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The Cost of "Fast Food" Meals at Home

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More and more Americans are eating out these days. In fact, over \$87 billion—nearly 35 percent of the American food dollar—is spent annually in restaurants, fast food outlets, and other away-from-home eating places. This market, which is growing at a substantially faster rate than the food-at-home market, is expected to continue increasing its share of the total food market. Fast-food outlets have grown rapidly and now have an annual sales volume of over \$19 billion—more than 20 percent of the away-from-home food market. The fast-food franchise outlets have grown even faster, and now have over 33,000 outlets in the United States.

The consumption of fast foods has also increased rapidly and in recent years a number of studies have analyzed the nutritive value of such foods. For certain nutrients, fast food meals compare favorably with similar meals prepared at home. But questions have been raised about other nutrients and relative costs.

This study compares the costs of selected fast food items with their costs

when prepared at home. Other studies have shown that standard fast food items such as hamburgers, cheeseburgers, and french fries sold by leading franchise chains are similar in content

and price to those prepared at home. Specialty hamburgers from the leading fast food chains have also been shown comparable in price although they differ somewhat in size and weight from what

Costs and Prices of Fast Food Items, 1976 and 1979

	At Home			Franchised Outlet		
	1976 ¹	1979	Percent change	1976 ¹	1979	Percent change
	cents			cents		
Hamburger . . . . .	.24	.31	+29	.30	.42	+40
with cheese . . . . .	.29	.36	+24	.38	.47	+23
Special hamburger . . . . .	.34	.54	+58	.65	.90	+38
with cheese . . . . .	.37	.64	+72	.75	1.00	+33
Fish sandwich . . . . .	.29	.44	+52	.55	.70	+27
French fries . . . . .	.13	.17	+31	.30	.41	+37
Soft drink . . . . .	.08	.12	+50	.20	.39	+95

¹Pamela Isom, "Nutritive Value and Cost of Fast Food Meals," *Family Economics Review*, Consumer and Food Economics Institute, ARS, USDA, Fall 1976, Washington, DC.

Fast Food Prices: At Franchised Outlets and At Home

	Fast food franchise outlet		At-home equivalent					
	Average weight ¹	Price ²	Serving size	Total price ³	Meat	Cheese	Bread	Other ⁴
	ounces	cents			cents			
Hamburger	3.5	.42	2 oz. patty	.31	.19		.10	.02
with cheese	4.0	.47	½ oz. slice	.36	.19	.05	.10	.02
Special hamburger	5.7	.90	4 oz. patty	.54	.37		.12	.05
with cheese	6.8	1.00	1 oz. slice	.64	.37	.10	.12	.05
Fish sandwich	4.6	.70	3 oz. portion	.44	.31		.10	.03
French fries	2.5	.41	4 oz.	.17				
Soft drink	8 fl. oz.	.39	8 fl. oz.	.12				

¹Based on a study conducted by WARF Institute, Madison, Wisconsin, "Nutritional Analysis of Food Served at MacDonald Restaurant," 1973.

²Prices observed at franchise outlets in Washington, DC area, February 1979.

³Prices observed at Washington, DC area supermarkets, February 1979.

⁴Includes lettuce and tomato garnish and condiments.

would be prepared at home.¹ But with food prices increasing so rapidly, new questions are raised about changing relative costs.

Hamburgers, cheeseburgers, french fries, fish sandwiches, soft drinks, and specialty hamburgers were priced at selected franchised fast food outlets in the Washington, D.C. area. The food items selected require no special culinary skills and do not require specialized kitchen equipment to prepare at home. Fried chicken, pizza, cookies, pies, milkshakes or french fries prepared from fresh potatoes were not considered.

Prices for comparable food items prepared at home were obtained from area supermarkets for the following items: lean ground beef, frozen french fries, packaged hamburger rolls, processed American cheese, frozen fish fillets, and soft drinks.

Results

A meal consisting of a special hamburger, french fries, and a soft drink would cost \$1.61 at the franchised restaurant. For an equivalent meal at home, the food costs were \$0.83. The difference—\$0.78—represents payment for preparation labor and management, energy use, overhead, and the atmosphere of the restaurant.

However, from the standpoint of evaluating the alternative meals, the cost difference primarily represents a return on the time and effort spent in preparing an equivalent meal at home. For a family of four, the implied return for the preparation of this meal was \$3.12. If, for example the homemaker spent an hour shopping, preparing, and cleaning up after the meal, the implied return for those efforts would be \$3.12 per hour. Although higher than the minimum wage rate, this implied return is substantially below the average wage rate for a second cook (\$6.25). Adjustments to this implied return can, of course, be made by changing components of the meal, the number of meals purchased, or the estimated time spent in meal preparation.



On average, this study suggests that since 1976, the cost of food for use at home has risen slightly faster than comparable fast-food prices. If, in 1976, a family of four ordered special hamburgers, french fries, and soft drinks at a fast-food franchise, the cost was \$4.60. Today it would cost \$6.80—a 48-percent increase. Comparable at-home food costs would be \$2.20 in 1976 and \$3.32 in 1979, an increase of 51 percent. ■

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