

Food Giants Spend Billions On Shareholder Handouts As Consumers Continue To Push Back On Price Hikes

McDonald's—Which Received A Letter In October 2024 From A Group Of Democratic Senators Voicing Concern Over Price Increases In Excess Of Inflation And Approximately \$7 Billion In Company Stock Buybacks In 2022 and 2023 That Could Have Been Used In Business Investments And Worker Growth—Saw Its Q3 Net Income Decrease As Diners Continue Pulling Back On Restaurant Spending.

In Q3 2024, McDonald's Saw Its Net Income Decrease After Global Same-Store Sales Fell Further Than Wall Street Estimates In What Was The "Second Straight Quarter That The Company's Same-Store Sales Have Fallen."

In Q3 2024, McDonald's Saw Its Net Income Decrease To \$2.26 Billion From \$2.32 Billion In Q3 2023. "McDonald's posted third-quarter net income of \$2.26 billion, or \$3.13 per share, down from \$2.32 billion, or \$3.17 per share, a year earlier." [CNBC, [10/29/24](#)]

McDonald's' Global Same-Store Sales Fell Further Than Wall Street Estimates, In What Was The "Second Straight Quarter That The Company's Same-Store Sales Have Fallen." "The chain's global same-store sales fell 1.5%, a more drastic decline than the 0.6% that Wall Street was expecting, according to StreetAccount estimates, and was weighed down by the company's international markets. It's the second straight quarter that the company's same-store sales have fallen." [CNBC, [10/29/24](#)]

While U.S. Same-Store Sales Rose Slightly In A Reversal Of Last Quarter's Sales Decline, Its Increase Was Weaker Than Wall Street Prediction As "Diners Have Pulled Back Their Restaurant Spending."

In The U.S., McDonald's Same-Store Sales Rose Slightly In A Reversal Of Last Quarter's Sales Decline "But Still Slightly Weaker Than The 0.5% Increase Predicted By StreetAccount Estimates" As "Diners Have Pulled Back Their Restaurant Spending, Leading McDonald's And Its Rivals To Lean Into Discounts And Other Marketing Tricks To Bring Customers Back To Their Restaurants." "U.S. same-store sales rose 0.3%, reversing last quarter's same-store sales declines but still slightly weaker than the 0.5% increase predicted by StreetAccount estimates. Traffic to its U.S. restaurants was slightly negative, but the company credited its marketing and a \$5 value meal launched in late June for the increase in sales. Diners have pulled back their restaurant spending, leading McDonald's and its rivals to lean into discounts and other marketing tricks to bring customers back to their restaurants. For example, in August, McDonald's launched limited-time 'Collector's Edition' cups." [CNBC, [10/29/24](#)]

In October 2024, Senators Elizabeth Warren (D-MA), Bob Casey (D-PA), And Ron Wyden (D-OR) Sent A Letter To McDonald's President And CEO Chris Kempczinski Voicing Concern Over Price Increases In Excess Of Inflation, With "McDonald's Net Profit Margins Inceas[ing] From Approximately 26% In 2020 To 32% In 2023," While Operating Expenses Only Increased By 16.5% Over The Same Period.

In October 2024, Senators Elizabeth Warren (D-MA), Bob Casey (D-PA), And Ron Wyden (D-OR) Sent A Letter To McDonald's President And CEO Chris Kempczinski Voicing “Concern Regarding Increases In Fast Food Prices Over The Last Several Years And Seeking Information Regarding McDonald’s Pricing Decisions.” “We write with concern regarding increases in fast food prices over the last several years and seeking information regarding McDonald’s pricing decisions. While McDonald’s is not the only fast food restaurant that has increased prices significantly in recent years, its dominant market position as the largest fast food chain in the United States has an outsize impact on American consumers. While working families are trying to make ends meet, McDonald’s and its corporate counterparts have continued to grow their profits.” [Letter from Senator Elizabeth Warren et. al to McDonalds CEO Chris Kempczinski, [10/21/24](#)]

In Their Letter, The Senators Noted “McDonald’s Own Reports Indicate That The Company’s Price Increases May Be Outstripping Inflation,” After “Operating Expenses Increased By 16.5% From 2020 To 2023” While “McDonald’s Net Profit Margins Increased From Approximately 26% In 2020 To 32% In 2023, With Margins Continuing To Rise In 2024.” “McDonald’s own reports indicate that the company’s price increases may be outstripping inflation. Operating expenses increased by 16.5% from 2020 to 2023, yet McDonald’s net profit margins increased from approximately 26% in 2020 to 32% in 2023, with margins continuing to rise in 2024. As a result, McDonald’s net annual income rose by over 79% – to nearly \$8.5 billion – from 2020 to 2023.” [Letter from Senator Elizabeth Warren et. al to McDonalds CEO Chris Kempczinski, [10/21/24](#)]

The Senators Also Noted McDonald’s Spent “Almost \$4 Billion In Stock Buybacks In 2022 And Over \$3 Billion In 2023,” Which They Criticized As “Enrich[ing] Shareholders While Forgoing Productive Investments In McDonald’s Own Business And Workers That Could Grow The Economy.”

In Their Letter, The Senators Also Noted McDonald’s Spent “Almost \$4 Billion In Stock Buybacks In 2022 And Over \$3 Billion In 2023,” Which They Criticized As “Enrich[ing] Shareholders While Forgoing Productive Investments In McDonald’s Own Business And Workers That Could Grow The Economy.” “McDonald’s has paid out almost \$4 billion in stock buybacks in 2022 and over \$3 billion in 2023. McDonald’s is also among the many corporations that take advantage of a tax loophole that grants stock buybacks a seven percent tax advantage compared to shareholder dividends. Stock buybacks enrich shareholders while forgoing productive investments in McDonald’s own business and workers that could grow the economy.” [Letter from Senator Elizabeth Warren et. al to McDonalds CEO Chris Kempczinski, [10/21/24](#)]

In Q3 2024, Chipotle Saw Its Net Income Increase 14% To \$387.4 Million, Helping The Company Spend \$488.1 Million On Stock Buybacks After Its Board Approved \$900 Million In Buyback Authorizations Since August 2024.

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In Q3 2024, Chipotle Saw Its Net Income Increase 14% To \$387.4 Million. “Net income for the third quarter was \$387.4 million, or \$0.28 per diluted share, compared to \$313.2 million, or \$0.232 per diluted share in the third quarter of 2023.” [Chipotle Q3 2024 Earnings Report, [10/29/24](#)]

That Same Quarter, Chipotle Spent \$488.1 Million On Stock Buybacks, With \$1.1 Billion In Buyback Authorization Remaining, Including \$900 Million In New Authorizations Approved Since August 2024.

In Q3 2024, Chipotle Spent \$488.1 Million On Stock Buybacks, With \$1.1 Billion In Buyback Authorization Remaining Including \$900 Million In Authorizations Approved Since August 2024. “During the third quarter we repurchased \$488.1 million of stock at an average price per share of \$54.55. As of September 30, 2024, \$1.1 billion remained available under share repurchase authorizations from our Board of Directors, including an additional \$400 million in additional authorizations approved by our Board of Directors on August 21, 2024 and \$500 million in additional authorizations approved by our Board of Directors on September 19, 2024.” [Chipotle Q3 2024 Earnings Report, [10/29/24](#)]

Despite Seeing Its Q3 2024 Net Income Decrease 214% Amid Decreased Consumer Demand After “Repeated Price Hikes,” In 2024, Kraft Heinz Has Spent “\$1.5 Billion In Cash Dividends And Repurchased \$538 Million Of Common Stock,” With \$2.4 Billion Remaining In Its Buyback Authorization Program As Of Late September 2024.

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| | For the Three Months Ended | | | For the Nine Months Ended | | |
|-------------------------|----------------------------|--------------------|-------------|---------------------------|--------------------|-------------|
| | September 28, 2024 | September 30, 2023 | % Chg vs PY | September 28, 2024 | September 30, 2023 | % Chg vs PY |
| Gross profit | \$ 2,186 | \$ 2,235 | (2.2)% | \$ 6,723 | \$ 6,609 | 1.7% |
| Operating income/(loss) | (101) | 653 | (115.5)% | 1,723 | 3,272 | (47.3)% |
| Net income/(loss) | (290) | 254 | (214.2)% | 614 | 2,089 | (70.6)% |

[Kraft Heinz Q3 2024 Earnings Report, [10/30/24](#)]

- **According To Reuters, Kraft Heinz “Tempered Its Annual Forecasts For Organic Sales And Profit As Repeated Price Hikes Hurt Demand For The Packaged Food Giant's Branded Products.”** “Kraft Heinz, opens new tab on Wednesday tempered its annual forecasts for organic sales and profit as repeated price hikes hurt demand for the packaged food giant's branded products such as Lunchables meal kits.” [Reuters, [10/30/24](#)]

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In 2024, Kraft Heinz Has Spent “\$1.5 Billion In Cash Dividends And Repurchased \$538 Million Of Common Stock,” With \$2.4 Billion Remaining In Its Buyback Authorization Program As Of September 28, 2024. “Year to date, the Company paid \$1.5 billion in cash dividends and repurchased \$538 million of common stock. Of the \$538 million in share repurchases in 2024, \$350 million were repurchased under the Company’s publicly announced share repurchase program and \$188 million were purchased to offset the dilutive effect of equity-based compensation. As of Sept. 28, 2024, the Company had remaining authorization

to repurchase approximately \$2.4 billion of common stock under the publicly announced share repurchase program.” [Kraft Heinz Q3 2024 Earnings Report, [10/30/24](#)]

Despite Continuing To See “Muted” Sales Growth With Plans To Close 140 Underperforming Stores Next Quarter, Wendy’s Spent \$25.2 Million On Stock Buybacks In Q3 2024 And Has Spent \$2.7 Million On Buybacks In Q4 2024 As Of October 24.

In Q3 2024, Wendy’s Announced It Would Be Closing 140 Underperforming Stores In Q4 2024 After The Company Continues To See “Muted” U.S. Same-Store Sales Growth.

In Q3 2024, Wendy’s Continued To See “Muted” U.S. Same-Store Sales Growth:

Wendy’s U.S. same-store sales

The fast food chain continues to post muted same-store sales growth in 2024.

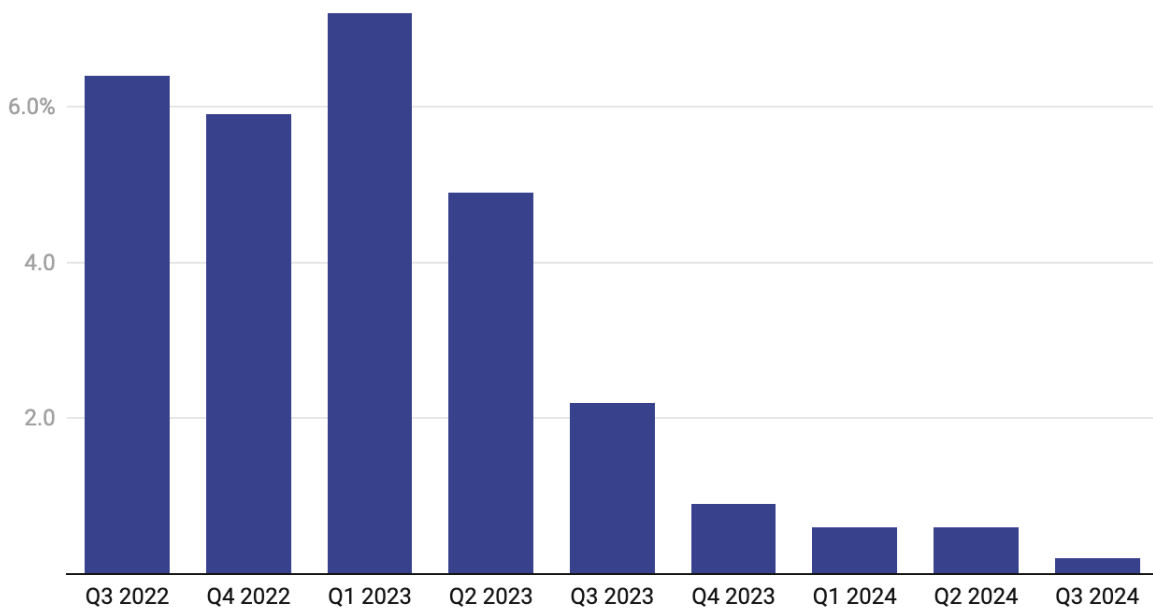


Chart: Julie Littman/Restaurant Dive • Source: [Wendy’s Earnings Release](#) • [Get the data](#) • Created with [Datawrapper](#)

[Restaurant Dive, [10/31/24](#)]

In Wendy’s Q3 2024 Earnings Call, President And CEO Kirk Tanner Said The Company Would Be Closing 140 Underperforming Stores In Q4, While Continuing To Open Some New Locations. “Wendy’s will close a number of outdated restaurants in underperforming areas where average unit volumes are about \$1.1 million and operating margins are well below the system average, Kirk Tanner, Wendy’s president and CEO, said Thursday during an earnings call. These closures will strengthen the overall health of Wendy’s system Tanner said. [...] Total closures in 2024, including 140 more in the fourth quarter, will offset new restaurant openings, making net unit growth about flat, CFO Gunther Plostch said.” [Restaurant Dive, [10/31/24](#)]

Despite Anemic Sales Growth, Wendy's Spent \$25.2 Million On Stock Buybacks In Q3 2024 And Has Spent \$2.7 Million On Buybacks In Q4 2024 As Of October 24.

In Q3 2024, Wendy's Spent \$25.2 Million On Stock Buybacks And Has Spent \$2.7 Million On Buybacks In Q4 2024, As Of October 2024. "The Company repurchased 1.5 million shares for \$25.2 million in the third quarter of 2024. In the fourth quarter of 2024, the Company has repurchased 0.2 million shares for \$2.7 million through October 24. As of October 24, approximately \$247.7 million remains available under the Company's existing share repurchase authorization that expires in February 2027." [Wendy's Q3 2024 Earnings Report, [10/31/24](#)]