

ALERT: ESCALATING KFC PROMOTIONS

Yum! Brands: KFC Escalates to Offset Softness, Taco Bell Pulls Back on Strength

Diverging promotional playbooks at Yum's two growth engines — and how each stacks up against category peers.

PROMOTIONAL ENSEMBLE:

2025-present

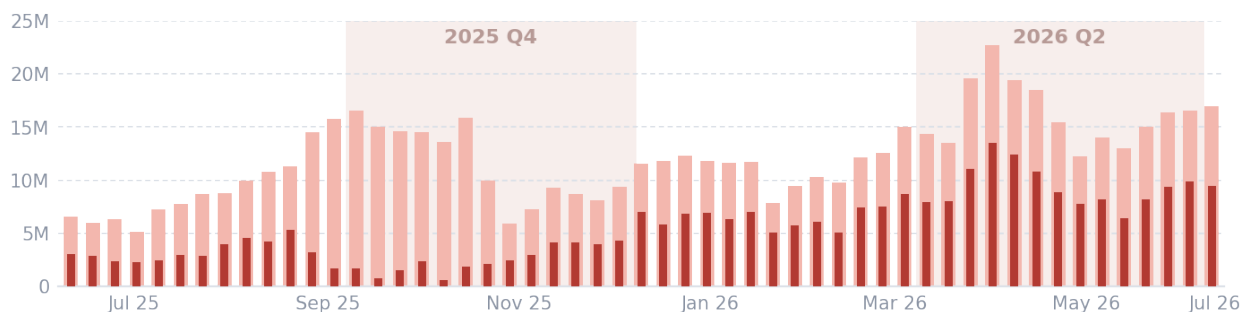
WHAT CHANGED

Record volume of incentive email campaigns from KFC reveal struggles to sustain organic demand, likely pressures from MCD's \$3 McValue.

KFC: Intensifying Email Campaigns

Significant Discounts **+383%** YOY

Total Volume **+206%** YOY



KFC has steadily increased the volume of push email campaigns to its leads and customers over the past 52 weeks.



Sentiment: Diverging Promo Strategies at Yum's Two Growth Engines

KFC has sharply accelerated promotional email volume through 2025 and into 2026 even as its US business has struggled to grow. US same-store sales were negative in three of the last five reported quarters, and Yum stopped disclosing the metric altogether starting Q1 2026, reporting only system sales (-2% in both Q1 and Q2 2026). The promo ramp reads as compensation for softness, not confidence.

Taco Bell, by contrast, has held or reduced its promotional cadence over the same period despite consistently strong US same-store sales (+4% to +9% every quarter shown). It isn't promoting harder because it doesn't need to — traffic has stayed healthy without it.

Note: July 2026 figures are excluded from Taco Bell's promo totals due to the cyclosporiasis outbreak tied to contaminated lettuce that broke publicly in mid-July — a demand shock unrelated to promotional strategy that would distort any July read.

DIMENSION	KFC	TACO BELL
Promo count, Q1 2025 → Q2 2026	5 → 26 (+560% at Q1 '26 peak)	56 → 56 (net flat; peaked 82, troughed 52)
US sales, most recent trend	-2% (system sales, Q1-Q2 2026)	+7% (same-store sales, Q2 2026)
Direction of promo vs. sales	Promo up while sales soft	Promo flat/down while sales strong

Competitive Breakout: KFC & Taco Bell vs. QSR Peer Average

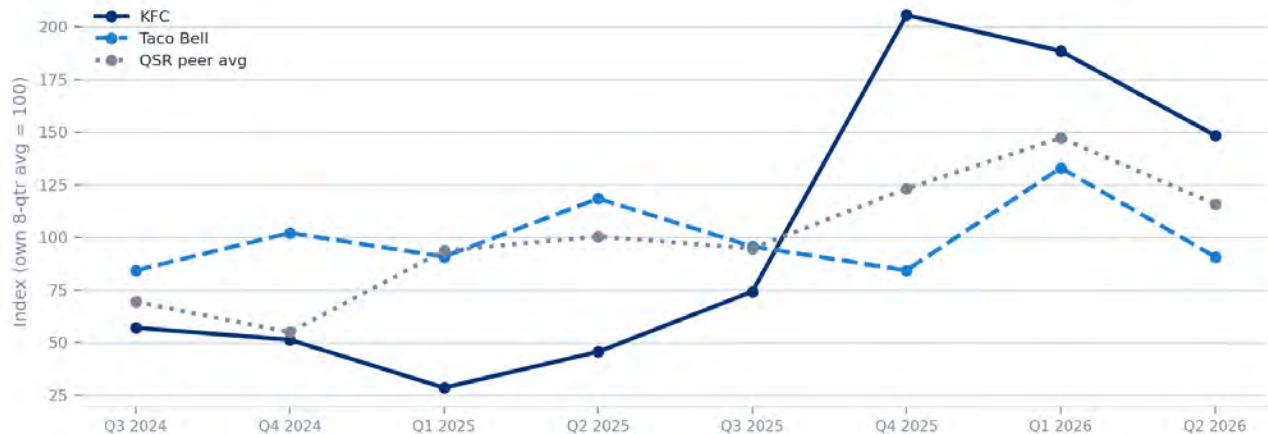
Indexed to each brand's own multi-quarter average; peers = McDonald's, Wendy's, Burger King, Popeyes.

Indexing strips out scale differences and shows relative momentum. **KFC** ran well below its own baseline through Q1 2025, then overshot both its own norm and the peer average starting Q4 2025, peaking near double the peer index in Q4 2025/Q1 2026 before easing in Q2 2026. **Taco Bell** stays close to its own 100-line throughout, with Q1 2026 as its only real outlier. The peer group itself trended up into a Q1 2026 peak before pulling back, so some of KFC's surge rides a category-wide wave — but its overshoot above that peer line is still the standout feature.





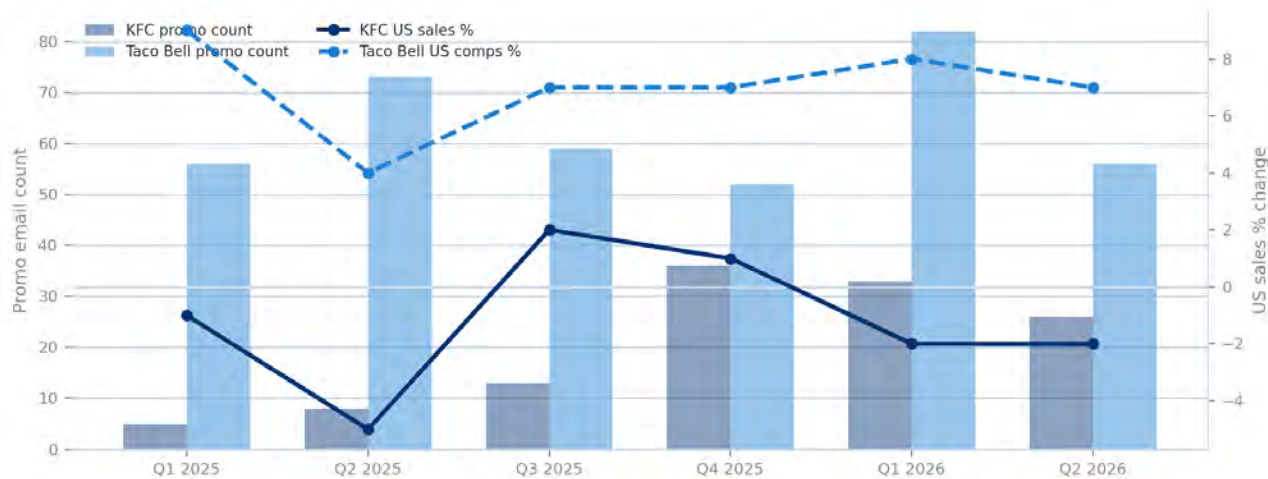
EXHIBIT 1



Quarterly promo index (own 8-quarter average = 100), Q3 2024–Q2 2026.

Layering in US sales performance sharpens the read: KFC's promo climb doesn't coincide with a sales recovery — it continues even as the disclosed US metric stays flat-to-negative through Q1–Q2 2026. Taco Bell's promo count shows no relationship to its comps in either direction: its strongest and weakest comp quarters both saw mid-range promo activity.

EXHIBIT 2



Promo email count (bars) vs. US sales % (lines), KFC and Taco Bell, Q1 2025–Q2 2026. KFC US figures are same-store sales through Q4 2025, system sales Q1–Q2 2026 (Yum stopped disclosing KFC US comps starting Q1 2026).

Offer Mix Breakout: KFC's Programming vs. Popeyes and Wingstop

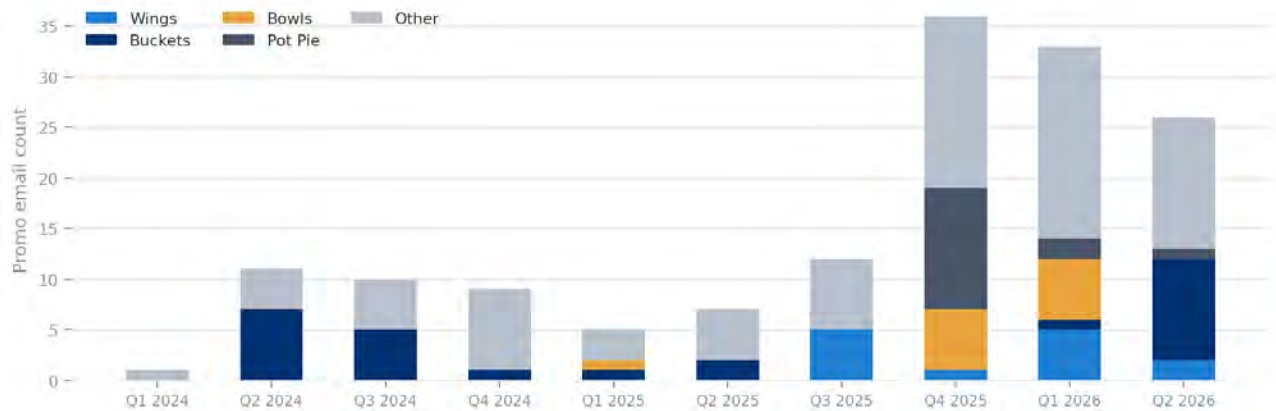
KFC's growth is a rotation of distinct programs, not one campaign running harder.





KFC's promo escalation isn't a single deepening discount — it's a new lead program almost every quarter: Wings (Q3 2025), then Pot Pie and Famous Bowls launching together (Q4 2025), then Wings and Bowls combined (Q1 2026), then a pivot to Buckets via the recurring "\$10 Bucket of the Day" (Q2 2026).

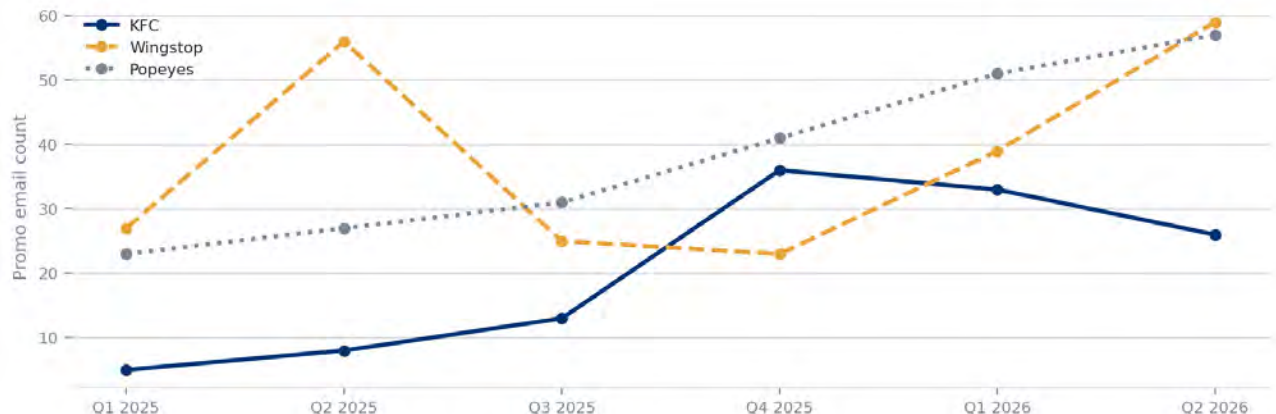
EXHIBIT 3



KFC promo email count by offer type, Q1 2024–Q2 2026.

Against its two closest chicken-QSR peers, KFC isn't leading the promotional escalation — it's catching up. **Wingstop** was already running KFC's eventual Q4 2025 pace back in Q1 2025; **Popeyes** has grown the most consistently of the three, with no dips. By Q2 2026, all three chains cluster in a similar range (26–59 promos/quarter), suggesting a category-wide push rather than a KFC-specific signal.

EXHIBIT 4



Quarterly promo email count: KFC, Wingstop, Popeyes, Q1 2025–Q2 2026.

- **KFC:** the most rotational, with a different lead program nearly every quarter.





- **Wingstop:** the most occasion-reactive, with game-tied "\$0 Delivery Fee" offers and round-number wing counts, plus a new "Free 10pc Wings with \$15+" mechanic emerging in Q2 2026.
- **Popeyes:** the most repetitive, with one long-running named program ("Mardi Party Time") anchoring much of its volume, and 2026 growth coming from a new "\$5/\$6 Faves" campaign rather than net-new platforms.

Conclusion

KFC and **Taco Bell** are running opposite promotional playbooks in the same portfolio: KFC is compensating for underperformance with an accelerating, rotating slate of new programs, while Taco Bell is coasting on strong organic traffic without needing to lean on promotions. Widened against chicken-QSR peers, KFC's promo intensity looks less like an outlier strategy and more like table stakes, as Wingstop and Popeyes are running comparable or greater volume by Q2 2026.

For modeling: watch whether KFC's promo-driven traffic shows up in the next disclosed US metric, and whether Taco Bell's flat promo cadence holds once July's outbreak-driven traffic hit is reflected in Q3 2026 data. Corroborate against KFC divisional operating margin (already compressing on rising company-restaurant expenses) and Taco Bell's Q3 2026 same-store sales for outbreak impact.

Methodology & Caveats

- Promo classification: campaigns flagged with a discount %, or marked steep / clearance / storewide / significant by the Random Walk panel. Offer-type categories are derived from subject-line keyword classification and are directional, not exhaustive.
- KFC US same-store sales are sourced from Yum's Q1–Q4 2025 earnings releases (confirmed, filed figures). Starting Q1 2026, Yum stopped disclosing KFC's US same-store sales specifically; Q1–Q2 2026 KFC figures shown are US system sales, a related but distinct metric, and are not directly comparable to the earlier same-store sales series.
- Taco Bell July 2026 promotional data is excluded from quarterly totals due to the cyclosporiasis outbreak (contaminated lettuce, publicly reported mid-July 2026), which represents a demand shock rather than a promotional-strategy change.
- QSR peer index (McDonald's, Wendy's, Burger King, Popeyes) and chicken-QSR peer set (Wingstop, Popeyes) are both drawn from the same Random Walk panel as KFC and Taco Bell; Arby's and Sonic are not covered by this data source.
- Period covered: promo data Q1 2025–Q2 2026 (extended to Q1 2024 for offer-mix trend); same-store sales Q1 2025–Q4 2025 confirmed via primary filings, Q1–Q2 2026 as disclosed.





NEW: CLAUDE CONNECTOR Detect potential inflections in how brands are communicating with leads instantly. Unlock hundreds of millions of emails with the power of Claude.



About the Random Walk Promotional Ensemble

Random Walk uses email intelligence to detect inflections in organic demand in the consumer sector. We maintain the largest repository of email campaigns from over 1,000 brands dating back to 2021. Our proprietary email intelligence captures millions of campaigns and is capable of detecting subtle changes in messaging from management that often reveal changes in gross margin, inventory, and core demand.

Featured Metrics

Total Promotional Volume Tracks the overall sending volume, including new product releases and frequency of sales.

Significant Discounts Tracks campaigns that reduce the price of any good or service.

Steep Discounts Tracks the portion of campaigns that contain a discount above 40%.

Desperation Emails Tracks campaigns that include keywords with red flags such as "extended," "one more day," "reduced," and "urgent."

Storewide Emails Sitewide and storewide discounts that apply to all products or services.

DISCLAIMER

Any information and data provided is not intended to be used as the primary basis of investment decisions and nothing contained therein or conveyed in connection therewith is, or is intended to be, predictive of the movement of the market prices of the securities of the applicable company or companies. Random Walk Financial provides insights into promotional trends for brands and does not provide buy/sell hold recommendations, price targets, valuation, technical insights or any other metric that could be used to forecast underlying securities. Random Walk is not a broker-dealer and does not engage in primary research of companies. Random Walk Financial insights and analysis are intended solely for consumption for institutional investors. All analyses, research and metrics provided express our opinions, and commentary derived from Random Walk analytic expertise, assumptions, and use of the data collected. Such opinions may prove to be incomplete or substantially inaccurate and are inherently subject to significant risks and uncertainties beyond Random Walk Financial's control.

