

Food Retailing in America

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Overview

- Big, mature market
- Many stores and workers
- Low margins
- Very competitive



U.S. food retailing



**How has America changed?
How has retail responded?
The industry today**

America is changing

1980

227 M

29.8 yrs

6.4%

67%

\$20,000

51%

population

median age

% Hispanic

% HS graduates

median income

% females in LF

2003

284 M

35.3 yrs

12.5%

80%

\$42,000

60%

Competition for the food dollar

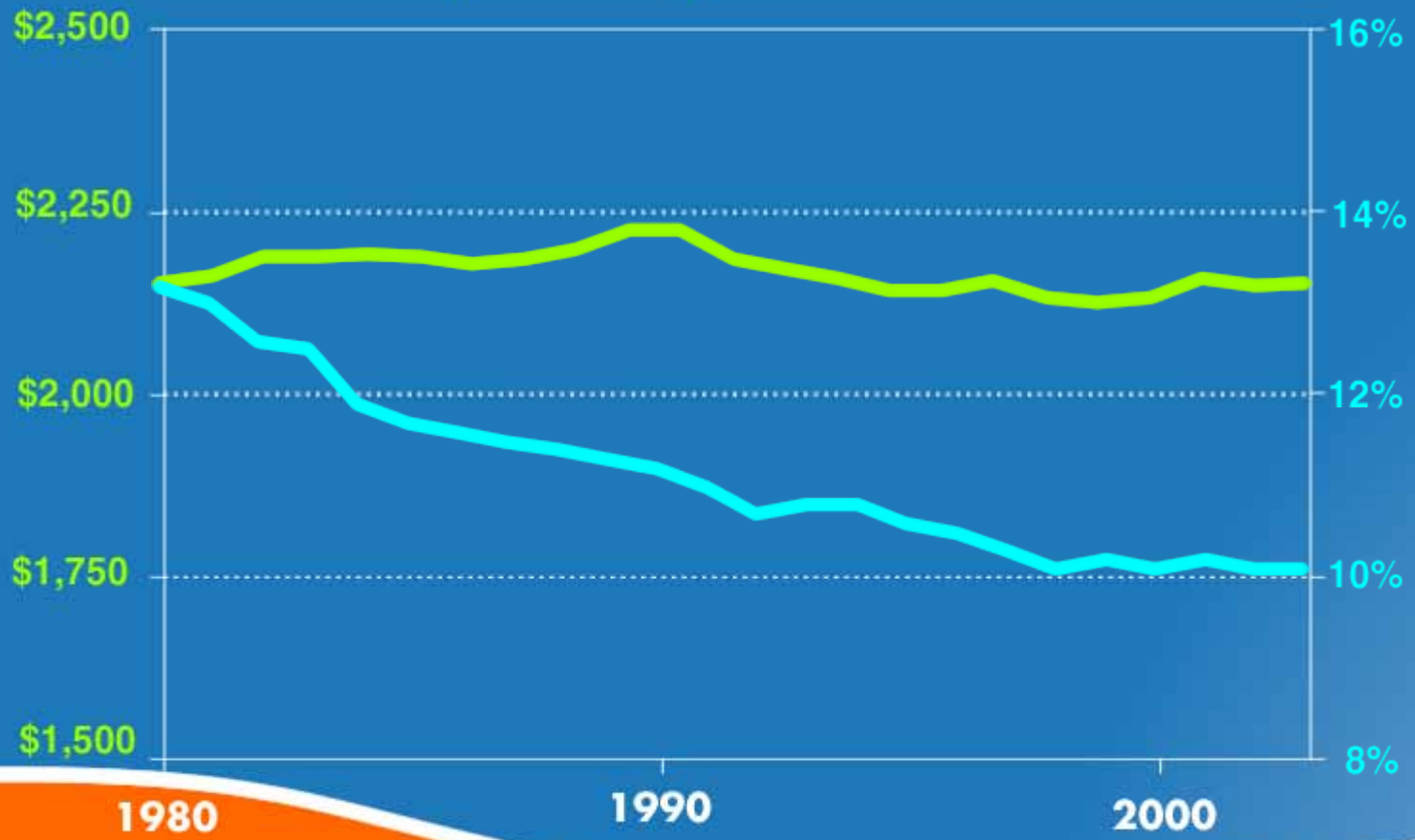
Percent of food spending



Competition is intensifying

Real per capita food spending

As a share of income



What consumers want...

...in food



taste

price

quality

convenience

health

safety

...in food stores

JIM'S ALL ABOUT VALUE

CATERING AVAILABLE
CALL 1-800-JIM-BLAYLOCK

Sale/specials....62%

Fast checkout....65%

Good location....73%

Low prices.....79%

High quality.....85%

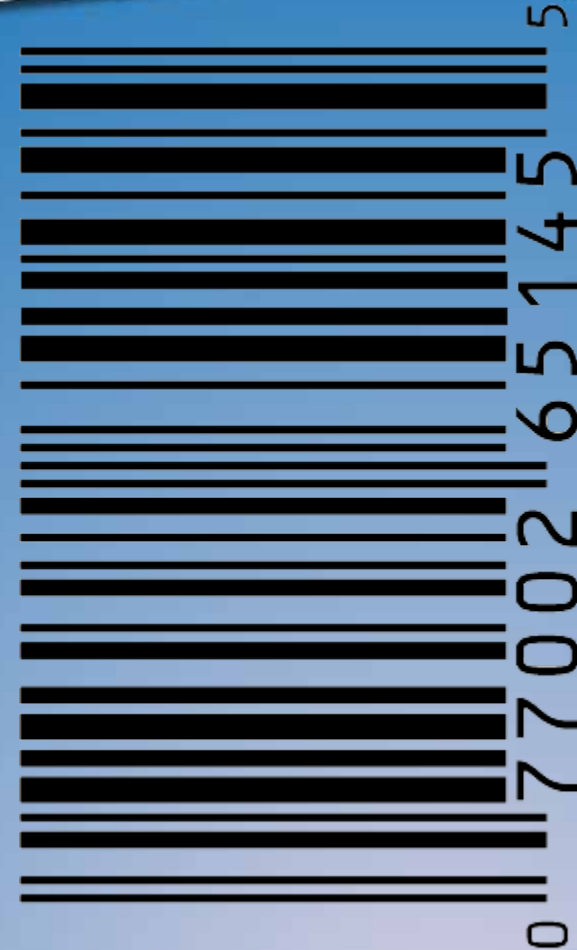
Clean/neat store.88%

*****!!!*****

THANK YOU FOR SHOPPING
JIM'S ALL ABOUT VALUE

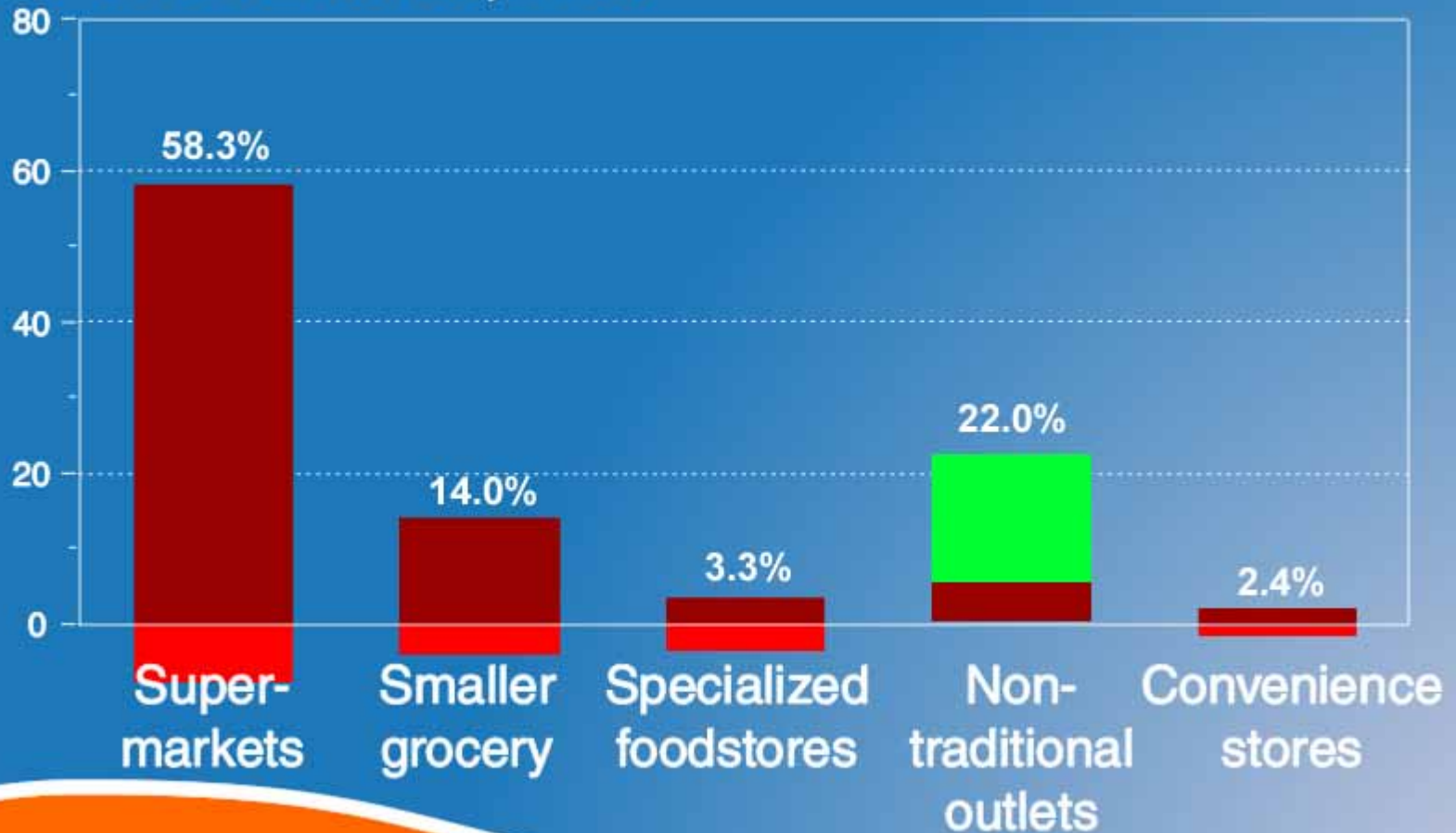
Costs and technology

- Consolidation
- Electronic innovations
- Quality and safety standards
- New offerings
- Store format, specialization



Competition among retailers

Share of food sales, 2003

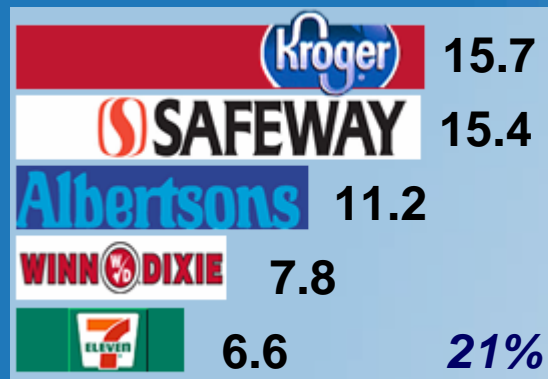


Food stores respond

2003



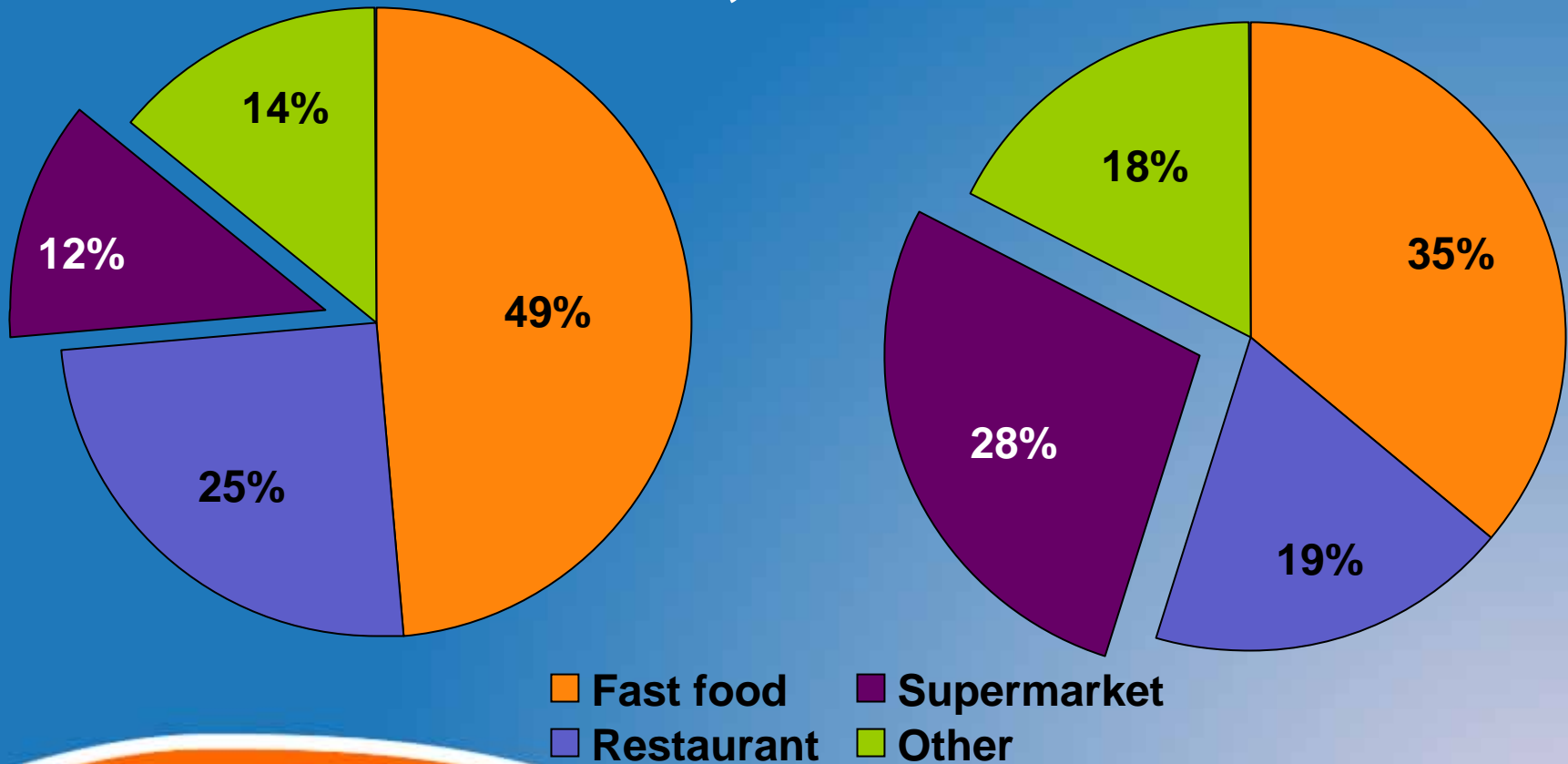
1985



food sales of top 5 retailers
(\$billions)

New markets

Sources of takeout, 1996 and 2004



Wal-Mart effects

- Lower prices
- B to B, e-commerce
- New relationships with suppliers
- Information systems



Wal-Mart begins to dominate

- More supercenters
- Opening 200 stores yearly
- Largest retailer in the world



Retailing today

- Food everywhere
- Supercenters
- Local niches

Retailing future

*Staying one step
ahead of the competition*



Data sources

- **America is changing.** 1980 Census of Population and Housing; 2003 Current Population Survey. Both are from U.S. Census Bureau.
- **Competition for the food dollar.** ERS Food Expenditure Series, Economic Research Service, USDA.
- **Competition is changing.** Real per capita food spending calculated from the Consumer Expenditure Survey, Bureau of Labor Statistics. Food spending as a share of personal disposable income is from ERS Food Expenditure Series. Economic Research Service, USDA.
- **What consumers want in food stores.** “Trends in the United States, 2004.” Food Marketing Institute.

Data sources and contact info

- **Competition among retailers.** Share of food sales by retail segment is from Willard Bishop Consulting and ERS, Phil Kaufman.
- **Retailers respond.** Calculations from Phil Kaufman, ERS.
- **New markets.** Source of takeout food, “Trends in the United States, 2004.” Food Marketing Institute.

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