Consumer Trends: Dining Behavior Impacts Food Sales

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UPPER SADDLE RIVER, N.J. (Food Institute) – Fickle consumer sentiment in retail sales was evident in the June figures for our nation’s food and beverage stores. By contrast, some consumers find higher menu prices at dining establishments easier to digest, as this sector saw a recent boost, according to latest figures from the Census Bureau as analyzed by The Food Institute.

The first half of 2012 retail sales ended in a whimper, with June food and beverage store sales taking in only 0.2% more than the same month a year earlier.

Cumulative sales rose 4.1% in the first half of this year, only slightly higher than the increase of retail food prices, indicating little volume growth at stores thus far in 2012, according to the latest Census Bureau data and Food Institute estimates.

The meager increase in June contrasts with last month’s 5.5% bump from one year ago. This month’s figures seem to show consumers continue to be budget conscious, taking advantage of item discounts and coupons to keep costs down, explains Food Institute President Brian Todd. The extreme heat across much of the country may have prompted consumers to eat away from home more as well, something that is borne out by the increase in restaurant sales, described below.

Month-to-month sales fluctuated from a 7.3% increase in February (thanks to the Leap year); to a 1.2% decline in April; followed by a 5.6% comeback in May.

Club stores/Supercenter sales post second monthly decline in May

Consumers seem pickier with their purchases at club and supercenters, as May figures- the most recent month available- show a slight decline in sales at these retailers from one year ago. May marks the second-consecutive month of sales declines in this retail category. Sales at supercenters and club stores for the first five months increased 3.1%, to come in at just under $159 billion. Of that, $83.5 billion came from food item sales - approximately 52% of total sales, according to The Food Institute.

Foodservice/Restaurants

June saw sales rise 8.6% at restaurants and bars across the U.S., according to Census Bureau figures. This figure is up from 7.5% cited in May. Detailed restaurant chart.

“These figures seem to show success of foodservice operators in passing along higher costs, particularly at more upscale full-service establishments,” says Brian Todd, president of the membership-only association. Sales increased 10% from June a year ago in those locations.

Food retailers from grocery stores to warehouse clubs and mass-markets are competing more intensely for share-of-stomach with restaurants and foodservice. Not only are fast food establishments successfully attracting customers with “value” products but they are also bringing in more health-conscious consumers with menu offerings. Meantime, full service operators seem to garner more patrons accepting of higher menu prices, put in place over the past 18 months.

About The Food Institute

The Food Institute is an independent association that serves as a single source for food business information and analysis - from farm to fork. Established in 1928 and based in Upper Saddle River New Jersey, The Food Institute distributes industry news and analysis daily and weekly, through Today In Food e-news and The Food Institute Report. To learn more, visit www.foodinstitute.com/joinfi.cfm.