



CASE STUDY

**TACO BELL: A REPUTATION FOR VALUE WINS BIG AS BUDGETS TIGHTEN**

# BRAND TRACKING WITH QUESTBRAND

Companies must monitor their brand health in real-time to ensure that their actions effectively build brand equity and positive consumer sentiment. Our industry-leading platform, **QuestBrand** by The Harris Poll, provides the real-time insights into consumer perceptions that companies need. This always-on business intelligence tool surveys thousands of people daily to keep a continuous pulse on the brand metrics essential to business leaders.

In this case study, we explore why Taco Bell’s popularity continued to rise among lower-income consumers during a time of high inflation and strained consumer budgets. During this same period, Taco Bell’s competitors were losing low-income customers as discretionary spending dropped.

**“Fast-food” has long been synonymous with “affordable food,” but recent inflationary pressures have shifted this perception.** Over the past few years, fast-food restaurants have hiked prices to combat the rising costs of goods and employee wages.

**McDonald’s reported that the prices of their average menu items have increased 40% over the past five years** as their input costs have similarly risen by 40%. Despite consumer accusations of price gouging, McDonald’s says price increases have held profit margins steady. While rising costs may be necessary from a business perspective, **fast-food price hikes have put pressure on lower-income consumers’ budgets** (households making less than \$50K a year). In response, many of these consumers have **cut back on dining out** at their favorite fast-food restaurants.

**What is one restaurant where this trend isn’t holding true? Taco Bell.** “With the low-income consumer, I know there’s been a lot of talk about, are they dropping out? For Taco Bell, it looks like we’re doing a great job of holding onto them.” - David Gibbs, CEO of Yum! Brands

Throughout 2023, Taco Bell restaurants in low-income markets continued to perform well. **The popular Mexican chain is actually gaining low-income consumers.** It was one of the few fast-food chains that saw growth among this demographic. **Gibbs argues that this is partially due to Taco Bell’s strong reputation for value:** “It is a value leader in so many ways. When you talk to consumers about value, they win every value perception score and they can do value with innovation, which is a great combination.”

## TACO BELL’S POSITIVE BRAND MOMENTUM - LOW INCOME HOUSEHOLDS VS US ADULTS - 12 WEEK MOVING AVERAGE

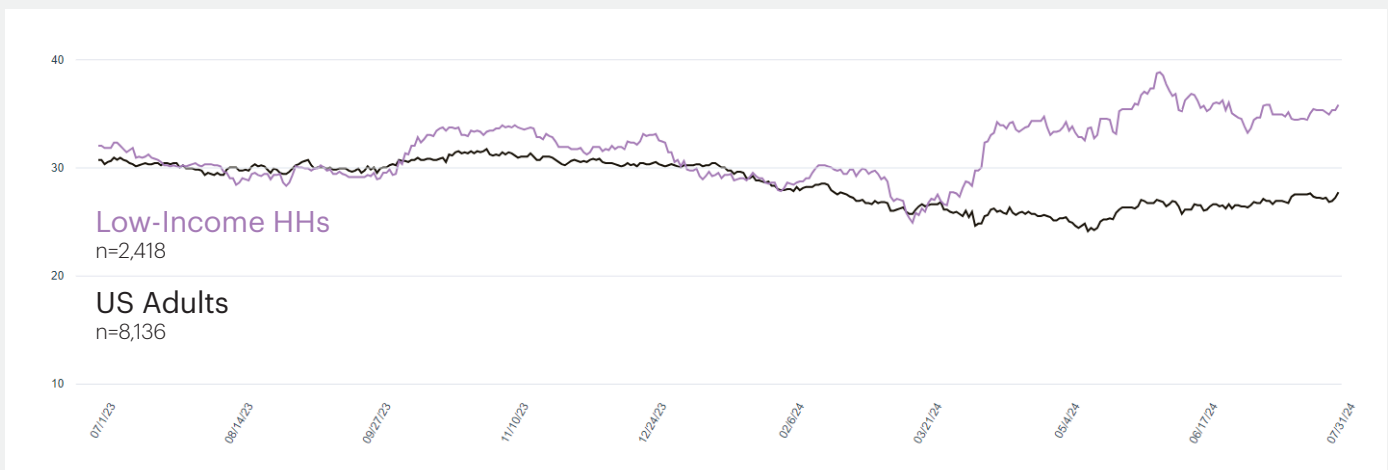


Figure 1. QuestBrand. Base: General population of US adults, n=8,136. Base: Low income households (\$50K or less), n=2,418. 7/1/23-7/31/24

Taco Bell is able to **keep their menu prices down** by using **relatively inexpensive ingredients** (such as rice and beans) **and small serving sizes**. **These savings translate into nearly unbeatable prices**. Taco Bell sells some of their menu items for only \$1 - a rare price-point in the restaurant industry.

**Even with a firm reputation as a value-leader, Taco Bell continues to find new ways to maintain this image**. This year, Taco Bell updated its \$3-and-under Cravings Value Menu, launched a limited-time \$5 Taco Discovery Box, and a \$7 Luxe Cravings Box. **Other fast-food brands are racing to rebuild a reputation for affordability with special deals aimed to draw customers back in the door**. For example, McDonald's launched a \$5 value meal in June, and Wendy's started offering a \$3 breakfast meal in May.

## TACO BELL POSITIVE PURCHASE CONSIDERATION - LOW INCOME HOUSEHOLDS VS US ADULTS - 12 WEEK MOVING AVERAGE

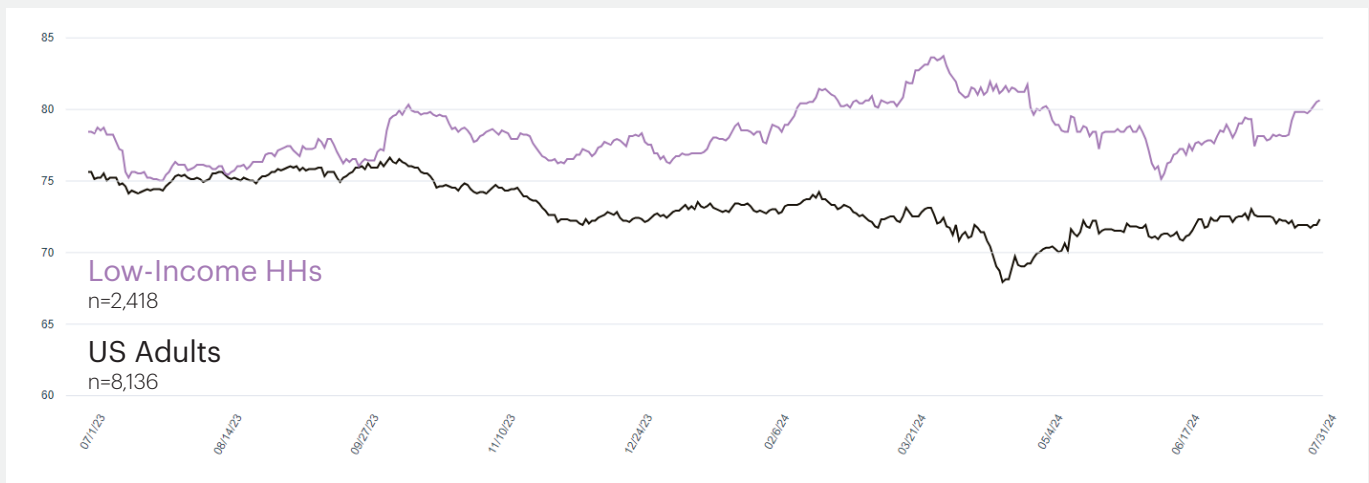


Figure 2. QuestBrand. Base: General population of US adults, n=8,136. Base: Low income households (\$50K or less), n=2,418. 7/1/23-7/31/24

**Mapping Taco Bell's brand equity data from QuestBrand, we can track how Taco Bell's appeal has grown among lower-income US households from the middle of 2023 through the first half of 2024.** Brand equity quantifies the value consumers see in a brand at a particular moment in time. The **brand equity score** is an average of four components: brand **familiarity**, perceived brand **quality**, purchase **consideration**, and perceived brand **momentum**.

Figure 1 illustrates **Taco Bell's positive brand momentum among lower-income households**. Momentum reflects a brand's perceived market position and ability to beat out competitors. While positive momentum moved in-step between low-income households and the general population of US adults for much of 2023, **Taco Bell's positive momentum score took off among lower-income adults in the second quarter of 2024**, reflecting Taco Bell's strengthening market position among this group.

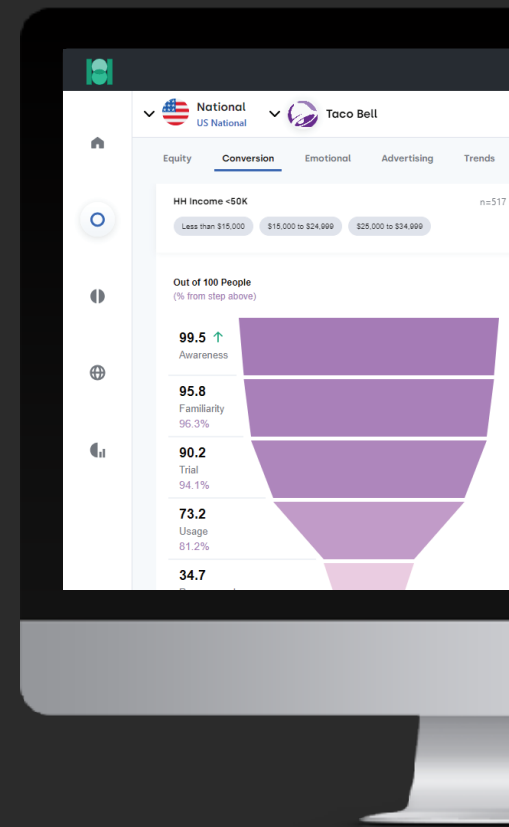
Figure 2 tracks **consumers' purchase consideration from Taco Bell**. This time, lower-income consumers' positive purchase consideration outpaced the general population of US adults starting at the end of 2023 and continuing throughout the first half of 2024. **This trendline signals that lower-income consumers more often than the general population considered making a purchase from Taco Bell, perhaps due to its high affordability.**

Taco Bell has uniquely benefitted from this period of rising costs and tightening budgets. **They show how having a strong brand reputation can strengthen a company's market position**. Due to consumers' positive perception of Taco Bell as affordable, the chain has managed to out-perform competitors with low-income consumers.

# WHAT DOES QUESTBRAND DATA SAY ABOUT YOUR BRAND?

QuestBrand offers real-time consumer insights for your brand. Don't wait to hear what consumers are saying about you and your competitors - schedule a demo to learn more.

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## METHODOLOGY

This survey was conducted online within the United States between July 1, 2023 and July 31, 2024 among 8,136 US adults by The Harris Poll via QuestBrand.

## ABOUT QUESTBRAND BY THE HARRIS POLL

QuestBrand is a brand management software tool created by The Harris Poll that collects real-time feedback for thousands of brands and their consumer segments for more informed brand and campaign monitoring. We help research professionals and in-house marketers better understand how their brand is resonating with customers and communities.

The Harris Poll is a global public opinion, analytics, and market research consultancy that strives to reveal society's authentic values to inspire leaders to create a better tomorrow. With a global research reach of more than 90 countries, Harris offers advisory services across sectors to world leaders, CEOs, and business decision-makers with state-of-the-art analytics, real-time software services, and practitioners in marketing, reputation, customer experience, trends, futures, and thought leadership/research-for-public release, The Harris Poll translates shifting social sentiment into a competitive marketplace advantage.