

Tracking changes in consumers' spending habits

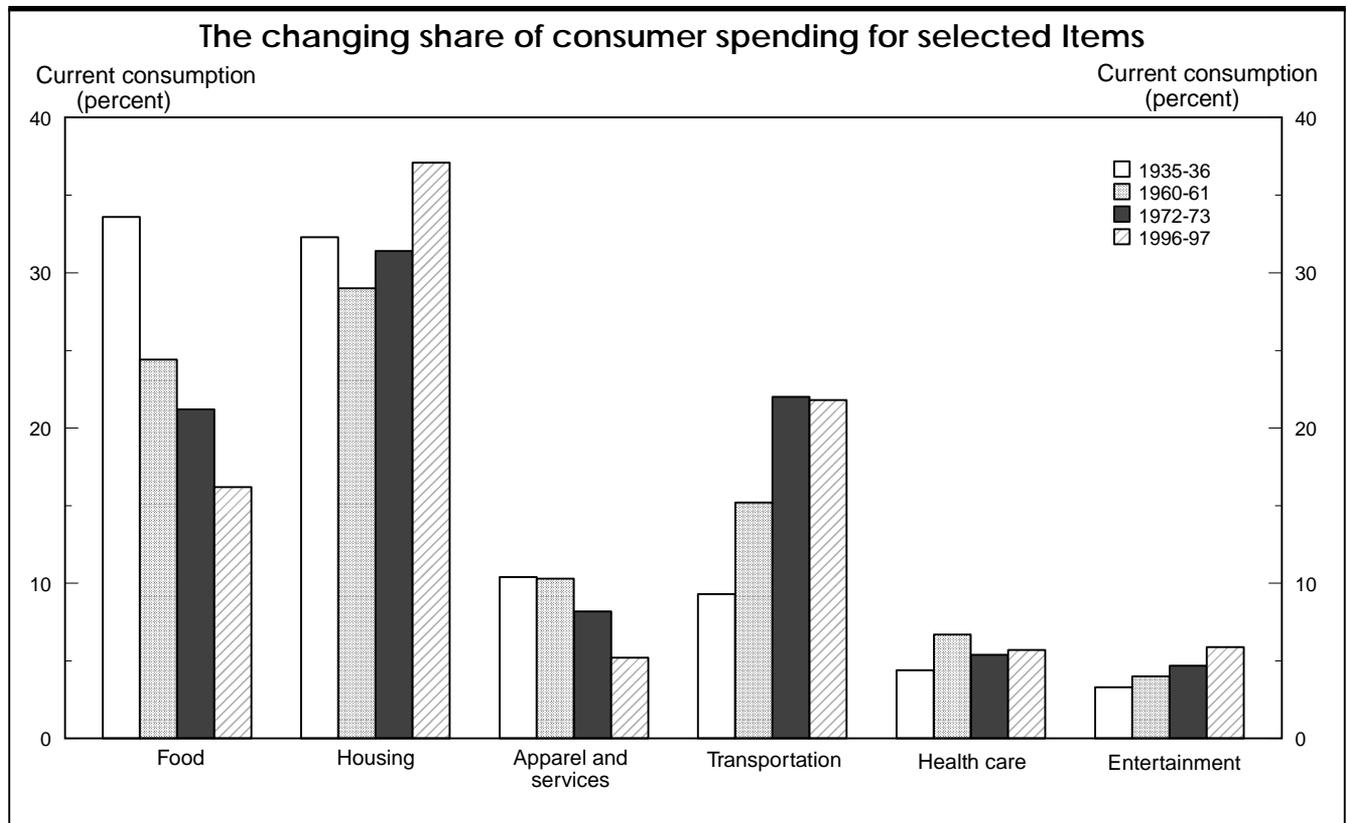
Since the mid-1930s, the U.S. economy has been affected by wars, depressions, booms, technology advances, changes in the labor force, and changes in population demographics. These factors, as well as changes in consumer tastes and preferences, influence spending. For the last 60 years, the Consumer Expenditure Survey¹ has tracked changes in consumption patterns of American consumer units.² Data in the accompanying table and chart compare consumer expenditure shares among selected time periods for major items such as food, housing, apparel and services, transportation, health care, and entertainment. In addition, the table shows expenditure shares for items that account for a smaller share of total consumption, including personal care,

tobacco, alcohol, education, reading, and other items. To ensure comparability over time, the data are for current consumption, an approach that excludes spending on gifts, personal insurance, pensions, and contributions such as child support or political donations. To provide more reliable estimates, 2 years of data are used for each time period.

Food. In 1935–36, food accounted for more than one-third of total spending, making it the largest component of consumption. The share of spending on food has consistently dropped; by 1996–97, it was slightly more than 16 percent, less than half of the 1935–36 value. The food category includes both food at home and food away from home.

Housing. By 1960–61, housing had replaced food as the largest portion of total spending. Unlike the decreasing shares allocated to food, housing shares have fluctuated: 1960–61 represented the low of just under 30 percent of total consumer spending, and 1996–97 represented the high of more than 37 percent. In addition to rent and mortgage interest, the housing component also includes spending on such items as property taxes, maintenance and repairs, utilities, and furnishings.

Apparel and services. This component includes clothing items, footwear, jewelry, and laundry services. Spending allocated to apparel and services has steadily decreased over time, account-



“At Issue” was prepared by Walter Vanderheide of the Division of Consumer Expenditure Surveys, Bureau of Labor Statistics.

ing for about \$1 of every \$10 spent in 1935-36, and dropping to only \$1 of every \$20 spent in 1996-97.

Transportation. Spending shares for transportation increased from 9.3 percent in 1935-36 to approximately 22 percent in 1996-97. This component includes vehicle and gasoline purchases, finance charges, maintenance, registration fees, and public transportation. The total share allocated to transportation was nearly identical in 1972-73 and 1996-97, about 22 percent. However, offsetting shifts within this component occurred, with less being allocated to gasoline and more to vehicle purchases.

Health care. This component encompasses health insurance, medical services, prescription drugs, and medical supplies. It accounted for 4.4 percent of total current consumption in 1935-36, 6.7 percent in 1960-61, and 5.7 percent in 1996-97.

Entertainment. The share of spending allocated to entertainment has consistently increased, accounting for only 3

percent of total spending in 1935-36 and rising to nearly double that in 1996-97. Admissions, fees, video and audio equipment, pets, and recreational vehicles are some of the items included in the entertainment component.

Other items. Among those components accounting for a small share of total current consumption, the share spent on personal care goods and services increased from 2 percent of total spending in 1935-36 to almost 3 percent by 1960-61, and then dropped to 1.4 percent in 1996-97. The share allocated to education rose from 1 percent in 1935-36 to 1.4 percent in 1996-97. Tobacco, alcohol, and reading as shares of current consumption have decreased over time. The tobacco share decreased from 1.9 percent in 1935-36 to 0.9 percent in 1996-97; alcohol from 1.5 percent in 1960-61 to 1.0 percent in 1996-97; and reading from 1.1 percent in 1935-36 to 0.5 percent in 1996-97.

Clearly, consumption patterns of U.S. consumers have changed over the last 60 years.. As the Nation's economy continues to undergo changes, the spending habits of American consumer units likely

will continue to be affected, and the Consumer Expenditure Survey will be used to track the changes.

Notes

¹ The Consumer Expenditure Survey, conducted by the Bureau of Labor Statistics, collects data related to family expenditures for goods and services used in day-to-day living. It has two components: an Interview survey which provides information on relatively large or recurring expenditures; and a Diary survey which offers detailed expenditure information on small, frequently purchased items. Additional information on the Consumer Expenditure Survey is on the Internet at <http://stats.bls.gov/csxhome.htm>.

² A consumer unit comprises one of the following:

- all members of a particular household who are related by blood, marriage, adoption, or other legal arrangements;
- a person living alone or sharing a household with others or living as a roomer in a private home or lodging house or in permanent living quarters in a hotel or motel, but who is financially independent ; or
- two or more persons living together who pool their income to make joint expenditure decisions.

Financial independence is determined by the three major expense categories: housing, food, and other living expenses. To be considered financially independent, at least two of the three major expense categories have to be provided by the respondent.

Average current consumption and shares of current consumption by selected time periods, 1935-36 to 1996-97

Component	Average current consumption				Shares of average current consumption (in percent)			
	1935-36	1960-61	1972-73	1996-97	1935-36	1960-61	1972-73	1996-97
Current consumption	\$1,273	\$5,056	\$7,920	\$28,935	100.0	100.0	100.0	100.0
Food	428	1,236	1,679	4,681	33.6	24.4	21.2	16.2
Housing	411	1,468	2,488	10,741	32.3	29.0	31.4	37.1
Apparel and services	133	519	647	1,518	10.4	10.3	8.2	5.2
Transportation	118	769	1,745	6,306	9.3	15.2	22.0	21.8
Health care	56	340	429	1,638	4.4	6.7	5.4	5.7
Entertainment	42	200	373	1,709	3.3	4.0	4.7	5.9
Personal care	26	145	101	418	2.0	2.9	1.3	1.4
Tobacco	24	91	128	259	1.9	1.8	1.6	.9
Alcoholic beverages	-	78	82	292	-	1.5	1.0	1.0
Education	13	54	109	406	1.0	1.1	1.4	1.4
Reading	14	45	48	159	1.1	.9	.6	.5
Other items	8	111	91	808	.6	2.2	1.1	2.8

NOTE: Dash indicates data not available.