

## NPD Reports on the Economy's Effect on Consumers' Meal Strategies

2008-04-09

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Leftovers Again? Consumers make in-home meal adjustments to manage expenses

With food prices increasing at the fastest pace in 17 years and gas prices soaring, a new study from The NPD Group, a leading market research company, finds consumers looking for value, making trade-offs and counting on leftovers when planning their meals.

The NPD report, entitled, *How Do Economically Challenging Times Affect In-Home Meal Strategies?*, found one-third of adults feeling their financial situation is worse this year than last, and the most concerned are those with larger families. Among these 'financially concerned' adults, more than half said they are trying to prepare meals at home, to use up leftovers, and to stock up when items are on sale, compared to what they were doing a year ago.

'American consumers now spend about 10 percent of their disposal income on food and have not, historically, allowed food expenses to rise faster than their disposable income,' said Harry Balzer, vice president, The NPD Group. 'Consumers will likely shift behaviors to find food solutions that meet a budget before spending more on the same foods.'

Another strategy consumers use to manage their spending on food is to change where they get meals and snacks. In past economic downturns, they have turned more to supermarkets and meals at home and pulled back on going to restaurants. Last year 80% of meals and snacks were consumed at-home versus 20% at restaurants, and according to another recent NPD study on restaurants and the economy, the restaurant industry posted no organic growth in 2007.

'Despite rising grocery prices, in-home meals still provide a better value to consumers,' said Arnie Schwartz, who heads up The NPD Group's food and beverage unit. 'One estimate shows that an in-home meal costs about a third of a meal purchased away from home.'

Price doesn't appear to be the only motivation for consumers to eat more meals at home, according to the NPD study. Consumers still say that eating healthy is another reason to prepare their own meals.

'Consumers say that price, health and convenience appear to be the key drivers when it comes to food consumption,' said Schwartz. 'Health and convenience are longer-term factors that aren't dictated by the economy, and are consistently top-of-mind with people.'

An added longer-term factor fueling the increase in in-home meals is a leveling off of women entering the workforce.

'One of the pillars of change affecting the way people eat over the last five decades has been the increase of women in the workforce,' said Balzer. 'We haven't seen those increases in women working recently and that too is influencing the choice of where people eat.'

These societal and attitudinal shifts combined with the current economic issues, the NPD study notes, present both challenges and opportunities for the food industry.

'For the food industry, it really comes down to the basics of listening to and addressing the contemporary needs of the consumers,' said Balzer.

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