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*I write about great brands and their strategies.*

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# The One Innovation Taco Bell Still Needs To Master

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Lately [Taco Bell](#) has been on a tear with some really bold breakthroughs — and it's flexing its innovation muscle in all areas of the business, not simply new products. It's impressive — but it's also worrisome. There's one Taco Bell innovation that can't be overlooked.

## Proving Product Prowess

Taco Bell's new product innovation wave started in 2012 with the hugely popular [Doritos Locos Tacos](#), followed by a new breakfast menu including the A.M. Crunchwrap with hash browns inside and the Waffle Taco that replaced the taco shell with a waffle. Its newest breakfast item, the Biscuit Taco, takes the taco shell substitute one step further. A Frito Taco, a Quesalupa, and Cap'n Crunch Delights (donut holes made of the cereal) are rumored to be next up in the continuous releases from its new product pipeline. Cinnabon Delights, with icing on the inside, serves as the prime example of the brand's product philosophy: "innovation with a twist on the familiar."



(Credit: Taco Bell)

Outside its core menu, Taco Bell pursues innovation just as rigorously. It is said to be testing various burritos to update its [Dollar Cravings offering](#) and it was the first chain to offer [Mountain Dew's Kickstart](#), a mix of juice and Mountain Dew for breakfast.

## Innovating Outside the Bun

The brand's innovations extend beyond its menu. Take promotions. As part of the launch of its new Dollar Cravings Menu, the brand didn't simply offer a chance to win a lifetime of its products which many QSRs now use as a standard promotion. Instead, it required the potential winners to find a specific dollar bill in their city, inspiring well more social conversations than a fast food value menu would seem to deserve.

It also broke with fast food convention in marketing the launch of its new breakfast menu. Although conventional wisdom says it's a bad idea to mention competitors in your advertising, Taco Bell challenged McDonald's directly with TV commercials that featured real-life men named Ronald McDonald professing their love for Taco Bell.

Before other QSRs figured out they could generate news and increase their cool factor by participating in [SXSW](#), Taco Bell was there. Back in 2013 Taco Bell created and released at the festival a documentary film, '[Hello Everywhere](#),' based on two music bands in its "[Feed the Beat](#)" music sponsorship program.

Its [Happier Hour](#), which offers deals on Loaded Grillers and drinks in the afternoon, as well as [FourthMeal](#), a sampling of menu items intended to appeal to the after-hours crowd, are examples of how the brand uses innovative marketing to promote new consumer behaviors and visit occasions.

## Shaking Up Social and Mastering Mobile

Taco Bell has broken new fast food ground in social media. A couple of years ago it pioneered the use of Snapchat before the app was a go-to medium for consumer brands. Now it doesn't simply repurpose content across its networks, as many others do. It regularly posts bite-sized content on platforms such as Vine and Instagram and longer-form content on YouTube and VEVO. And it created a social listening facility at its headquarters, known as 'The Fishbowl', where public conversations on any given subject can be tracked in real-time and used to capitalize on spur-of-the-moment opportunities to engage people.

Perhaps most significant in Taco Bell's innovation strategy is its use of mobile technology. It was the first QSR to offer mobile ordering and payment in both its drive-thru and its dining rooms. To promote the momentous launch and drive people to the [app](#), the company shut off its website and all of its social media platforms. Moreover, it has designed its mobile app to fulfill its strategic objectives, increasing transparency by giving customers the ability to access the Taco Bell kitchen and customize

virtually everything, and improving consumer engagement by rewarding users with [#OnlyInTheApp](#) offers, products and promotions that are only available through the mobile app.



(Credit: Food & Drink Franchise)

## Firing On All Innovation Cylinders...Except One

On top of all of these developments, the company is said to be looking to open locations made out of shipping containers. Delivery and catering service options are also in test. And [CEO Brian Niccol](#) recently described efforts to increase the environmental friendliness of its packaging and the purity of its ingredients.

With all of this innovation, it's no wonder Fast Company named Taco Bell to its [top 10 list of most innovative companies of 2015 in advertising and marketing](#). But one can't help but also see potential downfalls.

The Taco Bell system relies on hundreds of franchise operators and thousands of hourly frontline employees who may not share the desire, or the capability, to "live in beta," as Taco Bell's [CMO Chris Brandt](#) described the constant evolution that the brand now requires. It must heed the cautionary tale told by the rebellion that McDonald's franchisees waged when operations became too complex. They blamed a sprawling menu for slowing down service and limited time offers for eroding margins. Ultimately the franchise group forced the ouster of that company's CEO.

Frontline employees could also threaten Taco Bell's future. The company can't be immune to the negative impact on customer service and customer experience caused by the battle over fast food workers' wages. And it can't afford to alienate workers who often comprise the same young target it's trying to attract as customers.

Thanks to bold, outside-the-bun innovations, Taco Bell has shored up brand equity and loyalty among consumers. To sustain those advantages, it will need a breakthrough in one more area — winning the loyalty of its franchisees and employees.

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