



United States
Department
of Agriculture

Economic
Research
Report
Number 55

March 2008



A Report from the Economic Research Service

www.ers.usda.gov

Price Trends Are Similar for Fruits, Vegetables, and Snack Foods

Fred Kuchler and Hayden Stewart

Abstract

An increase in the price of fruits and vegetables relative to less healthy foods could reduce consumers' incentives to purchase fruits and vegetables and result in less healthy diets. Whether such a change in relative prices and incentives has occurred in the United States is difficult to prove because of substantial quality improvements in many fresh fruits and vegetables. For commonly consumed fresh fruits and vegetables for which quality has remained fairly constant, analysis of price trends reveals a price decline similar to that of dessert and snack foods. This price trend evidence suggests that the price of a healthy diet has not changed relative to an unhealthy one, although a healthy diet might not include every fresh fruit or vegetable currently available.

Keywords: fresh fruit and vegetable prices, price trends, quality change

Acknowledgments

The authors thank Linda Calvin, Elise Golan, Ephraim Leibtag, Gary Lucier, James MacDonald, Abe Tegene, and Jay Variyam (Economic Research Service, U.S. Department of Agriculture). Thanks also to Mark Bowman (U.S. Bureau of Labor Statistics) and to Parke Wilde (Tufts University). Thanks to Angela Anderson and Tom McDonald for their editorial contributions.

Contents

Summary	iii
Introduction	1
Why Is It Difficult To Say Whether Relative Prices Have Changed?	3
Changing Produce Quality: Fruits and Vegetables Are More Convenient to Eat	3
Changing Produce Quality: Fruits and Vegetables Come in Greater Year-Round Variety	4
Price Indices May Not Adequately Account for Quality Change	7
Holding Quality Constant: What Can We Learn About How Relative Prices Have Changed?	9
Price Trends for Dessert and Snack Foods	10
Price Trends for Fresh Fruits and Vegetables	10
Conclusions	17
References	19
Appendix: CPI Overstates the Rate of Increase in Food Prices, Especially for Fresh Fruits and Vegetables	22