

Title:

Restaurant Fast Food - it's not like grandma used to make

Word Count:

503

Summary:

The growth of restaurant fast food cannot be denied. It seems that fast food places are opening up almost on every corner. It's not unusual to see a McDonalds, Kentucky Fried Chicken, Popeye's Chicken, Del Taco, a Burger King and several others all within a block or two of each other.

Keywords:

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Article Body:

The growth of restaurant fast food cannot be denied. It seems that fast food places are opening up almost on every corner. It's not unusual to see a McDonalds, Kentucky Fried Chicken, Popeye's Chicken, Del Taco, a Burger King and several others all within a block or two of each other.

This explosion of fast, fried foods, oversized to meet the growth of people is one of the suspected causes of the overweight phenomenon that's in all the newspapers. The "super size" or up sizing of fried french fries and drinks is not due to consumer demands but a desire for more profit. The rise of the value menu has lowered the overall profit margins for basic foods at most national fast food restaurants. Managements answer has been to offer a larger product for a "special" price. Although this seems like a good value, from a business standpoint, it adds tremendously to the bottom line. Unfortunately for the consumer, it also adds to their bottom line as well.

This strategy works well on 2 fronts for the business. First, consumers think they're getting a better deal at restaurants that offer to super size their order. This in turn drives the customer decision to do to one store instead of another. So the decision is more based on how much food instead of how healthy the food.

The second reason for this strategy is pure profit motive. Let's say that you typically order a 20 ounce cup of soda. The basic cost of this drink is 1 penny

per ounce. That 1 cent per ounce covers the total cost of the drink. That's electricity to run the machine, the cup, straw, cover, drink product, and ice. That's right, that 20 ounce beverage costs the restaurant 20 cents and they charge you .79 cents. So as long as they can offer a larger drink at more than 1 cent per ounce, they're making more money. So raising your drink from a 20 ounce to a 32 ounce cup for only 25 cents more, gives the restaurant an added 13 cents profit from that larger cup. Remember 1 penny per ounce is costs, so the difference between 32 and 20 is 12 ounces which is 12 pennies and they charge 25 cents for the upsize! Wouldn't you like to make a 50% profit on any of your investments?

Now don't get all bothered by the huge amounts of money food companies make on drinks. Overall, after the costs of the building, the employees, taxes, product, utilities, etc, the actual net profit from a well run typical franchise fast food place is under 10%. 10% for the investment of hundreds of thousands of dollars is not considered exorbitant by means. Consider that the proprietor could have that investment in a solid mutual fund making at least or a little more without the risk of running a business or dealing with the customer and employee problems that come with any customer service type business.

I think we all would probably prefer however, that their pricing model be more geared toward healthy foods and less toward manipulation of the consumer