4

On Mass Distribution

A Case Study of Chain Stores in the Restaurant Industry

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My argument in this chapter is straightforward: The presence of chains or systems of mass distribution is neither total nor fully explained. Considerable literature argues that mass production is not a monolithic development, and I argue the same case with respect to retail trade. I focus on one segment of the retail industry—restaurants. Restaurants have been singled out as the quintessential instance of chain store organization (Ritzer), and eating outside the home represents a burgeoning segment of consumer expenditures. If mass distribution follows mass consumption, then chains ought to develop throughout the industry. Using the idea that innovations occur oppositionally in proximate or adjacent fields, I suggest that there is good reason to believe that substantial segments of the industry are composed of single, independent establishments, and this in spite of the growing

Editor's Note: From Nelson, J., "On Mass Distribution: A Case Study of Chain Stores in the Restaurant Industry," in *Journal of Consumer Culture, 1*(1), 141–160, copyright © 2001, reprinted with permission of Sage Publications, Ltd.

and substantial size of the market. My research draws on the distinction between full-service and fast-food restaurants and shows that mass distribution develops in a bipolar fashion—in a manner at odds with the popular conception of a world of restaurants awash in chain store development. . . .

Chains in Fast-Food and Full-Service Restaurants

Industry Background

Figure 4.1 provides the historical backdrop for examining the distribution of chains in the restaurant industry. The figure graphically juxtaposes two indicators across the 30-year period covered by this research: the comparative distribution of fast-food and full-service restaurants and changing expenditures for eating out. As to the first of these issues, the bar columns indicate the distribution of restaurant types; the respective number in each type is shown along the axis on the left. The figure indicates the dramatic

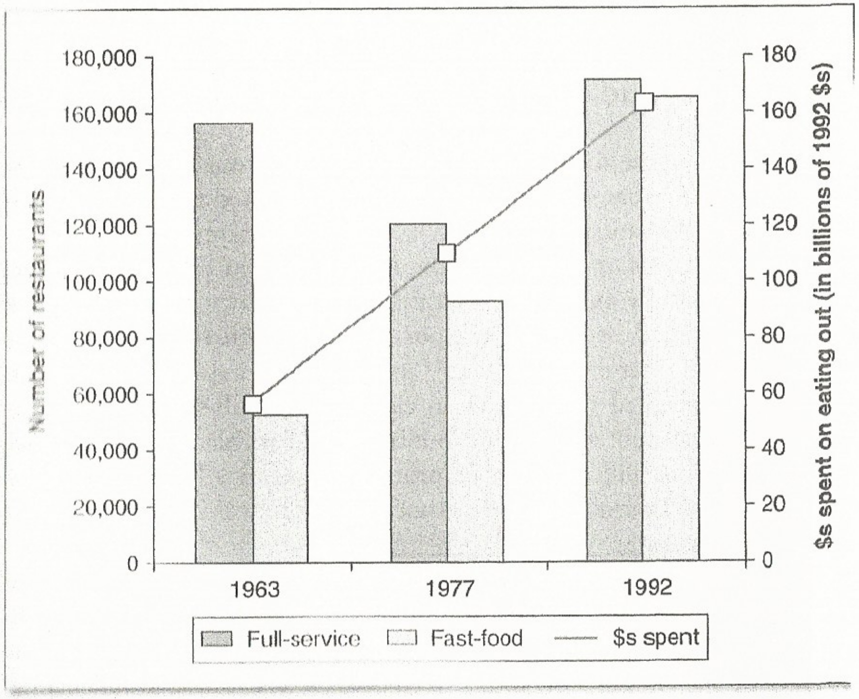

Figure 4.1 Full Service and Fast Food Restaurant Establishments and Dollars Spent on Eating Out, 1963–1992 (in 1992 dollars)

rise of fast-food restaurants over this nearly 30-year time period . . . [but] there is no indication that full-service restaurants are increasingly peripheral. While full-service restaurants do not grow at the same rate as fast-food restaurants, their numbers over the 30-year period have hardly diminished and in fact have increased by about 9%.

. . . Growth in all of these restaurants reflects (and indeed may partially have caused) rising consumer expenditures in eating outside of the home. Changes in expenditures are displayed by the trendline and the axis on the right-hand side of the figure indicating the actual dollars spent on eating out.

The juxtaposition of the trendline for expenditures and the changing proportions of restaurants suggests that the full-service sector remains a forceful competitor for consumer spending. While full-service restaurants increasingly garner smaller proportions of the market than in the past, the dollar sums involved are substantial and rose over the three time periods—$47 billion in 1963, $64 billion in 1977, and $85 billion in 1992 (all in 1992 dollars). If chains as mass distribution systems are a function of mass consumer markets, then chains ought to proliferate across various types of restaurants. But my data indicate that they do not. . . .

Conclusions and Discussion

In the context of the widespread growth of chains throughout the fast-food sector, it is somewhat surprising that chains in a related industry would be as minimal as they are, particularly in light of the substantial size of the market. To explain this apparent paradox, I suggested that proximate markets grow oppositionally and further that the full-service sector—with extensive menus, service, and on-site preparation—has provided few opportunities for the high-profit margins of interest to large-scale capital development. Data . . . documented that growth in chains in the full-service sector was indeed minimal and additionally outlined the possible ways full-service chains might cope with restraints on profits by generating high-volume sales. In this review, restaurants overall are not as commonly chained as Ritzer, for example, suggested.

Equally important are the findings suggesting that restaurants are not marginalized by the growth of fast-food chains. The data in Figure 4.1 indicate continual erosion of the proportions of the market controlled by the full-service sector, but not at a level reflective of increasing marginality. Furthermore, this pattern persists into 1997 as well. . . .

The conclusions here are straightforward: Different profit environments generate different market structures and different strategies for survival.

Thinking Critically

1. Are full-service restaurants themselves becoming increasingly McDonaldized?
2. What do you think of McDonaldized, full-service chains of restaurants like Oliv Garden, Red Lobster, and Outback?
3. What is the future of the gourmet restaurant?
4. What is the relationship of social class and economic standing to the growth c both full-service and fast-food restaurants?
5. Given the range of options, where would you rather eat most of the time? Why Given the spread of McDonaldization, will you still have much of a choice in th future?