


# Where are Shoppers Spending on Food?

Article



Are consumers eating out more frequently or are they preparing more meals at home? That depends on who you ask.

According to new **NPD Group** data, over 80% of meals were prepared and eaten at home in 2017. US consumers dined out 185 times last year, down from the 2000 peak when that figure was 216. Additionally, half of all dinners purchased at restaurants are eaten at home now.

NPD points out the difference between spending and frequency since restaurant spending is up 2% this year, according to its research, but that is attributed to higher prices not increased

foot traffic.

In an October 2017 survey by **FMI**, on average the US consumer prepared 4.9 dinners at home per week. This would translate to 70%, which isn't completely out of line with NPD's figure, but adding in breakfast and lunch--meals often eaten outside the home or on-the-go--might bring the average down. In an April 2018 survey, though, that average had declined slightly to 4.6.

Perhaps consumers are eating more at home, but according to **Bureau of Labor Statistics** data they aren't spending more of their income on groceries than in the past. In 2017, the share of US consumer spending on food at home was 7.3% compared to 7.9% in 2000. Share of spending on food away from home was the same for both years: 5.6%.

Spending by age hasn't changed radically either. In both 2000 and 2017, the youngest (under 25) spent more of their income on going out to eat while the oldest (over 75) spent more of their money on eating at home. In pure dollar terms, ages 35-54, roughly Gen X, spent more on groceries and dining out than all other generations.

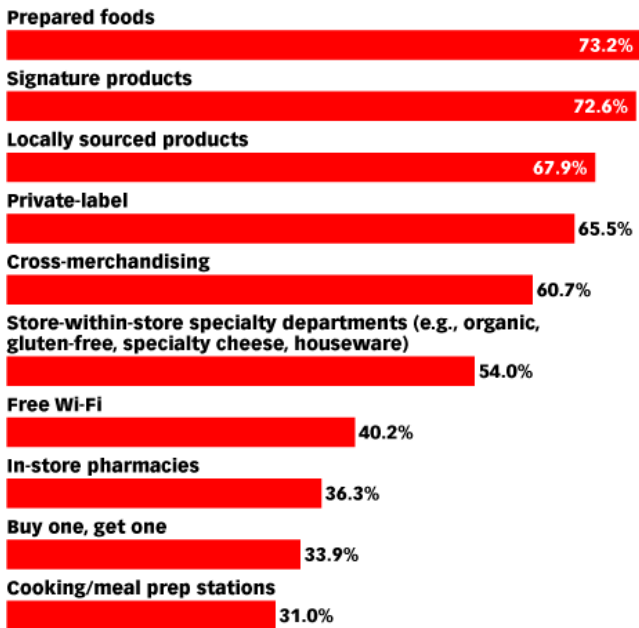
What does this mean for retailers? If increased frequency of dining at home is to be believed, that bodes well for the trend toward supermarkets offering more prepared foods, meal kits and dabbling in hybrid "grocerants." US grocery executives surveyed by **Progressive Grocer** cited prepared foods as the most important brand enhancement for 2018. Meal prep stations were deemed much less important but still were favored by close to one-third.

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## Important Merchandising/Brand Enhancement Services According to US Retail Grocery Executives, 2018

% of respondents

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Note: "very" and "extremely" important

Source: Progressive Grocer, "85th Annual Report of the Grocery Industry," April 15, 2018

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www.eMarketer.com

The FMI study also showed that a majority (53%) of those dinners made at home used a combination of scratch items and prepared foods. The leading reasons why a shopper would choose to buy prepared foods at a grocery store instead of going to a restaurant was the convenience of combining two errands (92%), better prices (83%) and more selection (82%), all qualities supermarkets could emphasize.

Meal kits are slightly different animal since **some consumers view them as poor value**. That's the No. 1 reason why subscribers cancelled, according to **Market Force**. But reasons why consumers gravitate towards meal kits also differ from prepared foods. Many like the convenience but also the experiential aspects like adding variety to meal planning (50%), because it's fun (44%) and exposure to new ingredients (40%).

It's no wonder why **Walmart launched its own meal kits**, Albertson's bought Plated and **Costco** partnered with Blue Apron. Rotisserie chicken and ready-made salads can only go so far in enticing shoppers to eat at home.