

# QSRs report 5-7% rise in sales in a weak mkt

WHEAT SUSAN PHOTO  
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Jubilant FoodWorks and Westlife Development, two of the country's top food service operators or quick-service restaurants (QSRs), have reported better-than-expected growth in July-September (Q2FY20) sales, at a time when consumer sentiment remains weak.

Jubilant FoodWorks, the master franchisee of Domino's Pizza and Durika in India, saw its same-store sales growth (SSG) at nearly 5 per cent in Q2. Westlife Development, which runs McDonald's restaurants in the West and South of India, reported SSG of 7 per cent for the period.

SSG, for the uninitiated, is sales growth of stores one year and above. It is a number tracked closely by analysts, since it gives a sense of the consumer demand at retail outlets.

Analysts had estimated SSG for Westlife and Jubilant in the 3-4 per cent range for Q2, since consumers typically cut back on discretionary spend in a slowdown. Also, both Jubilant FoodWorks and Westlife Development, which are listed companies, had reported double-digit SSG a year ago (20.5 per cent and 25.7 per cent, respectively), implying that sector experts were expecting the high base effect to kick in this quarter (Q2).

"The sales growth numbers for the September quarter have been a positive surprise in a market where eating out has been weak," says Latha Chopra, analyst at brokerage JP Morgan.

While Amit Jatia, vice-chairman, Westlife Development, admitted to "headwinds" during the quarter, he said factors that clicked for his company included a focus on value meals as well as platforms such as breakfast and delivery. "There was a concerted strategy to understand what we could do to ride out the slowdown," Jatia said.

"So the emphasis was on value meals through our McSavers programme. We focused on different day parts such as mornings and evenings with breakfast and evening meals. We also pushed aggressively into online deliveries, using our app, website and new-age restaurants, which we call 'Experience of the Future' stores. All of this helped," he says.

## SSG TREND FOR TOP QSRs (%)



Westlife is the South & West India franchisee of McDonald's. Jubilant FoodWorks is the franchisee of Domino's and Durika Durika in India. SSG: same-store sales growth. Source: Company results/industry



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**AMIT JATIA**  
Vice-chairman, Westlife Development

**"We focused on a strategy of offering value for money and superior customer experience"**

**SHYAM BHARTIA**  
Chairman, Jubilant FoodWorks

"In the face of a challenging external environment, we focused on a strategy of offering value for money and superior customer experience," said Shyam Bhartia, chairman, Jubilant FoodWorks.

For both listed players, say analysts, online deliveries today constitute 80-85 per cent of overall delivery sales, higher than the 60-65 number reported by them a year ago.

"There are a few factors that are working in favour of QSRs," says Abneesh Roy, executive vice-president (research), institutional equities, Edelweiss.

"One is the slowdown has been largely in the rural areas. QSRs, on the other hand, are strong in urban areas. Second, these chains have worked hard in the last few years to improve reach, both online and offline, affordability via lower price points and excitement through aggressive offers and launches. All this has helped during these tough times," he adds.