

McDonald's Sales Fall with Tough Year Ahead

CANDICE CHOI, AP Food Industry Writer

NEW YORK (AP) — McDonald's says a key sales figure dropped again in January as the world's biggest hamburger chain struggled to grow in the U.S. and saw a severe decline in Asia.

The Oak Brook, Ill.-based company said global sales at restaurants open at least 13 months dropped 1.9 percent for the month. The figure is a key metric because it strips out the volatility of newly opened and closed locations.

After years of outperforming rivals, McDonald's has been struggling amid intensifying competition and challenging economic conditions around the world. Late last year, the company ousted the head of its U.S. business after the sales figure dropped for the first time in nearly a decade. CEO Don Thompson, who took the top spot this summer, has vowed to add business by emphasizing value while planning a series of new limited-time offers to attract customers.

But Thompson also warned last month that sales were trending negative for January. The company was also up against a tough comparison from a year ago, when global sales rose 6.7 percent.

In the region encompassing Asia, the Middle East and Africa, McDonald's said its sales sank 9.5 percent in January. The company is facing particular difficulty in Japan, where it says customers have been eating at home more often since the earthquake and tsunami in 2011. It also recently shifted its marketing strategy to focus on staples like the Big Mac and breakfast, rather than promotional items such as the "Big America Series" from a year ago. The sales figure fell 17 percent as a result.

In China, the company said the timing of Chinese New Year hurt results. But another factor was the ongoing wariness among diners after reports on Chinese television that chicken producers were ignoring regulators and giving birds unapproved levels of antibiotics. Yum Brands, which owns KFC and is the biggest Western chain the country, has been slammed by the reports and expects its sales in the country to plummet by 25 percent in the first quarter.

In Europe, McDonald's biggest market, sales fell 2.1 percent as Germany and France dragged down results. The company said it remains focused on enhanced value and keeping stores open longer in the region.

In the U.S., McDonald's said the figure edged up 0.9 percent. The addition of the Grilled Onion Cheddar burger to the Dollar Menu boosted results.

For February, McDonald's noted sales will be hurt by about 3 percentage points since the previous year's results included an extra day because of the leap year.

McDonald's Sales Fall with Tough Year Ahead

Published on Food Manufacturing (<http://www.foodmanufacturing.com>)

The monthly sales figures are a snapshot of money spent on food at both company-owned and franchised restaurants and do not reflect corporate revenue.

McDonald's shares rose 24 cents to close at \$94.87 Friday.

Source URL (retrieved on 01/28/2015 - 9:32am):

<http://www.foodmanufacturing.com/news/2013/02/mcdonald%E2%80%99s-sales-fall-tough-year-ahead>