The Dollars and Cents of Food Expenses in 2022: Grocery Spending Holds its Ground as Dining Out Returns

Annual household spending on food at home (FAH) and food away from home (FAFH) totaled $9,343 in 2022, according to the Bureau of Labor Statistics' Consumer Expenditure Surveys. This figure reflects a 13% increase from 2021, not adjusted for inflation. With the easing of the COVID-19 pandemic, households have gradually resumed dining outside their homes. However, when adjusting for food inflation, FAFH expenditures have yet to surpass pre-pandemic levels, while FAH spending continues to increase, though at a slower pace (Figure 2).

To gain deeper insight into household grocery spending, aside from price fluctuations, FAPRI-MU researchers adjusted nominal expenditures on major FAH groups using respective CPIs. These group-level CPIs mirror price changes faced by households at the grocery store. While most major FAH groups demonstrated reduced real expenditures compared to pandemic years (i.e., 2020 and 2021), some continued to show consistent increases since 2019, even after factoring in price changes (Figure 1). Notably, real expenditures on pork products, fish and seafood, fresh fruits and vegetables, fats and oils, and nonalcoholic beverages have consistently increased within the 5-10% range. Real expenditures on eggs continued to rise, even after adjusting for a 30% increase in the egg CPI in 2022. Real expenditures on processed vegetables have slowed down but remain more than 10% higher than 2019 levels. In contrast, beef and poultry have experienced significant decreases.

It is important to note that Figure 1 only measures changes in FAH expenditures. If household consumption has shifted from cooking at home to eating out, a different trend may emerge in the overall aggregate consumption for these food groups. While it is challenging to determine whether changes in price-adjusted expenditures reflect any real impact on quantity or quality of goods consumed by households, the data suggest that U.S. households are shifting toward higher spending on dining out. However, households may have developed new preferences for food and home cooking that have persisted even after the pandemic subsided. It will be intriguing to see how emerging preferences and consumption behaviors unfold as food prices stabilize in 2023.

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