



# McDonald's Increases its Sales



Exercise 1

## Vocabulary

### **recession**

NOUN

a significant decline in economic activity that lasts for months or even years

Hundreds of firms went bankrupt during the **recession**.

### **inflationary**

ADJECTIVE

characterized by, or tending to cause monetary inflation

Our economy is in an **inflationary** spiral of wage and price increases.

### **commodity**

NOUN

a substance or product that can be traded, bought, or sold

Time is one of our most valuable **commodities**.

### **traffic**

NOUN

the number of visitors that visit your website or a specific webpage

Our company will help you generate site **traffic**.



## Exercise 2

# Article

## McDonald's Increases its Sales

McDonald's Corp on Tuesday beat Wall Street estimates for quarterly comparable sales, boosted by higher menu prices, increased restaurant traffic and earnings in most major markets.

The burger chain's worldwide comparable-storemany and France rose despite fears of a recession in Europe. Sales rose 12.6% in the fourth quarter ended Dec. 31, versus estimates of an 8.6% rise, according to IBES data from Refinitiv.

The earnings report comes at a time when investors are watching for signs of recession following last year's record inflation. McDonald's could benefit if more customers with lower incomes leave higher-priced restaurants, as happened in the third quarter.

Chief Executive Chris Kempczinski said in the earnings release that the company expects "short-term inflationary pressures to continue into 2023."

**McDonald's sales increase but warns about inflation.** The company posted a profit of \$2.59 per share, an increase of 19%. Like other fast-food chains, Chicago-based McDonald's raised the prices of its burgers and fries last year to cope with rising labor costs and commodities.

Even so, traffic increased by 5% in the entire year 2022, as McDonald's meals remained cheaper than those of many competitors, which attracted low-income consumers.

In October, chief financial officer Ian Borden said the company was "gaining share right now among low-income consumers" in the United States because of McDonald's "affordability"

It did not define "low income," but data provider NPD Group defines annual household income of \$75,000 or less as "low income."

## Exercise 3

# Question

1. How much increase in the sales of McDonald's?
2. How much increase in the profit share of McDonald's?
3. How has the company's traffic increased?

## Exercise 4

# Discussion

1. Can McDonald's maintain its good status in the next few years?
2. What is the importance of monitoring the traffic of a company?
3. What are the factors that affect the sales of a company?



Exercise 5

## Further Discussion

1. Do you know anyone who has their own business? What do they sell?
2. Have you ever thought about starting up a business? What would it be?
3. What products or services that have the most demands in your area?
4. What are the risks of starting up your own business?