



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Americans Spending a Smaller Share of Income on Food

David M. Smallwood, James R. Blaylock, Steve Lutz, and Noel Blisard
(202) 219-1265

The percentage of income that Americans spend on food continues to drop. In 1992, Americans spent just 11.7 percent of their income on food, down from 14.2 percent in 1980. The decline mainly reflects incomes rising faster than food prices. Between 1980 and 1992, overall food prices rose 59 percent. During that time, per person income rose 94 percent (from \$6,916 to \$13,398).

The dollar amount of food spending nonetheless continues to rise, but at the same rate (59 percent) as food prices. (Therefore, the numbers indicate that Americans bought about the same amount of food in 1992 as in 1980.) Between 1980 and 1992, annual spending for retail food (food consumed at home) rose 55 percent (from \$667 per person to \$1,031) and nearly 69 percent (from \$318 per person to \$536) for foodservice (food away from home) (table 1). Likewise, prices for food away from home rose more than for food at home, 69 percent compared with 55 percent.

However, these national averages mask some underlying differences that occur among households of different types and sizes. For example, rural Americans spent about the

same as their urban counterparts on food at home but somewhat less on food away from home.

These findings are gleaned from a continuing survey of households conducted by the Bureau of Labor Statistics. The detailed statistics presented in this article are based on the urban portion of this sample, a group which has been surveyed continuously since the survey was initiated in 1980 and which represents about 87 percent of the noninstitutionalized population. (The rural population was not sampled during some of the early years of the survey.)

Larger Households Spend Less Per Person

The most important determinant of household food spending is the number of household members. Larger households tend to spend more in total dollars but less per person (table 2). In 1992, one-person households spent more than twice as much per person on food (\$2,146 per person) than did households composed of six or more people (\$878). Larger households tend to spend less per person because they purchase more economical packages, have younger children who tend to eat less, and spend more on groceries than on food away from home. One-person households spent a much larger share of their food budget on food consumed away

from home: 42 percent compared with 20 percent for larger households.

Household size also affects the mix of food spending. For example, larger households tend to be more frugal and spend a larger share of their at-home food dollar on basic ingredients and lower cost items, such as cereal products, fluid milk, and ground beef, and a smaller share on bakery products and fresh and frozen seafood. The larger households also tend to have more young children and teenagers, which also affects the mix of foods and helps to explain why larger households spend a much smaller share on fruits and vegetables and adult beverages (such as coffee).

Composition of households is another important factor. Married couples without children spent about the same amount per person as did one-person households. Single mothers with children spent about half as much per person as one-person households. Married couples with children spent more per person as their children got older, but their expenditures still tended to be lower than those for married couples without children.

Wealthier Households Spend More

Food spending increases with household income for both food at home and food away from home, as

The authors are agricultural economists with the Food and Consumer Economics Division, Economic Research Service, USDA.

wealthier households buy higher quality food items and more convenience foods. In 1992, households in the poorest 20 percent of the Nation's income distribution (household income averaging \$6,669) spent \$1,249 per person on food, compared with \$1,997 for the wealthiest 20 percent (household income averaging \$77,311).

As expected, wealthier households tended to spend more money and a larger share of their food budget on food away from home. The poorest group spent 24 percent of their food budget on food away from home, while the wealthiest group spent 40 percent. Spending on food away from home showed little change for all income groups between 1988 and 1992, increasing

only 12 percent for the highest income group, 5 percent for the lowest income group, and declining slightly (2 percent) for the middle group.

Spending on food at home rose about 30 percent in all income groups between 1988 and 1992. However, each group allocated its money differently (fig. 1). Households with the highest incomes increased their spending on fish and seafood by about 47 percent in 1988-92, while these purchases by the lowest income group increased only 13 percent, widening the already marked gap in spending for this food group. In 1992, the highest income group bought \$48 worth of fish and seafood per person, while the lowest income group spent \$26 per person.

Fruit and vegetable expenditures increased between 21 and 28 percent for all income groups between 1988 and 1992. Those with the highest incomes increased their spending on fresh vegetables by twice as much as did the lowest income group, up 34 percent to \$64 per person in 1992 for the highest income group, versus a 17-percent increase for the lowest income group to \$50 per person. Conversely, the lowest income group increased its spending on processed vegetables by 43 percent, compared with a 38-percent increase by the highest income group.

The lowest income group increased its spending on sugar and sweets at a faster rate between 1988 and 1992 than did the highest income group (45 percent versus 31

Table 1
Households Spending a Smaller Share of Income on Food

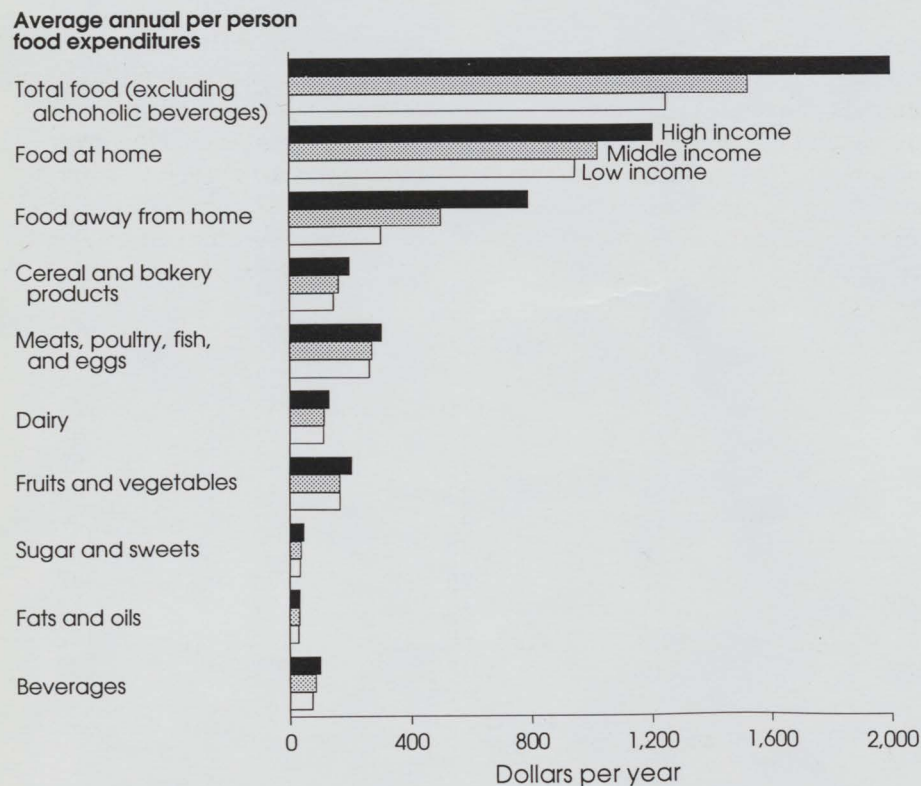
Household characteristic	Unit	1980	1984	1988	1992
Annual income before taxes	Dollars	17,843	23,547	28,929	33,764
Portion of income spent on food	Percent	14	13	12	12
Members per household	Number	2.6	2.6	2.6	2.5
Food spending per person:	Dollars	985	1,173	1,335	1,567
Food at home	"	667	755	824	1,031
Cereal and bakery products	"	84	102	121	163
Meats, poultry, fish, and eggs	"	231	228	217	274
Meats	"	168	155	147	182
Beef	"	90	79	72	84
Pork	"	48	45	42	60
Other meats	"	31	31	33	37
Poultry	"	30	33	34	50
Fish and seafood	"	20	27	26	31
Eggs	"	13	14	11	11
Dairy	"	84	94	103	115
Fruits and vegetables	"	101	125	147	172
Fresh fruits	"	30	37	47	51
Fresh vegetables	"	29	37	44	52
Processed fruits	"	23	28	34	40
Processed vegetables	"	19	22	22	29
Sugar and sweets	"	25	29	30	40
Fats and oils	"	22	25	24	32
Beverages	"	61	69	77	84
Miscellaneous foods	"	58	85	104	152
Food away from home	"	318	418	511	536

Note: Data may not add due to rounding.

Table 2
Larger Households, Those Headed by Single Mothers, and Black Households Spent the Least per Person on Food

Demographic category	1980	1984	1988	1992
<i>Dollars per person</i>				
All urban households	985	1,173	1,335	1,567
Household size				
One member	1,268	1,579	1,910	2,146
Two members	1,195	1,375	1,643	1,964
Three members	952	1,206	1,325	1,579
Four members	891	1,073	1,168	1,382
Five members	828	944	1,000	1,134
Six or more members	726	801	823	878
Single female parents with children	647	831	918	1,091
Income quintiles				
Lowest	857	861	1,014	1,249
Middle	943	1,171	1,310	1,524
Highest	1,171	1,536	1,638	1,997
Race				
White	1,031	1,235	1,406	1,633
Black	691	771	930	1,150
Other	919	1,111	1,150	1,527

Figure 1
Food Spending Increases With Household Income



Note: 1992 data.

percent), but the total spending level for this group remained substantially below that of the highest income group in 1992 (\$46 per person versus \$35).

Spending Disparities Among Races

Blacks and whites both spend an average of 12 percent of their income on food. However, blacks tend to spend less per person on food, due partly to their lower average incomes and larger household sizes.

Average annual food spending in white households was \$1,633 per person in 1992, about 30 percent higher than the \$1,150 spent by black households. Food spending for other races (such as Asians, Native Americans, and Pacific Islanders) was below that of whites but above that of blacks. Other races spent about \$1,527 per person on food in 1992, about 10 percent of their income.

Average household income was highest for other races (\$46,504) and lowest for blacks (\$25,461). Although other races had larger households (3.0 members on average, compared with 2.7 for blacks and 2.5 for whites), they tended to have more earners per household (1.6 earners) than did whites (1.4 earners) or blacks (1.3 earners).

Food spending by blacks increased at a faster rate (24 percent, compared with 6 percent for whites) between 1988 and 1992, helping to close the gap in spending levels (fig. 2). Spending on pork and poultry items increased by more than 44 percent for both racial groups. In contrast, expenditures for beef increased 17 percent by whites and 21 percent by blacks. Spending on fruits and vegetables increased by about the same percentage for both groups, but blacks focused their increased purchases on fresh fruits and processed vegetables, whereas whites tended to buy more processed fruits and fresh vegetables.

Urbanites Spend More

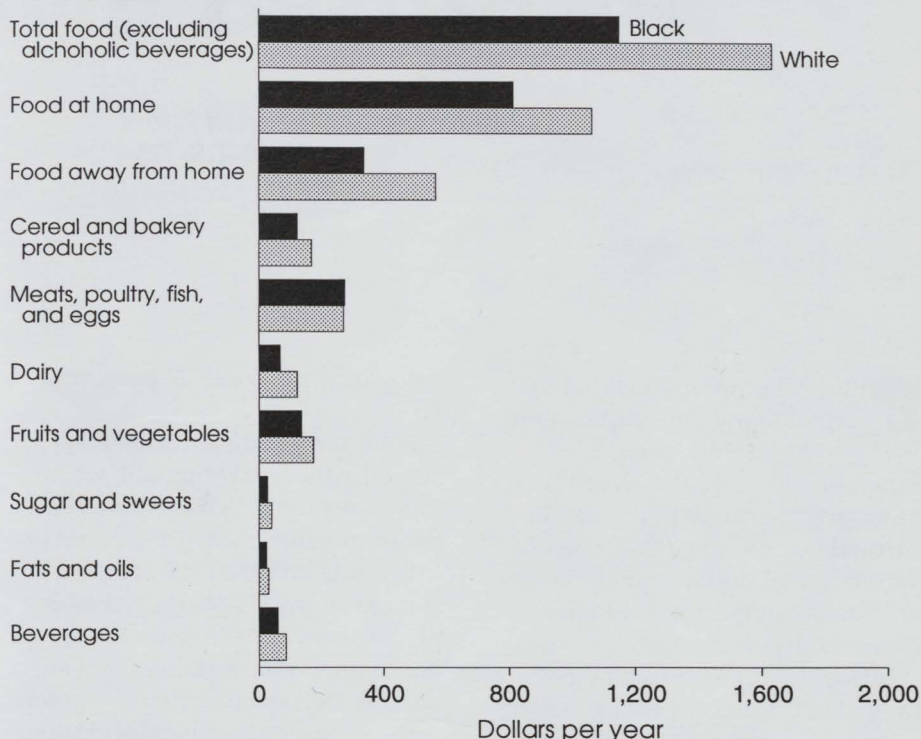
Geographic location of households was also a factor in food spending. Food spending varied with geographic location of residence and with city size. Households in urban areas tended to spend more on food than did those in rural areas, likely due to their higher incomes and more convenient access to food away from home which is more costly than food prepared at home.

In 1992, urban households spent an average of \$1,567 per person per year on food—\$1,031 on food at home and \$536 on food away from home. Rural households spent an annual average of only \$1,453 per person for food, of which \$1,036 was for food at home and \$428 was for food away from home. Rural households spent a smaller share of their food budget on food away from home than did urban households, 29 percent compared with 34 percent.

Since 1988, rural consumers increased their food spending at a slightly faster pace than did urban consumers for both at home and away from home. Spending for food away from home rose about three times as much for rural consumers than urban consumers between 1988 and 1992 (16 percent versus 5 percent), but the rate was substantially less than that for food at home (up 25 percent for urban consumers and 27 percent for rural consumers).

Figure 2
Black Households Spend Less per Person on Food Than White Households

Average annual per person food expenditures



Note: 1992 data.

Of all the food items, spending on poultry increased the most, up about 59 percent for rural consumers and 47 percent for urban consumers. However, the higher expenditures by rural consumers did not catch up to the level that urban consumers spent on poultry in 1992 (\$43 per person versus \$50).

Spending for fruits and vegetables tended to increase at about the same rate for urban and rural consumers, about 16 percent each. However, rural consumers tended to increase their spending on processed products, while urban consumers spent their money on fresh products. ■