



**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](mailto: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.*

# Total Food Expenditures: An Update on the Revised Series

Alden C. Manchester and Mike Belongia  
(202) 447-8038

A new measure of U.S. food expenditures, called the total expenditures (TE) series, was developed to reconcile the conceptual differences between two other widely used measures of food expenditures.<sup>1</sup>

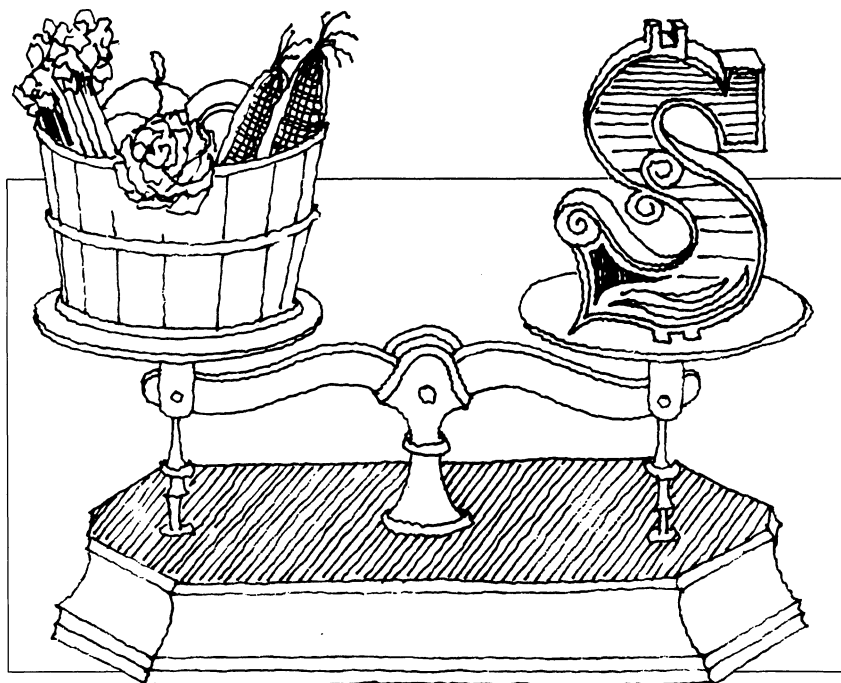
The TE accounts bridge the conceptual differences between the personal consumption expenditures (PCE) estimated by the U.S. Department of Commerce, Bureau of Economic Analysis, and the marketing bill series published by the Economics, Statistics, and Cooperatives Service (ESCS), USDA.

## Purpose of the New Series

Since PCE measures only expenditures by individuals, it excludes business and institutional purchases. In contrast, the marketing bill series includes only the value of U.S. farm produced food, thereby excluding purchases of imported foods, fish, and nonalcoholic beverages. Thus, the PCE and marketing bill accounts are subsets of total food expenditures. The TE series is a broader measure which includes imported foods, fish, and nonalcoholic beverage as well as food purchased by institutions and business.

## Derivation of the TE Series

The TE series includes expenditures for food for off-premise consumption, meals and snacks, packaged alcoholic beverages, and alcoholic drinks. The totals for these are composed almost entirely of actual sales data. Conversely,



the meals and snacks expenditure total also included may be subject to measurement error since about 30 percent of the total is either estimated or taken from sources other than sales receipts. The data represent expenditures at the last point of sale; that is, the "restaurants" category represents the purchase price of the meal, while food sold to consumers or institutions is valued at its cost to them.

## Applications of the TE Series

One objective of developing a consistent expenditure measure like the TE series is to describe or explain patterns in consumer behavior. For example, by examining the data over the 1954-78 time period, it is possible to describe changes in consumer expenditure patterns. By deflating these expenditure values with the appropriate price index, it is then possible to measure changes in real total food expenditures over time. The same process can be applied to the components of the expenditure totals. Such an analysis reveals that consumers have made substantial reductions in their expenditures on food delivered to their

homes (such as milk or bread) while increasing their purchases of meals and snacks. Other changes or patterns in consumer behavior can be isolated with similar analyses of other expenditure subtotals.

Empirically, the TE series provides a comprehensive, consistent measure of expenditures from which income, price, or expenditure elasticities (measures of quantity response) may be calculated. Since statistical measures like these are of some importance in explaining or forecasting behavior, the total expenditures series can be used in calculating elasticities for a large number of food sales outlets.

In summary, the TE series of U.S. food expenditures overcomes differences among other published expenditure measures. These data are derived largely from actual sales receipts published in secondary sources with a small portion of the total estimated by other means. The consistent and comprehensive nature of the TE series makes it possible to describe and explain consumer behavior toward a variety of food sales outlets. ■

<sup>1</sup> Described in the April 1978 *National Food Review*, NFR-2. For the final revision of the TE estimates with a detailed report of the methods used to derive the expenditure measures accompanied by a complete listing of series values see *U.S. Food Expenditures, 1954-1978. New Measures at Point of Sale and by Type of Purchaser*. USDA, ESCS, AER No. 431, August 1979.