Why You Should Invest in Restaurant Brands International (TSX:QSR)

Description

Restaurant Brands International (TSX:QSR)(NYSE:QSR) remains an incredible investment option worthy of consideration for long-term portfolios, and despite the fact that the stock has already surged over 22% year to date to flirt with its 52-week high, there's still plenty of growth potential to realize.

Market fluctuations work in favour of RBI

There's no denying the fact that the market is becoming increasingly volatile. Whether it's the incredible rally we've seen since the lows of last Christmas or the on-and-off real estate market, few would argue the fact that a correction of some sort is around the corner.

When slowdowns in the economy occur, discretionary spending such as eating out is often one of the first things to get removed from the budget. That being said, when it comes to fast-food restaurants such as those owned by Restaurant Brands, their sales numbers have been known to improve during those belt-tightening periods.

To be clear, I'm not saying that Restaurant Brands is going to start printing money if the economy starts to slow, but more that consumers will choose the frugal option to cut back on expenses wherever they can, and that might mean grabbing a whopper instead of a steak and a medium double-double instead of the large latte.

Innovation and expansion go hand in hand

In the most recent quarterly announcement, both Burger King and Popeyes continued to show strong growth prospects, with system-wide sales growth of 8.2% and 6.8%, while Tim Hortons continued to frustrate with system-wide sales growth coming at just 0.5%.

Cold weather and lagging promotional tactics were the reasons attributed to the weakness realized by Tim Hortons, which has been plagued with a host of issues in recent years, ranging from a lack of international expansion opportunities to disgruntled franchisees in the domestic market.

Restaurant Brands has been addressing those issues at a steady pace. Tim Hortons's expansion into the markets of the U.K., Spain, Mexico, the Philippines, and most recently into China should address the need of growing the brand outside Canada while establishing a route to long-term growth through its planned 1,500 store network in China.

Turning to the innovation front, Burger King is at the forefront of two iconic changes that could prove lucrative. First, there's the prospect of a plant-based burger appearing on the menu at Burger King. These meatless burgers are devised to taste exactly the same as the meat burgers, which could help open a segment of the market that has steered clear of burger restaurants in the past while touting a healthy alternative.

Finally, we come to delivery services. Few people may realize this, but Burger King is actively testing delivery services in different markets. In addition to offering delivery in the traditional sense, Burger King is also testing something that's never really been done before: delivering your whopper to you while you're stuck in traffic. The Traffic Jam Whopper, as it's being called is the brainchild of using online ordering, GPS mapping, and traffic congestion patterns to allow patrons to receive their burgers delivered by a motorbike while waiting in traffic.

Incredibly, during a trial phase in congested areas of Mexico City, Burger King saw delivery orders surge over 60%, while app downloads surged over 40%.

Why should you buy RBI?

As innovative as it may sound, getting a whopper delivery while in traffic isn't going to push RBI to the next level, but it will provide some help, and this is a key point that prospective investors need to know about Restaurant Brands. The company is well known for taking winning elements from one brand and applying to another; the key example here being Tim Hortons's international expansion being modeled after Burger King.

Finally, there's RBI's dividend. The company currently offers a quarterly dividend with a respectable 3.07% yield that has seen several large hikes in recent years. Again, on its own, the dividend is decent, but package it with everything else that RBI offers, and you have a unique long-term opportunity for growth and income generation.

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