

Learn about the **Fast food restaurant business** and find information on **how to open your own Fast Food restaurant**. Don't forget you can receive free or low-cost training and **free professional business advice**, from [your local Small Business Development Center!](#)

View our related **business reports** here: [Full Service Restaurant Business](#), [Food Truck Business](#) and [Bar Business](#), and [Food Service Industry Research](#).

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Fast Food Restaurant COVID-19 Resources

In response to the global COVID-19 pandemic, shelter-in-place orders and physical distancing measures have affected many businesses. Here is a look at the impact to the **Fast Food Restaurant industry**. In most areas of the U.S., Fast food restaurants were classified as essential businesses to ensure food availability as grocery stores were overwhelmed. Many operators weathered the COVID-19 shutdowns much better than [full service restaurants](#). With the change in consumer behavior, many fast food restaurants have embraced new technology and methods of operation such as curbside pickup, delivery options, and mobile orders. Here are additional **COVID-19 business resources** specific to this industry:

- [SBDCNet's COVID-19 Small Business Resources](#)
- [SBDCNet's COVID-19 Industry Resources](#)
- [Best Practices for Establishments during the COVID-19 Pandemic](#) - U.S. Food & Drug Administration
- [COVID-19 Resources, including reopening guide](#) - National Restaurant Association
- [Franchise Reopening Blueprint, including Restaurants](#) - International Franchise Association
- [A Playbook for Reopening Your Restaurant](#) - QSR Magazine
- [A state by state guide to COVID-19 Resources for the Food and Beverage Industries](#)
- [COVID-19 Resources for Restaurants](#)

Fast Food Restaurant Business Overview & Trends

NAICS Code: 722513, SIC Code: 5812

Fast Food restaurants are an important segment of the **U.S. food services industry** with

a phenomenal impact on the U.S. economy. For 2020, the National Restaurant Association [State of the Industry Report](#) projects \$889 billion in industry sales. Annual Fast Food Revenue in the U.S. is \$110 billion.

The following **Fast food and quick service restaurant industry summary** report is from [First Research](#) which also sells a full version of this report.

- “Companies in this industry operate restaurants in which customers order and pay at a counter. Major companies include US-based Chipotle, McDonald’s, Wendy’s, and Yum Brands (KFC, Pizza Hut, Taco Bell), as well as Café de Coral (Hong Kong), Greggs (UK), Seven & i Food Systems (Japan), and Restaurant Brands International (Canada). Consumer food service sales are expected to grow most rapidly in Latin America, the Middle East/Africa region, and the Asia/Pacific region. The US fast-food and quick-service restaurant industry includes about 275,000 restaurant locations with combined annual revenue of about \$225 billion. Full-service restaurants and specialty eateries such as coffee shops are covered in separate industry profiles.
- **Competitive Landscape:** Demand is driven by consumer tastes and personal income. The profitability of individual companies depends on efficient operations and effective marketing. Large companies have advantages in purchasing, finance, and marketing. Small companies can compete effectively by offering superior food or service. The US industry is highly fragmented: the 50 largest companies account for about 20% of revenue.
- **Products, Operations & Technology:** Most fast-food and quick-service establishments specialize in a particular type of cuisine. Hamburger restaurants account for about 40% of sales among US limited-service establishments, while sandwich, pizza, chicken, and Mexican food restaurants each account for about 10%.”

This **Limited Food service business market research report summary** is from [Euromonitor](#), which also sells a full version of this report.

- **Adaptations and Trends**
 - **Menus are becoming more limited:** Many fast-food businesses are trimming down their menus and focusing mostly on popular and signature items. Previous periods of menu expansion have led to difficulties in running efficient operations and a bit of consumer fatigue as they try to navigate the expanding menus. Even large franchise fast-food operations such as McDonalds, Dunkin’ and Sonic are participating in this trend. By trimming down their menus, companies end up with more efficient operations, reduced food waste and lower costs. Another possible reason for this decision is the success of companies like Chick-fil-a and

In-n-Out with their already simple menus, proving the viability of small menus.

- Chicken Sandwiches explode in popularity: Recently in the fast-food industry, chicken sandwiches have become a more in demand item. Franchises such as Chick-fil-a and recently Popeye's have had huge success with their own chicken sandwiches, which Popeye's even experiencing a prolonged shortage as restaurants were overwhelmed by the demand, spurred by word of mouth. In the long-term, chicken sandwiches are expected to remain a huge draw for the fast-food menu due to it's simplicity and ease in preparing relative to how much consumers enjoy it. Fast-food customers are beginning to suggest adding more variants and customization options to chicken sandwiches rather than introducing new items.
- Operators look to expand their footprints outside of their stores: Over the past few years, fast-food business owners are trying to market/advertise by reaching out to people through unique services, locations, and items to encourage brand conversation and draw people in. Recently in 2019, Taco Bell opened a location in Palm Springs, FL where the customers have a chance to experience a unique poolside menu and purchase gift items with their logo. Some McDonalds locations sell winter retail items such as gloves, hats etc. when the weather cools down. The idea behind these strategies is to increase consumer awareness and engagement of their company by having people reminded of the brand during the normal course of day to day life or via word of mouth/news articles aside from standard advertising methods like commercials and billboards.

Quick Service Restaurant Customer Demographics

[50 million Americans](#) eat fast-food every day. [About 37% of adults](#) consumed fast-food on any given day.

Major customer segments for **Fast Food Restaurants** are reported by IBISWorld, which offers full version of the report for purchase [here](#).

- Fast-Food Restaurant customers are segmented primarily by income and age groups.
- Households earning greater than \$100,000 comprise about 46.8% of all industry revenue. Although they have large amounts of disposable income, they usually prefer more formal or full-service restaurants when eating out.
- Households earning between \$50,000 but less than \$99,999 comprise 27.3% of industry revenue. They comprise the largest individual segment of household income, occupying the ideal zone for most operators of having enough money to spend at fast food establishments, but likely not having enough to prefer more formal dining

experiences regularly.

- Households earning less than \$50,000 are the remaining 25.9% of income. Smaller amounts of discretionary income limits their ability to eat away from home but fast food's lower price point means they are usually the go-to restaurants when possible.

Additional information on **fast food customers** can be found in a variety of additional resources and publications, including:

- [Fast-Food Consumption - CDC](#)
- [Fast Food Demographics](#)
- [Meet Your Consumer - QSR magazine](#)

Fast Food Restaurant Business Startup Costs

According to a survey conducted by [RestaurantOwner.com](#), the average **restaurant startup costs** are as follow:

- “Without land purchase: \$494,888 - total, \$4,244 - cost per seat, \$159 - cost per sq. ft.
- With land purchase: \$735,326 - total, \$5,452 - cost per seat, \$178 - cost per sq. ft.”

Of particular importance for **quick service restaurant startup costs** is to understand is that most fast food restaurant businesses are opened as part of a **franchise**. This will have a large impact on your startup costs as the franchisor will likely have certain amounts of equipment/investments required to open. Contact your prospective franchisor or view their website for details. For more information on **franchise businesses**, see our [Franchise Small Business Help Topic](#).

Additional **fast food restaurant startup costs** information can be found at:

- [Chron: The Startup Cost of Opening Restaurants](#)
- [Restaurant Startup Costs Breakdown](#)
- [How much does it cost to open a restaurant](#)
- [How to Do Drive Thru - QSR](#)

Fast Food Restaurant Business Plans

- [Fast Food Restaurant Business Plan](#)
- [Fresin Fries Restaurant Business Plan](#)
- [Fast Food Business Plan Template](#)
- [Chron - Things to Consider Before Opening a Fast Food Restaurant](#)

Fast Food Restaurant Business Associations

Trade associations often are excellent sources of information on an industry. Here are some relevant **fast food restaurant industry associations**:

- [National Restaurant Association](#)
- [State Restaurant Associations](#) - select state from drop down
- [Green Restaurant Association](#)
- [National Food Truck Association](#)
- [Council of State Restaurant Associations](#)

Quick Service Restaurant Business Regulations

The section is intended to provide a general awareness of **fast food restaurant regulations** and agencies to consider when starting a fast food restaurant business. Check with your state and municipality for rules and regulations that may impact the business in your area. Most regulations are at the local and state level regarding food safety and general restaurant permits/licenses.

- [State Retail and Food Service Codes and Regulations by State](#) - U.S. Food & Drug Administration
- [FDA Regulations on Fast Food](#)

Quick Service Restaurant Business Publications

- [QSR Magazine](#)
- [QSR Web](#)
- [Nation's Restaurant News](#)
- [Fast Casual](#)
- [eRestaurant Business](#)
- [Modern Restaurant Management](#)
- [Restaurant Startup & Growth](#)
- [Food Network Magazine](#)

Quick Service Restaurant Business Employment Trends

The [National Restaurant Association Facts at a Glance](#) reports on the size of the restaurant workforce:

- 6 million: Restaurant industry employees.
- 6 million: New restaurant jobs created by the year 2030.

Of those millions of jobs, [28 percent of those employees work for fast food restaurants](#).

Labor costs are important factors for fast-food restaurant owners. Restaurants encompass a variety of jobs, the following are insights from the Bureau of Labor Statistics into the most customer-facing employees, [fast food and counter workers](#) and [fast food - cooks](#). A more specific breakdown of [Restaurants and other eating places is available from the Bureau of Labor Statistics](#).

- “Pay: The median hourly wage for food and beverage serving and related workers was \$10.45 in May 2018.
- Work Environment: Food and beverage serving and related workers held about 5.4 million jobs in 2018. Food and beverage serving and related workers spend most of the time on their feet and often carry heavy trays of food, dishes, and glassware. During busy dining periods, they are under pressure to serve customers quickly and efficiently.
- Job Outlook: Overall employment of food and beverage serving and related workers is projected to grow 14 percent from 2018 to 2028, much faster than the average for all occupations. Employment growth, however, will vary by occupation. (See table below for details.) As a growing population continues to dine out, purchase take-out meals, or have food delivered, more restaurants, particularly fast-food and casual dining restaurants, are expected to open. In response, more food and beverage serving workers, including fast-food workers, will be required to serve customers. In addition, nontraditional food service operations, such as those inside grocery stores and cafeterias in hospitals and residential care facilities, will serve more prepared meals. Because these workers are essential to the operation of a food-serving establishment, they will continue to be in demand.”

Additional Resources

Already in business or thinking about starting your own small business? Check out our various small business resources:

- View more business reports here: [Small Business Snapshots](#)
- View small business help topics here: [Small Business Information Center](#)
- View industry-specific research here: [Market Research Links](#)
- View business plans samples here: [Sample Business Plans](#)

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