

Consumer spending

Week 2: Spending patterns by income

What consumers buy depends on how much they make

The annual Consumer Expenditure Survey conducted by the U.S. Bureau of Labor Statistics provides useful information about consumer spending patterns.

Last week, we examined the average amount consumers spend on goods and services, and how their spending patterns change as their incomes rise. Not surprisingly, spending increases with income in almost every category.

It is also useful to examine the relative portion of total spending in each category by income. For example, the survey reports that 29.5 percent of the 120 million consumer units had incomes before taxes between \$50,000 and \$100,000 in 2008.

These consumers accounted for about one-third of all consumer spending. That compares with those with incomes less than \$50,000 (52.5 percent of all consumer units) that represent only 31.3 percent of all spending.

As one might expect, consumers with incomes less than \$50,000 spent proportionately more on food at home and significantly less on

Percent of Total Spending by Category, 2008

	< \$50,000	\$50,000 to \$100,000	\$100,000 to \$150,000	> \$150,000
Consumer Units	52.5	29.5	10.7	7.2
Average annual expenditures	31.3	33.5	17.8	17.3
Food at home	39.5	34.6	16.3	9.6
Food away from home	29.9	34.3	19.1	16.6
Furniture	26.9	33.4	17.7	22.0
Men's apparel	27.6	33.4	17.3	21.7
Women's Apparel	32.9	32.6	18.5	16.0
New Cars and trucks	22.2	33.6	22.9	21.2
Used Cars and trucks	35.7	37.9	16.0	10.6

Source: Bureau of Labor Statistics Consumer Expenditure Survey, 2008

A consumer unit is defined as all members of a household who are related by blood, marriage, adoption, or other legal arrangements; a person living alone or sharing a household with others, but who is financially independent; or two or more people living together who use their income to make joint expenditure decisions.

food away from home and new cars. However, they still account for \$4 of every \$10 spent on food away from home and 22.2 percent of all expenditures on new cars.

The following table provides a sampling of the aggregate share data available via the CES Web site. More information is available at www.bls.gov/ces/#tables.

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