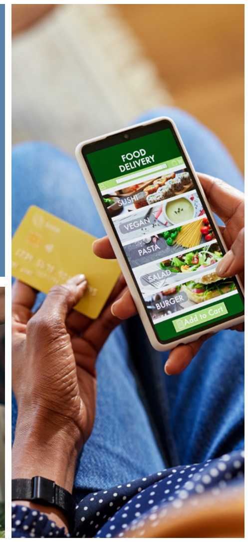
USDA Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE

Local Food Systems Response to COVID

Consumer Food Insights 3.0






Changes in Expenditures at Local Food Market Channels in Different Sized Communities

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

Introduction and Definitions

In this Consumer Food Insight (CFI), we evaluate changes in local food expenditure in eight distinct market channels by community size. We compare these changes at three distinct time intervals:

Sept 2019 — Sept 2020
Baseline for changes in expenditures in the first year of COVID.

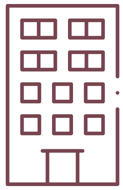
Oct 2020 — Oct 2021
Evolution of shopping patterns as consumers began to acclimate.

Oct 2022 — Oct 2023
Consumer behaviors adjusting to a new set of norms.

As discussed in previous CFIs, many consumers tried new market channels in the first year of COVID. In this CFI, we evaluate whether and to what extent COVID-related changes persist as measured by expenditure changes at local market channels. We evaluate these changes in the context of different community sizes as it is likely that communities of different sizes have varying opportunities to access local food markets. To understand the relationship between expenditures and community size, we matched each respondent's zip code to USDA ERS's county-level 'Rural Urban Continuum Codes' (RUCC).[1] Using these codes, we placed respondents into three groups.

1 https://www.ers.usda.gov/data-products/rural-urban-continuum-codes.aspx

LARGE: Metropolitan counties with population above 1 Million



MEDIUM: All other metropolitan counties

SMALL: Non-metropolitan counties

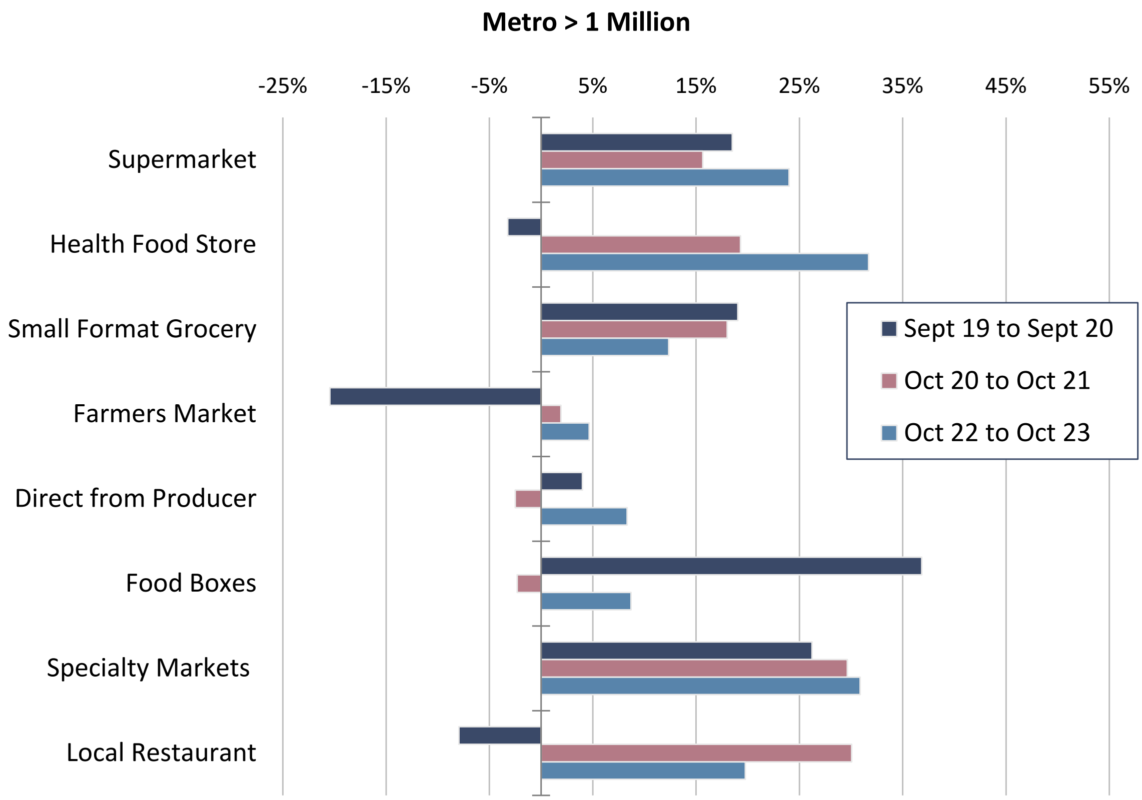
We present data related to expenditure changes at market channels where consumers are likely to find locally produced or raised foods. Each respondent was asked to estimate their weekly expenditures in eight distinct local market channels at two distinct time periods – the previous month of that year and the same month in the previous year. For each time period, respondents gave an expenditure value for each market channel.

Our goal was to see whether the magnitude of expenditure changes in local food market channels differed for residents in different community sizes. We calculated the percentage expenditure change in each market channel for all individuals[2] at three distinct time intervals.

Weekly Expenditure Changes by Local Market Channel & Community Size

Figures 1 – 3 present expenditure changes in each time interval by community size segments. Each figure presents changes from a different community size class.

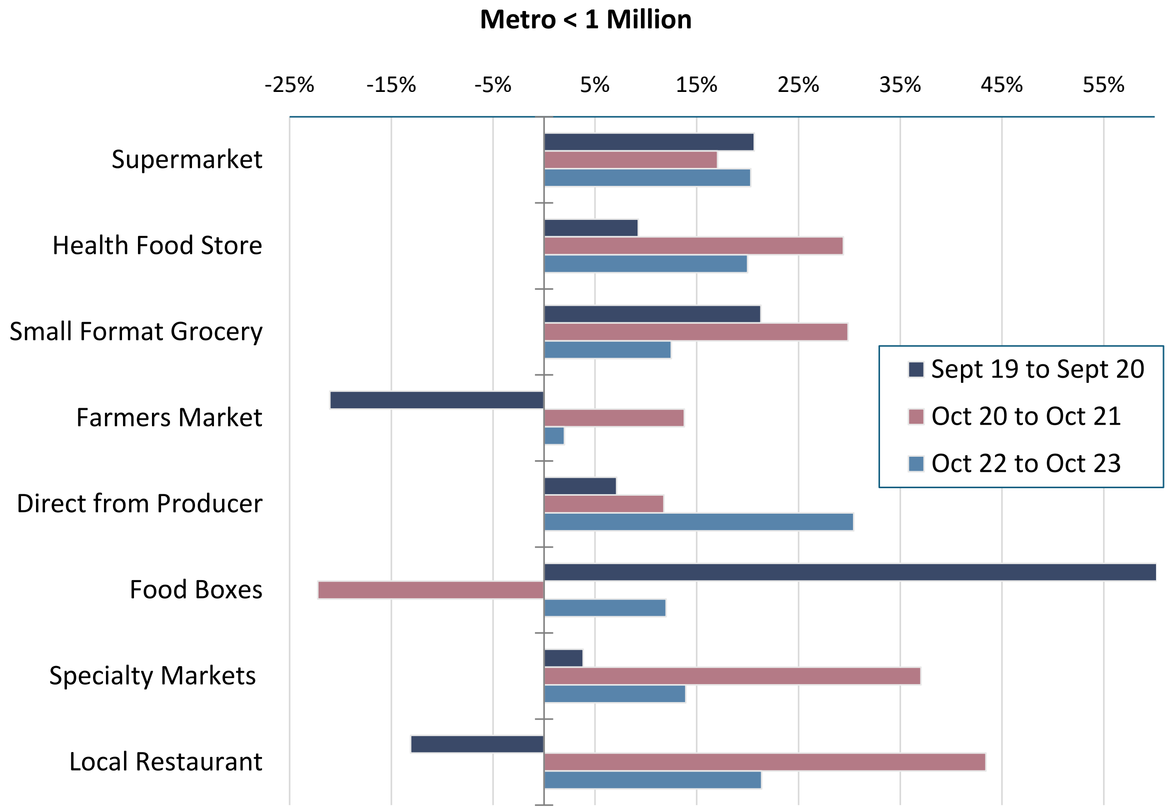
Figure 1. Change in Weekly Expenditures by Local Market Channel in Large Communities



2 In previous CFIs, we only considered changes in market channel expenditures for individuals who provided an expenditure amount for a particular market channel. In this CFI, we assume that a non-response for an expenditure in a market channel means that they did not shop at that type of market. The previous CFIs, then, provide insights into changes for individuals actively using a particular market channel. This CFI considers more general consumer behaviors.

Consumers in larger metro communities have steadily increased their expenditures on local foods in various retail markets including specialty markets, small format grocery, and supermarkets. Consumers spent less at health food stores initially but increased spending significantly since the first year of COVID. Spending on direct from producer items and food boxes both increased in the first year of the pandemic, decreased in the second year, and then increased again in more recent years. This reflects a pattern observed by technical assistance providers in the Community Supported Agriculture (CSA) sector where demand was extremely high in 2020, started dropping in 2021, and further dropped in 2022.[3] Spending at farmers markets initially fell, likely due to restrictions on how and when markets could operate, and then increased slightly in the following two intervals. Similarly, consumers initially spent less at local restaurants and then increased spending after businesses started reopening.

Figure 2. Change in Weekly Expenditures by Local Market Channel in Medium Communities

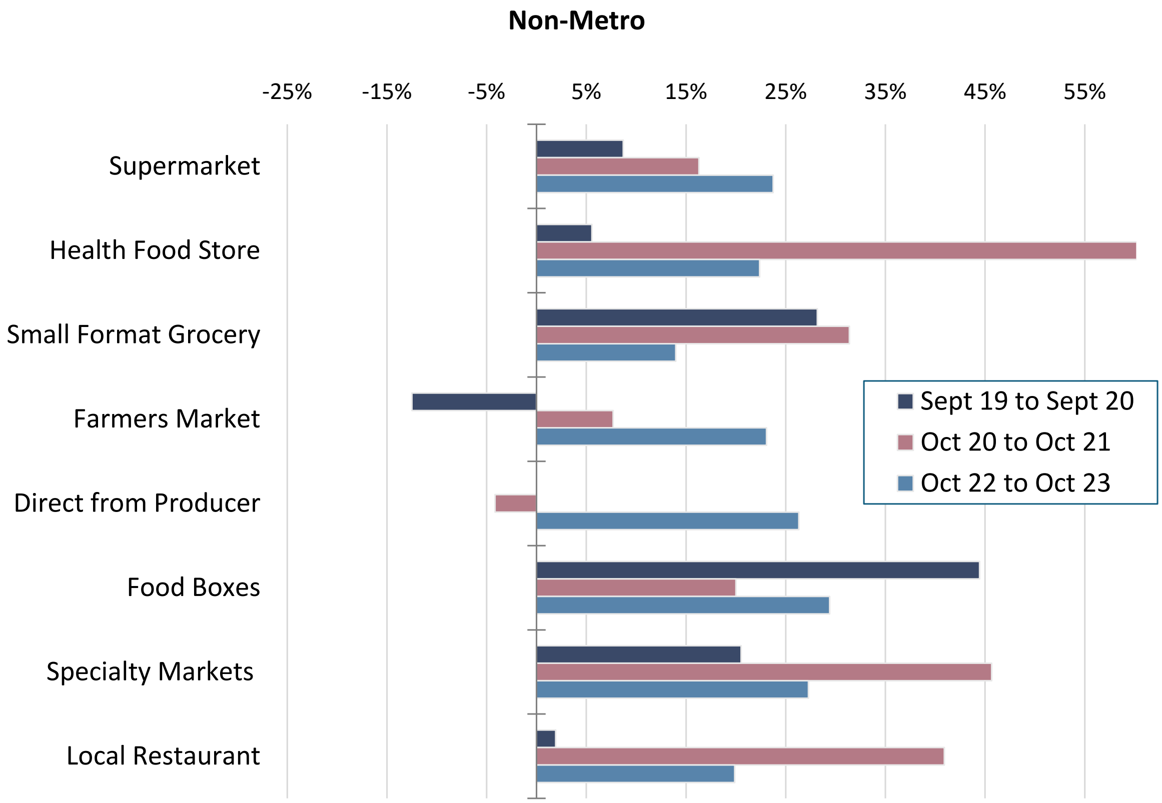


Medium communities had similar patterns of expenditure change in many market channels when compared to larger metro areas. Expenditures at health food stores, specialty markets, small format grocery, and health food stores increased at each time interval. Direct from producer purchases steadily increased at each interval. Consumers increased spending on food boxes in the first year of the pandemic while decreasing purchases in the second interval. More recently, consumers have returned to this market channel in medium sized communities. Finally, much like in the large community size class, spending at local restaurants and farmers markets was lower immediately after the start of the pandemic with increases since the second time interval.

Consumers in small communities had large increases in purchasing for many market channels since the start of COVID. Spending at all retail market types increased in each time interval. Food box purchasing has been consistently high. Consumers in non-metro areas initially had decreases or lack of expenditure changes at farmers markets and directly from farmers. However, in the most recent interval, there are indications that consumers are spending more in direct markets. Non-metro consumers consistently spent more at local restaurants in each interval.

3 Personal communication with the CSA Innovation Network - [www.csainnovationnetwork.org.](http://www.csainnovationnetwork.org)

Figure 3. Change in Weekly Expenditures by Local Market Channel in Small Communities



Take Away Messages for Food Businesses and Stakeholders

When comparing expenditure levels at different time periods, a few trends emerge. Generally, consumers – regardless of community size - seem to be continually spending more at all retail market types (health food store, specialty retail, small format grocery, and conventional supermarkets). Farmers market expenditures have generally increased after the first year of the pandemic, though the greatest increases have come from non-metro communities.

Direct from producer purchases have also increased with the strongest increases coming from medium-sized communities. This market channel includes CSA and excludes farmers markets. While large communities had the smallest increases in direct purchases, small communities increased greatly in the most recent interval. The latter trend is compelling and deserves more scrutiny. Perhaps pandemic-related investments into farmers markets, local food infrastructure, and local product marketing are increasing consumer awareness in smaller communities.

Similarly, food box expenditures increased immediately after the start of COVID for all communities, and then increased less or decreased in the second year of the pandemic. Recently, consumers have been returning to this market channel. Given that the initial wave of food box purchases was likely tied to supermarket supply chain shortages and food relief efforts, it is compelling that spending on this channel has increased recently. Have investments in food hub and/or aggregation infrastructure made box products more available? Has consumer awareness of box products increased to the point where more people are seeking out CSA-adjacent arrangements? Are consumers buying in bulk more often? Is this increase in spending tied to new food relief programs?

Consumers are also spending more at local restaurants, so to some extent, the restaurant industry has recovered from the initial impact of closures during the pandemic. However, many restaurants did not survive, and menu prices have increased substantially. Further research is needed into whether these businesses are dropping local/regional products to save on costs.

Finally, despite increases in restaurant spending, increased consumer spending at retail, farmers markets, and food boxes may suggest continued trends of eating more food at home. It also indicates that consumers have continued to diversify their use of food market channels. Both trends have been observed since the beginning of the pandemic and are occurring regardless of community size. The main takeaway then is that while retail market channels remain popular venues for food purchasing, consumers continue to purchase food directly from a variety of direct and intermediated markets. Consequently, food businesses operating at local and regional scales may continue to find these markets to be viable opportunities for reaching consumers.

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