



A valuable lesson in creating a fast food menu

The next time you savor a 99-cent bean burrito, a \$1 double cheeseburger or a \$3.95 tall latté with cinnamon swirl coffee cake, remember a couple of fellows named Ron Bellamy and Lynn Hinderaker.

Bellamy was a desperate Taco Bell franchise owner from Wichita Falls, Texas, with bankers pounding on his door.

Hinderaker, now of Omaha, was an advertising guy in Dallas who handled Bellamy's account.

Out of Bellamy's desperation and Hinderaker's marketing plan grew what could have been the first fast-food "value menu" in history, conceived in early 1987.

These days the shortened menu of discount-priced items is commonplace at fast-food outlets and at quick-casual restaurants such as Applebee's.

The value menu is just the sort of recession-battling alternative consumers need, but its origins are somewhat shrouded in the complex world of fast-food marketing.

Hinderaker says he was there at the creation along with Bellamy, who owned Taco Bell franchises in Wichita Falls, Texas, and Lawton, Okla., in the 1980s.

Taco Bell was doing swell on the East Coast and other parts of the country where Mexican food was just catching on. The California-based chain was known for high-quality food at moderate prices, yielding good profits via corporate-dictated prices.

But the Texans and Oklahomans who were Bellamy's potential customers were no strangers to Mexican food.

Local independent restaurants had been producing high-quality, low-cost tacos and burritos for years. An abundance of up-and-coming chain competitors were after the same dollar. There was Taco This, Taco That, Everywhere A Taco.

As a result, Bellamy's Taco Bell restaurants were struggling. His bankers were talking foreclosure.

Then he heard about a Louisiana restaurant that did a booming family business by selling cheap tacos on Sundays. He figured, "Why not cut prices sharply on some dishes every day?"

He picked a menu of six popular items: soft-shell and hard-shell tacos; "Cheesarito;" bean burrito; tostada and "Pintos 'N' Cheese," a cup of refried beans.

Bellamy set the price at 59 cents each, a discount between 10 and 40 cents, and asked Hinderaker to create a marketing campaign.

"It was new," Hinderaker said. "It had to be explained."

He developed table tents, banners and other materials to trumpet the 59-cent menu. He still has a copy of the "tray liner" that served as a placemat for in-store diners, extensively describing each item and explaining the "value" that the low-priced menu offered.

"This was a franchise that probably should not have been tampering with the prices on the menu," he said.

Eventually, Bellamy had to show his plan to regional Taco Bell executives, who let him go ahead even though franchise stores were supposed to stick with standard prices.

The result, Hinderaker said, was dramatic.

"It took off," he said, attracting a legion of new customers who boosted store revenue 60 percent and profits 40 percent in the first three months alone. "Senior citizens who'd never eaten Mexican food in their lives poured into the restaurants."

Other Taco Bell franchise owners and top corporate executives soon learned of the 59-cent menu's success. The concept spread, despite intense debate and worry about pricing and profits.

Corporate executives wanted Taco Bell to be a premium brand with high-margin prices, Hinderaker said, "but you couldn't argue with the sales gains."

Other restaurant chains adopted the idea, not only in the fast-food line but also, as the years went by, in the higher-priced casual dining category.

"It's been relentlessly successful over the years," he said.

Taco Bell spokeswoman Deborah Bell said the chain doesn't claim to have originated the value menu, but it did originate the three-tiered low-price menu.

That concept has morphed into the chain's "why pay more" menu, today with 10 items at 79 cents, 89 cents and 99 cents, she said from Irvine, Calif. The idea is to offer an abundant amount of good-quality food at a great price, Bell said.

Today's menu includes soft and crunchy tacos and a bean burrito, plus newer items.

Bellamy eventually became the first president of the Independent Taco Bell Franchisee Association. The association took controversial positions on franchise-holder rights and

eventually disbanded.

Hinderaker, who moved to Omaha in 1990 and now operates a marketing agency called Omegapoint, said he lost track of Bellamy over the years.

But he regularly is reminded of the impact of his value meal concept.

"He had the moxie to fly in the face of the corporate strategy," Hinderaker said. "Today you have to have a value menu in the fast-food business. It really became a dominant trend."

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