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Abstract

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Keywords

Greenaway, Restaurant, Chains, NRA, Food service industry, Franchise, 1966, FIU

Growth of the Food Service Industry

by

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The food service industry has come into its own recognition as a growing segment of the total food market. The author looks at the recent expansion of the industry in volume, diversification of restaurant types, and menu variety.

Historically, the market for food served away from home--the food service industry--has been viewed as a part or adjunct of the broad grocery market. The growing importance of this market, however, warrants its recognition as a separate segment of the total food market. The industry has become a major outlet for the food production of the nation's farms. It also buys large quantities of specialized food preparation and food service equipment, supplies, and services and is a major employer. In recent years there is no part of the entire food industry, from farm to consumer, in which change has been so apparent as in the food service industry. Even greater change is indicated in the future in terms of the size of the market, the types of food and service offered, and the number, size, and location of establishments.

Not until 1966 did the federal government make an attempt to find the real dimensions of the huge food service industry. At that time, with the strong support of the Institutional Food Manufacturers Association, the National Restaurant Association, and the National Association of Food Equipment Manufacturers, the U.S. Department of Agriculture began a study that was published in 1966 under the title "The Food Service Industry: Its Structure and Characteristics." This was phase one of a two-part study which established for the first time the size, scope, and breakdown of the food service industry as it was developing. In 1966, it was estimated that there were 371,000 food service outlets in the United States. The study also found that 93 percent of all food service outlets were public eating places, which accounted for 104 million individual customer transactions each day of the year.

The government studies also found that there were 16 million customer transactions in food served by the military, elementary schools, prisons, and other institutions. That was 1966.

Sixteen years later, the National Restaurant Association (NRA), in its *1982 Fact Book*, estimated that the food service industry would produce \$136 billion in sales and services. The growth of this industry from \$20 billion in 1959 to nearly \$140 billion in 1982 moved the industry from fourth to third in size, measured in terms of sales. The NRA says that there are 386,000 individual businesses in the commercial food service section. They also estimate that there are 172,000 institutional food service operations and 1,000 military food service installations. There are now 559,000 food service operating units, according to the latest tabulation by the NRA.

The NRA estimated that restaurants would ring up \$82.4 billion in sales. Drinking places would add another \$9 billion to the overall total. Food service contractors would have sales of \$8 billion and motel and hotel restaurants would add an additional \$6 billion. Finally, retail vending and food service would add \$9.3 billion to food service sales. The grand total for sales of all retail and commercial food services at the end of 1982 would be \$114.7 billion.

Institutional food service is a broad category which covers employee and executive feeding in all kinds of businesses, lunches served to students attending public and private schools, patient and staff feeding in hospitals and nursing homes, and all other classifications of food service operations. Sales for all these activities totaled \$19.7 billion in 1982.

Finally, the NRA estimated that food service in military exchanges and in officers and NCO clubs would add another \$700 million to the overall total, to bring industry sales for the year to close to \$140 billion.

Industry Has 8 Million Employees

Another dimension of the food service industry is the number of people gainfully employed by this vast array of businesses and other establishments. It is estimated that the industry has 8 million employees; 66 percent are women and 24 percent teenagers. The total wage package for the industry, including all fringe benefits, equals \$42 billion. Household income of food service employees compares favorably with the average for all workers in the United States.

Food service industry sales equal about 5 percent of the United States Gross National Product. The food service industry receives about 37 percent of all consumers' expenditures for food. Food and beverage purchases by the industry totaled over \$60 billion in 1982.

One fact that has changed very little over the years is the size of the average food service unit. Eighty-five percent of the businesses are carried on in single units. Sixty-one percent of all of these businesses are sole proprietorships. Ninety-four percent of the units have sales of under \$500,000. The most typical restaurant has 10 to 12 employees, plus its management team. Forty percent

of these businesses are corporations, and even though there are many small businesses, there are also many giant operations whose sales range from \$100 million to many billions of dollars.

Of the total sales of the industry, \$30 billion is by chains which operate two or more units. Chains with over 100 units account for \$14 billion in sales of food and beverages. Franchised food service operations, of which there are 63,000 units in the industry, contribute another \$27 billion in sales.

A breakdown of the skills required to operate this huge industry shows that 31 percent of the employees are managerial and administrative personnel. At present, about half of the food service managers and administrators are women. Over one-half the employees of the industry require skills training, either as cooks or as waiters and waitresses.

The industry is proud of its record of employing minority managers; there are more in food service than in any other industry.

In looking at the total dimensions of this industry, an attempt should be made to delineate its customer. The average American who eats out does so at least 3.5 times a week. On any given day, 77 million Americans will eat one or more meals in a commercial food service establishment. Seventy-eight percent of all of America's families eat at one or more commercial food operations regularly. Each customer spends about \$2.66 eating out, and men are more likely to eat away from home than women. But when couples eat out, the woman is more apt to be the one who selects the restaurant. There is a direct connection between educational attainment, income level, and the size of families, as well as the frequency of eating out and the type of restaurant selected. Singles eat out more often than families.

When people speak or write about this industry, they very often confuse the lodging and food service industries in a way which tends to cause the reader or listener to conclude that the two industries are really one. While it is true that both have a great deal in common, it is also a fact that they have many dissimilarities. Both industries share a common heritage; throughout history, lodging and food service have usually been provided at a single establishment. The inns and taverns of history were the common parent of both the hotels and motels of today and the several branches of food service industry. Many of today's hotels and motels do supply gourmet dining, and perhaps a variety of other types of food service. But there the similarity ends.

The food service industry is not concerned with lodging. Even the government recognizes that the lodging industry really provides services and food service is actually a branch of retailing. Both the location and physical appearance of the two industries are different. Hotels and motels are clearly visible on the horizon, and nearly everyone knows the kinds of services they provide.

Commercial eating places, on the other hand, are found in restaurants, drinking places, clubs, and a variety of other establishments like department stores, supermarkets, and, even occasionally, variety stores.

Consumers understand names like coffee shops, steak houses, seafood restaurants, cafeterias, cafes, and sandwich shops. But they are far less familiar with, and in some cases just learning about, many different kinds of ethnic food restaurants. Chinese restaurants may serve any of four different kinds of regional Chinese food. Mexican restaurants are usually thought of in terms of the kinds of food eaten by the working classes in Mexico. Many Americans are familiar with Polynesian food, but would be baffled by a Thai menu. Cuban food is known and understood by the first and second generation Cubans who came to the United States and who live mostly in the southeastern part of the country. Italian restaurants, particularly those serving northern Italian cuisine, are well known to those who enjoy a truly delectable cuisine, but the man in the street knows Italian cuisine as pizza, spaghetti, and fettucini. The average individual thinks of French cuisine as being heavy with sauces and extremely expensive, far more than he can afford to pay. Even among professionals, the so-called "new" cuisine, which stresses the kinds of food that Americans should eat, is just becoming known. Since food service is offered in different places and under different circumstances, the total industry is not that well-known and understood by the average individual.

Industry Depends on Economy

Another characteristic of both industries is their high degree of dependency on a healthy economy. Any downswing in the economic cycle quickly affects both industries. But the expansion in the number of hotels and motels does not necessarily follow the business cycle. Hotels require a long lead for planning and huge investments in developing real estate to its ultimate values. Hotels are also investments for the long range, 30 or more years. Motels are somewhat different in that they tend to be located adjacent to or near primary highways. In the last dozen years many new motels have been built in downtown locations and have tended to be hotels in disguise. Usually they provide most of the services that the traveler would receive at a major hotel.

Restaurants and other commercial food service establishments have far less permanency since the American public changes its tastes so often and over such a short span of time. At one time, restaurateurs spoke of renewing their businesses, sometimes referred to as "buying it back," every five years. By this they meant that the restaurant had to be redecorated from top to bottom just about every five years. In these situations, redecoration was accompanied by a major shift of emphasis in menus. Sometimes items were added,

and at other times long-time best sellers were dropped in order to pick up the latest fad in eating out.

Even non-public restaurants, such as those found in industrial food service, change their physical surroundings and the approach to their menus quite frequently.

Recently, hotel and motel managers have changed their philosophy and approaches to food service operations. At one time, these industry executives believed that they should provide only essential services to guests. They often expressed the idea that they could not compete successfully against the free-standing restaurant located in the suburbs which provided a convenient meeting and entertainment place close to the home or local residents. Now, however, more and more industry executives feel that they must have not only the revenue, but also the good will of guests and others who use restaurants for a variety of purposes, including entertainment.

Even retail executives have changed their opinions about food service operations. They now say that restaurants are no longer competitive with their other profitable departments within the store, but are traffic generators, which help supply customers to their money-making areas. Today most department store executives expect their restaurant operations to be profitable.

Labor is now the number one cost of the hotel/motel industry. It is a close second in the food service industry. In both industries, productivity is a matter of grave concern. As a result of high labor cost and low productivity, both industries have given much more attention to personnel practices, salary and wage administration, and the selection and training of employees and supervisors.

Today management positions in both industries attract many more college-trained individuals. Also, significant parts of the most profitable segment of both the lodging and food service industries are owned by large corporations whose primary business may be far removed from the business of hotelkeeping and restaurant operation.

Terminology of Industries Differs

Although the two industries have much in common, it is a curious fact that managers of both refer to their businesses in different terms. For example, hotel men refer to themselves as innkeepers, managers, or executives. They never use the term hotelkeeper or hotel operator. Restaurateurs, on the other hand, refer to themselves as operators, store managers, supervisors, and executives. The language spoken within the two industries is a reflection of the true nature of the businesses. Restaurants are indeed retail stores and, to a limited degree, manufacturing plants. The restaurateur has to be skilled in the art of hospitality, marketing, merchandising, supervision of labor, food products and preparation, accounting, and

profit-making. The hotelier, on the other hand, must know and understand the management and control of a huge real estate investment. This requires an extensive knowledge of architecture, engineering, accounting, computers, controls, laws, planning, motivation, repairs and maintenance, interior design, housekeeping, security, reservations, marketing and sales, and many other things which have to do with hundreds of guests and employees. In truth, the background and training of the individuals who rise to the top of these two highly complex businesses create a need for management which has separate skills and outlooks about their industry and their own lives.

Hotel men tend to be individuals who have traveled far and have had a wide variety of experiences with the kinds of people who travel. Hoteliers have been citizens of several cities and several states. Restaurateurs, on the other hand, tend to be highly involved in the life and affairs of their local communities.

From the very beginning, the National Restaurant Association was an outgrowth of the meeting of a group of men who shared a common classification in Rotary International. These 12 men came from separate parts of the country and shared in common an interest in their local communities and the welfare of their fellow citizens. In fact, this was the basis for their service as restaurateurs. This capsule statement tells much about prominent restaurateurs who are entrepreneurs in the food service business.

Many of today's hoteliers and restaurateurs are products of the corporate life. Starting in the '60s, successful entrepreneurs in the restaurant and food service field sold their holdings to large corporations. Gradually these large corporations found replacements for the entrepreneurs from the ranks of the new professional managers, skilled in business operations, who dominate the large corporations in both fields.

Some professional restaurateurs place a high premium on their skills as public relations experts. With the approval of their companies, they spend time in highly visible community activities and other events which help to build a favorable image for the corporation. These people have the kinds of management skills which come with degrees from the best colleges and graduate schools. Managers in both fields understand numbers, budgeting, accounting, finance, marketing, merchandising, and, particularly, controls, behavior, motivation, leadership, law, coordination, and management. With only slight variation, management in both fields requires these professional skills.

The food service and lodging fields in the next two decades will be made up of highly trained individuals. With the immense number of schools and colleges now operating in every part of the country, it will be more and more difficult for individuals without formal training to rise above the level of the skilled positions.

Today's corporations dominate a large part of both industries, but will never replace the small independent business person who is determined to succeed at any cost. The professional manager learns along the way that there is a price that must be paid for success. He or she also learns that there is a price which the professional will not pay in order to produce the perfect business. The independent, on the other hand, is willing to make the sacrifices in order to develop and produce the finest small hotel/motel or restaurant. As the corporation more and more dominates these two industries, there will also be a growing opportunity for individuals who are determined to be different and to do it their way.

Dimensions of Industry Are Broad

The dimensions of the food service industry are probably best understood by examining various statistics about the industry. The NRA reports that in 1982 there were 386,000 business units in the commercial section. This compares with 341,000 units in 1972. Thus the 10-year period from 1972 to 1982 witnessed considerable growth in the number of units in the commercial feeding segment of the industry. But raw numbers such as these do not reveal much about the makeup of this segment, because the 386,000 units include restaurants, lunchrooms, commercial cafeterias, refreshment places, ice cream and frozen custard stands, bars and taverns, hotel and motel restaurants, drug stores, general merchandising stores, department stores, variety stores, grocery stores, gasoline service stations, drive-in movies, mobile caterers, bowling lanes, and recreation centers. What all of these different business types have in common is restaurant operations.

Since the late '30s, the federal government has taken a business census an average of every three years. Within the following two years, about 10 percent of the information collected by the Census Bureau is published for various industry groupings. Each of the businesses previously listed operates restaurant facilities either as a primary or auxiliary business. Thus the numbers related to each of the various types of facilities are as precise as the Census Bureau can make them. However, the story of commercial food service cannot be told without further classifying the various businesses and describing the activities which go on within each class of establishment.

At various times in the past, the NRA has reported that the food service industry had at least 500,000 units. The difference between the number of establishments is partially explained by the fact that the government counts only businesses which have payrolls. This alone eliminated thousands which are family-owned and operated, where the owner may not formalize his payroll. Additionally, there have been discrepancies in the past due to the fact that businesses

were not required to break down their sales by items sold. Thus many drug stores, general merchandising stores, department and variety stores, grocery stores, drive-in movies, and mobile caterers did not report food sales as such. This was corrected when the Census Bureau insisted upon a merchandise line breakdown. At that time it was learned that food service was carried on in many kinds of businesses which were unrelated to the restaurant business. It came as a great surprise to learn that hardware dealers, variety store operators, service station operators, and many others were operating restaurants in conjunction with what they considered to be their primary business.

Even primary restaurants are difficult to describe because they are often labeled with names which have little meaning. Coffee shops, for example, may operate with complete service for breakfast, then switch to buffet service at noon, and provide a combination of buffet and table service for the dinner meal. The Census Bureau has retreated from the use of type names and has simply called various kinds of businesses restaurants, lunchrooms, commercial cafeterias, refreshment places, or frozen custard stands.

Perhaps the easiest way to describe food service establishments is to use the classification proposed by Dr. Thomas Power of the University of Guelph.¹ He says that restaurants either provide full service, or limited service, or they become specialty restaurants. Power also separates so-called fast food restaurants from others, primarily because of their newness as a restaurant form and their sheer size in terms of numbers. This method of classification of public for profit or commercial food service eliminates the need for the use of type names based on somebody's idea of what the establishment should be called.

The classification of fast food restaurants is becoming increasingly more important, including snack bars, newsstands, or carry-out, take-out food service. There are thousands of these small businesses operated by individuals or families which open at 9 a.m. and close at 5 p.m. during the business week.

Full service restaurants include the elite, exclusive restaurant, which produces a continental or modified French cuisine, and which is usually small and intimate and decorated with quiet good taste. Like their European counterparts, many of these restaurants are operated by former chefs who know all the secrets of fine dining. Prices are beyond the reach of the average individual, and dinner may cost from \$50 to \$100 per cover. Invariably, these restaurants feature a selection of the finest and most expensive wines. Service calls for the assignment of a captain, a waiter, and a waiter assistant to no more than four to eight people. These restaurants will feature the finest china, glassware, and silverware, and every attention is paid to each individual who is served. From time to time, limited lists naming the 25 to 50 best restaurants in the United States are

published by various authors. In the main, these restaurants are operated by individuals who have dedicated their lives to the fine art of dining. The list of these exotic establishments changes frequently because of the small number of patrons and the great difficulty of operation. *Atlanta Magazine* in 1965 published its first descriptive guide to the city's finest restaurants. The 35 establishments included in the guide were among the most elegant, elite, and expensive in town. At the time, they were seemingly a permanent part of the Atlanta scene. In 1981, the original list of 35 restaurants was checked in order to see which had survived the 16-year span; 29 of the 35 no longer existed. Many had disappeared within the first five years. Thus the elegant, elite, most talked about restaurants in town rarely survived as long as five years. Even the most stable of the elite are usually victims of change and the exigencies of life.

At a slight step below the elite are thousands of full service modern American restaurants which offer food service at its innovative best. American cookery is based upon the finest food supply in the world. The cuisine differs somewhat in various regions of the country. Menus incorporate the use of local foods into traditional ways of preparation. The fertile land supplies an endless variety of fresh fruits, meats, and basic foods all year. In addition, the ocean and inland lakes supply a wide variety of seafood. American cuisine has crossed all borders and is well understood everywhere. Because the United States has such excellent storage facilities, processing plants and transportation, almost all foods are in season all year.

American Cuisine Is Changing

American cuisine, like its French counterpart, is changing. Most Americans live sedentary lives; therefore, they require fewer and fewer calories to sustain their weight. The average individual needs perhaps no more than 2,000 calories. Commercial food service establishments have adjusted their menus by eliminating cocktails, appetizers, soups, relishes, and desserts. Both bread and water have been de-emphasized, bread because of the number of calories involved and water because it costs at least 12 cents to serve. As a result, it is still possible to purchase meals in the better restaurants for about the same prices as were charged five to 10 years ago.

Restaurant owners and operators know about price/value relationships. For years they have watched their customers change their drinking habits from heavy alcohol to light wines. They are also aware that their customers no longer want appetizers in order to prolong their drinking. Finally, they have watched their customers end their meals without dessert. Thus, the American dinner menu in even the best restaurants gradually became a high fiber, high protein, low carbohydrate meal.

During the past three to five years, restaurateurs began to worry about the changes in customer counts. Many people have either stopped coming to their favorite restaurants or have traded down to one where the prices are lower. This, in part, accounts for the increase in the number of cafeterias in the South and the Southwest. Even regular users of table service restaurants sometimes become cafeteria customers, particularly on weekends or when families gather.

The doubling of prices in fine restaurants and the continual search by the customer for ever lighter meals have created a demand for still a third type of full service restaurant, market designed for customers who either want to eat only two or three items, or who wish to spend a limited amount of money. Many supply both budget type meals and menu combinations that permit customers to purchase what passes for a full meal at prices roughly half of those charged at finer restaurants. It is possible to purchase three to four menu items, a glass of wine, and coffee or tea at a cost of \$7 to \$10. Restaurants which offer a more complete menu and full service in upscale surroundings have a check average of \$15 to \$20. The most elegant restaurants have check averages of \$30 or more.

The market designed restaurant is, first of all, based on an intimate knowledge of the segments for which it is designed. These restaurants will not please everyone in the general population. Therefore, the restaurateur who intends to develop this type of establishment must become both a master marketer as well as a restaurateur. This classification stretches from restaurants which have a funky atmosphere to those which are packaged in such a way as to appeal mostly to young singles or young executives or some identifiable group. Menus are interesting in that they attempt to supply an acceptable kind of food for every hour of the day and evening, and they are not changed frequently. Service in these restaurants is carefully thought out, rapid, and pleasantly presented by young and attractive waiters and waitresses.

A fourth class of restaurants is found mostly in neighborhoods in small buildings. These so-called "white tablecloth restaurants" are very often operated by families. All of the adults, together with a few paid employees, make up the staff of thousands of these so-called "mom and pop" restaurants. There are literally thousands of these located in German, Polish, Italian, Greek, Mexican, Spanish, or other ethnic neighborhoods, since many specialize in foods traditional to the family.

Chain Restaurants Are Diversified

Chain restaurant operation is not confined to the fast food field or to limited menu types. There are small chains owned by very large organizations which operate elite restaurants. Admittedly these are

few in number and are located on the top of high buildings or in other strategic locations where the restaurant can sell more than atmosphere and service. Davry's is a wholly-owned subsidiary of ARA, one of the country's largest diversified vending and food service companies. Stouffer's is another diversified food service company which operates hotels and restaurants and markets frozen foods. Charlie Brown's, a West Coast chain of market designed restaurants, is a subsidiary of Hosts International, which, in turn, is a wholly owned subsidiary of the Marriott Corporation. In general, these chain operated restaurants are highly standardized and customers expect to receive that type of service and food. Most chains operate restaurants with middle-of-the-market prices and menus, and rarely attempt elegant, high-priced restaurants. Some have positioned themselves on the lower end of the price spectrum.

Chain and franchised food service operations have had their greatest success in developing and operating fast food restaurants. Names such as McDonald's, Burger King, Hardee's, and Wendy's are known and accepted virtually everywhere in the United States, and even in other parts of the free world. All of these organizations design standard, free-standing restaurants with limited menus and self service. Operational procedures have been carefully worked out so that untrained individuals can be worked into the operation quickly and efficiently. Food products are limited in number, but every effort is made to produce these items in a standard fashion so that the customer is assured of receiving a product in every part of the country under the same satisfying circumstances.

The success story of the fast food companies can best be understood by examining the list of chains listed annually in *Institutions* magazine. McDonald's is today the world's largest food service organization, operating and franchising fast food restaurants, which in 1980 did more than \$6.2 billion in sales. Worldwide, this corporation has more than 6,265 operating units. Kentucky Fried Chicken chalked up nearly \$2 billion in sales in 1980. The Burger King Corporation recorded just over \$1.8 billion in their 2,766 units. Wendy's International rang over \$1.2 billion in their 2,034 units. Dairy Queen International set new records with \$1.2 billion in their 4,800 units. Arby's, Inc. did \$480 million and Jerrico, Inc. had sales of \$386 million in their approximately 1,033 units. All of these companies are listed at the top of the 500 largest food service organizations in the industry. The fast food companies dominate the first 25 positions on the list. Moreover, as *Institutions* states, the top 10 chain operations accounted for just under 60 percent of the total revenue of all of the companies listed. This is truly remarkable, in view of the fact that fast food service as we know it did not appear on the scene until 1954. The 26-year span from 1954 to 1980 literally witnessed an explosion of these new businesses and a complete market switch to them.

There is another kind of chain organization which has made its mark operating specialty type restaurants built around product rather than style of service. The Saga Corporation, Menlo Park, California, operates a chain of medium priced steak houses and another more sophisticated type called the Velvet Turtle. Denny's and Sambo's operate coffee shops which are really fast food service restaurants on a different level. Arby's, Youngstown, Ohio, built its business on roast beef sandwiches, and Jerrico Inc. on modest priced seafood. Bonanza International, Dallas, Texas, specializes in budget priced steaks. Red Lobster Inns of America, Orlando, Florida, is essentially a seafood restaurant with popular prices. Taco Bell, Irving, California, is America's highest volume Mexican food restaurant chain. Dunkin' Donuts, Inc., Randolph, Massachusetts, has built its business around fresh donuts, and A & W International, Inc., Santa Monica, California, around root beer, a favorite American summer drink. The International House of Pancakes, North Hollywood, California, features one of America's best loved basic foods, the pancake. Of course, the number of specialty foods is not inexhaustible. But even the baked potato and potato skins have been turned into profitable ideas for specialized restaurants.

The Hamburger Is Most Successful

Of all of the restaurant specialties, none has been more successful than the American hamburger, the basis for the development of several of the largest food service chains in the world. The hamburger was invented in America, and this single food item has proved to be the most popular and profitable approach to fast food service operations. The popularity of the hamburger is growing on every continent in restaurants which appeal to all age groups, and it is unrivaled in its grip on the American palate.

A close second in popularity, but far below the hamburger as a sales producer, is chicken in a dozen different ways. KFC (Kentucky Fried Chicken), founded just over 20 years ago by Colonel Harland Sanders, still leads the way among all chicken franchises. The Colonel discovered that Americans love their chicken prepared by a combination of steaming and frying. His secret spices formula has been imitated and copied by many other individuals, but none were able to hype their sales to a level where they would compete with the Colonel's original.

Even in 1980, fast food restaurants led the way by continuing to produce highly acceptable and innovative ways to move from one market to another. Originally, most were keyed to the young people who came into the marketplace as consumers in the 1960s and 1970s. Led by McDonald's, the Big Boy Franchises, Burger King, and Wendy's, the hamburger chains adjusted quietly to an adult population. The ability to change direction and to move with the

market made these people expert restaurateurs and master marketers. Today the prices of the hamburger business dominate the restaurant field. All the other food specialties constitute an important segment of the total commercial restaurant, but none equals or surpasses the hamburger business.

There are many other types of specialty restaurants, each of which is so different as to defy easy description. A few include Friendly Ice Cream Corporation of Wilbraham, Massachusetts; Far West Services of Irvine, California; Victoria Station, Inc. of Larkspur, California; Swenson's Ice Cream Company of San Francisco; Benihana of Tokyo of Miami; Bob Evans Farms Food, Inc. of Columbus, Ohio; PAMEX Foods, Inc. of Fort Worth; and Bobbie McGee's USA, Inc. of Phoenix. Each restaurant group operates in a highly individualistic atmosphere, emphasizing a different kind of food and offering a wide range of services. Most have dinner checks which average \$5 to \$10, and almost all have beverage service.

Bob Evans is one example of the type of chain franchise which falls in this group. Essentially a farm-oriented restaurant where families of all classes are comfortable, Evans provides full service with a limited specialty menu at prices which are popular and acceptable to just about everybody. Bobbie McGee's, on the other hand, is a very well done restaurant, clearly thought out to appear to be what it is not, eclectic and even casually put together. This is an illusion, for it is designed with great forethought and skill. Service and food are excellent, and the check average is on the high side of the middle market.

At one time companies like Howard Johnson's would have fallen into one of these classes. Their early success was dependent on a cookie cutter image where every restaurant looked alike, each with its orange roof and a standardized menu which featured Howard Johnson's famous 28 flavors of ice cream. Today, this company is no longer owned and operated by the Johnson family and is being pointed in new directions with the hope of retaining its original markets, while an attempt is under way to tap additional markets. Like other prestigious restaurant chains, such as Schrafft's, Stouffer's, Marriott, Manning, J.R. Thompson, and Bickford's, Howard Johnson's will reorganize in order to respond to today's market opportunities.

The 1980s and 1990s will be periods of unbelievable competition in the food service industry. All chain organizations are on the move, attempting to reposition themselves in the marketplace, while seeking ever higher volume through new concepts and innovative ideas. So far the race has gone to the fast food companies which have exploited the huge youth market which existed during the late '60s and throughout the '70s. But now the fast food companies must

compete in an adult world for a fewer number of customers who demand product and value for their dollars. It will be interesting to see what new mass marketing concepts will appear on the horizon.

Footnotes

1. Thomas F. Powers, *Introduction to the Hospitality Industry*, (New York: John Wiley, 1979), p. 25.