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Trends in Eating Out

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This country has more than 785,000 places to eat out, ranging from hot dog vendors at the ball park to school cafeterias and fancy restaurants. Dining out continues to grow in popularity—from \$170 billion worth of meals and snacks (excluding alcoholic beverages) in 1986 to slightly over \$286 billion in 1996. These foodservice sales (sales of food eaten away from home) have grown faster than food sales in supermarkets, convenience stores, specialized foodstores, and other retail stores. Over the last decade, foodservice sales increased about 1.7 percent per year when adjusted for inflation, compared with a 1.1-percent inflation-adjusted annual rise in retail food sales.

Posting \$227 billion in sales in 1996, commercial establishments accounted for 79 percent of total foodservice sales (up 78 percent from a decade earlier, see table 1). Commercial foodservice establishments include separate eating places—such as full-service restaurants and lunchrooms, fast-food and quick-service outlets, cafeterias, and caterers. Other commercial foodservice operations that prepare, serve, and sell meals and snacks for profit to the general public include operations located in other facilities—lodging places, recreation and enter-

tainment facilities, and retail hosts (like department stores and limited-price variety stores). Separate drinking places (like bars and taverns) are also part of the commercial foodservice sector.

The remainder of foodservice sales take place in noncommercial operations, where meals and snacks are prepared and served as a support service in institutional and educational settings such as schools, nursing homes, child daycare centers, and hospitals (patient meals).

Fast Food and Restaurants Dominate Sales...

Fast-food outlets and restaurants dominate the foodservice landscape. These two segments had combined sales of \$179.2 billion and accounted for 63 percent of total foodservice sales in 1996 (compared with 61 percent in 1986). Sales at fast-food outlets rose \$1.0 billion in 1996 to \$93.5 billion, and sales at restaurants rose \$0.9 billion to \$85.7 billion.

Fast-food sales overtook those by restaurants in the late 1980's and have continued to be larger each year. Rapidly growing, newer quick-service chains like Boston Market and Kenny Rogers Roasters have cut into restaurant sales. These types of eating places offer complete home-style meals with several entrees and a variety of side dishes. Their quick service and varied offerings have proven popular with diners looking for alternatives to traditional fast-

food fare. Boston Market, for example, opened 258 new outlets in 1996—a 31-percent increase from the 829 outlets operating in 1995. Their sales grew from \$793 million in 1995 to \$1.166 billion in 1996.

Nontraditional fast-food markets, such as mobile operations/push-carts, concession stands in stadiums, and operations in colleges and high schools, have grown over the last few years and helped to push up fast-food sales.

...But the Largest Growth at Recreation/ Entertainment Facilities and Retail Hosts

Sales in the recreation and entertainment segment and the retail host segment increased about 160 percent between 1986 and 1996—the largest growth among the foodservice segments. Both segments posted gains over 1995 sales.

Higher attendance at theme parks, as well as athletic or country clubs, sports events, and recreation facilities, helps explain the big jump in recreation and entertainment foodservice sales.

Expanding commercial foodservice offerings in gas stations, convenience stores, bookstores, as well as grocery stores and warehouse clubs, may be responsible for the increase in food sales by retail hosts from \$6 billion in 1986 to \$15.7 billion in 1996.

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Noncommercial Foodservice Also Posted Gains

Noncommercial foodservice sales also grew, but at a smaller pace (41 percent) than commercial sales. These operations accounted for 21 percent of total foodservice sales in 1996, compared with 25 percent in 1986, as commercial vendors have taken over the foodservice operations in some noncommercial set-

tings (and their sales would be included under commercial sales).

Foodservice operations in elementary and secondary schools and in colleges and universities had higher sales in 1996 than in 1995. Sales more than doubled for college and university foodservice operations between 1986 and 1996 because of increased enrollments. Foodservice operations in child daycare centers nearly doubled, as the number of children in daycare centers grew

over the decade. Increased foodservice sales for elderly feeding programs and extended-care facilities bear witness to our growing elderly population.

Only three noncommercial industry segments showed declines over the decade. Troop feeding declined by 23 percent between 1986 and 1996, as the number of military personnel decreased. Hospital foodservice sales and vending sales also decreased during the decade. ■

Table 1
Fast-Food Sales Outpace Restaurants and Lunchrooms¹

Industry segment	Sales			Change, 1986-96
	1986	1995	1996	
	Million dollars			Percent
Commercial foodservice	127,949	221,786	227,247	78
Separate eating places:				
Restaurants and lunchrooms	53,027	84,753	85,661	62
Fast-food outlets	50,680	92,497	93,533	85
Cafeterias	3,505	4,273	4,319	23
Caterers	963	1,645	2,351	144
Other commercial:				
Lodging places	8,442	12,867	13,947	65
Retail hosts	6,027	14,556	15,706	161
Recreation and entertainment	3,830	9,628	10,097	163
Separate drinking places	1,475	1,567	1,633	11
Noncommercial foodservice	41,908	56,797	59,149	41
Education:				
Elementary and secondary	14,651	22,051	24,109	65
Colleges and universities	8,770	10,523	10,982	25
Colleges and universities	6,184	11,528	13,127	112
Military services:				
Troop feeding	1,696	1,496	1,674	-1
Troop feeding	1,066	646	822	-23
Clubs and exchanges	630	850	852	35
Plants and office buildings	3,966	6,446	6,527	65
Hospitals	3,496	3,384	3,350	-4
Extended care facilities	4,798	5,758	5,802	21
Vending	4,770	4,454	4,135	-13
Transportation	3,098	4,661	4,633	50
Associations	1,488	1,438	1,505	1
Correctional facilities	1,880	2,936	3,068	63
Child daycare centers	912	1,689	1,787	96
Elderly feeding programs	117	172	169	44
Other ²	1,036	2,312	2,390	131
Total foodservice sales	169,857	278,583	286,396	69

Notes: ¹Excludes sales taxes and tips. ²Includes more categories in 1995-96 than in 1986.