Food Expenditures by U.S. Households: Looking Ahead to 2020

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Introduction

By 2020, the U.S. population is projected to grow by another 50 million, creating a base of 331 million people to feed. This steady population expansion is expected to fuel a 26-percent increase in U.S. food expenditures between 2000 and 2020. With food spending approaching $800 billion per year, annual food sales by supermarkets, restaurants, fast food outlets, and other retail food establishments will increase $208 billion by 2020.

Aggregate growth in food expenditures driven by population increase, however, is only one aspect of how changing consumer demand will affect the future of the U.S. food system. The demographic profile of the U.S. population in 2020 will differ from today's in ways that have implications for what people will eat, where they will eat, and the product characteristics that will command the consumer's food dollar. These future dietary and food choices will affect not only the health of the U.S. population but also the organizational structure of the food industry and the economic well-being of farm-

ers and other participants in the food production and marketing system.

We can summarize the demographic shifts likely to occur between 2000 and 2020 as follows: the U.S. population will be somewhat better off economically, older, better educated, and more ethnically diverse. Population density will also have shifted somewhat toward the South and West and, consistent with the aging trend, households will be smaller. These demographic shifts, when added together in an economic model, signal important trends ahead for the food sector.

This report focuses on household expenditure patterns for 16 food groups. We used a set of comprehensive behavioral models to isolate the net effect of income and other socioeconomic characteristics on household food expenditures. The models were then applied to explore shifts in consumer food demand that will result from changes in the socioeconomic characteristics of the domestic population. This work is particularly timely, as the projections are based on the most recent (2000) census data.