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Consumers are bargain shopping to offset rising grocery costs

By

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Food costs continue to rise — both eating at home and eating out — and many consumers are desperate to figure out ways to save during these less-than-optimal times. To offset these rising food costs, consumers are bargain hunting when grocery shopping, eating more meals at home and cutting back on restaurant visits, according to Information Resources Inc. and The NPD Group. The two recently merged to create a leading global technology, analytics and data provider.

According to the report, while inflation is more moderate for food away from home (7.6 percent versus a year ago) compared to food at home (13.1 percent versus a year ago), the typical away-from-home eating occasion still costs 3.4 times more than in-home food sourced from retail.

“With inflation hitting 8.5 percent in July, it’s no surprise that consumers are trading down to lower-priced options and opting for more value, especially when dining out,” said Krishnakumar Davey, president of CPG and retail thought leadership for IRI and NPD. “While the pandemic and recent inflationary pressures shifted demand, restaurants and foodservice outlets offering value, convenience and at-home indulgence are top of mind for consumers and will continue to grow.”

The report discovered that consumers are bargain hunting, preferring more mainstream and value brands over premium brands, and choosing private label foods in select categories. Consumers are also migrating to more at-home food to offset rising costs, as noted by the deceleration in foodservice traffic, down 3 percent in July. Even when dining out, consumers trade down to more value foodservice outlets, like quick service restaurants, as evidenced by the growth in average customer check versus menu prices.

“Even with the impact of elevated grocery prices, dining out is still much more expensive than eating at home,” said David Portalatin, senior vice president and industry advisor for food and foodservice for The NPD Group. “As we head into 2023, restaurant recovery will be slow and steady, as traffic begins to return to pre-pandemic levels. Current demand suggests that culinary trends are shifting to incorporate more bold flavors inspired by global and regional influences.”

About Craig Levitt |

When his dreams of becoming a professional hockey player came crashing down due to lack of talent, Craig Levitt turned to journalism. He graduated from Hofstra University in 1992 and has covered various areas of the retail food trade since 1996. Craig joined The Produce News in 2017 and is now managing editor. In his spare time, Craig still plays men's league hockey (poorly) and enjoys walking the aisles of his favorite supermarket with his wife and two daughters.

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