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# 1994 Spending for Food Away From Home Outpaces Food at Home

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**F**ood spending in the United States rose to \$647 billion in 1994, a 5.3-percent increase over 1993 (table 1). Expenditures for eating out (food away from home) led the way, rising 6.1 percent to \$303.2 billion. Retail food expenditures (food at home) rose 4.6 percent to \$343.7 billion. Adjusted for inflation, however, total food spending rose 2.6 percent in 1994—up 1.0 percent for food at home and up 4.3 percent for food away from home.

Personal food spending increased less than that for most other major categories of personal consumption since the 1990-91 recession, as is typical. Personal food spending differs from total food spending because it excludes expenditures by governments and businesses. Personal expenditures for all food rose 5.7 percent in 1994, while spending on transportation, cars, and gasoline went up 6.7 percent, and medical care and drugs increased 6.6 percent (table 2). Of the 5.7-percent increase for all personal food expenditures in 1994, there was a 7.4-percent growth in away-from-home food expenses compared with only a 4.7-percent increase in expenditures for food at home.

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In 1994, only 11.4 percent of disposable personal income of households was spent on food—6.8 percent went to food at home and 4.5 percent to food away from home. That compares with 12.4 percent of disposable personal income going to food in 1984. About 25 percent of disposable personal income in 1994 was spent on housing (including supplies, fuel, and furniture), 16 percent on medical care and drugs, 11 percent on transportation (including cars and gasoline), and only 4 percent was allocated to savings.

Once adjusted for inflation and population growth, total food spending per person fell 0.9 percent in 1994 (fig. 1). But the trend toward eating out more continues, with a 3.2-percent increase partially offsetting a 4.3-percent decrease in food at home to soften the decline in per capita real food spending.

## Spending on Food Prepared Outside the Home Considerably Higher

One of the ways by which people economized during the 1990-91 recession was cutting down on eating out or going to less expensive places. The share of total food dollars spent away from home declined from 1988 to 1991, reflecting the economic slowdown and the subsequent recession. By 1994, however,

spending for food away from home increased more than for food at home and the share reached new highs, 47.0 percent of food dollars and 36.7 percent of food quantities, continuing the spending recovery begun in 1992.

Vigorous competition among fast-food chains drove down prices in 1990 and 1991, and, as a result, fast-food sales declined from 34.0 percent of dollar sales of food away from home in 1989 to 33.6 percent in

### Updated Data Available Soon

The first estimates for 1995 food expenditures will be available from USDA's Economic Research Service through the AutoFAX system in May 1996. These estimates will also include 1993 and 1994 revisions.

To receive by AutoFAX, dial by telephone connected to a FAX machine (202) 219-1107, respond to the voice prompts, and order document # 11530 (lists all the available data tables, which can then be requested).

When responding to the voice prompts, please note: when asked for a yes or no response, press 1 for yes and 2 for no; you may interrupt the main menu choices to order the document by pressing 4—the system will then prompt you for the document number.

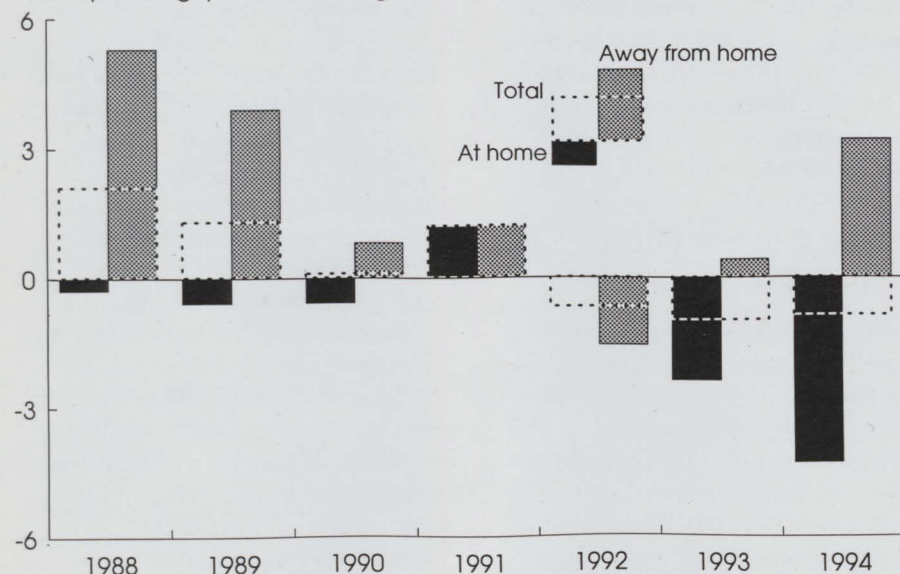
Table 1  
**Food Spending Rose 5.3 Percent in 1994**

Expenditures	1992	1993	1994	Change, 1993-94
	-----Billion dollars-----			Percent
Total food and beverages <sup>1</sup>	674.1	696.9	732.4	5.1
Total food (excluding alcohol)	592.5	614.6	646.9	5.3
At-home food	323.2	328.8	343.7	4.6
Sales	316.0	321.6	336.5	4.6
Home production and donation	7.2	7.2	7.2	0.0
Away-from-home meals	269.3	285.9	303.2	6.1
Sales	239.0	254.1	270.0	6.3
Supplied and donated <sup>2</sup>	30.4	31.8	33.2	4.4
Alcoholic beverages	81.6	82.3	85.5	3.9
Packaged	46.5	46.3	47.6	2.8
Drinks	35.0	36.1	37.9	5.0

Notes: Data may not total due to rounding. <sup>1</sup>These expenditures include all food and alcoholic beverages, regardless of who paid for them. <sup>2</sup>Includes Government subsidies for school-lunch programs.

Figure 1  
**Higher Spending on Food Away From Home Softened the Decline in Per Capita Real Food Spending<sup>1</sup>**

Food spending, percent change from previous year



Note: <sup>1</sup>Food expenditures at 1988 prices.

1991. However, the share started upward in 1992 and rebounded to 35.5 percent in 1994, as people continued to eat out more, but kept a wary eye on prices.

Restaurants did not lower prices as much as fast-food places did during the recession. Their share of sales of food away from home fell from 38.7 percent in 1991 to 37.6 percent in 1992 and 1993, and 37.5 percent in 1994. The trend seems to be reversing, as preliminary 1995 data indicate that full-service restaurant sales increased 8.5 percent from January through August, exceeding the 4-percent increase for fast-food sales.

Away-from-home purchases rose faster than at-home purchases in 1994, reflecting higher prices of away-from-home meals and snacks due to the added costs of preparing, cooking, and serving. In addition, more meals were eaten out in 1994. Restaurant and other foodservice prices do not change in conjunction with those in grocery stores. Adjusting for these different price levels, the quantity of food eaten away from home rose from 33.8 percent of total food in 1991 to 36.7 percent in 1994.

## Higher Incomes, Less Time Drive Demand

More two-income households and higher employment levels have increased household incomes and reduced the amount of time available to prepare food at home. According to the U.S. Retail Trade Census data, sales from restaurants, fast-food places, cafeterias, and other eating places increased 32.3 percent from 1987 to 1992 (the most recent census year), while the number of these eating establishments increased only 14 percent. Monthly U.S. retail trade data for the first half of 1995 indicate that sales from eating places have increased more than 9 percent over the first half of 1994.

Table 2

**Rise in Personal Food Expenditures Slightly Lower Than Disposable Personal Income<sup>1</sup>**

Component	1992	1993	1994	Change, 1993-94
	-----Billion dollars-----			Percent
Disposable personal income	4,505.8	4,688.7	4,959.6	5.8
Total personal consumption expenditures	4,136.9	4,378.2	4,628.5	5.7
Food	514.0	534.2	564.8	5.7
At home	318.3	324.0	339.1	4.7
Away from home	195.7	210.2	225.7	7.4
Alcoholic beverages	69.2	69.4	71.9	3.6
At home	46.5	46.3	47.6	2.8
Away from home	22.7	23.1	24.3	5.2
Nonfood	3,553.7	3,774.6	3,991.8	5.8
Housing, household operation, supplies, fuel, furniture	1,124.1	1,189.5	1,253.2	5.4
Transportation, cars, gasoline	466.3	504.2	538.0	6.7
Medical care, drugs	694.6	749.5	799.1	6.6
Clothing, shoes, toiletries, personal care, jewelry	311.6	323.3	338.6	4.7
Recreation, tobacco, toys, sporting goods, pet food	264.2	275.8	289.3	4.9
Personal business	354.0	373.3	390.5	4.6
Other	96.0	166.4	180.0	8.2
Savings	242.9	192.6	203.1	5.5

Notes: Data may not add due to rounding. Food expenditures in this table are only those paid for by consumers with cash or food stamps. <sup>1</sup>As of July 26, 1995. Sources: Food and alcoholic beverage data are from USDA's Economic Research Service. All other data are from the Bureau of Economic Analysis, U.S. Department of Commerce.

Eating establishments have emphasized the convenience they provide—especially delivery, drive-thru, and takeout—in order to capture an increasing share of food expenditures. In 1992, the last census year, restaurant takeout and delivery food sales were 10.2 percent of total restaurant sales, while fast-food takeout and delivery sales were an unprecedented 50.5 percent of total fast-food sales.

Takeout sales have become an important growth area for some fast-food restaurants that originally emphasized dine-in eating. For example, in 1994, Pizza Hut delivery sales (which started only about 10 years ago) accounted for almost half of its pizza sales, carryout accounted for 26 percent, and dine-in only 27 percent. Most Kentucky Fried Chicken

meals are also consumed away from the restaurant, with dine-in accounting for only 13 percent of total sales. Taco Bell's 1994 sales were about evenly split between dine-in and drive-thru/takeout.

### Heavy Competition Among Retailers

Where consumers buy their groceries has changed dramatically over the last decade and a half. Supermarkets' share peaked in the mid-1980's at almost 65 percent of the sales of food at home, dropping to 61 percent in 1994. The remaining purchases of food for use at home occurred in other smaller grocery stores, specialty foodstores, and a wide variety of other outlets.

More competitors strongly emphasizing low prices have come on the scene in recent years. The new competitors—notably warehouse clubs, mass merchandisers, and deep-discount drugstores—increased their combined retail sales of food to consumers from 1.7 percent in 1982 to 4.5 percent in 1992 and 5.6 percent in 1994.

Warehouse clubs (formerly called wholesale clubs) are hybrids of membership wholesale outlets and retail stores. They carry a wide assortment of general merchandise, groceries in large packs, and perishables (such as meat and some produce). More than 40 percent of their food sales go to operators of small restaurants, institutions, and non-commercial groups (such as churches and clubs). The remaining

60 percent are sales to consumers. Their share of retail food sales to consumers for at-home use increased from almost nothing in 1982 to 1.4 percent in 1994.

Growth of warehouse clubs seems to be slowing as they approach market saturation in many areas. K-Mart, one of the major warehouse club operators, sold its Pace clubs to Wal-Mart, which renamed them Sam's clubs. Price Club and Costco, the other major operators, merged in 1993, as the club boom tapered off. Wal-Mart is turning the emphasis of its Sam's clubs back to supplying small restaurants, lunchrooms, and institutions.

Some mass merchandisers, also called discount department stores, have included an entire supermarket in their stores since the early 1960's, when a number of supermarket chains built their own discount department stores. Many such chains left the discount business in the 1970's as the field became crowded. To serve their consumers more effectively, Wal-Mart and K-Mart (the leading mass merchandisers) have recently opened very large supercenters that include a large supermarket section. Mass merchandisers' share of at-home food sales to consumers rose from 1.1 percent in 1982

to 2.5 percent in 1992 and 3.1 percent in 1994.

The most recent entrant has been deep-discount drugstores, which sell dry groceries (no perishables) at discount prices. The share of food-at-home sales to consumers accounted for by deep-discount drugstores increased from nothing in 1982 to 0.6 percent in 1994.

These newcomers in the marketplace are putting competitive pressure on operators of all kinds of supermarkets. Many supermarkets are fighting back by featuring bulk sales and large club packs at competitive prices. ■