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Taco Bell gears up for value fight in fast food

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The $1 focus might seem like a departure for a brand thatâ??s been trying to boost its single-digit sales gains with things like fancier locations that serve alcoholic drinks. But its story of a not-so-secret society for enlightened people eating $1 items comes more than a year after the dollar-driven "Feast" campaign. Both came from Deutsch.

Taco Bellâ??s latest emphasis on the dollar coincides with McDonaldâ??s plans to promote its new $1 $2 $3 Dollar Menu, which debuts Jan. 4. And when the industry leader discusses pricing, others are clearly going to respond. As soon as McDonaldâ??s announced the items that will be on the $1, $2, and $3 items, in a Dec. 5 statement, Taco Bell responded with a play on its own dollar-focused press release from 2014. Even Jack in the Box, a smaller rival thatâ??s less than one-tenth of McDonaldâ??s in terms of systemwide sales, announced its own lineup the same week. The "Value Done Jackâ??s Way" menu has items priced at $1, $2, and $3, a combo for under $5, and debuts in January.

Taco Bell wants to elevate its value message, says Chief Marketing Officer Marisa Thalberg.

"Iâ??ve read some statements lately where you see other industry leaders talking about value with words like itâ??s a race to the bottom, or you donâ??t ever win on value, and I will tell you we just couldnâ??t be more philosophically opposed to that," says Thalberg. "We believe value is fundamental to what we offer and I think thereâ??s a huge difference between being cheap and offering value."

The right mix of value and new products can entice loyal customers to buy more and lure new or lapsed customers, generating the visits the chains need in a low-growth industry. Technomic expects U.S. fast-food sales will rise about 3.2 percent this year, with the chance for a slight acceleration beyond that in 2018.