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2 minute read · February 9, 2022 11:21 AM EST · Last Updated 8 months ago



KFC-parent Yum Brands sales boosted by demand for tacos, fried chicken

By Praveen Paramasivam



A Kentucky Fried Chicken (KFC) restaurant is pictured in Tokyo, Japan, December 14, 2021. REUTERS/Kim Kyung-Hoon/File Photo

Feb 9 (Reuters) - KFC-parent Yum Brands Inc ([YUM.N](#)) reported quarterly comparable sales that beat estimates on Wednesday, driven by strong online demand for its tacos and fried chicken as well as new offerings across its restaurants.

To attract more customers, Yum recently launched special menu items, such as a crispy chicken sandwich taco at Taco Bell, a Detroit-style pizza at Pizza Hut and a plant-based imitation of its fried chicken at KFC.

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Yum also bought three firms that focus on digital ordering, consumer insights and automation of the kitchen flow over the past few months.

"The (strong digital numbers are) evidence that those investments are paying off," said David Gibbs, chief executive officer, on an earnings call.

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Yum nearly doubled its digital business from pre-pandemic levels, saying the growth suggests a "more permanent shift to digital channels". Comparable sales jumped 5%, topping estimates of 4.5%, according to Refinitiv data.

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"Taco Bell remains the crown jewel in Yum's portfolio," Cowen analysts said in a note.

Same-store sales at Taco Bell increased 8%, while that of KFC rose 5% in the fourth quarter ended Dec. 31. Analysts were expecting them to increase 6.1% and 4.1%, respectively.

Taco Bell has performed the best because the chain has been the most aggressive of Yum's top three brands in adopting digital technology, said Sam Zeitz, CEO of self-ordering technology provider Grubbr.

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Yum shares rose 3.5% to \$129.30.

However, Yum's adjusted earnings per share stood at \$1.02, below estimates of \$1.09.

Restaurants have been hit by higher costs due to record inflation and a labor shortage in the United States. Yum's total net costs and expenses rose 10% to \$1.39 billion.

Chief Financial Officer Chris Turner warned general and administrative expenses would pressure profit in the first six months of 2022 before abating in the second half.

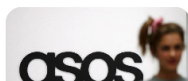
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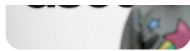
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