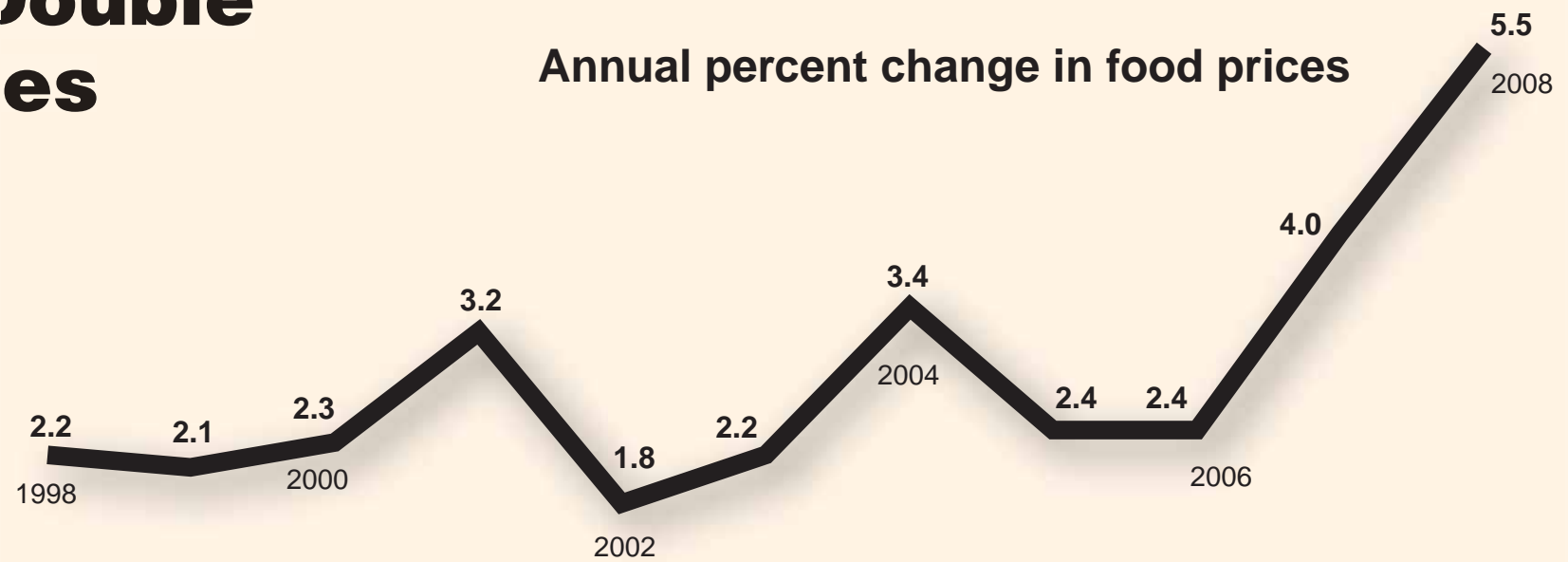


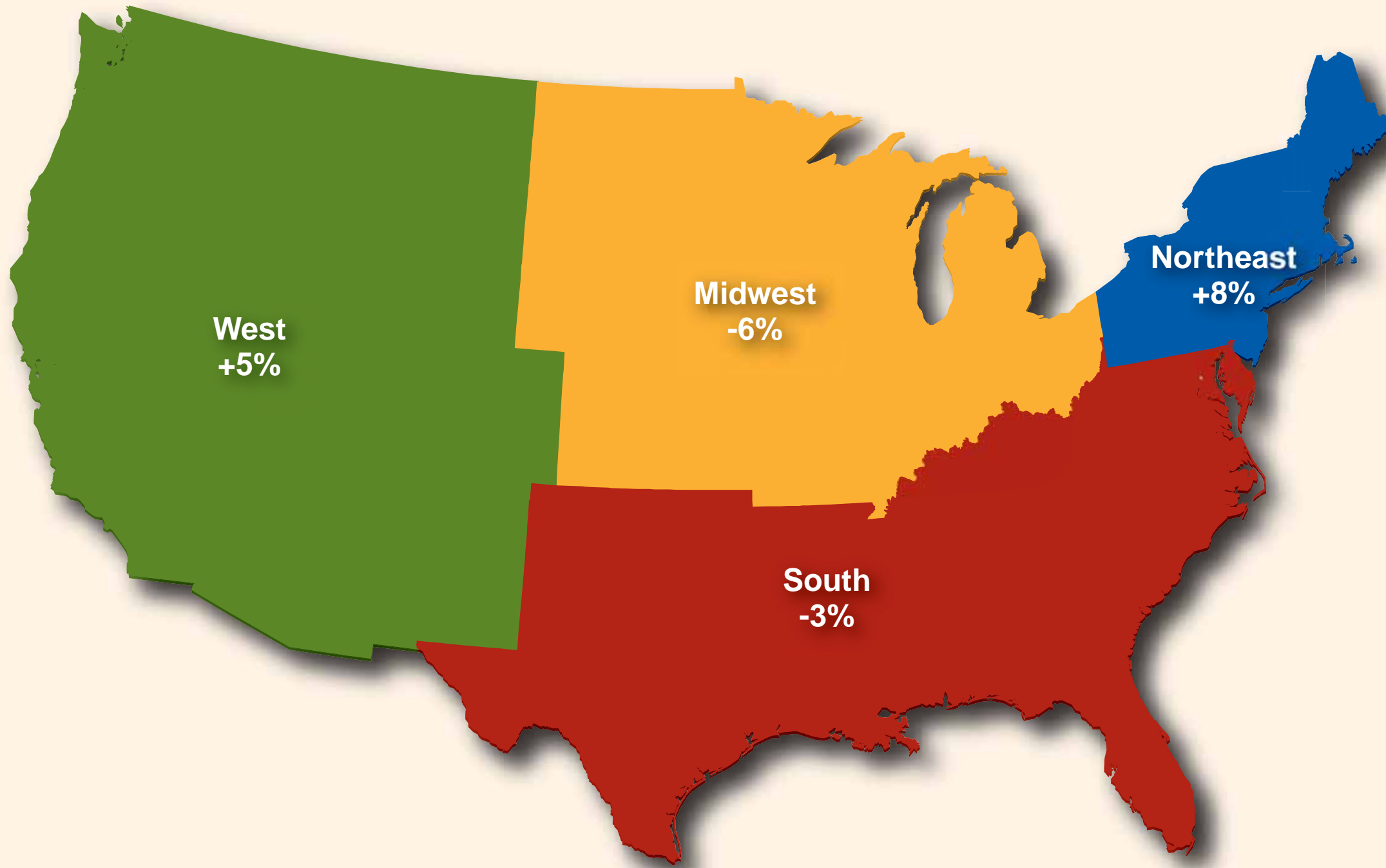
# Regional Variation Nearly Double Inflation Rate for Food Prices

Regional food price variation, which can vary as much as 25% for similar products, dwarfs the annual changes in food prices, which averaged less than 3% per year from 1998-2008.



## Food prices—variation from national average

*Retail food prices, on average, are highest in the East and lowest in the Midwest.*



### Why do regional prices vary so much?

- Differences in consumer food demand
- Differences in distribution costs
- Differences in operating costs
- Differences in competition at the retail level, for example, the presence of nontraditional retailers.
- Nontraditional retailers, like Wal-Mart and Costco, generally offer lower prices than traditional grocery stores.

### Share of consumer food expenditures at nontraditional retailers, 2005

