



Millennials Devote Larger Shares of Their Grocery Spending to Prepared Foods, Pasta, and Sugar and Sweets Than Other Generations

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Millennials Devote Larger Shares of Their Grocery Spending to Prepared Foods, Pasta, and Sugar and Sweets Than Other Generations

by Annemarie Kuhns and Michelle Saksena



Millennials, those born between 1981 and the mid-2000s, are now the largest living generation—surpassing Baby Boomers—in the United States. Their purchasing behavior greatly influences the current retail landscape, as companies try to accommodate Millennial preferences. Studies have found that Millennials are distinctly different from older generations in that they are more racially diverse, more highly educated, and more internet savvy. Most are early in their working lives and single or just starting their own families. Their grocery shopping habits are likely to change as they age, but current differences from older generations could have implications for future food demand.

Are the food shopping habits of Millennials different from other generations? A new ERS study analyzed a recent year of grocery store data to see how Millennial purchases differ from those of older shoppers. The study found that Millennials, on average, devote less of their food budgets to grocery store (food at home) purchases and make fewer trips to the grocery store than the

Highlights:

- For all generations (Traditionalists, Baby Boomers, Gen X'ers, and Millennials), households with higher incomes have larger food-at-home expenditures and spend more on fruits, vegetables, red meats, and sugar and candies.
- Millennials shop at grocery stores the least on a monthly basis, with each preceding generation making more frequent trips.
- Millennial households—at all income levels—devote more of their at-home food spending to prepared foods than the other three generations.

other generations examined. Millennials are demanding healthier and fresher food—including fruits and vegetables—when making food-at-home purchases, and they place a higher preference on convenience than do other generations.

Millennials and Baby Boomers With Similar Incomes Differ in Their At-Home Food Expenditures

ERS researchers used 2014 data from the private research company Information Resources Inc. (IRI), which track household food-at-home purchases and contain detailed demographic information, including household income. The researchers assigned each household to one of four generational cohorts based on the age of the household head responsible for the grocery shopping:

- Traditionalists—born before 1946
- Baby Boomers—born between 1946 and 1964
- Gen X'ers—born between 1965 and 1980
- Millennials, age 18 or older in 2014—born between 1981 and 1996

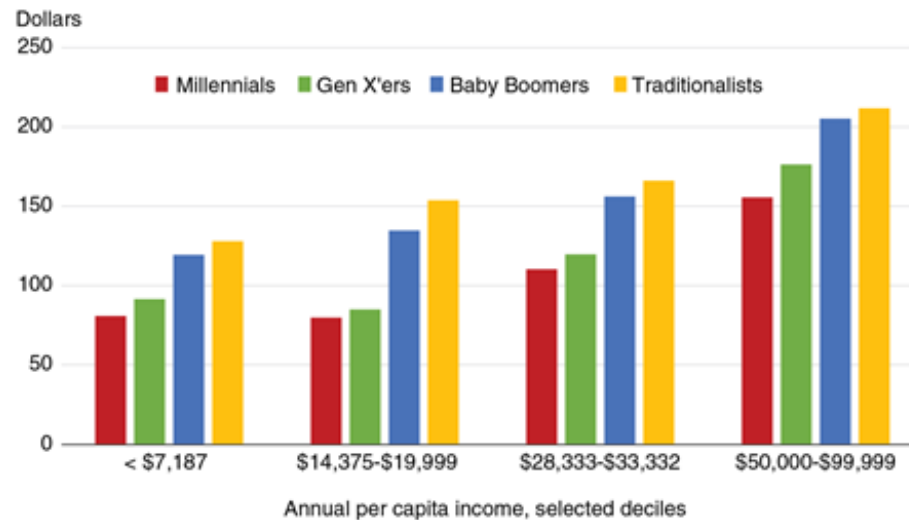
Millennials made up roughly 20 percent of the households included in the ERS analysis. U.S. Census Bureau data, on the other hand, show Millennials accounting for 26 percent of the total population in 2014. Since some Millennials may still live with their parents, who are the primary shoppers, the lower share for Millennial households in the ERS analysis is not unexpected.

Income is recognized as an important influence on food purchasing behavior. Consumers adapt their purchasing behaviors depending on their budgetary limits. Food budgets are driven not only by income but also family size. For instance, Millennials who are early in their careers may earn less than Gen X'ers or Baby Boomers, but their food budget may stretch farther than higher earning Gen X'ers or Baby Boomers with larger families and more mouths to feed. Recognizing this fact, ERS researchers used the survey respondents' reported incomes to divide households over all generations into 10 income groups based on annual household income divided by household size, with equal numbers of households in each group (deciles). In this way, purchases are compared across the generations for people with similar per capita incomes.

Millennials and Gen X'ers were found to spend the least money per person per month on food at home at all income deciles. As income rises, there is a small positive effect on per capita food-at-home expenditure for most income deciles. While each preceding, older generation spends more on food at home than the younger generation after it, there is a larger gap between the spending of Baby Boomers and Gen X'ers. Per capita food-at-home spending by Traditionalist and Baby Boomer households is similar in size to

each other, and higher than spending by Gen X and Millennial households. For example, of households earning between \$14,000 and \$20,000 per household member annually, Millennials spent just under \$80 per month per person on food at home and Gen X'ers spent \$85, whereas Baby Boomers in that income decile spent \$135 and Traditionalists spent \$154.

Per capita monthly food-at-home expenditures rise with age and income



Note: In the Information Resources Inc. data, annual household incomes above \$99,999 were recorded as greater than \$99,999. The ERS study used \$99,999 as the yearly income to be divided by household size for households reporting incomes above \$99,999.
Source: USDA, Economic Research Service using Information Resources Inc. data, 2014.

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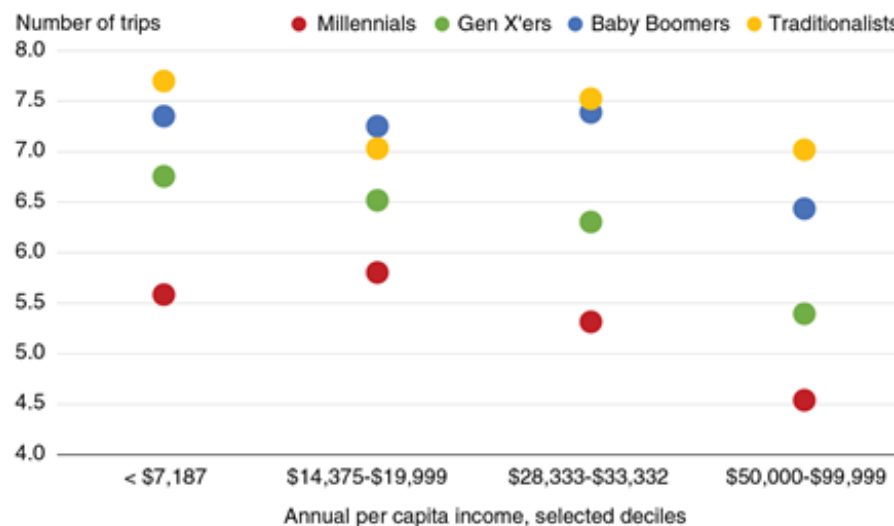
The differences in food-at-home spending between the generations suggests that the younger generations have a stronger preference for eating out at restaurants, fast food places, and other away-from-home venues. Data from the Consumer Expenditure Survey, conducted by the U.S. Bureau of Labor Statistics, support this finding: survey respondents under the age of 25 allocate the highest proportion of their food budgets (6 percent) to eating out versus the 4.8 percent by respondents between the ages of 55 and 64 years old.

Perhaps reflecting a preference for eating out by Millennials, the number of times a month a household frequents a grocery store follows the same generational pattern as for monthly food-at-home expenditures. Frequency generally decreases with each

successive generation, with Millennials frequenting grocery stores the least. Higher Millennial households spend less on groceries, so their patronizing grocery stores less frequently makes sense. Traditionalists, who have the highest per person spending on food at home, frequent grocery stores the most often. Also, traditionalists are of retirement age and may have the leisure time to grocery shop more often.

Having a higher income seems to reduce the frequency of grocery store trips as well. Millennial households in the top income decile went to the grocery store, on average, 4.5 times per month versus the 5.6 monthly trips made by Millennials in the lowest income decile.

Monthly food shopping trips increase with age, but decrease with income



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Millennials Purchase More Prepared Foods

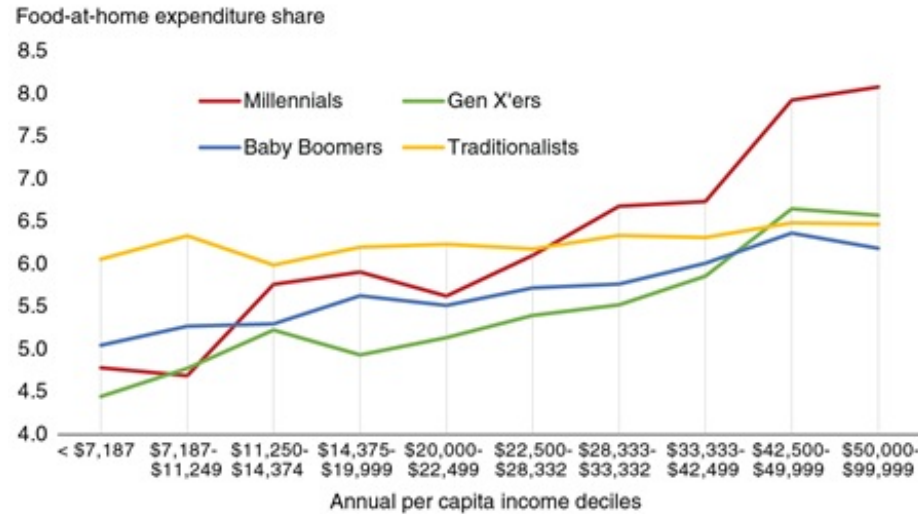
ERS researchers classified the IRI purchase data into 3 beverage categories and 19 food categories—13 fresh or minimally processed

categories and 6 processed categories. Processed food categories included bakery items (breads, rolls, and cakes), sugar and candies, baby food, snack items, prepared foods, and other foods (condiments, seasonings, sauces, etc.). Snack items are foods not consumed as the main part of a meal, such as chips and crackers. The researchers defined prepared foods as foods that require no preparation after purchase—the food is ready to eat or ready to heat and then eat. Examples include canned soup, frozen pizza, and items from the deli section, such as sandwiches, pasta salads, and rotisserie chicken. Once separated into categories, the researchers calculated monthly expenditure shares by category and household type.

Millennial shoppers generally purchase a larger share of prepared foods, pasta, and sugar and candies than the other generations. On average, Millennials devoted 13.6 percent of their at-home food expenditures to these three categories, compared with 12.4 percent by Gen X'ers, 11.5 percent by Baby Boomers, and 11.2 percent by Traditionalists. Millennial households also devote the smallest share of their at-home food expenditures to grains, poultry, and red meat. Prepared foods, sugar and candies, and pasta all require minimal preparation for consumption, while grains and meats require cooking.

Examining at-home expenditure shares by income, some noticeable patterns appear. As income rises, expenditure shares for vegetables, fruits, red meats, and sugar and candies for all four generational groups increase, while shares for poultry decrease as incomes rise. Poorer Millennials assign lower shares of at-home food spending to vegetables than poorer Traditionalists and Baby Boomers, but they increasingly apportion more of their food budgets to vegetables as income rises, surpassing Traditionalists when per capita household income reaches about \$30,000. Specifically, the wealthiest Millennial households (per capita income greater than \$100,000) dedicated 8.1 percent of their food budgets to vegetables, compared to around 6 percent for the other generation groups in the same income decile. The share of at-home expenditures for fruit was similar for Millennials and Traditionalists—just over 6 percent—with fruit's share of expenditures also rising with income.

The share of vegetable expenditures climbs as income rises

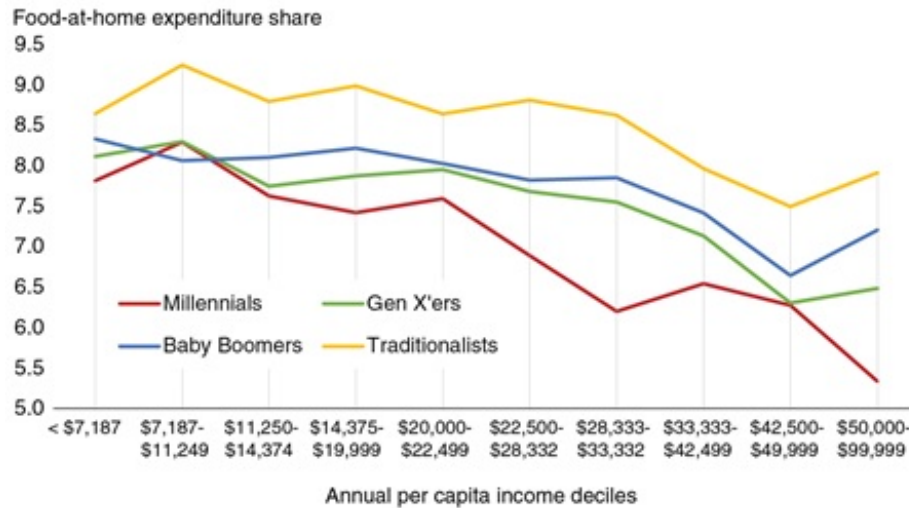


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Source: USDA, Economic Research Service using Information Resources Inc. data, 2014.

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Millennial households generally allot the lowest shares of their at-home food budgets to red meats and poultry. On average, expenditure shares for red meats and poultry decrease with each younger generation. For each of the generations, higher income deciles generally devote a larger share of at-home food expenditures to red meats and a smaller share to poultry.

Expenditure shares for chicken, turkey, and other poultry generally decline as income rises



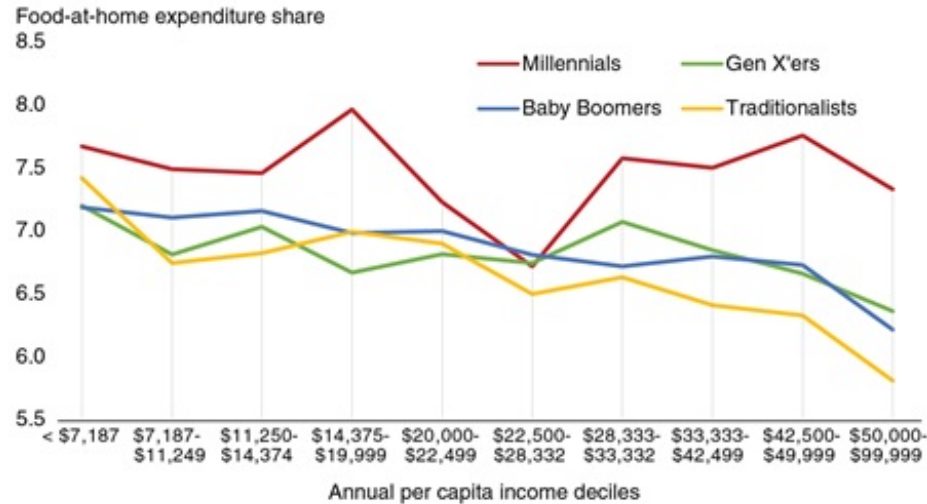
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Source: USDA, Economic Research Service using Information Resources Inc. data, 2014.

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Like purchases of poultry, grain and pasta purchases exhibit a negative relationship with income; as households become richer, they buy less grains, which are often shelf stable and cheaper, and shift toward purchasing more perishable foods like red meats and fresh fruits and vegetables.

Millennial households devote more of their at-home food spending to prepared foods, such as frozen entrees and instant breakfasts, than the other three generational groups. In addition, the slight negative relationship between income and prepared food purchases for the three oldest generations was absent for Millennials. Millennials' preference for convenient, prepared foods could be due to a variety of reasons. Perhaps, some Millennials may lack cooking skills or interest in cooking. Or, maybe some Millennials prefer to spend their non-work time on activities other than cooking and cleaning up afterwards. In fact, Millennials spend significantly less time on food preparation, presentation, and clean-up. An ERS analysis of 2014 time use data revealed that, on average, this generation spent 88 minutes doing food preparation, presentation, and clean-up—55 minutes less than Gen X'ers who spent the most time at 143 minutes.

Millennials purchase the largest proportion of prepared foods



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Analysis of food-at-home purchases is important since what we eat can affect our health. The food purchasing behavior of Millennials determines their own dietary quality and may shape the eating habits of their children and future generations. Grocery store shopping behaviors, however, are not necessarily fixed and may shift for Millennials with age and life events, such as marriage and children. Millennials could find themselves saying good-bye to a frozen dinner for one and hello to a home-prepared spaghetti dinner for four.

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