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Bringing home the bacon

Groceries are among the most significant and necessary costs in a family budget

MONEY MATTERS By: Joel Schlesinger
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Kristin McKinley gets some help with the groceries from her daughter Danica, 4, and son Logan, 1.
Photo Store

Kristin McKinley would like to be an extreme coupon cutter. She'd also budget unfailingly for the weekly

grocery shopping duties.

But as a stay-at-home mom of a four-year-old and one-year-old, McKinley says time is a luxury that she often cannot afford.

"When I do my shopping I always have my two kids in tow with me, so it gets a little bit stressful," said the 32-year-old Winnipeg mom, who writes about the many joys and handful of challenges of motherhood on her blog, Born2beMom.com.

As much as she'd cut coupons and work up budgets, she says she doesn't have the time for that kind of pre-shopping prep work.

Instead, she tries to save money while at the store. Even so, tallying up the final tab is always a little nerve-wracking.

"Our monthly budget is a little bit tight," she said.

And while she looks for savings here and there, she finds she's only holding the line because prices are continually creeping upward.

"Honestly, our biggest expense when it comes to food would be milk," she says. "With two young kids, we buy a lot of milk and it gets pretty pricey, and it seems the price of milk has gone up quite a lot in the last few years."

McKinley estimates they spend about \$15 to \$20 a week on milk alone. Overall, she estimates groceries cost her and her husband Kevin at least \$800 per month.

And McKinley is right. Food prices have been on the rise, outpacing inflation over the last decade, Statistics Canada data reveals.

While the Consumer Price Index (CPI) -- the basic cost measure for a basket of household goods -- has increased 24 per cent between 2002 and 2012, food prices have increased about 34 per cent, says Amanda Wright, an analyst with Statistics Canada.

In Manitoba, the price jump has been less than in other parts of the Canada, but food costs have still risen about 30 per cent here over the last decade. That may sound slightly out of whack for some shoppers. Prices for some food products have doubled over the last decade, but the CPI food prices are weighted according to overall spending. The products consumers spend more money on become more important in the calculation, Wright says.

In fact, food accounts today for less of our overall budget than it did in 1986 when Statistics Canada began recording the CPI data. We now spend on average about 16 per cent of our budget compared with about 18 per cent in 1986. That's compared with about 26 and 36 per cent on shelter, respectively.

"The cause for the decrease could be a variety of factors, but typically, as society's wealth increases, you spend less on the necessities and more on other things," Wright said. "It's generally something we see when we look at a change in a country's average income or wealth."

Still, certified financial planner and money coach Sheila Walkington says groceries are a significant and essential expense for most Canadian families.

The Vancouver-based adviser and author says many people she works with are surprised how much they are spending on food -- once they pay close attention to their spending habits. It's also a budget line where significant savings can be found with a little bit of planning and effort.

Grocery savings tips

Money coach Sheila Walkington says the following basic tips will help cut your food bill:

- Set a weekly or biweekly budget -- and stick to it.
- Open a separate low-fee chequing account and put your grocery money in this account, using only debit or cash from it for groceries. Once it's empty, start eating whatever's left in the fridge and cupboards until payday.
- Make a weekly meal plan, create a shopping list for it and only buy what's on the list.
- Choose a grocery store that is not overly expensive and that is not full of tempting treats you don't need. That doesn't necessarily mean the store has to have the lowest prices. Sometimes low prices -- particularly buying bulk -- can entice us into spending more than planned. Over-buying also increases the chance that food will go to waste. Wasted food is wasted money, Walkington says.
- As a family or couple, take turns cooking. Everyone gets a designated cooking night, and perhaps one night can be set aside where everyone fends for themselves. This eases the burden on the primary chef in the household and decreases the likelihood of dinner defaulting to takeout.
- Buy food you need to cook and prepare, not simply heat up. Prepared foods are more expensive than actually cooking the real deal.
- Cook with leftovers in mind. This will

"It's easy to overspend on groceries, so it can be fertile ground for saving money," said Walkington, who co-founded Money Coaches Canada, which helps consumers better manage their cash flow.

"It's usually one of the first areas we look at, besides dining out."

Walkington says a reasonable grocery budget is about \$200 to \$300 a month per person. Any higher amount is likely an indication some financial fat can be trimmed.

Most people can cut about 20 to 30 per cent from their monthly grocery costs, she says. It's all about preparation -- something we often don't do.

"What I often find people don't do are meal plans -- many don't even go to a store with a list," she said.

Time is money when it comes to preparing meals at the end of the day. If you're home after work, hungry, in a rush and at a loss of what to make for dinner, that's a recipe for takeout. This quickly becomes an expensive habit.

"But if you know what the meal is and already have the ingredients, it's less difficult to just go home and cook," she said. "The first thing I suggest is that they develop a list of 30 meals the family likes, and each week they can decide which six or seven meals they're going to make and what groceries they need to buy for it."

Developing a weekly budget for food is also essential to cut the grocery bill. Everyone knows this fact, she says, but most people can't put the concept into regular practice because it's easy to overspend on food, using funds that could otherwise go toward savings and debt repayment.

Walkington says she often works with clients to set up a system where money is specifically set aside for food and just about every other expense. This can be done physically, putting money into envelopes or jars. But this method is often unnecessarily onerous and impractical.

"What do you do, for example, when you need your partner to pick up something from the store on the way home?"

An alternative is setting up different bank accounts for various needs.

But simple mental accounting works, too, knowing if you overspend on food, money has to come from somewhere else.

"I do this myself, so when I know there's only \$23 left in the

cut waste and spending.

-- Have a goal. If you come in under budget, there should be a plan, such as putting the extra savings into a travel fund.

-- Have consequences if you overspend. For instance, extra spending on groceries should come out of an entertainment fund.

A decade of food prices: Statistics Canada data for prices of commonly purchased food in May of 2013 compared to May of 2003.

Ground beef, regular (one kilogram): \$5.84 in 2003; \$9.50 in 2013

Chicken (one kg): \$4.99 in 2003; \$7.10 in 2013

Wieners (450 grams): \$2.41 in 2003; \$3.48 in 2013

Partly skimmed milk (one litre): \$1.61 in 2003; \$2.31 in 2013

A dozen eggs: \$2.15 in 2003; \$3.29 in 2013

Loaf of bread: \$1.62 in 2003; \$2.89 in 2013

Bananas (one kg): \$1.29 in 2003; \$1.64 in 2013

Potatoes (4.5 kg): \$4.14 in 2003; \$4.98 in 2013

Carrots (one kg): \$1.62 in 2003; \$1.77 in 2013

Baby food (128 millilitres): \$0.60 in 2003; \$0.84 in 2013

Peanut butter (500 grams): \$2.66 in 2003; \$3.67 in 2013

grocery budget, I'll make an extra effort to look in the cupboards for things to cook because if I go over budget, the money comes out of the travel or entertainment budget."

And the consequences should be short-term, not long-term pain, because they're more effective.

"People are more motivated to stick to their grocery budget if they know the savings will go to something fun."

If the overruns come at the expense of the RRSP, "it's easy to think 'I'll do it next time.' "

Cutting discretionary expenses has a more immediate impact, but it's also less threatening to long-term wealth than putting monthly savings and debt payments on hold.

These budget goals must continue even when the household budget is really tight. But discretionary costs can be cut, even eliminated temporarily. And then it can be a matter of finding grocery savings to restore the budget for the fun things in life.

"Make something like vacations, for example, zero dollars unless you can cut \$200 from your grocery budget in a month," she said. "So if you can cut your grocery budget from \$1,000 to \$800, you've just freed up money for your travel budget."

It comes down to people discovering what motivates them, she added.

For McKinley, it's not holidays that compel her to trim costs. She tries to save on food to buy something more precious: time.

"It's used for those nights when I'm too exhausted to cook dinner," she said. "Then I know I have the money to order a pizza so I can spend more time with my family."

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