

COMMENTARY ON COVID-19 AND THE FOOD SYSTEM

Americans' food spending patterns explain devastating impact of COVID-19 lockdowns on agriculture

JAFSCD
Responds to
the COVID-19
Pandemic



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The U.S. Department of Agriculture Economic Research Service's Food Expenditures by Outlet data provide insight as to why the lockdowns related to COVID-19 have been so devastating for U.S. farmers. In 2018, American consumers bought a total of \$628bn¹ worth of food, of which \$460bn was spent at grocery stores and \$168bn at warehouse clubs and supercenters (see Figure 1 and Table 1). But expenditures on food away from home exceeded that amount: \$680bn was spent at restaurants, \$337.8bn at full-service restaurants and \$340.2bn at limited-service restaurants.² The social

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¹ All amounts are in U.S. dollars.

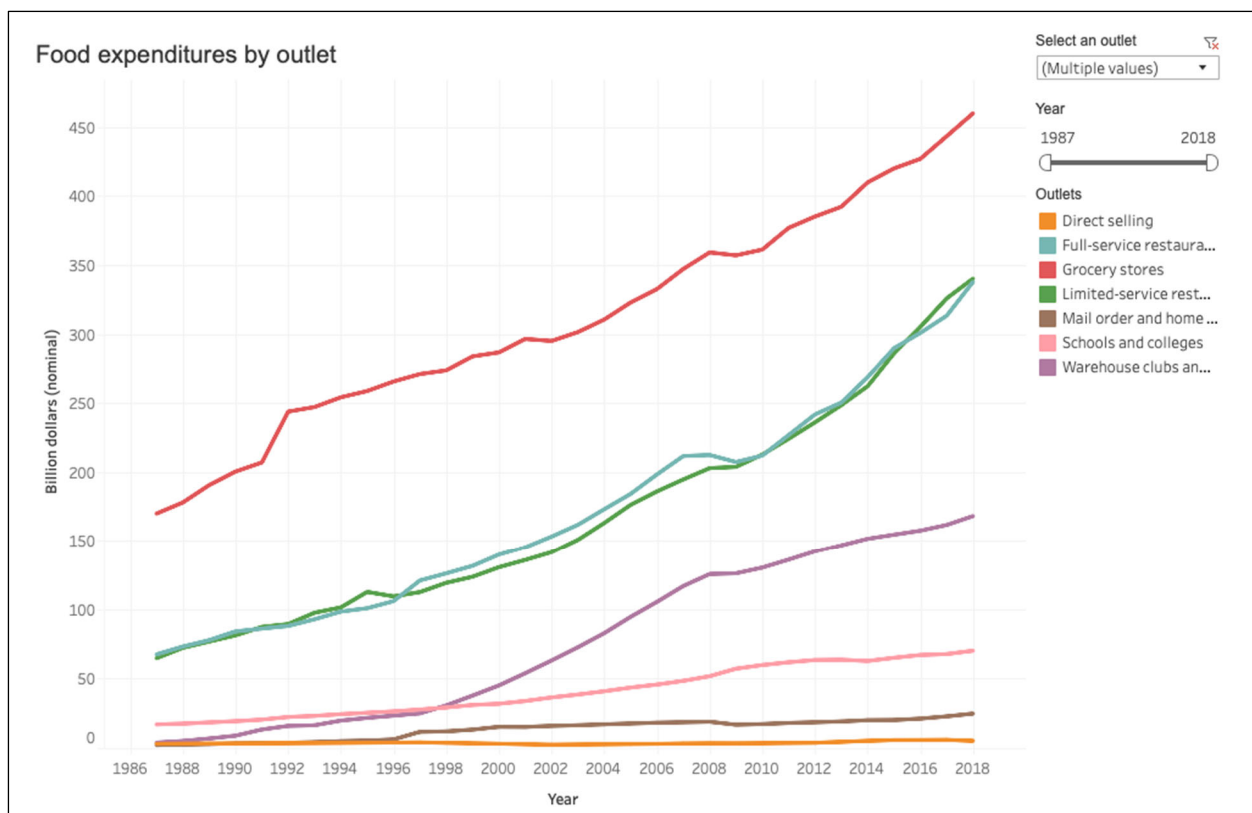
² Not all of this represents the value of agricultural products; a large share of this is value-added in the form of rents and wages.

distancing and stay-at-home orders related to the COVID-19 pandemic have 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.


While other expenditure categories are much smaller, they have experienced marked changes, some in opposite directions. For example, mail order and home delivery volumes, valued at \$24.8bn and representing only 1.5% of expenditures in 2018, have increased markedly in the last month according to anecdotal evidence. On the other hand, schools and colleges, hotels and motels, drinking places, and recreational places—accounting for an additional 12.6% of food expenditures—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 wholesalers) (Elitzak & Okrent, 2018). Along with mail order and home delivery, direct sales by farmers is one of the few sectors that appears to be growing rapidly during the evolving COVID-19 pandemic, despite social distancing-related constraints.

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 affected. People will continue to eat, but where they obtain their food has changed dramatically. This has contributed to logistical problems in the supply chain, from not having enough workers in the field for processing or trucks on the roads, to problems of redirecting

Figure 1. U.S. Food Expenditures by Outlet, 1987–2018



Source: U.S. Department of Agriculture Economic Research Service (n.d.).

transportation contracts to get food to the right place at the right time, and bottlenecks in processing because of packaging and labeling requirements (Held, 2020; Poppick, 2020). These factors are compounded by the time-sensitive and perishable nature of food products and the reproduction cycles of agricultural commodities, as well the vulnerability to COVID-19 infections of workers in the food system. 

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Table 1. U.S. Food Expenditure by Outlet, 2018

	Amount (\$bn)	Percent
Grocery stores	\$460.0	27.2%
Limited-service restaurants	340.2	20.1
Full-service restaurants	337.8	20.0
Warehouse clubs and 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 food away from home 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%

Source: U.S. Department of Agriculture Economic Research Service, n.d.