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Americans’ Food Spending Patterns Explain Devastating Impact of COVID-19 Lockdowns on Agriculture

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The USDA-ERS’ Food Expenditures by Outlet data provides insight as to why the COVID-19-related lockdowns have been so devastating for U.S. farmers. In 2018, American consumers bought a total of \$628bn worth of food at grocery stores (\$460bn) and warehouse clubs and supercenters (\$168bn) (see table and graph). But expenditures on food away from home exceeded that amount – \$680bn were spent at full-service (\$337.8bn) and limited-service (\$340.2bn) restaurants.¹ The COVID-19 pandemic-related social distancing and stay-at-home orders forced many restaurants to close and those remaining in business to switch to pick-up or delivery only options. Because restaurant supply chains are highly specialized and time sensitive, reallocation of these supply chains has not come quickly

enough to accommodate the shifts in consumption toward at home eating patterns.

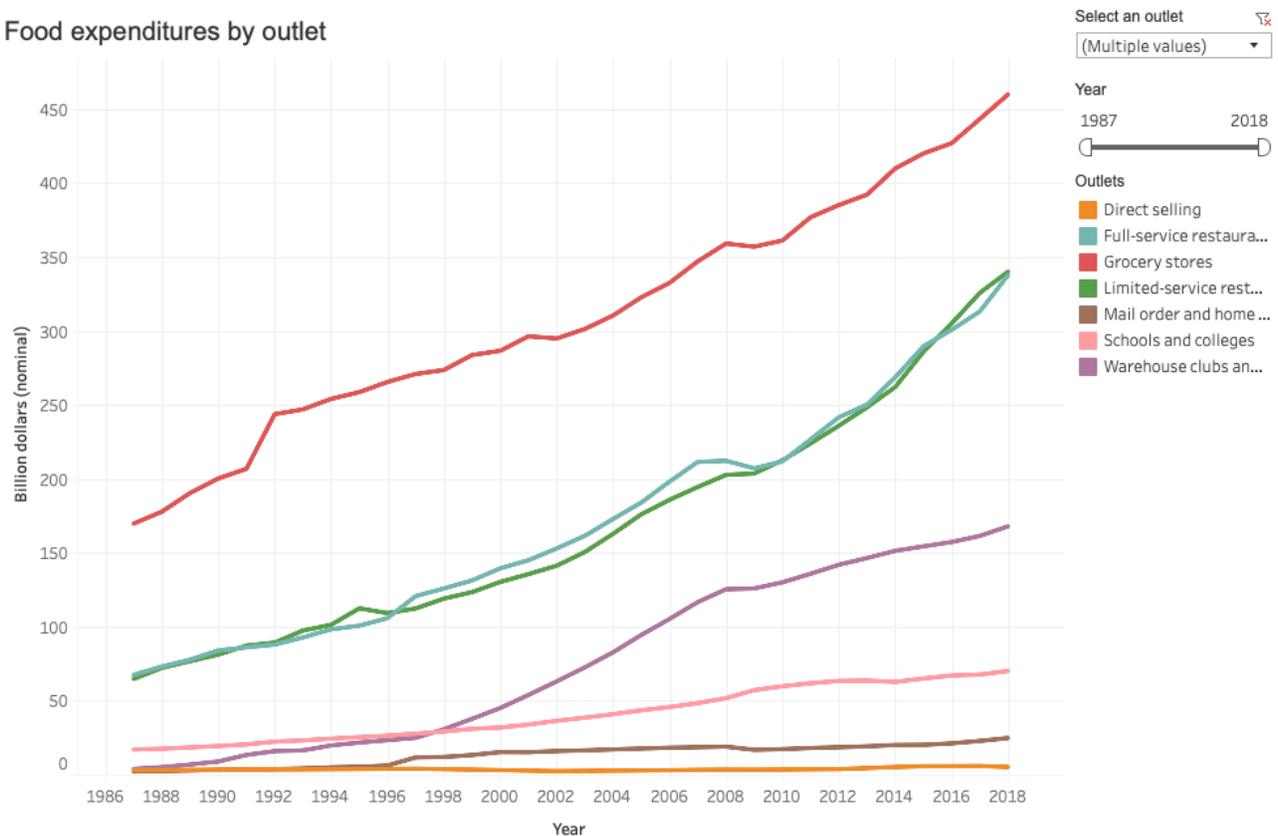
US Food Expenditures by Outlet	\$bn 2018	Percent
Grocery stores	460.0	27.2
Limited-service restaurants	340.2	20.1
Full-service restaurants	337.8	20.0
Warehouse clubs & supercenters	168.0	9.9
Other stores and foodservice	78.9	4.7
Schools and colleges	70.2	4.1
Food furnished and donated	45.6	2.7
Retail stores and vending	38.6	2.3
Hotels and motels	34.9	2.1
Recreational places	33.8	2.0
Mail order and home delivery	24.8	1.5
Other FAFH stores	24.3	1.4
Convenience stores	14.0	0.8
Mass merchandisers	9.2	0.5
Direct selling	5.2	0.3
Drinking places	5.2	0.3
Home production and donations	2.3	0.1
TOTAL	1,693.0	100.0
Data Source: USDA ERS		

While mail order and home delivery volumes, valued at \$24.8bn likely increased markedly in the last month, they represented only 1.5% of expenditures in 2018. On the other hand, Schools and colleges, Hotels and motels, Drinking places and Recreational places, accounting for an additional 12.6% of food expenditures, also have experienced dramatic reductions in demand. Perhaps most remarkable is the fact that Americans devoted only 0.3% of all expenditures on food to direct selling (these include farmers, manufacturers, and wholesalers²). Along with mail order and home delivery, direct sales by farmers are one of the few sectors that appear to be growing rapidly in the evolving COVID-19 pandemic despite social distancing-related constraints.

¹ Not all of this represents the value of agricultural products (a large share of this would be value-added in the form of rents and wages).

² <https://www.ers.usda.gov/amber-waves/2018/november/new-us-food-expenditure-estimates-find-food-away-from-home-spending-is-higher-than-previous-estimates/>

Food expenditures by outlet



<https://www.ers.usda.gov/data-products/food-expenditure-series/interactive-charts-food-expenditures/#outlet>
 Accessed April 29, 2020

The COVID-19 pandemic has resulted in historically unprecedented shocks to the U.S. economy and by extension to the food system. Never before have entire sectors of the economy been shut down, let alone on such short notice. While the implications for supply chains everywhere are profound, the food system may be disproportionately impacted. People will continue to eat, but where they obtain their food has changed dramatically. This has contributed to logistical bottlenecks in the supply chain, from not having enough workers in the field for processing or trucks on the roads, to problems of redirecting transportation contracts to get food to the right place at the right time, and bottlenecks in processing because of packaging and labeling requirements.^{3,4} These factors are compounded by the time-sensitive and perishable nature of food products and reproduction cycles of agricultural commodities, as well as the vulnerability of workers within the food system to COVID-19 infections.

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³ <https://civileats.com/2020/04/15/food-distribution-101-what-happens-when-the-food-supply-is-disrupted-by-a-pandemic/>

⁴ <https://www.scientificamerican.com/article/the-effects-of-covid-19-will-ripple-through-food-systems/>

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