

# Changing Eating Habits Causes McDonald's Sales to Slip

Associated Press

OAK BROOK, Ill. (AP) — McDonald's Corp. said its profit slipped in the second quarter as sales in the U.S. continued to flag.

The world's biggest hamburger chain has been struggling to boost sales in its flagship market amid intensifying competition, changing eating habits and the persistent financial struggles of its lower-income customers.

In the U.S., sales at established locations fell 1.5 percent for the period fewer customers came into its restaurants. The company, based in Oak Brook, Illinois, hasn't managed to raise the figure since October.

Executives say they're working to improve basics such as operational speed and service, but that they don't expect performance to change significantly in the near term.

"Heading into 2014, we acknowledged that we did not expect any material changes to the operating environment this year," CEO Don Thompson said in a statement.

Globally, McDonald's said comparable sales were "relatively flat" for the period. A stronger performance in the unit encompassing Asia, the Middle East and Africa helped offset a decline in Europe. For July, however, McDonald's said it expects the figure to be negative.

For the quarter ended June 30, McDonald's earned \$1.39 billion, or \$1.40 per share. That was short of the \$1.43 per share expected by analysts surveyed by Zacks Investment Research.

A year ago, the company earned \$1.4 billion, or \$1.38 per share.

Total revenue rose 1.4 percent to \$7.18 billion. That missed Wall Street forecasts for \$7.29 billion.

Shares of McDonald's, which is based in Oak Brook, Illinois, were down 2 percent at \$95.19 in premarket trading.

Shares have increased 52 cents, or 0.5 percent, to \$97.55 since the beginning of the year, while the Standard & Poor's 500 index has climbed 6.8 percent.

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