



# McDonald's India franchisee explains why it gets more customers to its stores despite discounts and convenience of Zomato and Swiggy

■ SANCHITA DASH | AUG 7, 2019, 10:15 IST



- McDonald's parent company Westlife Development has posted a same store sales growth of 6.7%, even while its competitors like Domino's are seeing lower in store sales.
- In an interview with Business Insider, Smita Jatia, MD, Hardcastle Restaurants which holds the master franchise for McDonald's, talks about what makes the brand click in India.
- McDonald's (West and South) plans to have 400 stores in India by 2022.

It took Hardcastle Restaurants, which owns McDonald's franchise in West and South India, 22 years to make its first profit in 2018. And it's now posting positive numbers despite the likes of Zomato and Swiggy, offering consumers not just discounts but also variety with hundreds of restaurants.

Analysts have [reported](#) that Domino's lowering same store sales could be due to the growth of food aggregators like Zomato and Swiggy who are only growing their control on Indian consumers.

So, why hasn't the same story applied to McDonald's, which in its last 15 quarters has clocked positive

same store sales. In Q1 FY20, McDonald's posted a same store sales growth of 7% which also resulted in a 12% YoY growth in revenue.

"A lot of our competitors in the last 15 quarters have focused on BOGO (Buy One Get One) offers and discounts. But we did things differently, we reinvested in our brand, reimagined our stores," Smita Jatia, Managing Director, Hardcastle Restaurants, told Business Insider.



"With the McCafes, we saw that there was a change in the way the customer was using our brand, which also reflected in our delivery numbers. We have thrown the ball out of the court," said Jatia.

While Jatia acknowledges the growth of the likes of Zomato and Swiggy, she said that their partnership with these aggregators have also worked well. "In the last six years, we have also invested heavily into technology to make our own app and website better. So demand comes in from all channels. We have doubled delivery numbers year on year," she said.

### **Building brand vs Burning cash**

McDonald's got its most selling burger in India – Aloo Tikki – certified from the National Institute of Nutrition as a balanced meal, added dietary fibre to other sandwiches, turned to whole wheat buns and reduced the oil in its mayo among other things.

"Doing all of these, building these great food stories also meant we built trust in what goes into our food," said Jatia.

By 2022, McDonald's plans to have 400 stores in India, with each store also having a McCafe.

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