

BUSINESS

Fast food sales are growing faster than US economy

By Lisa Fickenscher

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The burger is baaack.

For the first time in five quarters, the big three fast food giants — McDonald's, Burger King and Wendy's — posted same-store sales increases of greater than 3 percent.

Put another way, burger sales are growing faster than the US economy, which rose by a meager 2.6 percent in the second quarter.

The GDP in the US hasn't produced an annual uptick of 3 percent or greater in the last 10 years.

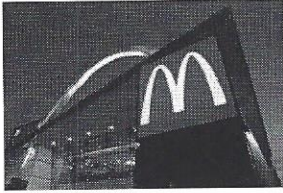
The burger chains are producing strong results because diners are eating at fast food joints more than at other restaurants, say industry experts.

"When people spend less at higher-priced restaurants and more at fast food, it means that they are spending their money more cautiously," said Nomura Instinet analyst Mark Kalinowski, adding that "on the whole, the restaurant industry is going through hard times."

Wendy's said on Wednesday that its same-store sales rose by 3.2 percent in the second quarter compared with a 0.6 percent bump a year ago.

McDonald's and Burger King both posted same-store sales in the US of 3.9 percent in the most recent quarter. A year ago, Burger King's same-store sales rose by just 0.6 percent.

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"Usually, when one of the big three gets stronger, the other two get a little weaker, but what's unusual now is that they all grew together and they all had positive foot traffic," said John Gordon, principal of Pacific Management Consulting Group.

Diners were lured by value meal promotions like McDonald's McPick 2 for \$5 menu and Wendy's 4 for \$4 Meals, said Kalinowski.

Americans' love affair with burgers doesn't apply to everyone.

Shake Shack, which sells premium-priced burgers, took a hit in the most recent quarter as it raised prices, driving away customers.

Same-store Shake Shack sales dipped 1.8 percent, compared with 4.3 percent growth a year ago, the company said last week.

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