

Food Expenditures by U.S. Households: Looking Ahead to 2020. By Noel Blisard, Jayachandran N. Variyam, and John Cromartie, Economic Research Service, U.S. Department of Agriculture, Agricultural Economic Report No. 821.

Abstract

By 2020, the effects of demographic changes and income growth will increase per capita spending on food 7.1 percent. Income growth alone, which will effect spending increases of almost 10 percent on away-from-home foods and 3 percent on at-home foods, will raise per capita food spending about 6 percent. Expansion of the Nation's population will drive growth in food demand and, combined with rising incomes and other demographic changes, is projected to boost total U.S. food spending 26.3 percent. On a national level, the slow but steady growth of the population will result in little variation among expenditure growth levels of individual food groups. The largest projected increase is for fruits, up 27.5 percent, while the smallest is for both beef and beverages, up 21.1 percent.

Keywords: Household food expenditures, income, demographics, projections, Consumer Expenditure Survey.

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Summary

Projected demographic changes combined with an assumed increase in inflation-adjusted incomes of 1 percent per year in the United States will increase per capita food spending 7.1 percent between 2000 and 2020. This effect will be due to spending increases of 8.1 percent on food away from home and 5.4 percent on food at home. Among individual at-home foods, expenditures for fruits (up 8.1 percent) and vegetables (up 7.2 percent) would increase the most under this scenario. Beef expenditures (up 2.6 percent) would increase the least of all categories over the 20-year period.

Household expenditure data indicate that higher income households spend more per person than poorer households on most food groups, especially food away from home, fruits, miscellaneous prepared foods, vegetables, and dairy. Americans age 74 or older tend to spend the most on cereal and bakery goods as well as on fruits. Household food expenditures vary regionally, with households in the Northeast spending the most on total food and households in the North Central spending the least. Non-Black households outspend Black households in every category except meats, poultry, fish, and eggs.

Projections of household food expenditures to 2020 based on shifts in age, regional, and racial distribution of the U.S. population, as well as expected changes in diet-health knowledge, income, and population growth show that regional population shifts, racial distribution, and diet-health knowledge will have only small effects on household per capita food expenditures. Income growth will increase away-from-home food expenditures 9.7 percent per capita but at-home food expenditures just 3 percent per capita. The shift toward an older age distribution in the U.S. population is projected to increase total per capita food expenditures just 1 percent over the 20-year period. Among at-home foods, the rising share of elderly will have the most effect on expenditures for fruits (up 3.7 percent), vegetables (up 3.6 percent), and fish and pork (up 3.1 percent).

The most important factor behind the growth in total food demand is the expansion of the U.S. population. Total U.S. food expenditures are projected to increase 26.3 percent by 2020. Away-from-home food expenditures are projected to increase 27.5 percent, compared with 24.3 percent for at-home food expenditures. One effect of the slow but steady growth of the population will be little variation on a national level among expenditure growth levels of food groups. The largest projected increase is for fruits, up 27.5 percent, while the smallest is for beef and beverages, both up 21.1 percent.

Another way to interpret the projections in this study is to view them as scenarios of what would have occurred if projected demographic or income changes were already in place. For example, a relevant question may be as follows: “What would have happened to food expenditures in our base year if the projected changes in the racial mix of the population for 2020 were already in place?” This approach to viewing the projections lessens the potential for misinterpretation by focusing on our underlying assumptions, as detailed in this report. Although we feel this alternative interpretation is the most appropriate, due to the nature of the data, we will use the term “projections” and draw comparisons between the base year, 2000, and a future period as we discuss our results.

This study uses recent Bureau of Census data to project U.S. food expenditures in the years 2000-20. The projections incorporate demographic factors, such as age, race, income, region of residence, diet-health knowledge, season of the year, and number of persons in a household. Total growth in U.S. expenditures is based on per capita shifts due to demographic changes plus growth in the total population.