



## Can Popeyes's New Chicken Sandwich Add More Heat to This Hot TSX Stock?

### Description

The internet has been abuzz for the past few weeks, as Popeyes debuted its new chicken sandwich. **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), headquartered in Toronto, is the parent company of Popeyes as well as Burger King and Tim Hortons.

The price of RBI stock is trading near its all-time high. Will all the media attention add more heat to this already hot stock?

### Head-to-head competition

When it launched its chicken sandwich, Popeyes entered a head-to-head competition with Chick-fil-A, America's undisputed champion of the chicken sandwich.

A social media frenzy and **Twitter** feud soon erupted.

Chick-fil-A, the largest chicken chain in the U.S. by sales, first referred to Popeyes sandwich in a Tweet that read "Bun + Chicken + Pickles = all the [heart] for the original." Popeyes responded with a Tweet asking Chick-fil-A, "... y'all good?" — alluding to the company's southern roots. Chick-fil-A is headquartered in Atlanta.

Canadians were among the most vocal on social media. Even though RBI is a Canadian company, Canadians would need to cross the border to try the much-raved-about sandwich. That was just too much for many Canadians to stomach.

The sandwich was so popular that huge lines formed at all Popeyes locations, selling out within a short time as every store opened each day. Finally, Popeyes announced that the sandwich was completely sold out and no longer available at any Popeyes location, at least for now.

The company reported that the sandwich would be back in full supply sometime in September. This shortage caused many fans to wonder, "How can a chicken restaurant sell out of chicken?"

In 2018, the average annual sales of a Popeyes free-standing location was \$1.5 million. The average annual sales of a Chick-fil-A franchise that is not located in a mall was \$5.7 million, as reported by CNBC.

It's interesting to note that Chick-fil-A's first Canadian location is opening this Friday in Toronto. The store is cleverly branding the new location by promoting its name as "Chick-fil-EH." If Canadian customers can't get a chicken sandwich at Popeyes, at least they can score one at Chick-fil-A.

## The stock nears an all-time high

From an earnings standpoint, [RBI continues to show strength](#), reporting revenue of \$1.4 billion in the first quarter of 2019. The company reported strong sales growth across its restaurants, most notably at Burger King (8.2%) and Popeyes (6.8%).

Shares of RBI are trading near an all-time high at \$104.41 as of this writing. The stock is up almost 50% year to date. The company has a market cap of \$26.4 billion. RBI's Tim Hortons chain is the largest quick-service restaurant chain in Canada and the fourth-largest publicly traded quick-service restaurant chain in North America.

RBI has announced aggressive plans to [expand its footprint in China](#). The company is planning to open 1,500 locations of both Tim Hortons and Popeyes within the next decade. The first Tim Hortons opened in China earlier this year. Currently, the company maintains a total of 26,000 locations of Tim Hortons, Burger King, and Popeyes combined.

## The bottom line

RBI is changing the way it does business. The company has shown it's not afraid to go after new customers through an innovative and zealous marketing campaign for its latest product offering.

RBI has aggressive plans to expand outside North America. The company maintains a strong balance sheet and pays a decent dividend of 2.53%. Any pullback in this stock should be a welcome invitation for investors to jump headfirst into the chicken wars.

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