

Expenditures For Food

Up 50 percent

by Elmer L. Menzie & C. Curtis Cable, Jr.*

Total personal consumption expenditures for food in the United States were estimated to exceed \$100 billion in 1969, an increase of about 50 percent over 1960. The increase was due to such factors as rising population, higher prices, more services and more expensive diets. There was, however, an estimated increase in real per capita consumption of food of nearly 6 percent during the 1960s.**

While expenditures on food have

been rising, the percentage of personal income spent on food has been declining. In 1960, food expenditures represented 20 percent of the total disposable personal expenditures. The U.S. spent the lowest percentage of income on food of any country in the world.

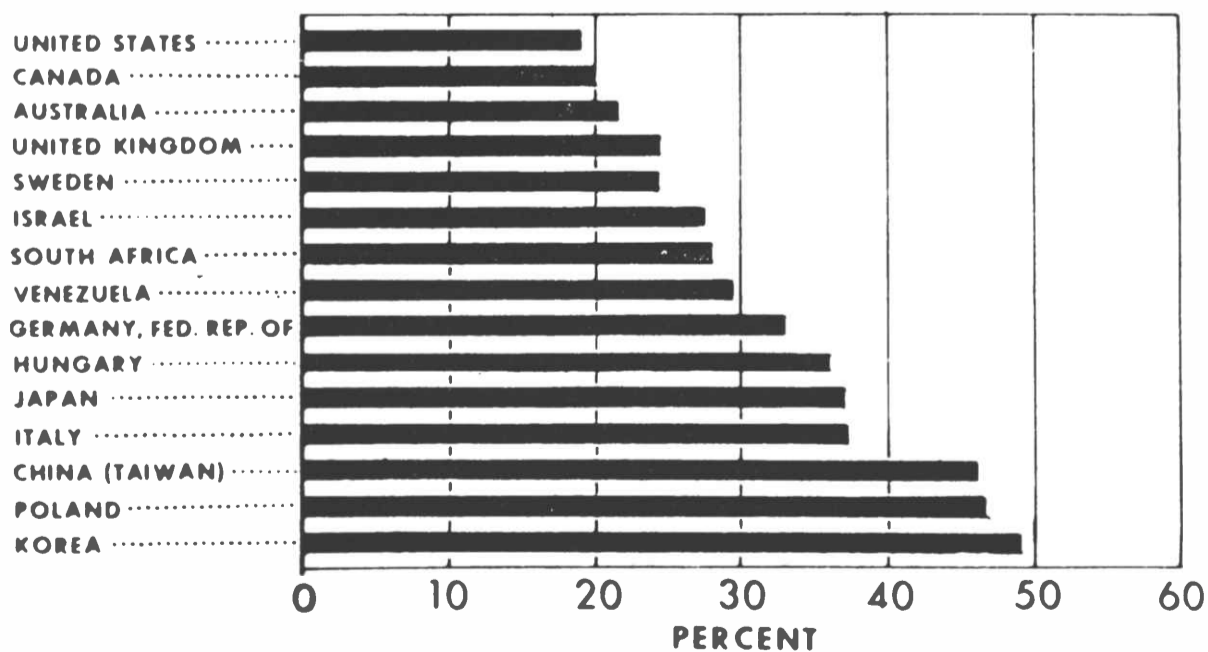
Significant shifts have been occurring in food expenditures which have forced changes in both production and distribution patterns. Food consump-

tion expenditures away from home have risen from 17.5 percent of the total in 1960 to nearly 20 percent in 1970. Food consumed at home has changed substantially both in terms of form and content. Consumers are demanding more preparation, better packaging and greater uniformity of product. Service and quality, especially in terms of appearance has become increasingly important.

Meat products including fish and poultry, now account for about 25 percent of the food budget and are continuing to increase. Per capita consumption of beef rose from 82.1 pounds in 1957-59 to nearly 114 pounds in 1970. Pork consumption however, remained fairly stable at 60 to 65 pounds, while veal, lamb and mutton declined to less than 4 pounds each. Chicken increased from 27.5 pounds to more than 39 and turkey from 6.0 to more than 8.

Dairy products and animal fats and oils have in general declined in consumer diets. Fluid milk and cream consumption declined from 337

Figure 1. Food's Share of Total Expenditures, Selected Countries, 1967

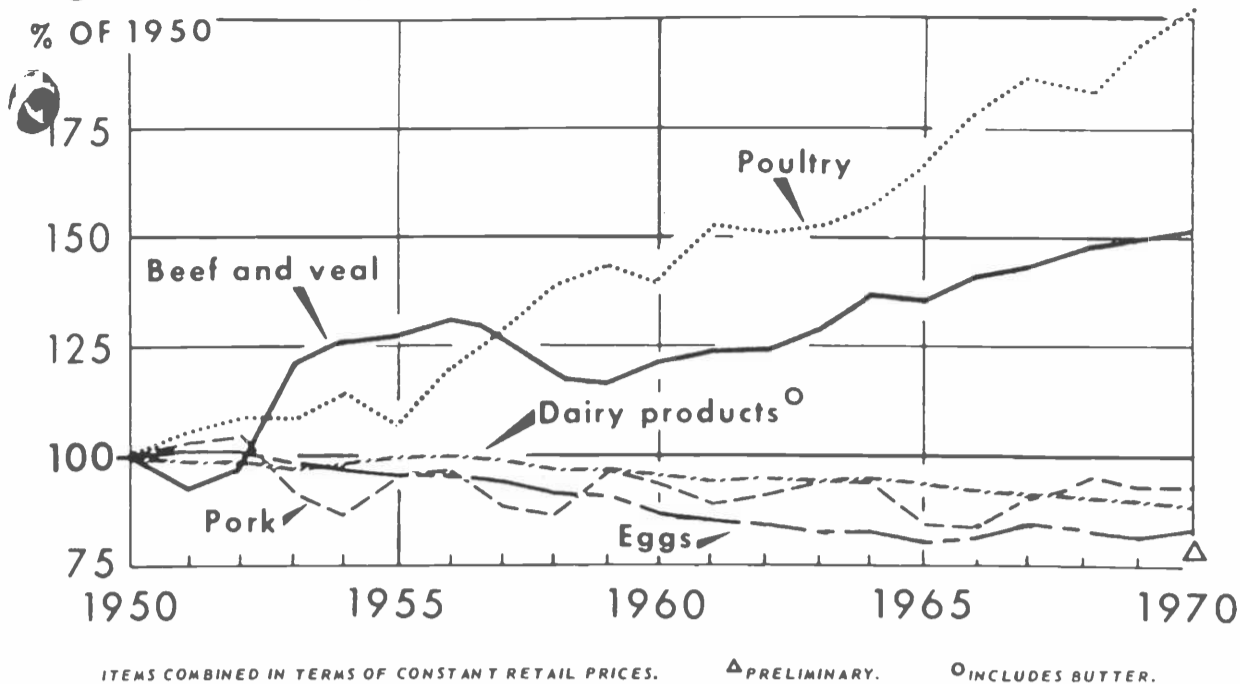


* EXPENDITURES FOR FOOD AS A PROPORTION OF TOTAL CONSUMER EXPENDITURES. BASED ON UNITED NATIONS DATA

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**This estimate, as computed by U.S. Department of Agriculture, Economic Research Service, was developed by combining quantities of food consumed in terms of 1957-59 retail prices.

Figure 2. Per Capita Consumption of Selected Livestock Products



pounds per capita in 1957-59 to 271 in 1969. The trend is continuing downward. The same is true of butter. Animal fats and oils consumption declined by more than 25 percent in the past 10 years. Some of the decline in dairy products has been due to concern about fats, both type and amount, in the diet. Much of it is due however, to introduction of lower priced substitutes which continue to be improved. Vegetable oils have obviously been a major contributor to the dairy decline, the consumption of which has risen nearly 50 percent per capita in the last 10 years.

Shifts have occurred in other products as well, although of less significance. For example, per capita consumption of fresh fruits and vegetables has declined in favor of processed products. Fresh potato consumption dropped over 25 percent in the 1960s while processed potato consumption doubled.

Various factors such as family background, culture, religion and type of employment affect food consumption patterns but income levels are most influential. According to a USDA food consumption survey in 1965, per capita expenditures on food were directly related to income levels, as was the amount spent outside the home. For example, individuals from households with after-tax income between \$2,000 and \$3,000, spent less than \$8.00 per person per week on food with only about 10 percent of the expenditure away from home. Those with incomes exceeding \$15,000 spent \$16.91 per person on food, nearly 29 percent of which was spent away from home.

Total expenditures were twice as large for the higher income group but amounts spent away from home were several times greater.

Some interesting effects on consumption of individual foods may be observed relative to income levels. Per capita meat consumption per week in families with \$2,000 to \$3,000 after-tax income was 2.87 pounds, while for those with \$15,000 and over it was 5.21 pounds. Most of the additional consumption for the higher income group occurred in higher priced roasts. Lower income groups consumed higher per capita amounts of flour, cereal pastes, sugar, sweets, dried vegetables, beans, cabbage and beets. Higher income groups consumed much more fresh milk, cheese, butter and bakery products. Con-

sumption of certain types of fresh vegetables and fruits such as tomatoes, asparagus, lettuce, celery, cucumbers, strawberries, apples, bananas, melons and citrus fruits also increased as incomes increased. Variations in consumption of various processed foods may also be observed.

If incomes in general continue to rise, it is probably safe to assume that consumption patterns will follow similar trends to those experienced in the past. This means: increasing amounts of money per capita can be expected to be spent on food, but a larger share will go for food bought outside the home, for increased services and for relatively higher priced foods. Meat consumption will continue to grow as lower income groups move up and demand for higher priced cuts will increase relative to the total meat demand. The same will be true of other commodities which have been shown to be preferred in diets of those with higher incomes. Some items such as cheaper meat cuts, flour, sugar, processed milk, etc., are not likely to experience the same healthy growth.

While past trends do help suggest future growth patterns, caution must be exercised in the predictions. Tastes and preference patterns can and will change. New foods and systems of handling current foods will affect future diets. Synthetics, such as have been developed for dairy and meat products can be expected to expand. The speed of these developments and their acceptance will depend a good deal on the quality, price and services provided by traditional food suppliers.

Figure 3. Per Capita Consumption of Selected Crop Products

