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Sales of Food Away From Home Expanding

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The foodservice market continues to grow—from \$151 billion in sales in 1984 to \$273 billion in 1994 (excluding sales tax and tips). Over the decade, such sales of food away from home increased an average of 5.6 percent annually, or about 2.5 percent per year when adjusted for inflation. That compares with a 0.4-percent inflation-adjusted annual rise in retail food sales (food at home).

Growth in the foodservice market is not unexpected, given that today's time-pressured consumers do not always have the time to plan, shop, cook, eat, and clean up a meal prepared at home. Convenient, value-priced foodservice has become a popular alternative. Higher disposable income due to two-earner families, more women in the workplace, and less leisure time are all reasons for increased sales of food away from home, particularly fast food.

Commercial establishments constitute the largest sector of the foodservice market, accounting for 78 percent of industry sales in 1994 (table 1). These establishments prepare, serve, and sell meals and snacks for profit to the general public. The commercial foodservice sec-

Table 1

Rapid Growth in Foodservice Sales in the Last Decade¹

Industry segment	1984	1994	Change over decade
	Million dollars		Percent
Commercial foodservice	110,951	212,596	92
Separate eating places	93,581	181,014	93
Fast-food outlets	42,805	93,686	119
Restaurants and lunchrooms	46,934	81,598	74
Cafeterias	3,102	4,114	33
Caterers	740	1,616	18
Other commercial:			
Lodging places	7,762	12,528	61
Retail hosts	5,123	9,861	92
Recreation and entertainment	3,288	7,364	124
Separate drinking places	1,197	1,829	52
Noncommercial foodservice	40,384	60,102	49
Education	13,887	19,558	41
Elementary and secondary	8,615	9,848	14
Colleges and universities	5,272	9,710	84
Military services	1,753	986	-44
Troop feeding	1,152	722	-37
Clubs and exchanges	601	264	-56
Plants and office buildings	3,472	6,233	80
Hospitals	3,780	3,698	-2
Extended care facilities	5,926	7,838	32
Vending	4,930	6,227	26
Transportation	2,500	5,816	133
Associations	1,342	2,101	56
Correctional facilities	1,590	3,128	97
Child daycare facilities	706	1,572	123
Elderly feeding programs	105	177	69
Other	393	2,768 ²	NA
Total foodservice	151,335	272,698	80

Notes: NA = Not applicable. ¹Excludes sales taxes and tips. ²Includes more categories in 1994 than 1984. Source: USDA, Economic Research Service, *Food Marketing Review*, selected issues.

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Table 2

Top 10 Restaurant Chains in the United States Are Tops Overseas, Too

Restaurant chains	Domestic		International	
	Sales	Units	Sales	Units
	<i>Billion dollars</i>	<i>Number</i>	<i>Billion dollars</i>	<i>Number</i>
McDonald's	14.2	9,283	9.4	4,710
Burger King	5.5	5,996	1.2	1,125
Pizza Hut	4.8	8,138	1.6	2,295
Hardee's/Roy Rogers	4.0	3,997	.1	63
Taco Bell	3.7	4,809	.1	112
Wendy's Old Fashioned Hamburgers	3.6	3,791	.3	377
KFC	3.4	5,038	3.7	3,995
Dairy Queen	2.3	4,860	.3	611
Domino's Pizza	2.2	4,750	.3	550
Little Caesars	2.2	4,687	.1	145

Note: 1993 data. Source: *Restaurant Business*, selected issues.

tor 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 hosts (like department stores and limited-price variety stores), and separate drinking places.

About 22 percent of foodservice sales in 1994 came from noncommercial operators. These foodservice operations prepare and serve meals and snacks as an adjunct, supportive service in institutional and educational settings, such as schools, nursing homes, child daycare centers, and patient feeding in hospitals.

Fast Food the Largest Segment

Fast food accounts for the largest, and fastest rising, share of sales in the foodservice industry. Sales in 1994 reached \$93.7 billion—outdistancing the \$81.6 billion of receipts

earned by full-service restaurants and lunchrooms. However, that has not always been the case. Up until 1987, restaurants and lunchrooms retained the largest share of sales (fig. 1). Fast-food outlets more than doubled their sales over 1984-94 and captured an increasing share of separate eating-place sales—from 46 percent in 1984 to 52 percent in 1994 (table 1).

McDonald's is by far the leading foodservice chain, with \$23.6 billion in 1993 sales from 9,283 domestic units and 4,710 outside the United States (table 2). Burger King, a subsidiary of Grand Metropolitan, PLC, is the second-largest chain in terms of sales (\$6.7 billion), but ranks third in the number of outlets worldwide (7,121). PepsiCo's Pizza Hut is the largest pizza chain in the industry, with 10,433 outlets and \$6.4 billion in sales.

These top three fast-food chains continue to expand their presence overseas. McDonald's recently

opened in Hungary, Trinidad, and Bulgaria; Burger King in Israel; and Pizza Hut in China, Italy, and India.

Many fast-food chains are also establishing themselves in nontraditional sites, such as mobile kiosk operations, push carts, sports centers, and educational institutions. One force driving this expansion strategy is the concept of taking the food to the consumer.

Two other segments in commercial foodservice about doubled their sales from 1984 to 1994—recreation and entertainment facilities and retail hosts. Increased food sales by gasoline stations, convenience stores, and miscellaneous retail stores contributed to the growth in retail hosts.

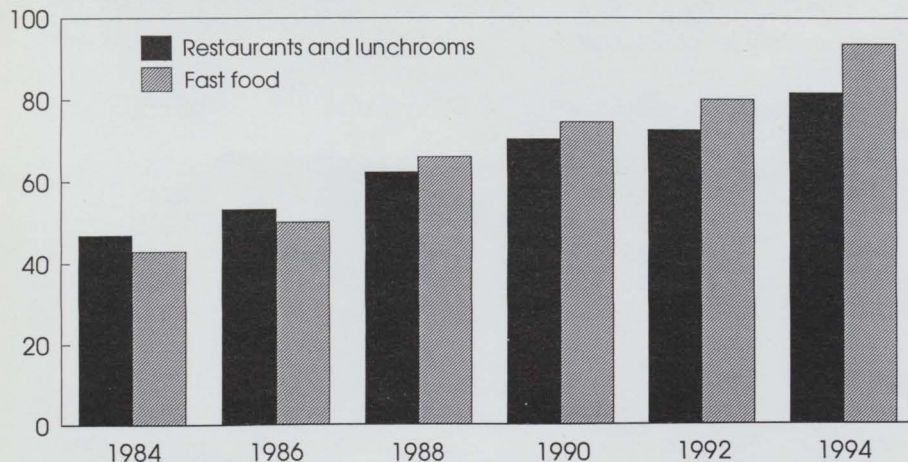
Noncommercial Segment Also Expands

Noncommercial foodservice sales grew 50 percent from \$40 billion in 1984 to \$60 billion in 1994.

Sales nearly doubled for college and university foodservice operations between 1984 and 1994 due to

Figure 1
Fast-Food Sales Outpacing Restaurant and Lunchrooms Annual Sales

Billion dollars



Source: USDA, Economic Research Service, *Food Marketing Review*, various issues.

an increase in school enrollments. Vending sales rose as machines were placed in more (and new) locations. Transportation foodservice sales more than doubled, along with increased air, rail, and ship traffic. Sales increased in plants and offices by 80 percent and in elderly feeding programs by 69 percent.

However, sales declined in some noncommercial operations. Military foodservice sales dropped by 44 percent between 1984 and 1994 as the number of troops decreased. Sales fell 2 percent in hospitals during the same period. ■