households, higher divorce rates, and the fact that people married later in life contributed to the rising number of single households and the demand for fast-food. More than 50 percent of women worked outside of the home, a dramatic increase since 1970. This number was expected to rise to 65 percent by 2010. Double-income households contributed to rising household incomes and increased the number of times families eat out. Less time to prepare meals inside the home added to this trend. Countering these trends, however, was a slower growth rate of the US population and an overpopulation of fast-food chains that increased consumer alternatives and intensified competition.

Baby Boomers aged 35 to 50 years of age constituted the largest consumer group for fast-food restaurants. Generation X'ers (ages 25 to 34) and the "Mature" category (ages 51 to 64) made up the second and third largest groups. As consumers aged, they became less enamored with fast-food and were more likely to trade up to more expensive restaurants such as dinner houses and full-service restaurants. Sales of many Mexican restaurants, which were extremely popular during the 1980s, began to slow as Japanese, Indian, and Vietnamese restaurants became more fashionable. Ethnic foods in general were rising in popularity as US immigrants which constituted 10 percent of the US population in 2000, looked for establishments that sold their native foods.

The greatest concern for fast-food operators was the shortage of employees in the 16 to 24 age category. Most Americans in this age category had never experienced a recession or economic downturn. During the 1970s, Americans experienced double-digit inflation, high interest rates, and high unemployment, as well as two major oil crises that resulted in gas shortages. The US economy began to expand again during the early 1980s and continued to expand almost unabated through 2000. Unemployment was at its lowest point in more than two decades and many high school and college graduates, especially those in business and engineering, enjoyed a robust job market that made it more difficult for fast-food operators to find capable employees.

Labor costs made up about 30 percent of the fast-food chain's total costs, second only to food and beverage costs. Intense competition, however, made it difficult for restaurants to increase prices sufficiently to cover the increased cost of labor. Consumers made decisions about where to eat partially based on price. Therefore, profit margins were squeezed. In order to reduce costs, restaurants eliminated low-margin food items, increased portion sizes, and improved product value to offset price increases. Restaurants also attempted to increase consumer traffic through discounting, by accepting coupons from competitors, by offering two-for-one specials, and by making limited-time offerings.

Costs could also be lowered and operations made more efficient by increasing the use of technology. According to the National Restaurant Association, most restaurant operators viewed computers as their number one tool for improving efficiencies. Computers could be used to improve labor scheduling, accounting, payroll, sales analysis, and inventory control. Most restaurant chains were also using point-of-sale systems that recorded the selected menu items and gave the cashier a breakdown of food items and the ticket price. These systems increased serving times and cashier accuracy. Other chains like McDonald's and Carl's Jr. converted to new food preparation systems that allowed them to prepare food more accurately and to prepare a great variety of sandwiches using the same process.

Higher costs and poor availability of prime real estate was another trend that negatively affected profitability. A plot of land suitable for a normal sized freestanding restaurant cost between $1.5 and $2.5 million. Leasing was a less costly alternative to buying. Nevertheless, market saturation decreased per store sales as newer units cannibalized sales from existing units. As a result, most food chains began to expand their US restaurant bases into alternative distribution channels in hospitals, airports, colleges, highway rest areas, gas stations, shopping mall food courts, and large retail stores or by dual branding with other fast-food concepts.

While the news media touted the benefits of low-fat diets during the 1970s and 1980s, consumer demand for beef began to increase again during the 1990s. The US Department of Agriculture estimated that Americans ate an average of 64 pounds of red meat each year. The growing demand for steak and prime rib helped fuel the growth in dinner houses that continued into 2000. According to the NRA, other food items that were growing in popularity included chicken, hot and spicy foods, smoothies, wraps and pitas, salads, and espresso and specialty coffees. Starbucks, the Seattle-based coffee retailer, capitalized on the popularity of specialty coffees by aggressively expanding its coffee shop concept into shopping malls, commercial buildings, and bookstores such as Barnes & Noble. Starbucks increased its store base by 28 percent in 1999, the greatest increase of any major restaurant chain.

## International Fast-Food Market

As the US market matured, many restaurants expanded into international markets as a strategy for growing sales. Foreign markets were attractive because of their large cus-