

Analysts predicted Chipotle would be the death of McDonald's. They were wrong.

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(Caitlin O'Hara/Bloomberg)

Americans aren't forsaking fast food just yet.

Three years after analysts predicted that Chipotle would be the death of McDonald's and other fast-food stalwarts, the onetime fast-casual darling is in free fall — and McDonald's is reporting its third consecutive quarter of solid same-store sales.

McDonald's is not alone. All of the "Big 3" burger joints — McDonald's, Wendy's and Burger King — have recently seen strong same-store sales growth. Since 2015, fast-food chains have outperformed fast casual and sit-down establishments by more than two percentage points, according to [an analysis by the industry publication Nation's Restaurant News](#).

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The development has defied some analysts' expectations in a time of changing consumer preferences. It also speaks to the strong hold that fast food has on the American psyche — and how hard it will be to get consumers to give up their Quarter Pounders and Big Macs.

"It's iconic," said Melissa Abbott, the vice president of culinary insights at the Hartman Group, a restaurant industry consulting firm. "There's still a desire for foods that provide familiarity and comfort."

As Abbott and other analysts describe it, the enduring appeal of fast-food chains goes far beyond taste. Despite an ever-expanding menu of "better-for-you" options, chains like McDonald's still boast the holy trinity of convenience, low cost and familiarity.

McDonald's and other fast-food joints have worked hard to maintain their edge in these areas.

"Quick-service restaurants know they resonate well in terms of value, convenience and speed," said Victor Fernandez, the executive director of insights at the restaurant analytics firm Black Box Intelligence. "So a lot of brands, including McDonald's, are now really focusing on what they do best."

In terms of convenience, the fast-food industry has invested heavily in online and mobile ordering, delivery, and touch-screen kiosks that speed up waits. McDonald's offers delivery via UberEats at 3,700 urban locations across the United States — and chief executive Steve Easterbrook promised in a Tuesday earnings call that the chain would continue to expand the program, reaching as many as 5,000 locations by the end of the year.

When it comes to cost, McDonald's has aggressively discounted core items — such as soda, McNuggets and Big Macs — to maintain its value proposition. Wendy's and Burger King have offered similar promotions, promising a full

meal, with drink and sides, for \$4 or less.

By comparison, a single burrito at Chipotle — which has also faced higher ingredient costs and a lingering food-safety scandal — can cost between \$7 and \$10. The company announced Tuesday that it had missed revenue projections for the quarter, which analysts blamed on a pair of food-borne illness outbreaks, an April malware attack and lost traffic during this year's hurricane season.

As for those “changing consumer preferences” that the food industry frets so much about — among them, the desire for more natural and healthy foods — there’s little evidence that they’ve helped Chipotle lately or dissuaded many from chowing down on their habitual burgers.

A large portion of restaurant diners don’t prioritize nutrition when they eat out, Fernandez said. And those who do may make exceptions for a food they view as a nostalgic favorite.

Fast-food chains have further soothed those consumers in particular, Abbott said, by tweaking their meals around the edges to offer a few more “fresh” or “healthy” ingredients. McDonald’s now makes its burgers from fresh, not frozen, beef; it has subbed out margarine for butter; and it has added, to a few signature burgers, a token pinch of spinach leaves.

“Their message to consumers is that this is the same food you always loved — now slightly upgraded,” Abbott said. “Consumers seem to appreciate that.”

Of course, consumer appreciation is fickle and highly relative — especially in the beleaguered restaurant industry. Over the past two years, chains of all types have struggled against rising labor costs, a glut of competition, and an economic mood that has kept many would-be diners at home in their own kitchens.

So while McDonald’s and other fast-food chains may be on top now, it’s far too early to declare their victory over the rest of the restaurant sector.

“You have so many options for prepared food right now,” Fernandez said. “The competition has escalated.”

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