

How Much Is “Just Enough” Growth?

Description

When contemplating investment options, one of the things that investors often become overly concerned with is growth or, more specifically, how much growth the prospective company can offer. When it comes to the fast-food sector, **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) is a name that is both admired and loathed by investors for different reasons.

Let's take a closer look at the stock and determine if it is a feasible investment option at the moment.

Why you should invest in Restaurant Brands

If there's one thing that Restaurant Brands has over its peers, it would be diversity. The trio of Burger King, Tim Hortons and Popeyes offers three very different dining options that cater to a very wide segment of the market and not just the domestic one. The sheer brilliance behind Burger King's master franchise agreement model that allowed the burger chain to rapidly expand into dozens of countries around the world is now being used to propel both Tim Hortons and Popeyes to new markets.

That's where one massive area of growth lies.

When Burger King [expanded rapidly into new markets](#), it had to do so knowing that it would need to alter its menu, sometimes significantly, to cater to local market needs. In India for example, this means the iconic Whopper is made with mutton instead of beef. But for both Tim Hortons and Popeyes, those barriers are much lower, as both coffee and chicken are more universally accepted.

Tim Hortons has already expanded into a bevy of new markets in the past three years, including the U.K., Spain, the Philippines, and Mexico. Popeyes is also targeting an aggressive expansion policy that will see the chain grow its footprint both on the domestic and international front.

Another potential growth avenue comes in the form of embracing technology, and a prime example of this is online ordering and delivery. Over the past few years, Restaurant Brands has been trialing delivery services for a number of its brands in different markets. To date, over 2,000 Burger King restaurants in the U.S. offer delivery, which remains a popular option for the company's locations in China.

Turning to the online piece of the puzzle, Restaurant Brands released a mobile ordering and payment app for Burger King in earlier this year which has proven incredibly successful. Since releasing the app earlier this year, it garnered over two million downloads within a few weeks.

Technology is not only used to open new markets and expand revenue possibilities, but also to rein in expenses and make the company more efficient. A recent innovation within Popeyes resulted in 40 different point-of-sale systems winding down to just two.

Growth isn't the only reason investors should consider the stock. Restaurant Brands also provides a very appetizing dividend with a yield of 3.25% that has seen multiple annual hikes over the past few

years.

Final thoughts

Some investors might feel skeptical about Restaurant Brands, particularly considering the anemic growth that the company saw in the most recent quarterly results, which were, in a word, mixed. Burger King inched forward just 1%, which, incredibly, surpassed growth at both Tim Hortons and Popeyes, which came in at 0.6% and 0.5%, respectively.

That doesn't sound very impressive, particularly for a stock that is perceived as having strong growth. Still, prospects for that growth to materialize over the next few quarters are evident. A revamped menu at Tim Hortons, international growth of Popeyes, and continued adoption of technology at Burger King will continue to [drive growth](#) while the superb management at Restaurant Brands continues to find and implement efficiencies across the business.

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