

# McDonald's evolves as competition bites

By [Zeenat Moorad](#)

17 Nov 2015

McDonald's, which serves just under 8-million customers every month in 234 restaurants across SA's nine provinces, last week marked 20 years operating in the country by selling Big Mac Medium Meals for R19.95.



[McDonalds.co.za](http://McDonalds.co.za)

What ensued were queues to rival Apple launch-mania, as burger devotees lined up to get their fix.

"We sold just over 100,000 Big Macs in the first two hours across SA," Greg Solomon, CEO for McDonald's SA told Business Day on Friday.

Whether an affinity for the brand, or a reflection of the dire spending environment as escalating costs and debt rein in household budgets, what is clear is that value for money has become the order of the day in the fast food service industry.

Spur Corporation and rival Famous Brands run myriad specials, offering everything from buy one burger get one free, to bottomless chips, ribs or wings, and even cut-price breakfasts.

The quick-service restaurant segment is benefiting from a growing prevalence - particularly among middle-class South Africans - for convenience and value over the cost and effort of preparing food at home.

"Food is not a luxury and quite honestly it is cheaper to eat fast food than it is to eat supermarket food in many cases," Carlo Gonzaga, CEO of Maxi's owner Taste Holdings said.

Similarly, Kevin Hedderwick, CE of Famous Brands, said the high number of double-income families in SA meant no time to cook, "so consumers are on the move, looking for a food service solution that offers value".

This means that promotional campaigns among fast food players has never been more in evidence as brands position themselves to get feet into stores.

"We had a great third quarter but it was a little tougher in the first quarter and second quarter, coming out of a sluggish 2014," Solomon said. "Consumer confidence is at an all-time low ... consumers are feeling cash strapped, but there is still money out there. It's not about growing market share organically anymore, it's about stealing market share. There is only a certain amount of spend out there. We just want more of it."

The entrance of new players into the market, such as Domino's and Burger King has seen more than just aggressive promotional campaigns - fast food players are now expanding from their niche offerings.

About 30% of McDonald's business in SA is chicken. The chain has also launched a delivery service, and sells caramel iced lattes and cheesecake.

"You need to be more diverse and have a better offering. If you're just selling one product, that's not good enough," Solomon said. "We have to continue to evolve as other brands play in our space, and we will continue to innovate to play in other spaces."

Yum! Brands' KFC earlier this year relaunched its coffee offering in SA. The campaign saw a R3.1m gain in coffee sales and an overall breakfast sales increase of R1m.

**Source:** Business Day

For more, visit: <https://www.bizcommunity.com>