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Economy

Chowing down on the cheap

14 July 2025

Key takeaways

- Over the past several months, spending growth at restaurants has surpassed that at supermarkets. Yet, in contrast to the spending data, when consumers were asked what they have recently done to reduce expenses, there's another surprise: they said they cut spending on restaurants. According to Bank of America aggregated credit and debit card data, households not only increased spending at full service restaurants, but also how often they dined out in June.
- Interestingly, lower-income households' spending growth per transaction was higher than other income cohorts at both quick-service restaurants and full service dining in June. But their transaction growth was significantly lower, suggesting the first pull back on spending could come in the form of the number of trips, and not necessarily money spent.
- Lower-income households are also chasing value at the grocery store. Regional cost-of-living differences may be influencing shopping decisions, with more cities in the South favoring discount grocers. If spending on groceries outpaces spending on restaurants, it's likely there could be a continued - and possibly stronger - shift to value and the emergence of an even more selective consumer.

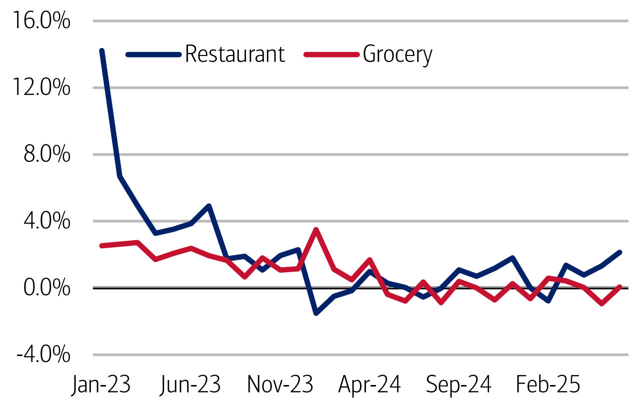
Think you're dining out less? The spending data says otherwise

Despite our July Consumer Checkpoint showing a pullback in discretionary services, people are still going out to eat. Bank of America aggregated credit and debit card data shows a surprising fact: spending growth on restaurants (i.e., food away from home) has surpassed that at grocery stores (i.e., food at home) over the last few months (Exhibit 1).

Yet in contrast to the spending data, when consumers were asked in a recent CivicScience survey what they have recently done to reduce expenses, there's another surprise: they said they cut spending on restaurants (Exhibit 2). So, is it possible to eat out and still save money?

Exhibit 1: Grocery spending has lagged restaurant spending since March, up 0.1% year-over-year (YoY) in June compared to 2.1% YoY for restaurants

Credit and debit card spending per household by category (monthly, YoY%, seasonally adjusted)



Source: Bank of America internal data

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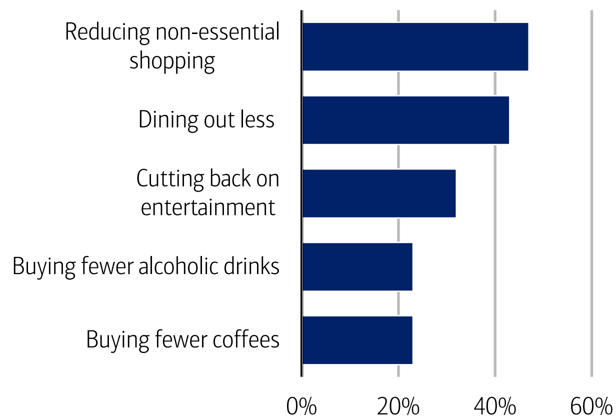
Exhibit 2: Consumers indicated they were dining out less to reduce expenses

In the past 30 days, which of these actions have you taken to reduce your expenses? (% of respondents)



Source: CivicScience Note: 8,639 responses from February 27, 2025 to May 31, 2025.

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Is the economy producing picky eaters?

Interestingly, the wallet share for food away from home increased during two out of the six past recessions, according to Bureau of Economic Analysis data (Exhibit 3). One possible explanation for this could be that consumers don't actually shift from dining out during economic slowdowns, they just switch to less expensive options.

For now, looking across Bank of America card data, we see households made fewer visits to quick-service restaurants (QSRs) and increased the number of transactions at full-service, casual dining spots in June on a YoY growth basis.

Exhibit 3: The share of food at home actually declined slightly during the 1981 and 2001 recessions

Share of total personal consumption expenditure on food at home and food away from home prior to and during recessions (%)

	Food at home (grocery)			Food away from home (restaurants)		
	12-mo prior	During recession	Difference	12-mo prior	During recession	Difference
Feb - July '80	13.75	13.76	0.01	6.42	6.37	-0.05
Aug '81 - Nov '82	13.38	12.99	-0.39	6.35	6.27	-0.08
Aug '90 - Mar '91	10.25	10.29	0.04	6.13	6.16	0.03
Apr - Nov '01	7.99	7.98	-0.003	5.21	5.18	-0.03
Jan '08 - Jun '09	7.57	7.73	0.16	5.23	5.25	0.02
Mar - Apr '20	7.13	9.36	2.23	5.91	4.26	-1.64

Source: Bureau of Economic Analysis

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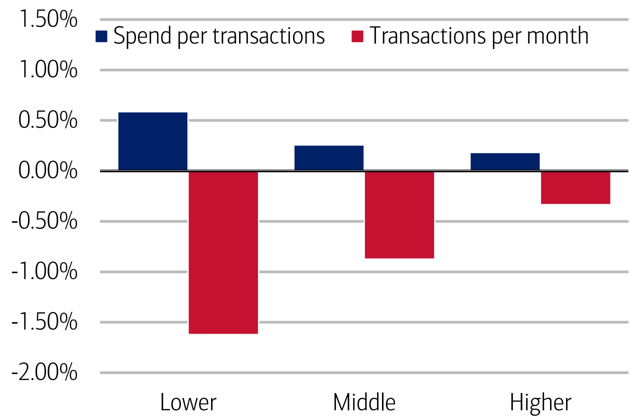
Lower-income households are dining out less, but spending more

According to BofA Global Research, we are seeing a continuation of the consumer selectivity that typically characterizes times of economic uncertainty. Specifically, some consumers appear to be seeking out perhaps fewer, but more meaningful experiences.

This is particularly the case for lower-income households. Their spending growth per transaction was greater than other income cohorts at both limited and full-service dining (Exhibit 4 and Exhibit 5). Yet, the growth in the number of transactions was much lower in June, suggesting the first pull back in spending could come in the number of trips, but not necessarily money spent.

Exhibit 4: Compared to other cohorts, lower-income households made far fewer transactions and increased spending growth on fast food in June

Spending per card transaction, card transaction per month on QSRs in June by income category (3-month moving average, YoY%)



Source: Bank of America internal data

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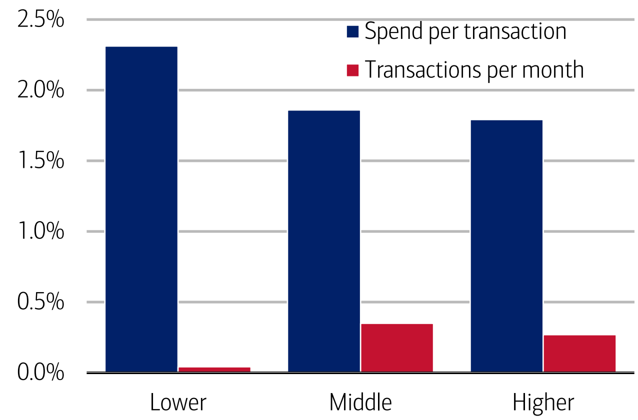
Exhibit 5: Across cohorts, lower-income households had the weakest growth in transactions at casual dining, but increased spending the most in June

Spending per card transaction, card transaction per month on casual dining in June by income category (3-month moving average, YoY%)



Source: Bank of America internal data

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Clipping coupons at the grocery store

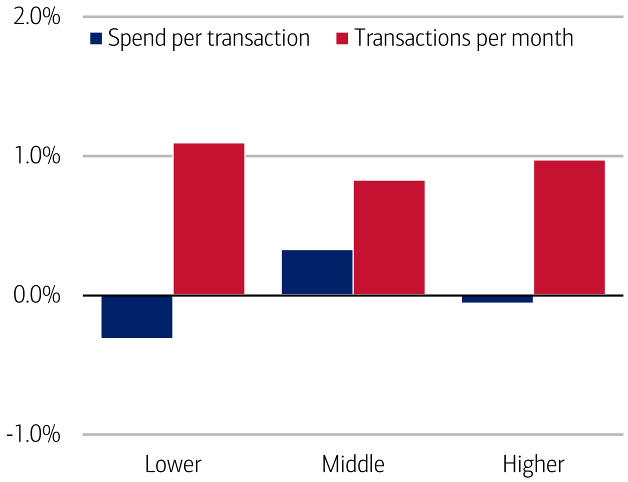
Does spending more but going less often also apply to grocery shopping? As discussed in our July Consumer Checkpoint, there has been a continued migration towards "value" when grocery shopping. According to Bank of America card data, consumers across all income groups are transacting more frequently (Exhibit 6) and – with the exception of middle-income households – spending less per transaction YoY, meaning it's likely people are shopping more selectively to get the best bargains.

After all, shoppers this year have been hit by high prices for products ranging from eggs to meat, so searching for discounts is of particular importance (read more on this in our March Consumer Checkpoint). As a result, consumers are turning to private labels and promotions more often and with good reason – the price gap between private labels and national brands continues to broaden, with an average difference of more than two dollars.[1]

Perhaps this is one reason why a recent BofA Global Research survey found that 21% of respondents in June noticed "the most dramatic uptick in discounts" in grocery stores, the highest level since the launch of the survey in December 2020 (Exhibit 7).

Exhibit 6: Lower-income households had the greatest increase in the number of transactions per month in June

Spending per card transaction, card transaction per month on grocery in June by income category (YoY%, 3-month moving average)



Source: Bank of America internal data

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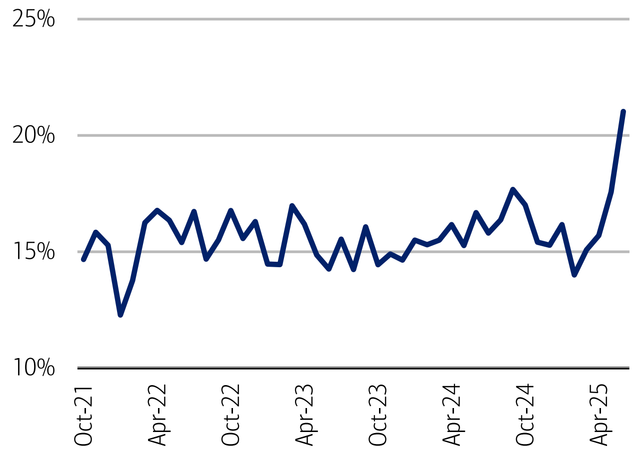
Exhibit 7: In June 2025, 21% of respondents noticed "the most dramatic uptick" in grocery promos vs. 17% last year

Respondents who noticed an uptick in grocery promotions



Source: BofA Global Research

Note: Respondents: ~1,000 each month (each respondent is able to select up to 3 choices)

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Are cost-of-living differences determining where consumers grocery shop?

Across cities, grocery trends also differ, in part due to overall cost-of-living differences. In fact, food at home prices often rise faster in cities than across the overall country, according to BofA Global Research's pricing studies. These studies are based on basket price analyses of like-for-like items to understand how much prices have increased on average in a city, across all retailers.

For example, in March 2023 in San Francisco, the market average across food retailers was nearly double the rate of CPI. And though there appears to be marked improvement in food inflation across several markets over the past few years, shoppers' spending habits still differ.

Cities in the South show increases in discount grocery spending

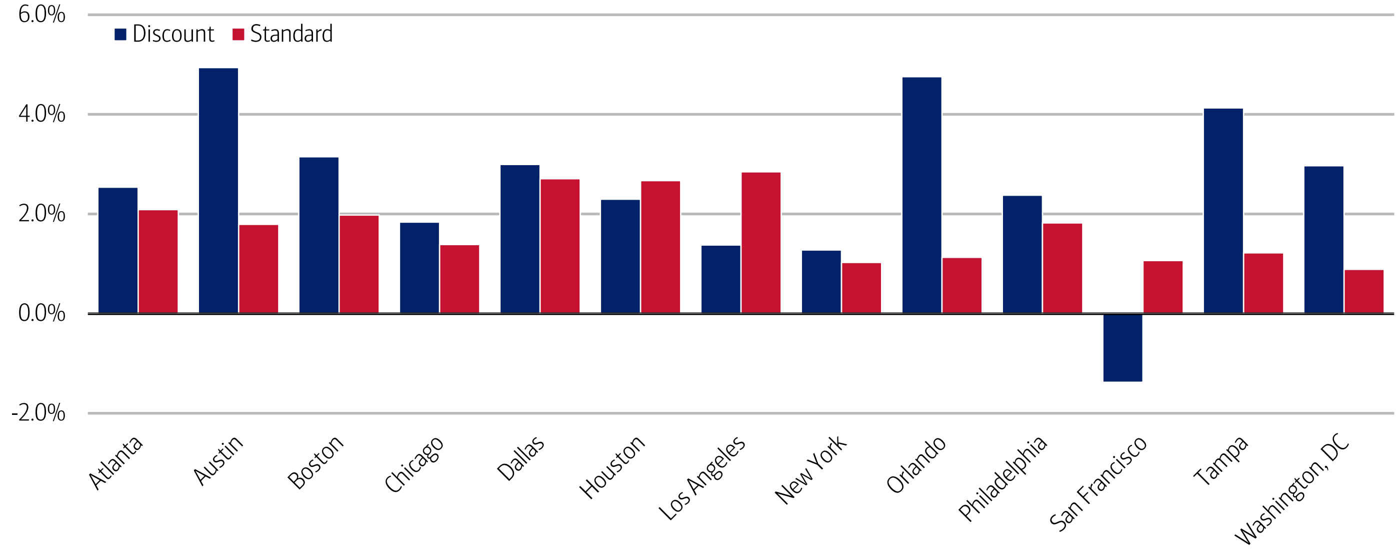
Using Bank of America card data, we examine grocery spending by Census Bureau Statistical Areas (CBSAs) between standard and discount grocers (see Methodology).

The national average for discount grocery spending per customer was up 1.4% YoY in June, and cities including Austin, Orlando and Tampa showed the sharpest growth in spending at these stores (Exhibit 8). It's possible that other cost increases in the South, are weighing on spending decisions (read more on this in our May On the Move publication).

Conversely, cities in California had stronger spending growth at standard grocers in June. In fact, San Francisco was the only city across the country to exhibit negative spending growth at discount grocers in June. Interestingly, Houston also had slightly stronger spending growth at standard grocers in June.

[1] *Price Gap Growing Between Private Label and National Brands; 99% of U.S. Households Now Purchasing Private Label Products*. Numerator Reports - Numerator.com.

Exhibit 8: Los Angeles, Houston, and San Francisco exhibited stronger growth in standard grocery spending than at discount stores in June
Grocery spending per customer by CBSA in June (YoY%)



Source: Bank of America internal data

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Food for thought

While it is common for consumers to adjust overall spending during different economic cycles, it's a different picture when it comes to spending on food.

Interestingly, consumers do not necessarily dine out less during downturns, but rather they shift to cheaper restaurants. If consumer spending momentum slows further, and spending on groceries outpaces spending on restaurants, it's likely there could be a continued – and possibly stronger – shift to value and the emergence of an even more selective consumer.

Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Grocery store tiers were defined by MCC code (the categories on an individual transaction basis) month-by-month. In our view, such categorization is a fair view of price levels at those stores.

Bank of America credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1995
2. Younger Millennials: born between 1989-1995
3. Older Millennials: born between 1978-1988

4. Gen Xers: born between 1965-1977
5. Baby Boomer: 1946-1964
6. Traditionalists: pre-1946

Additional information about the methodology used to aggregate the data is available upon request.

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