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Sales of Meals and Snacks Away From Home Continue To Increase

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The market for food away from home continues to grow—from \$183 billion in sales (excluding sales tax and tips) in 1987 to \$290 billion in 1997. Over the decade, sales of these foodservice establishments increased an average of 4.8 percent annually, or about 1.7 percent per year when adjusted for inflation.

Today's busy consumers do not always have the time to plan, prepare, and eat meals at home. That plus more disposable income due to two-earner families, more women in the workplace, and less leisure time make convenient and value-priced meals prepared outside the home quite a popular alternative. Home meal replacement (HMR) is also a growing trend. These complete "home-style" meals are prepared in stores and provide convenient, wholesome, cost-effective, and preparation-free dining either on the premises or at home.

Commercial (for profit) establishments constitute the largest sector of the foodservice market, accounting

for 79 percent of the industry sales in 1997 (table 1). The commercial foodservice sector includes separate eating places—full-service restaurants and lunchrooms, fast-food/quick-service outlets, cafeterias, and caterers—and foodservice operations located in other facilities, such as lodging places; recreation and entertainment facilities; retail establishments (called retail hosts), like department stores and limited-price variety stores; and separate drinking places.

Noncommercial foodservice operators provide food in institutional and educational settings, such as school cafeterias, nursing homes, child daycare centers, and patient feeding in hospitals. The noncommercial sector accounted for 21 percent of total foodservice sales in 1997.

Fast Food the Largest Segment

Fast food accounts for the largest, and fastest rising, share of sales in the foodservice industry. Sales in 1997 reached \$97 billion—outpacing the \$83 billion of receipts earned by full-service restaurants and lunchrooms. However, that has not always been the case. Until 1987,

restaurants and lunchrooms retained the largest share of sales (table 1). Fast-food outlets more than doubled their sales over 1987-97 and captured an increasing share of sales by separate eating places during the past decade—from 49 percent in 1987 to 52 percent in 1997.

The top five U.S. fast-food chains are McDonald's, Subway Sandwiches, Pizza Hut, KFC, and Burger King (table 2). McDonald's is by far the leading foodservice chain, with 23,132 units in over 100 countries and worldwide sales of \$33.6 billion. Subway Sandwiches, a subsidiary of Doctors Associates, Inc., ranks second with over 13,000 units, followed by Pizza Hut with 12,834 units; KFC with 10,237 domestic and international units; and Burger King with 9,644 total units.

The top five U.S. chains are also tops in the international arena, but in a different order. McDonald's still ranks first, followed by KFC, Pizza Hut, and Burger King. Subway is the fifth largest restaurant chain abroad.

Many fast-food chains are also establishing themselves in nontraditional sites, such as supermarkets,

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convenience stores, mobile kiosk operations, push carts, sports centers, and educational institutions. This expansion strategy takes food to where the consumer is.

Two other segments in commercial foodservice increased their sales

from 1987 to 1997—retail hosts and recreation and entertainment. Retail hosts more than doubled their sales from 1987 to 1997. The growth of coffee bars and warehouse clubs is responsible for much of this growth, as well as increased sales at gaso-

line/convenience stores as major oil companies pursue development of more outlets that include foodservice. The growth of multi-theater movie cinemas in high-traffic shopping malls as well as increased attendance at sports centers and

Table 1
Growth in Meal and Snack Sales in the Last Decade¹

Industry segment	1987	1997	Change over decade
			Percent
			Billion dollars
Commercial foodservice	141,351	229,375	62
Separate eating places	120,494	185,858	54
Restaurants and lunchrooms	58,556	83,079	42
Fast-food outlets	57,882	96,811	67
Cafeterias	3,110	4,188	35
Social caterers	946	1,780	88
Other commercial foodservice	20,857	43,517	109
Lodging places	9,317	14,501	56
Retail hosts	6,027	16,704	177
Recreation and entertainment	3,967	10,515	165
Separate drinking places	1,546	1,797	16
Noncommercial foodservice	41,573	60,851	46
Education	13,430	23,144	72
Elementary and secondary	6,754	11,564	71
Colleges and universities	6,676	11,580	73
Military services	1,769	1,900	7
Troop feeding	1,046	1,042	-0
Clubs and exchanges	723	858	19
Other noncommercial	26,374	35,807	36
Plants and office buildings	4,251	6,544	54
Hospitals	3,528	3,278	-7
Extended-care facilities	5,072	6,094	20
Vending	5,276	5,949	13
Transportation	3,604	4,642	29
Associations	969	1,783	84
Correctional facilities	1,506	3,092	105
Child day care facilities	672	1,919	186
Elderly feeding programs	135	174	29
Other ²	1,361	2,332	71
Total foodservice sales	182,924	290,226	59

Notes: ¹Excludes tax and tips. ²Includes more categories in 1997. Source: USDA's Economic Research Service.

theme parks is responsible for increased growth in recreation and entertainment facilities.

Most Noncommercial Segments Also Showing an Increase

Over the last decade, noncommercial foodservice sales grew 46 percent, from \$42 billion in 1987 to \$61 billion in 1997. Sales over the decade nearly doubled in the education sector, increasing 71 percent in elementary and secondary schools and 73 percent in colleges and universities. Much of this growth was due to increases in enrollment in primary and secondary schools and in colleges and universities, as large numbers of baby boomers' children

Table 2

Top Five Restaurant Chains in the United States and Abroad, 1997

Chain	Units		Countries	Total sales, 1997 Billion dollars
	U.S.	Abroad		
	Number			
McDonald's	14,204	8,928	109	33.6
Subway	11,462	1,874	61	3.2 ¹
Pizza Hut	8,998	3,836	83	4.7
KFC	5,120	5,117	79	4.0
Burger King	7,584	2,060	56	9.8

Notes: ¹Subway's total sales are for 1996. Source: Restaurant Business, selected issues, and company annual reports.

make their way through the education system.

Food sales nearly tripled for child daycare centers between 1987 and 1997 due to an increase in the number of centers. Sales doubled for correctional facilities as the number of inmates grew over the decade.

Sales declined in only one segment of noncommercial foodservice. Hospital foodservice dropped 7 percent between 1987 and 1997, which could be due to a trend toward self-operated foodservice facilities. ■