



Food Purchase Decisions of Millennial Households Compared to Other Generations

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What Is the Issue?

Millennials, those born between 1981 and the mid-2000s, are now the largest, most diverse living generation—surpassing Baby Boomers—in the United States. As such, their purchasing behavior heavily influences the current retail landscape. They are more diverse and have higher levels of education (on average) than previous generations. In addition, some of them began establishing careers during the Great Recession (December 2007-June 2009), an economic downturn that likely affected their food spending.

Millennials will be an important driver in the economy for years to come. Their grocery store habits may change as they age, but current differences from older generations could have implications for future food demand. Market analysis has shown that this generation is demanding healthier and fresher food and spending less of their expenditures on food at home (FAH). This report focuses on associations between generation and food purchasing decisions using 2014 as a representative year. It looks at food spending differences by income within generations, using per capita income as a way to control for different household sizes. Additional analysis looks at food purchasing decisions within the Millennial generation by age and income.

What Did the Study Find?

How much are people spending? While each preceding, older generation spends more on FAH than the younger generation after it, there seems to be a distinct difference between the oldest and youngest generations—the spending patterns of Traditionalists (born before 1946) and Baby Boomers (born 1946-65) and those of Gen X'ers (born 1965-80) and Millennials (for this report, born between 1981 and 1996) are very similar. Within each generation, households with higher per capita incomes and higher total per capita food expenditures have higher food-at-home expenditures. Of course, consumers adapt their purchasing behaviors depending on budgetary limits, which are determined not only by income but by family size. For instance, Millennials who are early in their careers may earn less than Gen X'ers but their food budget may stretch farther than higher earning Gen X'ers with larger families and more mouths to feed.

How often do people food shop? Traditionalists make the most foodstore trips per month of all generations, and the frequency of visits is generally lower with each successive generation. Millennials frequent foodstores the least. Higher income (per capita) seems to reduce the frequency of foodstore trips as well. Traditionalists, who spend more on FAH per capita, also frequent foodstores more often. Traditionalists are of retirement age and thus may have the leisure time to frequent foodstores more often.

In addition, younger generations may increasingly prefer to eat outside the home, with reduced foodstore trips only becoming more prominent as per capita income rises; in short, as households

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become richer, food away from home (FAFH) may crowd out FAH consumption. Millennials consume food in a restaurant or bar around 30 percent more often than any other generation.

What foods are people buying? Wealthier households tend to buy more primary/unprocessed ingredients, reducing their purchases of processed foods and starchy carbohydrates like pasta and increasing their purchases of fruit and vegetables. Millennial households with lower per capita income have a greater tendency to make more FAH purchases than do higher income Millennial households.

Among all generations, Millennials devote the smallest share of food expenditures to *grains, white meat, and red meat*. Though Millennials spend less on FAH in total, they allocate more proportionately to *prepared foods, pasta, and sugar/sweets* than any other generation.

When partitioning by income per capita, *fruit expenditure* shares for Millennials essentially matched those of Traditionalists, who allocate the largest share to fruits. Moreover, as Millennials become richer, they apportion more of their FAH budget to vegetables, suggesting that the Millennial generation may have a stronger preference for fruits and vegetables compared to older generations.

How much time do people devote to food consumption and preparation? Millennials spend, on average, 12 minutes less eating and drinking than Traditionalists, who devote the most time toward those activities at 77 minutes per day. However, all four generations spend essentially the same amount of time in secondary eating (i.e., eating a snack while watching a movie).

Millennials, however, spend significantly less time on food preparation, presentation, and cleanup—55 minutes less than Gen X'ers, who spend the most time at 143 minutes. This time observation supports the finding that Millennials purchase more ready-to-eat foods; nearly two-thirds of Millennials reported buying some form of prepared food within the prior 7 days, suggesting a preference for time savings.

By separating Millennials into “recession Millennials,” those who likely entered the job market during the Great Recession (2007-09), and younger “non-recession Millennials,” who likely entered the job market after the recession, we can see whether these two groups have different spending patterns.

- “Recession Millennials” purchase more FAH overall than “non-recession Millennials,” even when they have similar incomes. This difference in purchasing behavior may be attributed to changes in earning trajectories due to the recession.
- However, when comparing higher (per capita) income recession and non-recession Millennials, their food spending patterns (FAH and FAFH) are similar, suggesting that the recession may have only affected lower income and middle-income “recession Millennial” food shopping behaviors. This could be because higher income Millennials were less affected by the recession or were wealthy enough to maintain food purchasing patterns.

How Was the Study Conducted?

We used two datasets to conduct our analysis. The Information Resource Inc.'s (IRI) 2014 Consumer Network data sample includes over 116,000 distinct households from across the United States. This report focuses on a smaller subset (consisting of around 28,000 households) that includes not only UPC-coded purchases but purchases of random-weight items like fresh fruits and vegetables. The data also provide rich demographic information that allows the panel to be sorted by generation. After sorting, the types of purchases made were analyzed by classifying them into 1 of 22 broad food categories.

To complement our food purchase findings, we also provide statistics from the American Time Use Survey (ATUS) and the Healthy Eating Module, 2014, on time use associated with food consumption, preparation, and purchase. The survey includes data for nearly 25,000 individuals selected randomly from a subset of households that participated in the Current Population Survey (CPS). The ATUS is a U.S. Bureau of Labor Statistics survey, while the Healthy Eating Module is maintained by USDA's Economic Research Service. The data provide a recall of the individual's time use for the previous day as well as demographic and geographical data.