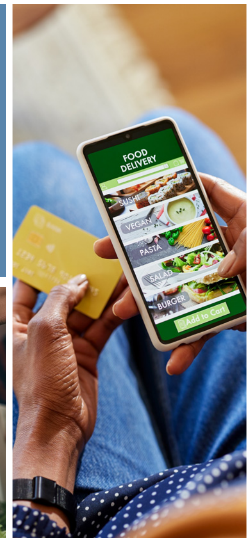
USDA Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE

Local Food Systems Response to COVID
Consumer Food Insights 3.0



Post COVID-19 Food Spending and Channels: A Look at Trends and Consumers' Changed Behaviors

Highlights from nationwide survey of food behavior

- **Sample size** = Over 4,500 respondents
- **Timeline** = Conducted Winter 2023 and captures behavior in 2 time periods (October 2022 & October 2023) with questions about broader changes since the pandemic began
- **Objective** = Understand changes in U.S. consumer food behavior during and after COVID-19
- **Focus** = Implications for local and regional food systems

Terms

LRFS = Local and Regional Food Systems

FAFH = Food eaten away from home

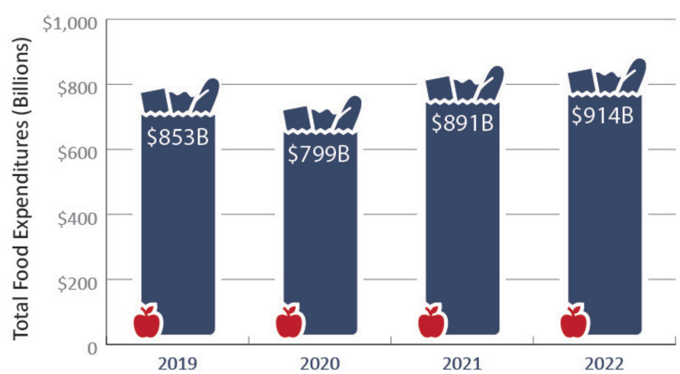
FAH = Food eaten at home

Food at Home Expenditures Remain High as Food Away from Home Rebounds

In 2020, the U.S. spent $1.56 trillion on food; a 5.6% reduction from 2019. But, by 2022, with increased household income and relaxed safety measures, all food spending increased by over 15% compared to 2019. FAFH spending recovered and grew relative to the pre-COVID period (by an almost 10% increase), and in contrast, FAH spending increased through 2021, but with only a 2% decline in 2022 (as FAFH recovered). As a result, spending on FAH is up over 6% compared to 2019, even when adjusting for inflation.

In past research completed by this team on consumer food buying behavior during COVID, there was always curiosity about what trends would persist when markets returned to "normal," but it was never considered that there would be a permanent increase in spending on food, so in this survey it is explored further.

Figure 1. Total U.S. Food Spending (Inflation-adjusted, billions of dollars)

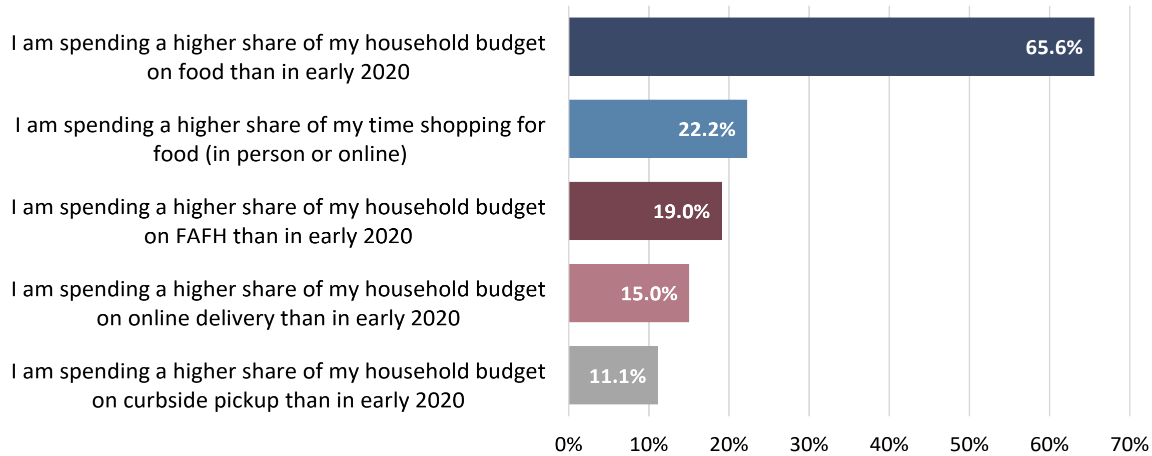


LFS-CFI-3.02
June 2024

Changes in Food Shopping Between 2020 and 2023

In addition to previously asked questions, consumers were asked to more broadly assess their changed behavior and attitudes about food purchases since early 2020. Figure 2 indicates that a majority of households (65.6%) did recognize they were spending more of their household budget on food, including increased shares on FAFH (19%), curbside pickup (11.1%) and online delivery (15%).

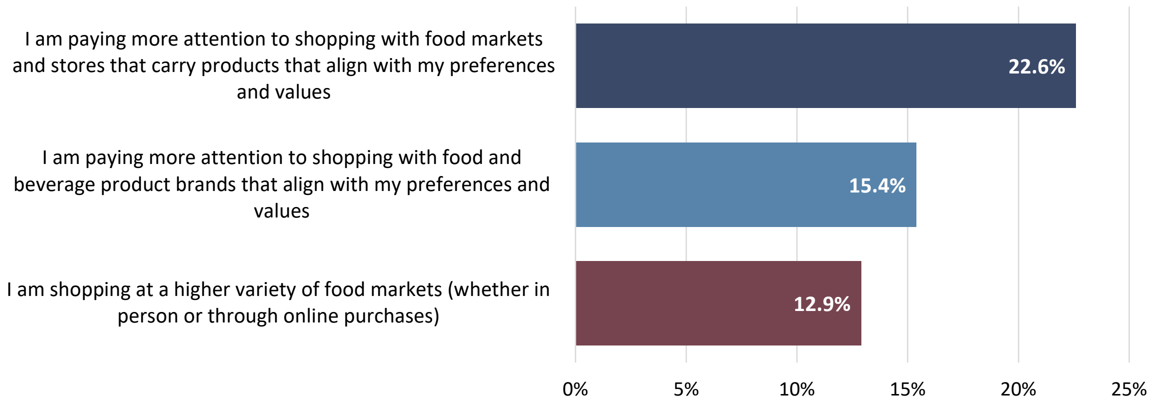
Figure 2. In 2023, how has your food purchasing behavior changed since early 2020? (check all that apply)



So, in addition to FAFH spending's complete recovery from initial downturns in spending, this may signal a new and sustained shift to curbside and delivery online purchases among US households. Finally, buyers are also noting they are spending more of their time shopping for food, which was unexpected given the perception that online options align with the convenience of saving shoppers' time.

In addition to questions on spending and time, consumers were also asked about if their motivations and preferences have changed since 2020, and Figure 3 shares that a notable share of consumers are paying more attention to markets and brands (23% and 15%, respectively) that align with their preferences. Perhaps this search of values-aligned markets explains why 13% are shopping at a higher variety of markets since 2020 as well.

Figure 3. In 2023, how has your food purchasing behavior changed since early 2020? (check all that apply)

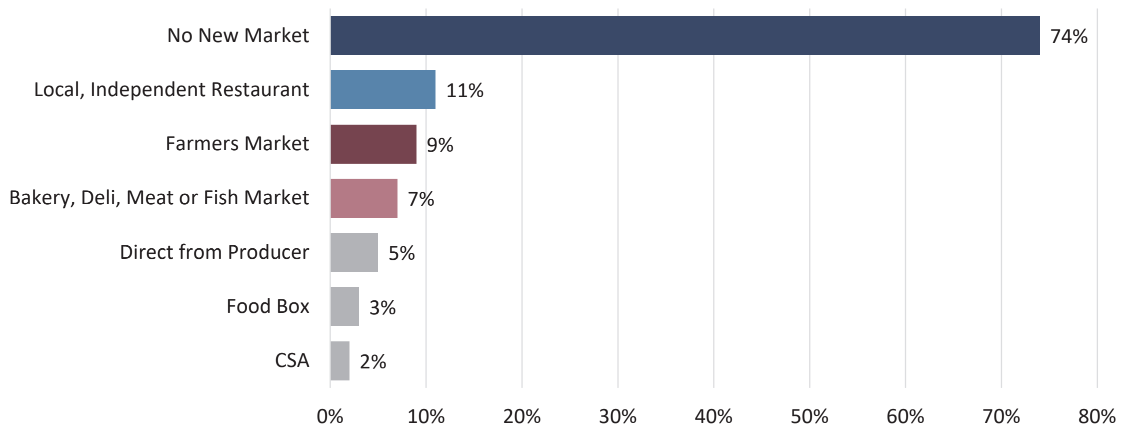


Consumers are Buying Across a More Diverse Set of Food Marketing Channels

The survey asked questions relating to the changing use of food marketing channels since the onset of the COVID pandemic to track perceived consumer dynamics based on the information shared above. In short, these changing patterns for values-based food shopping and food expenditures across the food sector appear to be leading consumers to buy from a more diverse set of food marketing channels.

Similar to a question also asked and reported in Consumer Food Insights CFI 1.02 and CFI 2.04 (https://lfscovid.localfoodeconomics.com/consumer-food-insights/), over one-quarter of respondents had tried a new market channel in the past six months, so even now consumers are continuing to spend at a higher variety of markets. These trends will be explored further in subsequent CFIs.

Figure 4. Have you purchased from a new market channel in the past 6 months? (check all that apply)



Take Away Messages for Food Businesses

1. There appears to be a permanent shift in food expenditures across all food market channels, and it is an opportunity for all channels given the share of households also spending in more channels.
2. While local food businesses may not benefit from all the additional economic activity, it appears there are strategies they can take to position themselves well with new customers, including a focus on sharing their mission and values (of their own market and the brands they carry), and offering online purchasing options.
3. Since local, independent and artisan food shops and restaurants are also gaining some new customers, it may be timely to explore new partnerships, particularly as these findings show they could benefit if their customers seek and find products and brands in their stores and menus that align with their preferences and values.

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