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Building a Foodservice Database

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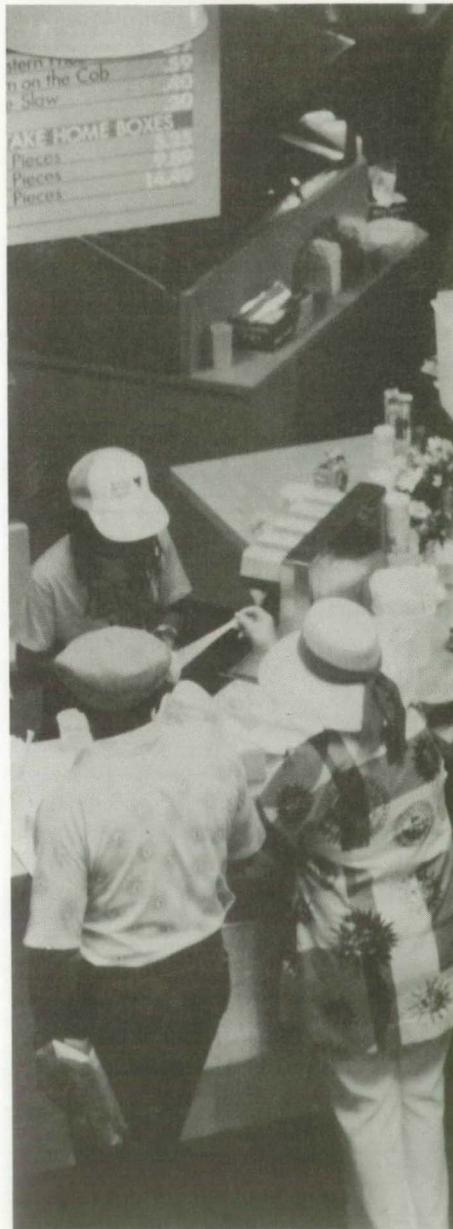
An estimated 42 cents of every food dollar spent in 1984 went to the foodservice industry—those that take care of all our away-from-home eating needs. That's up from 27 cents in 1960. After adjusting for inflation, away-from-home food expenditures increased 2.7 percent annually from 1954 to 1984, compared with increases averaging 1.3 percent a year for food at home. During the same period, per capita disposable personal income gained 2.2 percent annually, contributing to the steady foodservice gains.

Substantial changes in the structure and organization of the foodservice industry have paralleled its rapid growth. Fast food outlets, franchise firms, and large chains have proliferated, while restaurant diners—establishments which usually provide waiter or waitress service at counters and booths—have declined from 23 percent of all eating places 15 years ago to less than 10 percent today. As a result, the nature of the foodservice delivery system and the mix of foods consumed away from home have changed considerably.

As the food-away-from-home industry grew, so did the need for a reliable set of standards for measuring changes and capturing appropriate and useful data. The Economic Research Service, after working with industry representatives for almost two decades, has developed definitions, data sources, methodologies, procedures for collecting information, and techniques for estimating food costs, sales, and outlets.

The result of this cooperative effort is the publication, *Definition of the Foodservice Industry and Methodology for Estimating Selected Statistics*. The report provides industry analysts and researchers with information to identify trends, measure

change, and assess the implications of change in industry structure, away-from-home sales, and food use by producers, manufacturers, and participants in the foodservice delivery system.



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Gains and Losses

The foodservice industry consists of individual market segments, each with specialized requirements for food, equipment, and supplies. Each segment uses unique methods of purchasing, storing, preparing, and serving meals and snacks according to the needs of its customers. Thus, expansion or shifts within segments can have implications for the many industries serving the foodservice sector.

To track the changes in particular industry segments, the ERS database provides detailed information on the commercial and noncommercial sectors of the foodservice industry. Commercial foodservice establishments exist primarily for profit and include everything from hotel restaurants and drugstore luncheon counters to separate eating places. Noncommercial foodservice operations, such as nursing homes, child day-care centers, factories, and the military, in contrast, provide a feeding service and are not necessarily profit makers.

The total number of places providing food service increased 13 percent between 1977 and 1984 to 706,098 (table 1). Foodservice sales rose 94 percent between those years to \$158.5 billion. Real sales (adjusted for inflation) were up over 18 percent from 1977 to 1984.

In the commercial foodservice sector, the number of establishments increased only 2 percent between 1977 and 1984, but real sales were up 23 percent. Fast food outlets, by far the fastest growing group in the commercial sector, added 23 percent more units and increased real sales by almost 40 percent in the reporting period. In contrast, the number of cafeterias and the number of separate drinking places each declined by about 19 percent from 1977 to 1984; real sales were unchanged in cafeterias and down 34 percent in separate drinking places.

In the noncommercial foodservice sector, the number of establishments increased 33 percent between 1977 and

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Table 1. Foodservice Outlets and Sales Increased Since 1977

Industry segment	Number of establishments			Sales of meals and snacks (in \$ millions)			Percent change in real sales ¹
	1977	1984	Percent change	1977	1984	Percent change	
Commercial feeding	401,502	409,453	2.0	56,624	116,095	105.0	23.2
Separate eating places	229,892	253,854	10.4	47,426	99,582	110.0	26.1
Restaurants, lunchrooms	118,896	124,433	4.7	24,720	48,419	95.9	17.7
Fast food outlets	100,493	123,769	23.2	20,334	47,319	132.7	39.8
Cafeterias	7,001	5,640	-19.4	1,813	3,022	66.7	0.1
Lodging places	25,931	23,262	-10.3	3,613	7,264	101.1	20.8
Retail hosts ²	60,652	56,348	-7.1	2,691	4,779	77.6	6.7
Recreation, entertainment ³	33,619	34,282	2.0	1,915	3,394	77.3	6.5
Separate drinking places ⁴	51,408	41,706	-18.9	979	1,076	9.9	-34.0
Noncommercial feeding	223,005	296,645	33.0	25,152	42,390	68.5	8.0
Education	97,325	95,888	-1.5	8,242	12,239	48.5	-1.9
Elementary and secondary	91,300	89,600	-1.9	5,886	7,930	34.7	-6.4
Colleges and universities	3,095	3,288	6.2	2,256	4,092	81.4	9.0
Other	2,930	3,000	2.4	100	217	116.7	30.2
Plants, office buildings	15,187	15,846	4.3	3,576	6,793	89.9	14.1
Hospitals	7,099	6,861	-3.4	3,711	5,817	56.8	-5.8
Care facilities	21,117	28,933	37.0	2,388	5,281	121.2	53.6
Vending machines	3,737	3,556	-4.8	2,508	3,553	41.7	-14.9
Military services	3,971	3,352	-15.6	1,595	2,366	48.3	-0.5
Troop feeding	1,435	1,310	-8.7	1,245	1,765	41.8	-1.5
Clubs and exchanges	2,536	2,042	-19.5	350	601	71.7	3.2
Transportation	799	642	-19.6	1,079	1,922	78.1	7.1
Associations ⁵	18,966	19,394	2.3	958	1,562	63.0	-2.1
Correctional facilities	6,907	7,164	3.7	492	1,155	134.8	63.0
Child day care	18,967	84,175	343.8	249	760	205.2	111.8
Elderly feeding programs	11,173	14,035	25.6	202	689	241.1	136.5
Other	17,757	16,799	-5.4	151	252	66.9	0.5
Total	624,507	706,098	13.1	81,776	158,485	93.8	18.4

¹Consumer Price Index (1967=100). ²Food services operating within retail establishments such as department stores, variety stores, bakeries, and drugstores. ³Theaters, amusement parks, stadiums, and racetracks. ⁴Data base counts only food and nonalcoholic beverage sales. ⁵Membership organizations engaged in civic, social, or fraternal activities (including their lodges or hotels).

1984, but real sales were up only 8 percent. Child day care, elderly feeding programs, and nursing and other care facilities led the noncommercial sector gains. The number of foodservice establishments in correctional facilities was up only 3.7 percent from 1977 to 1984, but real sales climbed 63 percent during the reporting period as the prison population increased by nearly 50 percent. In contrast, food service from vending machines and in schools, hospitals, and the military services declined in both number of establishments and real sales.

The New Industry Standard

The ERS foodservice data are quickly becoming the standard for the industry. The series will appear in the annual *Statistical Abstract of the United States* published by the Department of Commerce and in *Agricultural Statistics*, issued each year by the Department of Agriculture. The International Foodservice Manufacturers Association has also accepted the ERS methodology and definitions as its industry standard.

ERS will update the data base annually and issue a full report on the industry in

1986. This combination of information will provide those producing and marketing food with important current intelligence to aid in making decisions. □

Reference

Van Dress, Michael G. *Definition of the Foodservice Industry and Methodology for Estimating Selected Statistics*. Staff Report No: AGES840919. Economic Research Service, USDA, October 1984.