

Food spending over the recession

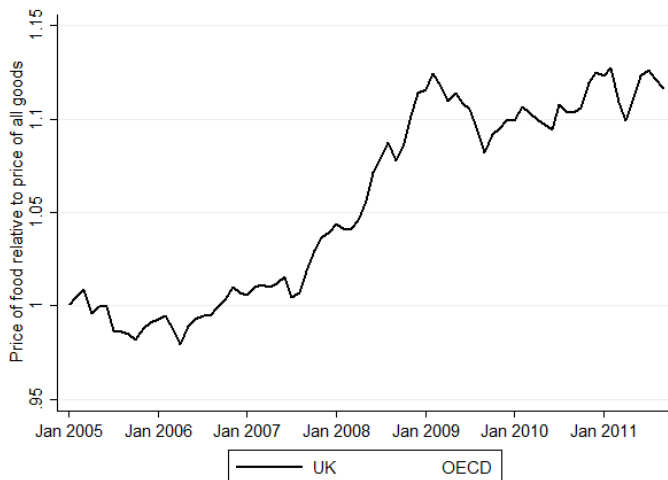
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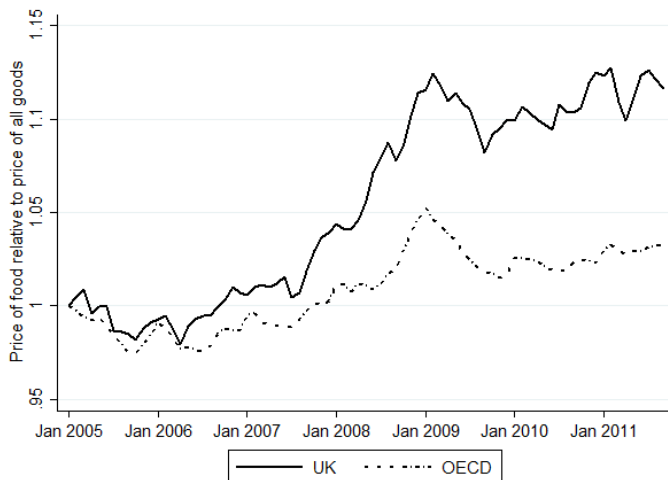
Squeezed household budgets

- Time around Great Recession entailed squeezes on household budgets
 - Wage growth was slower than general inflation
 - Unemployment increased and asset prices stagnated
- Unlike other recessions households cut back strongly on non-durable spending
- Contemporaneously with Great Recession there was a large increase in the price of food

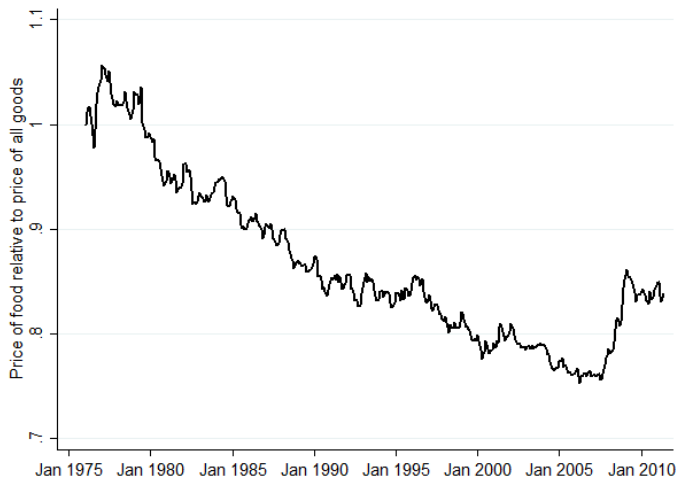
Rising relative food prices



Rising relative food prices



Longer run perspective



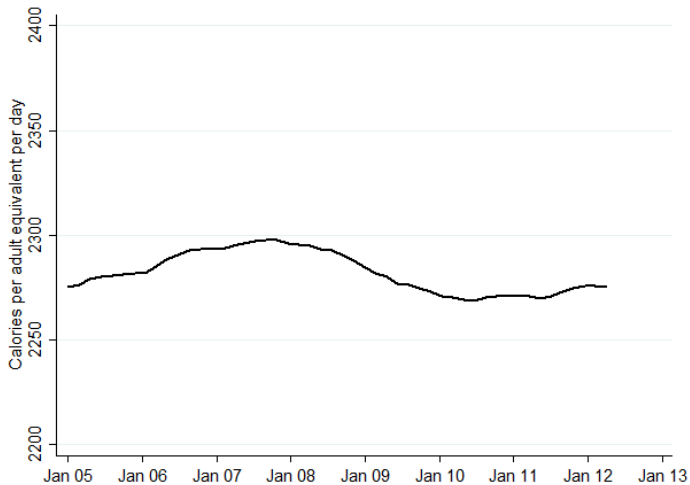
How have households responded to deteriorating economic conditions?

- Use data on all grocery purchases made by a representative panel of British households over 2005-2012
 - Include groceries brought into the home
 - Details of individual products and stores
 - Including price paid, whether good was on promotion
 - Nutritional content
- Use details on 14,694 households

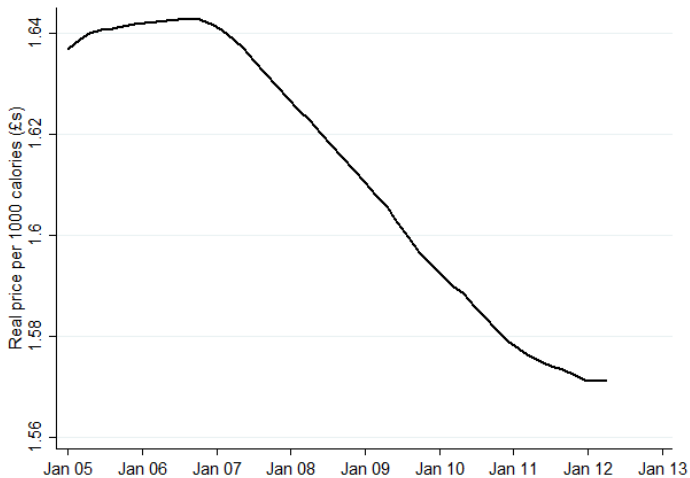
Real food spending fell



But calories were stable ...



... so real spend per calorie fell



Similar pattern across different household types

Household type	% change between 2005-07 and 2010-12 in:	
	Real food expenditure	Calories
All	-6.33	-1.10
pensioners	-5.73	-1.32
working, AB	-7.85	-0.86
working, C	-8.02	-2.37
working, DE	-6.53	-1.81
unemployed	-6.57	-1.78

What happened to nutritional quality of calories?

- Possible concern is switch to cheaper calories led to poorer nutrition
- Complex to measure
- We use the Healthy Eating Index used by the US Department of Agriculture
 - Gives grocery basket a score of 0 to 100 based on nutrient and food group content per 1000 calories

Measure shows that nutritional quality help up

Households	Mean HEI 2005-2007	Change to 2010-2012	(%)
All	49.0	0.72	(1.5%)
pensioners	51.5	-0.23	(-0.4%)
working, AB	49.6	0.87	(1.8%)
working, C	48.0	1.03	(2.1%)
working, DE	46.6	2.01	(4.3%)
unemployed	46.7	1.11	(2.4%)

Households demonstrated ability to adapt to deteriorating economic conditions

- Although real food spending fell, calories and nutritional quality of calories held up
- Households were able to reduce their real spend per calorie by
 - Making more intensive use of sales
 - Switching to generic products and discounters
 - Switching to cheaper nutrients, but without lessening overall nutritional quality of food basket