



ERS Research Briefs

International Evidence on Food Consumption Patterns

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Consumer Food Demand Patterns are Evolving Globally

In the past two decades, average per capita incomes have increased around the world, more than doubling in many countries. In addition, the world population is expected to grow by more than one billion people in the next decade, most of whom will reside in low and middle-income countries. This growth in population, combined with rising income levels in developing countries, is expected to increase and change the composition of global food demand over the next couple of decades. *International Evidence on Food Consumption Patterns*, a highly technical report, presents information about global consumer food demand patterns that can be used to forecast future food supply and demand or to simulate the impacts of various government policies on food demand.

What Is the Issue?

Cross-country food demand analysis can improve understanding of global food trends by quantifying the relationship between income levels and food demand, including specific types of food. This knowledge is crucial in assessing global food needs, trade, and the demand for associated transportation and infrastructure facilities. For the United States, one of the largest food producers in the world, understanding these factors will help determine the market potential for specific food products in foreign markets.

How Was the Study Conducted?

Analysis was conducted on data obtained from the World Bank, the 1996 International Comparison Project (ICP), which provides consistent consumption expenditures across 114 countries. This is the only data covering such a large number of countries and, due to the data collection process used, allows comparisons both across countries and among different levels of aggregation of consumer goods.

Consumers base their food purchasing decisions on a budget that also includes clothing, housing, and other goods and services. The overall budget available for food depends on the amount of total household budget spent on these other items. This study provides a complete analysis of household demand patterns, while focusing on the composition of food demand in the second stage of the analysis.



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What Did the Study Find?

The study confirms that consumers in low-income countries spend a greater portion of their total household budget on necessities, such as food, compared with the wealthier countries where a greater portion is spent on services and recreation. Consumers in wealthier countries spend a greater share of their total food budget on meat and dairy products than do consumers in low-income countries. Conversely, in low-income countries, low-value staple food products such as breads and cereals account for the largest share, 27 percent, of consumers' total food budget compared with 12 percent in wealthier countries.

Consumers in low-income countries also make greater adjustments in their household spending on food when incomes and/or prices change. For example, when household incomes increase by 10 percent, a consumer in Tanzania will typically increase spending on food by 8 percent; in the Philippines, 6.5 percent; and in the United States, 1 percent. Likewise, when food prices increase, food spending in Tanzania would decline the most and in the United States the least. Across all countries, however, consumers make relatively smaller adjustments to spending on staple food items such as cereals, compared with higher-valued food items such as meat and dairy, whose demand grows faster than the overall demand for food.

How does a 10-percent increase in income affect food spending?

Low-income countries make greater overall food spending adjustments, and all countries spend more on high-value foods

Percent increase in expenditures

