

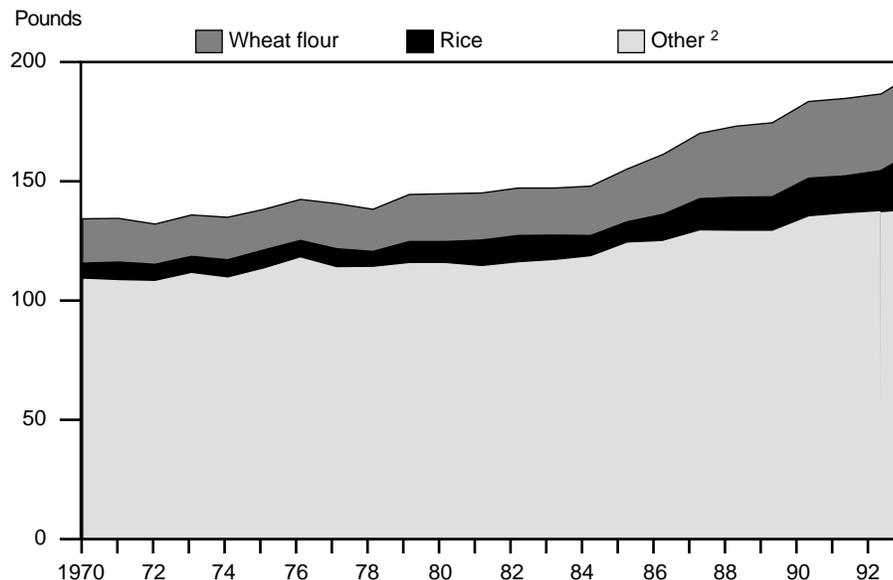
## ■ Cost of Food Services and Distribution

The estimated bill for marketing domestic farm foods—which does not include imported foods—was \$401 billion in 1994. This covered all charges for transporting, processing, and distributing foods that originated on U.S. farms. It represented 79 percent of the \$511 billion consumers spent for these foods. The remaining 21 percent, or \$110 billion, represents the gross return paid to farmers.

The cost of marketing farm foods has increased considerably over the years, mainly because of rising costs of labor, transportation, food packaging materials, and

Figure 1-7.

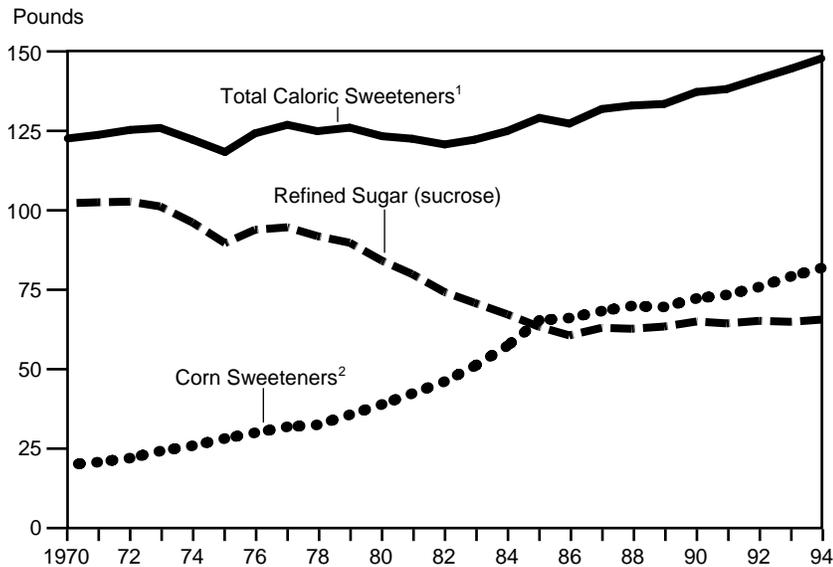
Per capita consumption of grain products<sup>1</sup>



<sup>1</sup>Excludes quantities used in alcoholic beverages, fuel, and corn sweeteners. <sup>2</sup>Corn, oats, barley, and rye.

Figure 1-8.

Per capita consumption of caloric sweeteners



<sup>1</sup>Includes small quantities of honey, and molasses and other refiner's syrups. <sup>2</sup>Dry basis

other inputs used in marketing, and also because of the growing volume of food and the increase in services provided with the food.

In 1984, the cost of marketing farm foods amounted to \$242 billion. In the decade after that, the cost of marketing rose about 66 percent. In 1994, the marketing bill rose 5.6 percent.

These rising costs have been the principal factor affecting the rise in consumer food expenditures. From 1984 to 1994, consumer expenditures for farm foods rose \$179 billion. Nearly 90 percent of this increase resulted from an increase in the marketing bill.

The cost of labor is the biggest part of the total food marketing bill. Labor used by assemblers, manufacturers, wholesalers, retailers, and eating places cost \$189 billion in 1994. This was 6 percent more than in 1993 and 73 percent more than in 1984. The total number of food marketing workers in 1994 was about 12.8 million, about 24 percent more than a decade ago. The growth in employment occurred mostly in food stores and public eating places.

Packaging is the second-largest component of the marketing bill, accounting for 8 cents of the food dollar. Costs of these materials increased nearly 7 percent in 1994. Packaging costs rose due to increased use of shipping boxes, food containers, and plastic materials. Actual prices of boxes and food containers were also higher, further driving packaging costs up. Most other marketing costs—such as transportation and energy—rose at a faster pace than in 1993.

Figure 1-9.

What a dollar spent on food paid for in 1994

