



## Uber Eats Will Disrupt These 3 Stocks

### Description

The internet has a way of making previously stable businesses obsolete so quickly that they have no time to react. While **Amazon's** sudden transformation of the retail landscape is often cited as an example of this phenomenon, Uber's ride-sharing revolution is changing transportation worldwide.

It isn't only the taxi industry that Uber is reshaping; the company's Uber Eats segment is causing sweeping changes in food delivery. Uber Eats isn't alone; the emergence of many similar services such as Just Eat and DoorDash have given consumers access to a plethora of meal options, all delivered quickly and at competitive prices.

Let's take a look at a few companies in the quick-service restaurant industry that will, in time, feel the impact of internet-based ordering services with an eye toward the extent of their vulnerability to disruption.

#### Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#))

Broadly speaking, the combination of Tim Hortons, Popeyes, and Burger King gives Restaurant Brands a solid base that is tough to beat. Shareholders are likely pleased with the company's [consistent growth](#) and the stock's stellar long-term performance.

That being said, Restaurant Brands appears to be slow on the draw when it comes to technology, and that could become a major issue going forward.

First, consider that Tim Hortons was late to the game with regards to mobile ordering — a service that **Starbucks** introduced in 2015. Launched in 2017, the Tim Hortons app has an average rating of 2.9 on the **Apple** App Store, while Starbucks scores a 4.4.

Second, **McDonald's** is showing that self-serve kiosks are the way of future. Restaurant Brands needs to leverage innovation if it wants to remain relevant and avoid losing market share to companies more eager to embrace digital strategies.

## **Pizza Pizza Royalty** ([TSX:PZA](#))

Before there were many options in the delivery world, pizza was king. In a sense, the delivery model offered pizza establishments a form of economic moat; it gave them a competitive advantage over take-out that enabled them to protect their market share.

Arguably, delivery options had expanded substantially before internet-based ordering services took hold, but they have certainly become a significant threat to the future earnings of companies like Pizza Pizza.

While Pizza Pizza's past growth was slow, it was growing nonetheless, and dividends increased in tandem. Now, with flat earnings and no dividend growth since 2016, the company's shares are trading below book value and less than 5% above their 52-week low.

One redemptive quality of Pizza Pizza: the app; scoring 3.8 on the Apple App Store and 4.3 on the Google Play Store, the company has done its best to play catch-up with its digital competitors.

## **Freshii** ([TSX:FRII](#))

In theory, Freshii offers healthy options, a trendy atmosphere, and everything that should appeal to the younger generation of consumers. In practice, it's nearly impossible to get over how [prohibitively expensive](#) it is to eat at the company's restaurants.

Because Freshii is so costly, it is positioned squarely in the sights of services like Uber Eats. When healthy, high-quality options are available with a few taps on your smartphone, then why pay a premium for something that is so readily available?

Taking a look at the Freshii homepage, the company is showcasing its new app for mobile ordering. A peek at the Google Play Store reveals that Freshii's revamped app scores a pitiful 1.9.

## **Conclusion**

It goes without saying that Uber Eats and others of its ilk are having profound impacts on the food delivery space. To what extent internet-based ordering services will disrupt the quick-service restaurant industry remains to be seen, but investors would do well not to underestimate its potential influence.

## **CATEGORY**

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1. Editor's Choice

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1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:FRII (Freshii)

3. TSX:PZA (Pizza Pizza Royalty Corp.)
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jwatkinsstrand

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