Do the Poor Pay More for Healthy Food? An Empirical Economic Analysis

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Objectives
1) Determine whether the cost of a market basket composed of representative regional food items that meet the 2005 Dietary Guidelines for Americans (DGA) differs from that of a market basket developed by Pennyslvania State University researchers to meet the Thrifty Food Plan (TFP) mean, based on the 1995 DGA.
2) Determine whether neighborhood demographic characteristics influence the cost of a healthy market basket of foods in that neighborhood.
3) Determine whether neighborhood demographic characteristics influence supermarket competition in the neighborhood.
4) Determine whether store size, type, and competition influence the cost of a healthy market basket in Baton Rouge, LA.

Methods and models
Primary data for the 2005 DGA market basket was gathered for 208 food items at 60 large grocery stores in the Baton Rouge, LA, metropolitan area. Costs for the TFP market basket were calculated using the methodology of Stewart that meets the 1995 DGA.

Background
Achieving greater understanding of pricing in the retail food industry remains an important goal of researchers and policymakers. For example, Hayos mentions that the composition of a local food environment can impact the purchasing power of consumers, including Supplementary Nutrition Assistance Program (SNAP) recipients. The allocation of SNAP benefits and the food environments in other parts of Southeastern Louisiana. Therefore, the allocation of SNAP benefits and the food environments, including SNAP benefits and the food environments, may be affecting the normality of the residuals developed by Stewart.

Results
The mean two-week 2005 DGA market basket cost of $272.71 was higher than the TFP market basket cost of $262.50. INCOME was positively related to TFP market basket cost and 2005 DGA market basket cost for regression. The mean 2005 DGA market basket cost of $262.50 was higher than the TFP market basket cost of $272.71. January 2005.

Figure 2: Map Identifying the Locations of Large Grocery Stores in the Baton Rouge, LA, Metropolitan Area.

Conclusions
A healthy market basket does not cost more, on average, at large grocery stores in low-income areas. Chain stores and supermarkets were found to have the lowest average market basket costs. A visual assessment of the dispersion of chain and supermarket stores shows low-income populations may be disadvantaged by a low level of chain and supermarket investment, especially in rural areas. This finding is similar to that reached by Kaufman on a regional scale.

Literature cited


1. Significant at 10% level
2. Significant at 5% level
3. Significant at 1% level

Note: one observation was much more expensive than the other market baskets and was thus excluded in some of the analyses for comparison because it was viewed to be affecting the normality of the residuals.