



TFSA Value Picks: 1 Highly Profitable Restaurant Stock Trading Cheap

Description

Food Services, operator of A&W restaurants, is one of Canada's leading franchisors of hamburger quick-service restaurants. A&W restaurants serve over 136 million guests annually. **A&W Revenue Royalties Income Fund** ([TSX:AW.UN](#)) provides exposure to A&W restaurants through a royalty company structure.

Over the company's 64-year history, Food Services has [established a strong brand name](#) and a reputation as a leader in the hamburger segment of the quick-service restaurant market. The A&W product line includes hamburgers, chicken products, sweet potato fries, root beer, fresh onion rings, soft drinks, coffee, and breakfast items.

Currently, there are about 1000 A&W restaurants in operation in Canada, of which 995 are owned and operated by owner-operators under franchise agreements with Food Services and nine are owned and operated by Food Services.

Proven franchise model

Franchisees employed approximately 19,800 people on a full or part-time basis. In addition, Food Services employed 200 people at the company's head office and elsewhere across Canada. A&W restaurants operate as [freestanding restaurants](#) with drive-thru facilities, restaurants in shopping centres, restaurants on street fronts in urban areas or convenience store restaurants on shared sites.

The 186 A&W shopping centre concept restaurants located in the food courts of shopping centres, airports and universities, represent the highest number of hamburger quick service restaurants operating under a single brand name in enclosed shopping centres, airports, and universities in Canada.

High-quality ingredients

The success of the A&W brand in Canada can be attributed to several factors. Independent market

consumer research indicates that of the six major quick-service restaurant burger chains in Canada, A&W has the best-tasting burgers.

Further, A&W focuses on using better ingredients including grass-fed beef raised without the use of hormones or steroids, chicken raised without the use of antibiotics and eggs from hens fed a diet without animal by-products.

A&W also serves organic and fair trade coffee, bacon from pork raised without the use of antibiotics, and root beer made from natural cane sugar and all-natural flavours. Independent market consumer research indicates that of the six major quick-service restaurant burger chains in Canada, A&W's burgers rank first for best quality beef.

Each of the A&W restaurants is clearly identifiable, with a strong brand image. A&W offers a well-known choice of products, beginning with root beer.

Incentivizing owner-operators

Food Services is committed to growth through franchising. A&W franchisees operate under a franchising program that has been refined over 55 years and the personal investment by A&W franchisees helps to ensure committed operators.

The company should be able to continue to strengthen A&W's franchise system by attracting and retaining experienced operators who have the skills to be able to successfully manage restaurants in a franchise system.

The company's development strategy permits it to grow in a controlled manner and enables it to ensure that each A&W franchise strictly adheres to high standards of quality and service.

Food Services devotes significant resources to providing all the company's franchisees with assistance in site selection, restaurant design, employee training, and marketing. All these initiatives should lead to a higher stock price over the long term.

CATEGORY

1. Investing

POST TAG

1. canada

TICKERS GLOBAL

1. TSX:AW.UN (A&W Revenue Royalties Income Fund)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Tags

1. canada

Date

2025/08/23

Date Created

2021/06/20

Author

nikhilwaterloo

default watermark

default watermark