COVID-19 Food Channel Expenditure Shares: Trends Across Time and Consumer Perceptions

**Terms:** Expenditure or market shares: the share of reported food expenditures reported for each market channel as a percentage of the total food expenditures reported.

Previous Consumer Food Insights focused on the changing use of food marketing channels over the course of the pandemic. To explore further, the share of food expenditures in these same channels is presented to track the changing flow of dollars across the food sector. Consumers shop in a diverse set of food marketing channels, but COVID-19 caused many consumers to reassess their values and change their plans for future purchases, which may have shifted their spending patterns.

**Fig. 1: Food Expenditure Shares by Channel, September 2020**

- **Large Format Grocery:** 55.17%
- **Restaurants:** 14.33%
- **Niche, Independent & Specialty Stores:** 12.49%
- **Limited Selection:** 11.73%
- **Direct & Farmers Market:** 3.14%
- **Boxes & Meal Kits:** 3.13%
To summarize the use of different food marketing channels succinctly, Figure 1 presents the September 2020 food expenditure shares by category (combining some similar marketing channels to streamline information). Again, large format groceries are still the key source of food, but even the smaller shares spent through niche, local and limited selection markets is notable when one considers the $800 billion spent on food purchased to eat at home annually in the United States. Digging into the data deeper shows there is an increasing share of dollars flowing to those more independently owned and locally focused markets.

**Fig. 2: Weekly Food Expenditure Shares by Market, Changes Between September 2019 and September 2020**

Changes in Food Expenditures Across all Market Types During the COVID Era

Figure 2 shows a summary of reported food expenditures by our respondents for the September 2019, April 2020 and September 2020 periods. A couple of important things to note:

- The drop in weekly food expenditures in April 2020 (from a $150 to $135 weekly or a 10% drop) mimics the drop in expenditures reported by various US government sources.
- Supercenters gained the most “market share” but small, independent and artisan food stores (such as bakery, butcher, cheese) also made gains through September 2020.
- In total, restaurants saw the biggest decline in “market share”, likely due to COVID-19 public health restrictions, but started to recover by September 2020. Independent restaurants experienced the biggest swing in consumer expenditures (i.e. the biggest drop and recovery in summer 2020).
How Do Perceptions of Food Markets Affect Expenditures?

Local and regional food market managers are interested in how spending patterns may vary by perceptions of how their market strategies align with consumer priorities, perceptions and values. Table 1 shows the “market shares” presented in Figure 1 for all consumers, but also translates these to monthly food expenditures to ease comparison. To show differences across consumers, with a particular focus on who reported strong local food values and attitudes, “market shares” and monthly household expenditures were recalculated for just those who were expected to search for markets based on specific local food values.

<table>
<thead>
<tr>
<th>Respondents with Strong Food Values and Beliefs*</th>
<th>Large Format Grocery</th>
<th>Niche, Independent &amp; Specialty Stores</th>
<th>Limited Selection</th>
<th>Direct &amp; Farmers Market</th>
<th>Food Boxes &amp; Meal Kits</th>
<th>Restaurants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure share Monthly $ spent</td>
<td>55.17%</td>
<td>12.49%</td>
<td>11.73%</td>
<td>3.14%</td>
<td>3.13%</td>
<td>14.33%</td>
</tr>
<tr>
<td>Total Sample (n=4694)</td>
<td>$331</td>
<td>$75</td>
<td>$70</td>
<td>$19</td>
<td>$19</td>
<td>$86</td>
</tr>
<tr>
<td>Is Locally Grown** (n=1563)</td>
<td>46.29%</td>
<td>17.11%</td>
<td>12.61%</td>
<td>4.94%</td>
<td>5.25%</td>
<td>13.79%</td>
</tr>
<tr>
<td>$278</td>
<td>$103</td>
<td>$76</td>
<td>$30</td>
<td>$32</td>
<td>$32</td>
<td>$83</td>
</tr>
<tr>
<td>I believe local food products are easily available (n=1654)</td>
<td>47.51%</td>
<td>16.57%</td>
<td>12.21%</td>
<td>4.99%</td>
<td>4.74%</td>
<td>13.86%</td>
</tr>
<tr>
<td>$285</td>
<td>$99</td>
<td>$73</td>
<td>$30</td>
<td>$28</td>
<td>$28</td>
<td>$83</td>
</tr>
<tr>
<td>My purchase supports the food business I am buying from** (n=1979)</td>
<td>49.47%</td>
<td>15.38%</td>
<td>12.01%</td>
<td>4.28%</td>
<td>4.43%</td>
<td>14.43%</td>
</tr>
<tr>
<td>$297</td>
<td>$92</td>
<td>$72</td>
<td>$26</td>
<td>$27</td>
<td>$27</td>
<td>$87</td>
</tr>
</tbody>
</table>

* 6 or 7 on 7 point scale, where 7 is strongly agree
**Question asked: Suppose you are shopping for food and are deciding what to buy, how important is it that....:
Local Food Enthusiasts

For the 1/3 of consumers who reported that food being locally grown was very important to them, on average, they spent relatively less ($278 vs. $331) at large format grocery stores.

Instead these “local food enthusiasts” reported relatively more spending ($103 up from $75) at niche, independent and specialty stores (such as local chains, butchers and bakeries), farmers markets and direct markets ($80 vs. $19), and boxes and meal kits ($32 vs. $19).

Similarly, those that strongly agree that local food products are easily available (again, about 1/3 of the sample), also spend almost $50 less per month at large format groceries, and instead spend an average of $44 more monthly in local markets, specialty stores and meal kits.

Looking Into the Future

Buying habits during the COVID-19 pandemic changed markedly, and many new habits may persist after public health concerns subside, but one of the most important questions to food system stakeholders is how consumers intend to make food purchases moving forward. To inform those food market managers planning for the future, Figure 3 shows the response to the question, “During the next year, do you expect that you/your household will purchase more, about the same, or less food from this type of retailer than you do now?” delineated by market channel.

The majority of consumers reported they plan to maintain current patterns, but Figure 3 shows the share of respondents who plan to shop more (green bars) or less (blue bars) at various venues. Meal kits, farmers markets (as well producers selling direct), supercenters, and food boxes appear most likely to gain new customers in the future.
There were shifts in food expenditures to some local and regional food markets, particularly small, independent food stores and artisan food stores (Figure 2). These are important market access points for local producers as well.

There are opportunities to target those households who show a tendency to buy from more local food businesses (Table 1), but farmers, ranchers and food businesses should consider how they can share information to give buyers transparent evidence their products are locally grown and that their local food values align with the customer’s local food values.

Examples of information that could be shared include: a map of farm and location of markets and restaurants where farm products can be found; number of years the business has been part of the community; and, information about the farmer or business owner the customer is supporting.

Restaurants do not seem to gain business from local food buyers, even if independent and locally owned. Perhaps local restaurants who do want to position themselves with local food enthusiasts will see these results as a reason to align with the local producers and food markets to jointly promote the local food scene in their community.

**Take Away Messages for Food Businesses**

1. There were shifts in food expenditures to some local and regional food markets, particularly small, independent food stores and artisan food stores (Figure 2). These are important market access points for local producers as well.

2. There are opportunities to target those households who show a tendency to buy from more local food businesses (Table 1), but farmers, ranchers and food businesses should consider how they can share information to give buyers transparent evidence their products are locally grown and that their local food values align with the customer’s local food values.
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