The Impact of Food Prices on Consumption: A Systematic Review of Research on the Price Elasticity of Demand for Food

The previous experience from tobacco tax regulation stresses the power of price changes to influence purchasing behaviours and, ultimately, public health. Policy-makers are therefore interested in how changing the relative prices of selected foods might affect purchasing and consumption behaviours. Looking at major commodity foods included in the Dietary Guidelines for Americans food categories, the goal of this systematic review is to provide a comprehensive summary of research on food demand and consumption behaviour in the United States over the past seven decades.

Based on the estimates of this review, Adreyeva, Long and Brownell identify a critical information for policy makers who are considering implementing soft drink taxes: altering prices of soft drinks can alter their consumption. Through the 160 selected studies, the authors analysed both price demand elasticity and cross-price elasticity of demand of sixteen food and beverage categories. Results revealed that there appears to be an inverse relationship between increased price elasticity and demand of a product. Overall, this systematic review highlights the potential benefits of using economic incentives as a tool to promote health.