wrapped in a roti.

¹¹ INR 17= USD 0.28. 1 USD is equal to 61.42 Indian Rupees. www.bloomberg.com/quote/USDINR:CUR, accessed October 14, 2014.

INR65. Quesadillas ranged from INR40 to INR50 (see Exhibit 7). In addition, there were several combo meal plans at competitive prices.

Location

Location was regarded as a key factor in the success of a QSR business. Because of their great customer traffic, the focal points of most QSR outlets were shopping centres, malls and major streets of large metros. Yum first launched Taco Bell in Mantri Square Mall, Malleswaram, Bangalore. Bajpai said, “The fact that Malleswaram has a sizeable population of young people enhanced the benefits of this location.”¹² Bangalore was popular with international food brands as the location for their first test outlets. The brands tested there included donut chain Krispy Kreme, U.S. ice cream brand Mini Melts and Yum’s own KFC and Taco Bell in the mid-1990s and 2010, respectively.

Bangalore was used as a test spot partly because it was believed to offer a cross-section of the Indian population. In addition, there was the increasingly experimental attitude of its population, especially its young adults, when it came to trying new places to eat. Finally, since a sizable number of people from Bangalore had lived, traveled or worked in international locations, they were expected to know some of the top international brands.

Bangalore drew marketers because it was a microcosm of India, with a mixed population from all across the country as well as a large number of expatriates.

Promotion

Advertising themes were aspirational, intelligent and unexpected. In all advertisements, food was at the centre of the story, and clear steps were taken to reflect a bold attitude. Taco Bell wanted its customers to think beyond hamburgers and to look at Taco Bell offerings, which were new, innovative, tasty and, hence, much more fun. Taco Bell rode the novelty factor during the first few months, drawing huge crowds, to the tune of 21,000 customers a day on average. Most consumers were curious to explore the latest offering in town, but once they did, they were not tempted to try it again. Once retail foot traffic began to decline, promotional efforts, especially to woo the college crowd, increased, and social media and websites were leveraged to play pivotal roles. Twitter played its part in online marketing. Taco Bell was fairly unknown to many and not as famous as Yum’s Pizza Hut and KFC.

TACO BELL EXPANDS ITS MARKET FOOTPRINT

2011 was a year of new opportunities and challenges for Unnat Varma, the new general manager of Taco Bell India. While Bajpai had scrupulously executed the launch of Taco Bell in India, Varma understood that successful businesses needed persistent innovation to stay afloat. He fretted over strategies to sustain Taco Bell’s success. His prime focus was to ensure that consumers would connect to and engage with the brand in the long run. Taco Bell, having been established in India for nearly a year, had decided to include 60 per cent localized and vegetarian offerings, a first for the Mexican chain anywhere in the world. Two more outlets in Bangalore had been launched, both in 2011: one at Sony World crossing, Koramangala and the other at Gopalan Mall, Bannerghatta Road. The menu had also undergone changes. Some new product lines — such as Mexican Pizzas, kathittos, chalupas and Zesty Rice Bowls — had been introduced, and

¹² Pavitra Jayaraman, “Lounge Review—Taco Bell, Bangalore,” *Mint*, March 26, 2010.

some existing lines had been expanded (see Exhibits 8 and 9). Although basic offerings remained inspired by Mexican cuisine, the preparations were spiced to make them more appealing to Indian consumers.

In addition, some product categories on the menu had seen major changes, although some remained similar to those offered during the launch phase. Following are detailed descriptions of specific menu alterations¹³:

- Taco offerings were expanded to include soft tacos (potato or Mexican chicken), crunchy tacos (bean, potato, Mexican chicken or chipotle chicken), cheesy tacos (vegetarian or Mexican chicken), “Volcano Tacos” (bean, potato or Mexican chicken) and “Supreme Tacos” (bean, potato or Mexican chicken). They were now priced between INR25 and INR65.
- Varieties of nachos were broadened from three to four, each with two variants, beans or chicken. The new menu consisted of regular nachos, topped nachos, nachos “Bell Grande” and “Volcano Supreme Topped Nachos.” Prices ranged from INR35 to INR149.
- The updated menu consisted of five broad burrito variants: regular burritos (bean, potato and paneer, Mexican chicken or chipotle chicken), XXL burritos (Mexican chicken), “Volcano Burritos” (bean, potato and paneer or Mexican chicken), “Supreme Burritos” (bean, potato and paneer or Mexican chicken) and grilled burritos (fajita paneer or fajita grilled chicken). Prices ranged from INR62 to INR125.
- The revised menu included three variants of crunchwraps (bean, potato or Mexican chicken). All three were priced at INR105.
- The revised menu retained the same quesadillas, but the three variants were now priced from INR95 to INR105.
- Mexican Pizzas were introduced to the menu. This item consisted of two pizza pies filled with meat and beans and topped with pizza sauce and diced tomatoes. Two variants of Mexican Pizzas were offered, fajita vegetable and chicken. Both were priced at INR89.
- Kathittos was a new product line. A kathitto added burrito fillings and other fusion offerings to entice Indian consumers. Two variants were offered, smoked tomato with fajita and paneer (chipotle kathitto), priced at INR79, and the same kathitto with chicken, priced at INR89.
- Chalupas were also new to the menu. Typically, a chalupa was a crispy, chewy shell filled with meat, sour cream, shredded lettuce, cheese and diced tomatoes. Two variants were offered, bean and Mexican chicken, both priced at INR65.
- Zesty Rice Bowls, in fajita and paneer, Mexican chicken and double chicken variants, were introduced to the menu. The first two were priced at INR129 and the third at INR149.
- While the introductory menu offered fries for INR25, the new menu offered cheesy fiesta potatoes for INR59. The introductory menu had included specialty drinks for INR35 and 300 millilitres (ml) of Pepsi for INR25. The updated menu offered soft serve ice cream for INR15, Pepsi for INR59 and Fruitista Freeze (orange/strawberry) for INR49. In addition, it offered chocolate, salsa and nachos cheese dips for INR25, INR10 and INR15, respectively. For dessert, Chocodillas originally had been priced at INR35. The updated price was INR25. Bell Cones and Bell Twists originally had been offered for INR35 and INR25, respectively. The new menu did not include these two items. Instead, it launched “Volcano Cakes” for INR49.

ACCOMPANYING MARKETING PROGRAMS

Taco Bell sought to attract digital consumers with online promotions by collaborating with freecharge.in (see Exhibit 10) and snapdeal.com. Promotional offers varied. At freecharge.in, the offer provided free

¹³ For descriptions of these food items, see “Food,” www.tacobell.com, accessed January 12, 2014.

Taco Bell specialties, such as a kathitto, with mobile card recharges. At snapdeal.com, the offer provided topped nachos free with the purchase of food worth INR100.

In addition, Taco Bell ran a campaign for online patrons to rename Mexican Pizzas. Winners received many prizes, including the title “Taco Belt Champ” (see Exhibit 11). Winners were chosen based on the highest number of “likes” received for the suggested name on their Facebook page. The “Taco Belt Champs” were celebrated in the restaurants, and their pictures appeared on Facebook.

Taco Bell also banked on Indian Premier League (IPL) propaganda by providing a win-win situation for patrons to bet on cricket games and win prizes (see Exhibit 11). Even losers got a free Taco.

Many environmental activist groups opposed the entry of international fast-food chains into India. Fast food was popularly believed to bring about ecological imbalances, and operators of chains were thought to hold anti-environmental views. To counter such negative sentiments, and in keeping with international commitments, Taco Bell raised awareness about the World Hunger Relief Campaign in all its restaurants, portraying the socially responsible side of the chain (see Exhibit 12).

FUTURE OF TACO BELL

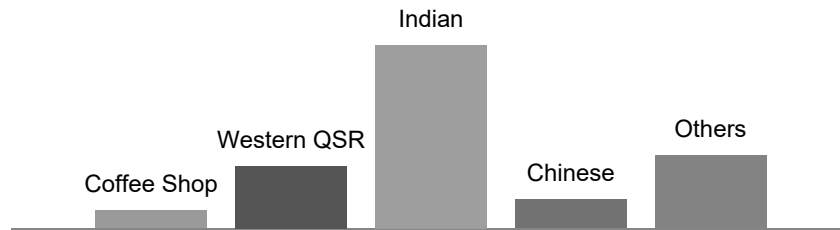
In 2013, with \$13 billion in revenue, Yum achieved the position of the world’s largest restaurant company, with more than 39,000 outlets. Based in Louisville, Kentucky, Yum had expanded its presence to more than 130 countries.¹⁴ In India, Yum had more than 300 restaurants.¹⁵ The fourth outlet of Taco Bell was launched in Cosmos Mall, Brookefield, Bangalore.

To test the success of the product categories, a survey was administered (see Exhibits 13 to 17). The survey also measured the respondents’ opinion of the new product lines on the menu (namely, Mexican Pizzas, kathittos, chalupas and Zesty Rice Bowls). Respondents’ degree of liking was recorded, and analysis revealed that the average consumer response to the question “How much do you like the Mexican Pizzas” was significantly higher than the mid-point of the scale. However, this was not so for kathittos, chalupas or Zesty Rice Bowls.

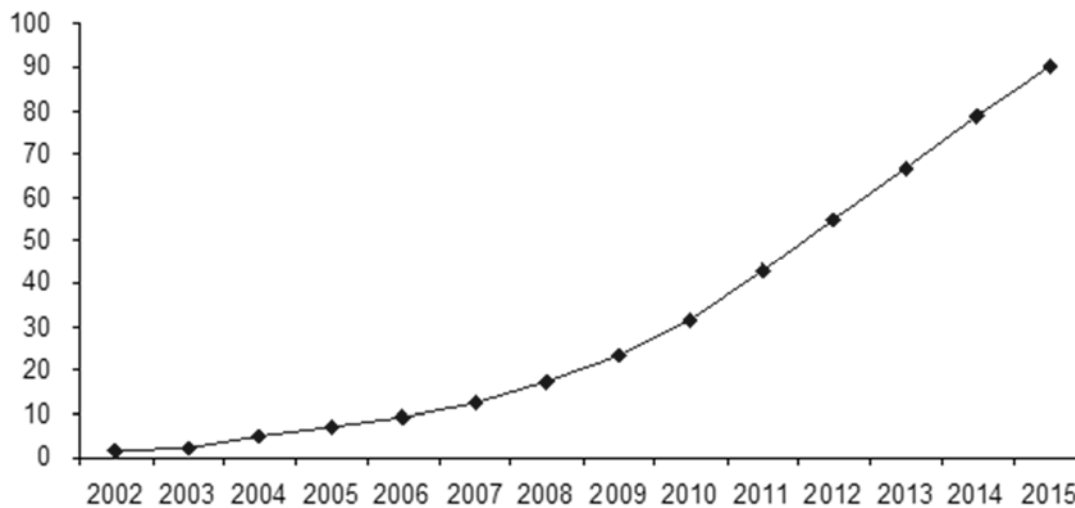
While Varma led the changes to enhance the promise of Taco Bell to its consumers, Chaudhary was unsure how successful changes in the product offerings had been. However, some questions required clear answers. Were the price changes on the new menu reasonable and consistent with the brand promise Taco Bell had made during its launch? Were the menu changes successful? What effect did the marketing campaigns have on consumers?

¹⁴ “Yum! In the News,” May 29, 2013, www.yum.com/company/inthenews/pressreleases/052913.asp, accessed October 24, 2013.

¹⁵ “Yum! Restaurants India,” <http://yum.com/brands/india.asp>, accessed October 24, 2013.

EXHIBIT 1: INDIAN CONSUMERS' CHOICE OF FOOD WHEN EATING OUT

Source: Survey administered by case authors in 2012.

EXHIBIT 2: GROWTH OF GLOBAL ORGANIZED RETAIL SALES

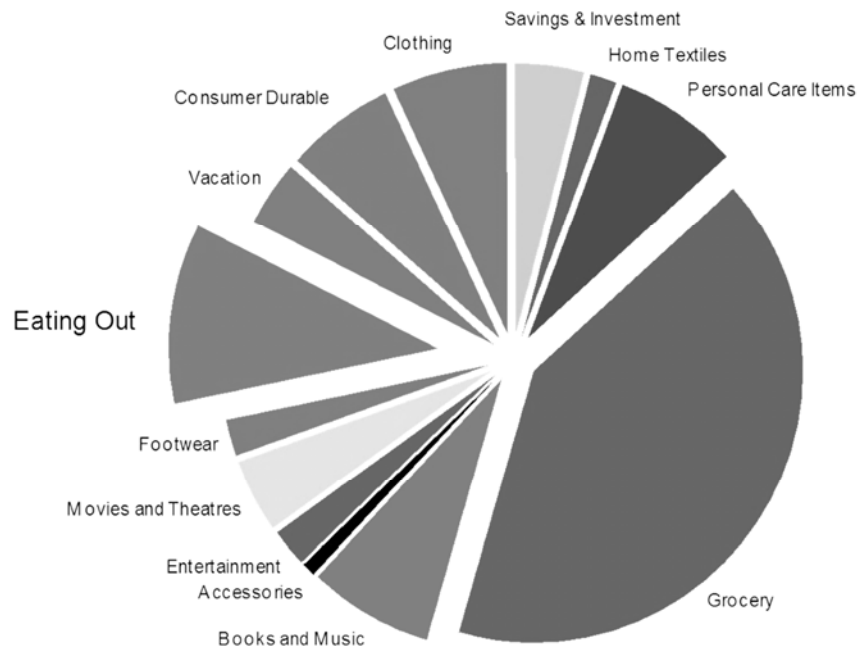
Note: The values represent the size of the global organized retail market measured in US\$ billions. The figures for the years 2008 through 2015 were estimated, as on February 26, 2008.

Source: Company records.

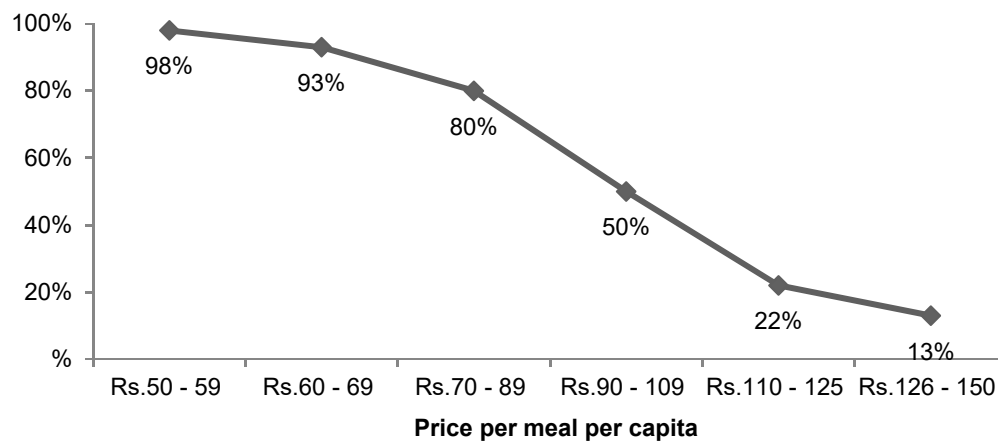
EXHIBIT 3: INDIA'S PER-CAPITA DISPOSABLE INCOME (IN PER CENT)

Compounded Annual Growth Rate in Disposable Income		
	<u>1990–2008</u>	<u>2009–2030</u>
Rural	3.2	4.3
All India	4.3	6.1
Urban	5.4	6.4

Source: "India's Urban Awakening: Building Inclusive Cities, Sustaining Economic Growth," McKinsey Global Institute, April 2010, p. 17.

EXHIBIT 4: AVERAGE INDIAN CONSUMER'S EXPENSES

Source: Company records.

EXHIBIT 5: INDIAN CONSUMERS' INTENTIONS TO EAT OUT VERSUS PER-MEAL SPENDING

Source: Company records.

EXHIBIT 6: RESPONSES TO CONSUMER PERCEPTION AND PREFERENCE SURVEY

To my utter amazement, not only was the taco soft and non-crunchy, the filling wasn't anything like how it is supposed to be or I was used to in the U.S./Dubai. The nachos were no saving grace, either!

Free refills of soft drink are the best thing about Taco Bell.

The quesadillas are very much lacking in cheese, though, so they don't stick together well and never have been topped equally.

Bean burrito: Feels more like a bean taco, since it's taco-sized. Bland; needs some meat!

The staff taking the order were very friendly and explained the combo and other meals patiently. The burrito was nice in that the roll was soft and the filling was tasty, and also, the offering was quite "filling."

Quality of chicken was bad and Mexican spices are missing. Yeah, unlimited soft drinks with meals make it a nice hangout place with friends.

The nachos were pretty plain, but the salsa was delicious. The mildly spicy sauce and the hot sauce they gave us tasted really good.

I turned my attention to the chicken crunchwrap. It tasted amazing. My only qualm was that their flavors were a bit too limited. I, for one, would like to have more choice.

Source: www.zomato.com/bangalore/taco-bell-koramangala/menu, accessed May 18, 2014.

EXHIBIT 7: TACO BELL MENU

Tacos		Sides	
<u>Crunchy Taco</u>		<u>Nachos</u>	
Potato	17	Mexi Nachos	25
Chicken	25	Topped Vegetarian	45
<u>Volcano Taco</u>		Topped Chicken	50
Potato	25	<u>Fries</u>	
Chicken	35	Fries	25
Burritos		Desserts	
<u>Burritos</u>		Chocodilla	35
Bean	40	Bell Cones	35
Paneer and Potato	45	Bell Twists	25
Spicy Chicken	45	Beverages	
<u>Grilled Stuffed Burrito</u>		Pepsi 300ml	25
Paneer and Fajita Veggies	70	Specialty Drinks	35
Grilled Chicken	75		
Tangy Chicken	75		
Specialties			
<u>Crunchwraps</u>			
Potato	55		
Spicy Chicken	65		
<u>Quesadilla</u>			
Cheese	40		
Fajita Veggies	45		
Grilled Chicken	50		

Note: All listed prices are in INR.

Source: Company records.

EXHIBIT 8: REVISED PRICES ACROSS PRODUCT CATEGORIES

	Average price in category (INR)	Number of items in category	Lowest priced item in category (INR)	Highest priced item in category (INR)
Nachos	99.86	7	35.00	149.00
Tacos	44.58	12	25.00	65.00
Burritos	88.00	11	62.00	125.00
Desserts, Drinks, and Sides	35.50	10	10.00	59.00
Mexican Pizzas	89.00	2	89.00	89.00
Crunchwraps	105.00	3	105.00	105.00
Kathittos	84.00	2	79.00	89.00
Quesadillas	98.33	3	95.00	105.00
Chalupas	65.00	2	65.00	65.00
Zesty Rice Bowls	135.67	3	129.00	149.00

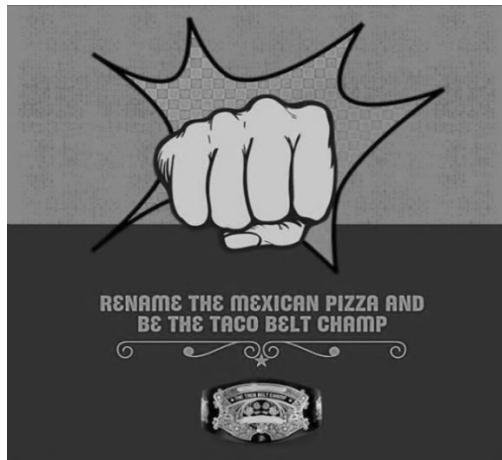
Source: Compiled from Taco Bell menu by case authors.

EXHIBIT 9: REVISED PRICES ACROSS ALL VEGETARIAN PRODUCT CATEGORIES

	Average price in category (INR)	Number of items in category	Lowest priced item in category (INR)	Highest priced item in category (INR)
Nachos	90.50	4	35.00	149.00
Tacos	41.67	6	25.00	65.00
Burritos	80.60	5	62.00	115.00
Desserts, Drinks, and Sides	35.50	10	10.00	59.00
Mexican Pizzas	89.00	1	89.00	89.00
Crunchwraps	105.00	2	105.00	105.00
Kathittos	79.00	1	79.00	79.00
Quesadillas	95.00	2	95.00	95.00
Chalupas	65.00	1	65.00	65.00
Zesty Rice Bowls	129.00	1	129.00	129.00

Source: Compiled from Taco Bell menu by case authors.

EXHIBIT 10: THE ONLINE FREECHARGE.IN CAMPAIGN

EXHIBIT 11: TACO BELL'S TACO BELT CHAMP AND IPL BET-A-TACO CAMPAIGNS

Source: Compiled from www.freecharge.in and Taco Bell India's Facebook page.

EXHIBIT 12: WORLD HUNGER RELIEF CAMPAIGN

Source: www.facebook.com/tacobellindia, accessed January 12, 2014.

EXHIBIT 13: CONSUMER PERCEPTION OF TACO BELL FOOD

	Consumer Perception of Food at Taco Bell			
	<u>Food served is fresh</u>	<u>Variety in the menu is good</u>	<u>Serving quantity is good</u>	<u>Food is tasty and flavourful</u>
Strongly Agree	22	14	15	21
Agree	67	41	50	40
Neither Agree nor Disagree	6	27	17	19
Disagree	5	14	12	14
Strongly Disagree	0	4	6	6

Note: All figures are reported in percentages. Each column adds up to 100.

Source: Survey administered by the case authors in 2013.

EXHIBIT 14: CONSUMER PERCEPTION OF TACO BELL MENU ITEMS

Consumer Response	How do you like the following types of Taco Bell menu items?						
	<u>Tacos</u>	<u>Burritos</u>	<u>Quesadillas</u>	<u>Crunchwraps</u>	<u>Nachos</u>	<u>Desserts</u>	<u>Beverages</u>
Like	54	51	26	35	51	33	14
Neutral	26	29	58	50	33	63	79
Dislike	20	20	16	15	16	4	7

Note: All values are reported in percentages. Each column total is 100.

Source: Survey administered by the case authors in 2013.

EXHIBIT 15: CONSUMER PERCEPTION OF TACO BELL AND COMPETING QSRS

	Evaluation Parameters			
	<u>Overall perception</u>	<u>Price</u>	<u>Taste</u>	<u>Variety</u>
	Taco Bell			
Good	76	32	46	46
Poor	24	68	54	54
	McDonald's			
Good	92	64	58	27
Poor	8	36	42	73
	Kentucky Fried Chicken			
Good	82	19	62	24
Poor	18	81	38	76
	Subway			
Good	82	23	51	44
Poor	18	77	49	56

Note: All figures are reported in percentages. Each column adds up to 100.

Source: Survey administered by the case authors in 2013.

EXHIBIT 16: CONSUMER PERCEPTION OF SERVICE AT TACO BELL

Consumer Perception	Evaluation Parameter				
	<u>Service speed</u>	<u>Ease of menu display</u>	<u>Friendliness of staff</u>	<u>Service quality</u>	<u>Overall satisfaction</u>
Mantri Square, Malleshwaram (Launched in 2010)					
Very good	17	14	21	14	10
Good	62	66	59	52	31
Average	17	17	20	28	28
Poor	4	3	0	6	21
Very Poor	0	0	0	0	10
Sony World Crossing, Koramangala (Launched in 2011)					
Very good	25	21	25	17	8
Good	52	65	52	42	38
Average	17	6	23	38	17
Poor	4	8	0	3	25
Very Poor	2	0	0	0	12
Gopalan Mall, Bannerghatta Road (Launched in 2011)					
Very good	26	22	19	15	8
Good	63	56	63	63	36
Average	11	11	15	22	26
Poor	0	11	3	0	8
Very Poor	0	0	0	0	22
Cosmos Mall, Brookefield (Launched in 2013)					
Very good	0	0	0	0	0
Good	50	75	0	25	50
Average	25	25	50	75	25
Poor	25	0	50	0	0
Very Poor	0	0	0	0	25

Note: All figures are reported in percentages. Each column total is 100.

Source: Survey administered by the case authors in 2013.

EXHIBIT 17: SEGMENT PERCEPTION OF TACO BELL OFFERINGS

Consumer Perception	Consumer Segment		
	<u>Egg eaters</u>	<u>Meat eaters</u>	<u>Vegetarians</u>
Evaluation parameters: Taste and flavour			
Very Good	25	22	13
Good	0	43	38
Average	25	14	38
Poor	25	16	6
Very Poor	25	5	5
Evaluation parameter: Variety of choices			
Very Good	25	14	13
Good	25	45	31
Average	25	26	31
Poor	0	14	19
Very Poor	25	1	6

Note: All figures are reported in percentages. Each column total is 100.

Source: Survey administered by the case authors in 2013.