



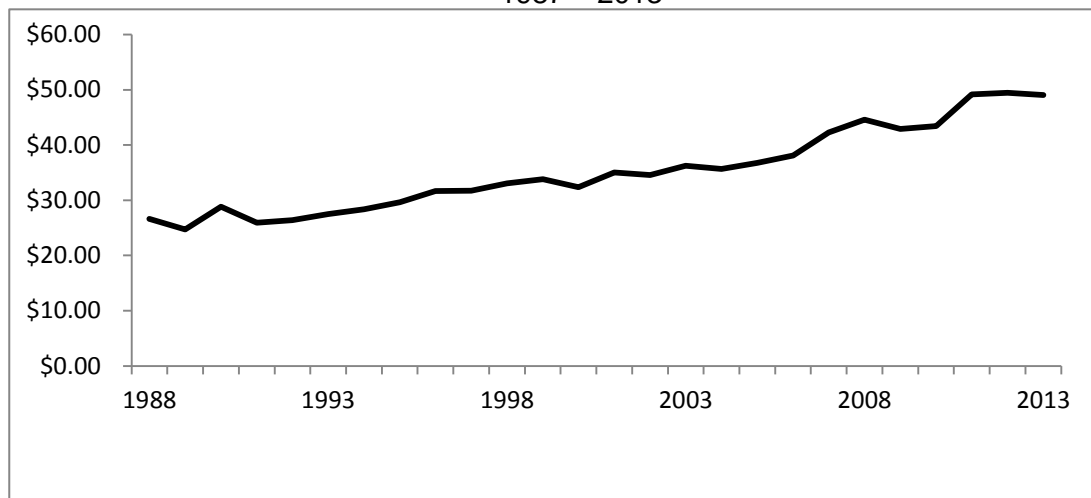
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Kristen S. Park  
Charles H. Dyson School of Applied Economics and Management  
Cornell University

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When the American Farm Bureau Federation volunteer shoppers tallied up their shopping receipts this year, the price of the classic American turkey-and-dressing-and-all-the-fixings Thanksgiving dinner came to \$49.04 for a meal for 10, basically stable from the 2012 feast (\$49.48). This was a happy state of affairs for consumers.

FIGURE 2 – 1. THE PRICE OF A THANKSGIVING DINNER,  
1987 – 2013



Source: American Farm Bureau Federation. 2013. "Cost of Classic Thanksgiving Dinner Down 2013". website: <http://www.fb.org/index.php?action=newsroom.news&year=2013&file=nr1114.html>

The Farm Bureau’s informal survey on price inflation generally reflects the country’s food markets this past year. Although the cost of food did actually increase, (sorry, Farm Bureau) it rose at a lower rate than the past few years. The United States Department of Agriculture estimates the average CPI for food through 2013 will be between 1.5% to 2.5%, a slightly lower inflationary level than the CPI for food the past 2 years (Table 2-1). One reason why the Farm Bureau meal came in a bit low compared to a general CPI could be due to the volunteer shoppers’ diligence in shopping for good prices. It could also be due to retailers’ reaction to hold down prices on several holiday items in response to the generally depressed consumer confidence levels in October and November.

The Farm Bureau “meal” included items from almost all of the food categories tracked by the Bureau of Labor and Statistics, the bureau that releases official CPI figures. Items were: turkey, rolls, green peas, cubed stuffing, fresh cranberries, pie shells, sweet potatoes, pumpkin pie mix, milk, a relish tray of carrots and celery, whipped cream and some miscellaneous ingredients. While poultry prices in general are estimated to increase about 4% above last year’s prices (Table 2-1), turkey prices, specifically, are steady to down. Excellent retail prices for turkeys could be found by shoppers in the Farm Bureau price study. Cereals and bakery prices look like they will increase modestly and sugar and sweets will actually decline this year. This augers well for holiday desserts.

TABLE 2 – 1. CHANGES IN CONSUMER PRICE INDEXES FOR VARIOUS FOODS, 2013 – 2014

	2013 forecast <sup>1</sup>	2014 forecast <sup>1</sup>
	<i>% change</i>	<i>% change</i>
All food	1.5 to 2.5	2.5 to 3.5
Food away from home	2.0 to 3.0	2.5 to 3.5
Food at home	1.0 to 2.0	2.5 to 3.5
Beef and Veal	2.0 to 3.0	2.5 to 3.5
Pork	0.5 to 1.5	2.0 to 3.0
Poultry	3.5 to 4.5	3.0 to 4.0
Fish and seafood	2.0 to 3.0	2.5 to 3.5
Eggs	2.0 to 3.0	2.0 to 3.0
Dairy products	0.0 to 1.0	2.5 to 3.5
Fats and oils	-1.0 to 0.0	1.5 to 2.5
Fruits and vegetables	2.0 to 3.0	2.5 to 3.5
Fresh fruits	2.0 to 3.0	2.5 to 3.5
Fresh vegetables	2.5 to 3.5	2.0 to 3.0
Processed fruits & vegetables	1.0 to 2.0	2.5 to 3.5
Sugar and sweets	-2.0 to -1.0	2.0 to 3.0
Cereals and bakery products	1.5 to 2.5	2.0 to 3.0

<sup>1</sup> USDA-ERS, Food Price Outlook, <http://www.ers.usda.gov/data-products/food-price-outlook.aspx#26630>

Overall, fresh vegetables, including holiday favorites such as potatoes, and sweet potatoes, are more expensive this year, but this is only a rebound from last year's prices that were severely depressed.

The positive picture on food prices this Thanksgiving is probably welcome news to consumers. Although the economy still shows signs of recovery, progress is slow and exhibited fits and starts in 2013. Gross domestic product is predicted to increase only 1.7% in 2013 (Table 2-2). Personal income is expected to increase 2.9% in 2013, but this is only in nominal terms. Consumer price inflation in 2013 is expected to be around 1.5%.

TABLE 2 – 2. ECONOMIC SNAPSHOT

Economic Measure	2008	2009	2010	2011	2012	2013 (forecast)	2014 (forecast)
GDP (annual % chg) <sup>1</sup>	-0.3%	-3.1%	2.4%	1.8%	2.8%	1.7%	2.3%
Nominal Personal Income (annual % chg) <sup>1</sup>	-0.4%	-1.6%	2.0%	2.5%	2.2%	2.9%	3.7%
Consumer Price Inflation (% chg) <sup>1</sup>	3.8%	-0.3%	1.6%	3.1%	2.1%	1.5%	1.9%
Consumer Price Inflation, All Food (% chg) <sup>2</sup>	5.4%	1.9%	0.8%	3.7%	2.6%	1.5 to 2.5%	2.5 to 3.5%

<sup>1</sup> Historical data from Bureau of Economic Analysis; forecasts from The Conference Board

<sup>2</sup> Historical data from Bureau of Labor Statistics; forecasts by USDA-Economic Research Service .

What about 2014? Forecasts from the Conference Board see an increase in GDP of 2.3% as well as a larger increase in nominal personal income (3.7%) concurrent with a minor increase in the overall CPI (1.9%). As far as food prices, next year the cost of a Thanksgiving dinner will increase, as USDA analysts predict a hike of 2.5 to 3.5% in all food (see Table 2-1).

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