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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

EXPENDITURES FOR FOOD AWAY FROM HOME

Talk by Corinne Le Bovit
Economic and Statistical Analysis Division
at the Annual Agricultural Outlook Conference
Washington, D.C., 2:15 P.M., Tuesday, November 14, 1967

Several sources provide data on expenditures for food away from home in the United States. Time-series data for consumer purchases of meals and beverages are published annually by the Department of Commerce.^{1/} Cross-sectional data are available from surveys of family consumption. This discussion is based on nationwide household food consumption surveys conducted by the Department of Agriculture in 1955 ^{2/} and 1965 ^{3/} and on per capita expenditures computed from Department of Commerce data. Some data from the 1963 Census of Business and from Survey of the Market for Food Away From Home ^{4/} also are presented to give a clearer picture of the away-from-home market.

Most (about six-tenths) of the approximately \$30 billion away from home food and beverage bill is spent in eating and drinking places which include restaurants, lunchrooms, cafeterias, refreshment stands, and catering establishments. The next highest share of the bill (about two-tenths at retail prices) goes to institutions such as hospitals, homes for the aged or for children, colleges, religious homes, camps and schools. A fair amount of eating (one-tenth) is done at hotels and motels. The remainder of the away-from-home food bill is scattered among a great variety of establishments each of which takes less than 3 percent of the total. These places include drug, candy, and department stores; specialty food stores such as delicatessens, bakeries, and dairies; movies, pool halls, and other places of recreation; private clubs; and factories and other business establishments.

There is a small regional variation in the pattern of eating out. Southerners spend a slightly higher proportion of their away-from-home dollars at cafeterias and drug stores and a smaller proportion in restaurants than northerners or westerners. Westerners spend the highest proportion in restaurants.

^{1/} U.S. Department of Commerce, Survey of Current Business.

^{2/} U.S. Department of Agriculture, ARS and AMS, Household Food Consumption Survey 1955, Reports 1-5.

^{3/} U.S. Department of Agriculture, ARS, Money Value of Food Used by Households in the U.S., Spring 1965. Preliminary Report; and unpublished data.

^{4/} U.S. Department of Agriculture, ERS, Survey of the Market for Food Away From Home. A Preliminary Overview of Basic Tabulations from Phase I of the Survey.

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Trends in Expense
for Eating Out

The total consumer bill for purchased meals (including alcoholic beverages) has risen at a faster rate than the population has grown. Expense per capita increased steadily since the early 1950s, and accelerated after 1963 (figure 1). When these expenditures are expressed in constant 1958 dollars the picture changes to one of decreasing per capita expenditures up to 1961 and a steady increase after 1963. By 1966 the average was slightly above the earlier peak in 1953. Nonpersonal expenditures such as business firms' purchases of meals and beverages--which probably increased significantly--are not included in these data.

Prices for food eaten away from home rose much faster than total expenditure up to the mid-1960s. As shown on figure 2 the index of prices for food away from home increased more rapidly than indexes for food at home or for all items in the Consumer Price Index. An explanation of this rapid rise is indicated in figure 3 which covers the last few years. Changes in prices of food away from home have followed changes in prices of all consumer services. Both have risen more rapidly than most other components of the Consumer Price Index. Prices of meals in public eating places are greatly affected by nonfood costs such as wages and salaries, rent and other property cost, taxes, maintenance, and equipment.

The proportion of total consumer expenditure for food and beverages that went for meals out, according to the Department of Commerce data, was around 20 percent over most of the period since 1950, although some increase has taken place since 1964. Apparently families adjusted to higher prices by keeping fairly constant the percentage of their food dollar allotted to eating out.

Data from the two national household food consumption surveys generally support the trend in the Commerce data. Families in the United States spent an average of about \$6 a week in the spring of 1965 and a little less than \$5 in 1955 on food and beverages (including alcoholic drinks) purchased and eaten away from home (figure 4). This amounted to \$97 per person for the year 1965 and \$74 for 1955, assuming that expenditures in other seasons were the same as in the spring (figure 1).

Expenditures for food away from home in the surveys include the bill for food and alcoholic beverages, plus taxes and tips paid at public eating places, carry-out shops, hospitals, and schools by all members of the families surveyed for themselves and their guests. The surveys were primarily studies of food used at home. As a result households in which no one had eaten at least 10 meals at home during the previous week were excluded. Therefore, eating out was understated by the exclusion of those eating most of their meals out. The fact that the survey data were collected only in spring may also lead to understatement of expenditures for the year to the extent that eating out is more prevalent during vacations in the summer and holidays in the fall. Since the homemaker was usually the person interviewed she may have underreported expenditures by other family members particularly for away-from-home drinking.

The change during the decade represented by the surveys was not the same for meals as for snacks. (Snacks were defined as away from home purchases of between-meal food and beverages or beverage supplements to meals carried from home.) Most of the increased spending was for meals; very little was for snacks (figure 5). The proportion of families reporting snacks bought and eaten away from home decreased from 6 out of 10 in 1955 to a little under 5 out of 10 in 1965. During the same period, consumption of snack-type foods at home increased in popularity. Households reported considerably higher home consumption in 1965 of soft drinks, punches and ades, potato chips, crackers, cookies, doughnuts, ice cream, candy, and peanut butter. Even the greater use of cheese and lunch meats may in part be due to more home snacking. The continuing move to the suburbs, the increased proportion of children in the population, and the increased popularity of television may have led to a shift from snacking at the candy store and lunch counter to snacking at home in the recreation room; around the television set, or by the ice cream truck. Candy stores are less accessible in suburbia and there are fewer visits to the movies or long trips to downtown shopping areas. Instead, mother stocks the pantry, refrigerator, and freezer with tempting tidbits and family members help themselves and serve their guests.

Urbanization Differences

In both 1965 and 1955 urban families spent more dollars and a higher proportion of the food and beverage dollar for meals eaten out than did farm families (figure 6). However, expenditures for meals eaten out more than doubled between 1955 and 1965 for farmers and increased only by one-fourth for city-dwellers. Thus rural-urban differences were much less in 1965 than in 1955.

Similarly city families spent the most for snacks, farm families the least. In 1965 city dwellers spent no more on snacks away from home than they had in 1955; but farmers spent one-fifth more. Fewer households in each urbanization reported buying snacks in 1965 than in 1955. The average expense for those households buying snacks was higher in 1965 for each group but the increase was greater for farm than for city families. The trend appears to be toward less frequent purchase of snacks but toward higher expenditures for those purchasing.

Regional Differences

Expenditures for meals away from home in 1965 was highest in the Northeast and the West and lowest in the South (figure 7). The proportion of households reporting buying meals was about the same in each of the four regions (55 to 60 percent). Higher expense, therefore, meant either more meals purchased or more expensive meals. The survey data do not provide this information.

Compared with 1955, families in the South increased their expenditures for meals eaten out much more than those in the rest of the country. Southern spending for meals rose over 75 percent during the decade compared to about a 30 percent rise in the Northeast and West and only 20 percent in the North Central region.

Northeastern families also spent the most for snacks away from home in 1965. The next highest spenders were in the South and the lowest in the West. However, when data were inspected by urbanization as well as by region, southern farm families were found to spend more for snacks (\$1.25 on the average) than farm people in the rest of the country (under \$1.00).

Income Differences

As expected high-income families spent more for food away from home in Spring 1965 than did those with low incomes. They also allotted a much larger proportion of their food and beverage dollar to eating out--26 percent for those with incomes over \$10,000 compared to 9 percent for those with incomes under \$3,000.

Expenditures for meals eaten out were more closely related to family income than expenditures for snacks (figure 8). Families with incomes over \$10,000 spent nearly 10 times as much for meals eaten out as did those with incomes under \$3,000, but less than 5 times as much for snacks.

Income-expenditure relationships for meals were the same for city as for farm families at incomes under \$5,000, but as incomes rose above \$5,000 expenditures for eating out rose more rapidly for city-dwellers than for farmers.

Between 1955 and 1965 the income relationships for urban families changed little. However, for farm families expense for meals was more closely related to income in 1965 than in 1955.

Household Size Differences

Average expense for meals out in 1965 bore little relationship to the number of persons in the household (figure 9). Families of 3 or 4 persons spent a little more than those with more or less people. Fewer one and two-person households reported buying meals out. But their expenditures based on those reporting such an expense was somewhat larger. One-person households that bought meals spent an average of \$10 a week; 2-person households spent \$8.80 and 3-person \$8.70. Expenditures were unrelated to the size of family in households with four or more persons. Data from the earlier survey indicate that larger households buy a lower percentage of their total meals away from home and also spend less per meal.

Expense for snacks was related to family size but per person expenditure varied. Six-person households spent four times the fifty cents spent by one-person households. Larger households seem to respond to demands on their income by eating out less often or by eating less expensive meals but they are a little more relaxed about small sums spent on snacks away from home.

Meals Without Direct Expense

One-third of the families in the United States reported receiving some free meals during the survey week in spring 1965. The term, free meals, should not evoke pictures of soup kitchens. Most free meals are received as guests in other people's homes or, in some cases, as guests at public eating places. They may also include meals paid from expense accounts and those received free at work or at school.

Cross-sectional differences in proportions of families reporting free meals were not great. Differences in actual numbers of meals received may have been somewhat greater than in the percentage reporting any such meals. Among the urbanization groups the greatest proportion of families reporting free meals was among rural nonfarm families, the lowest was on farms. There was little regional difference among rural families, farm or nonfarm, but some for city families. More western city families reported meals as guests; north central and southern families came next: northeastern urbanites were the lowest.

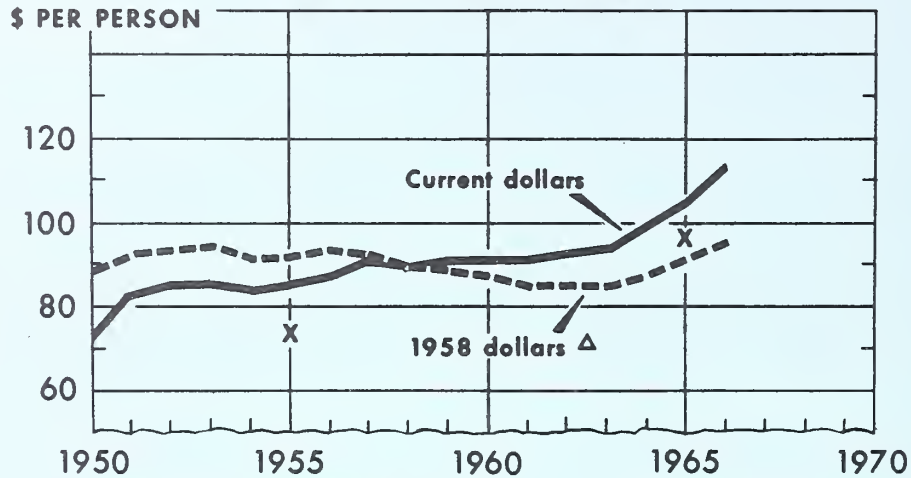
The proportion reporting free meals did not vary with family income nor with household size except that somewhat more one-person households were invited out. Homemakers may readily add one place at the family table but may be more hesitant about inviting three or five or more people to dinner.

Summary

Total expenditures in constant dollars for food away from home changed little during the 1950s and early 1960s. But since 1963 there has been a steady increase. However, these trends apply only to personal consumption expenditures, so may understate the entire market. Families seem to have adjusted to rising prices by snacking at home rather than at public eating places and by dining out very little more. Changes in living patterns such as suburban tendencies to entertain at home and television snacking may also have been responsible for these trends.

There has been a trend toward farm families behaving more like city families (although farm expenditures for eating out are still the lowest), and toward southern families responding more like the rest of the country (although expenditures in the South are still the lowest). Farm family expenditures for eating out are more closely related to income in 1965 than in the earlier survey. Apparently both regional and urbanization differences are diminishing.

COST OF FOOD AND BEVERAGES AWAY FROM HOME



Δ DERIVED USING IMPLICIT PRICE DEFLATORS.
X USDA HOUSEHOLD FOOD CONSUMPTION SURVEYS, SPRING.

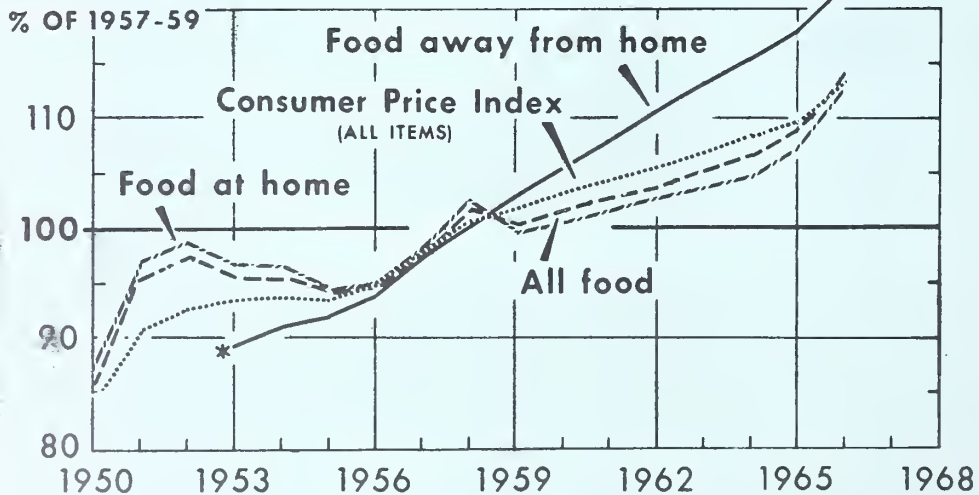
SOURCE: DEPARTMENTS OF COMMERCE
AND AGRICULTURE.

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NEG. ERS 5407-67 (10) ECONOMIC RESEARCH SERVICE

CONSUMER PRICES

Urban Wage Earners and Clerical Workers

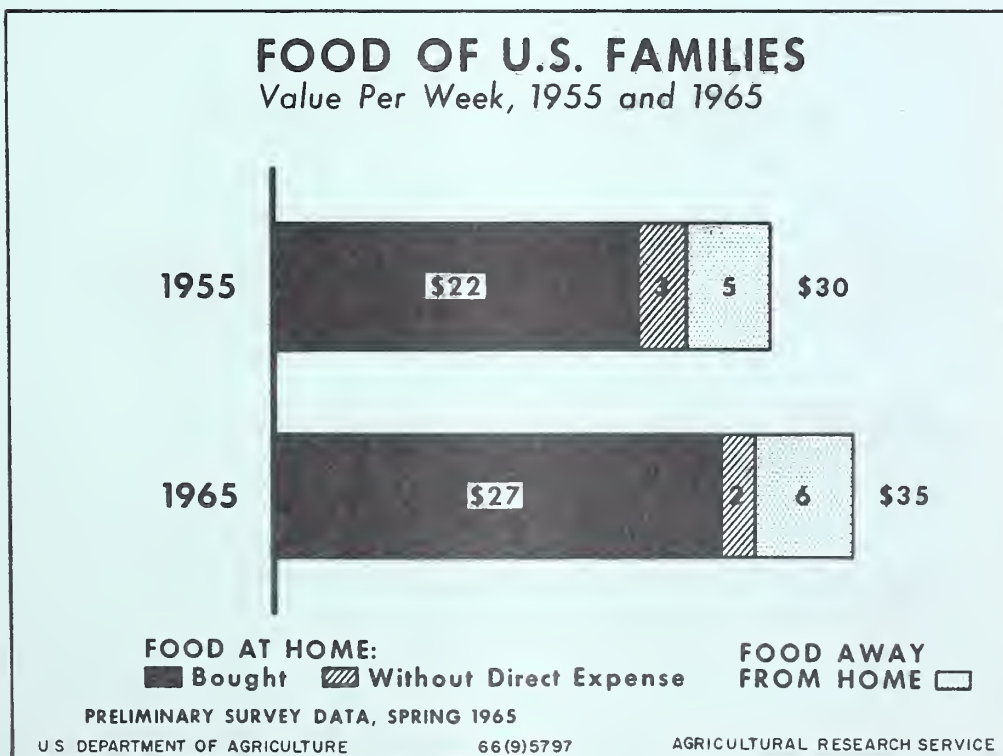
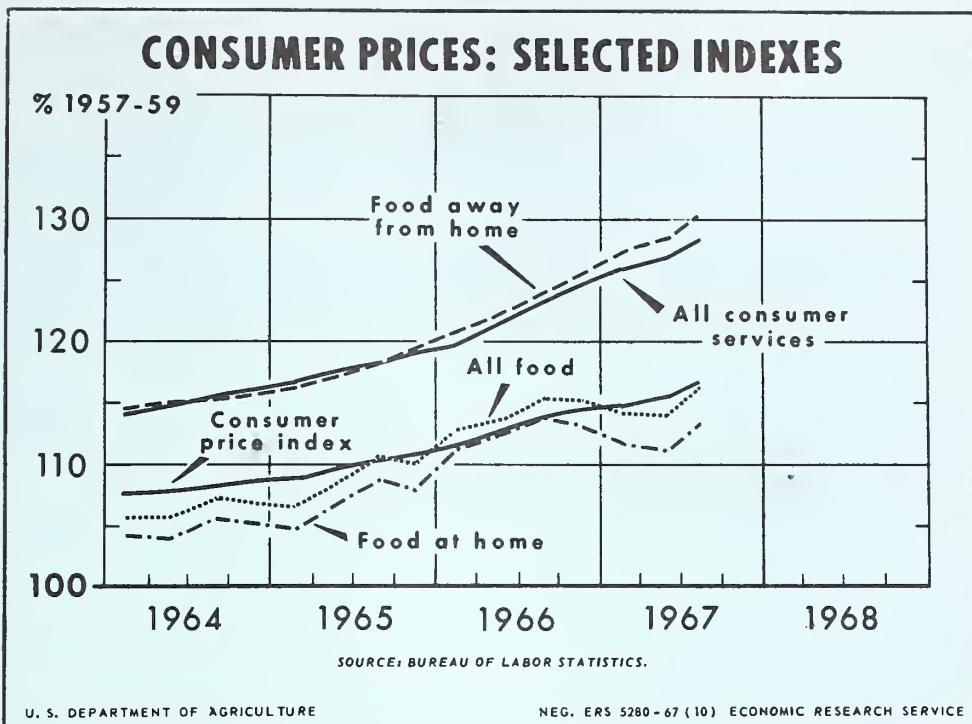


DATA FROM BUREAU OF LABOR STATISTICS.

* EARLIER DATA NOT AVAILABLE.

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NEG. ERS 3787-67 (1) ECONOMIC RESEARCH SERVICE



COST OF EATING OUT, 1955 AND 1965

Per Household per Week, Spring



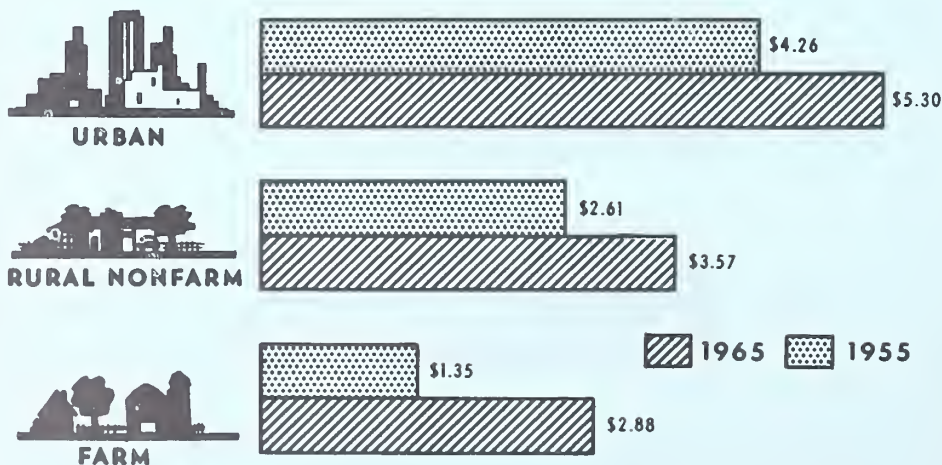
HOUSEHOLD FOOD CONSUMPTION SURVEYS.

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NEG. ERS 5406-67 (10) ECONOMIC RESEARCH SERVICE

COST OF MEALS EATEN OUT, BY URBANIZATION, 1955 AND 1965

Per Household per Week, Spring



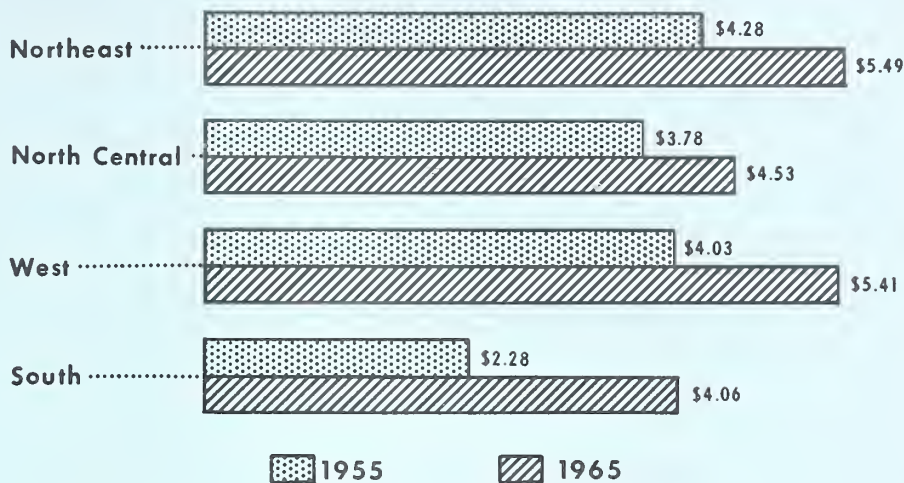
HOUSEHOLD FOOD CONSUMPTION SURVEYS.

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NEG. ERS 5410-67 (10) ECONOMIC RESEARCH SERVICE

COST OF MEALS EATEN OUT, BY REGION, 1955 AND 1965

Per Household per Week, Spring



HOUSEHOLD FOOD CONSUMPTION SURVEYS.

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NEG. ERS 5409-67 (10) ECONOMIC RESEARCH SERVICE

COST OF EATING OUT, BY INCOME LEVEL, 1965

Per Household per Week, Spring

INCOME
(\$ THOUS.)



HOUSEHOLD FOOD CONSUMPTION SURVEYS.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 5405-67 (10) ECONOMIC RESEARCH SERVICE

COST OF EATING OUT, BY HOUSEHOLD SIZE, 1965

Per Household per Week, Spring

PERSONS



 **Meals**

 **Snacks**

HOUSEHOLD FOOD CONSUMPTION SURVEYS.

