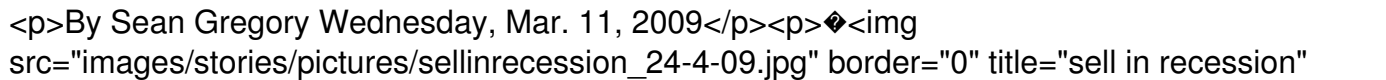


By Sean Gregory Wednesday, Mar. 11, 2009

A small, square image with a black border. The text "sell in recession" is written in a white, sans-serif font, centered within the image. The background of the image is dark and indistinct.

What's the last thing people want in a recession? More kids, apparently. According to data-tracking firm the Nielsen Co., dollar sales of products in the "family planning" category, which include condoms and over-the-counter female contraceptives, were up 10.2% for the first two months of this year. Unit sales were up 1.5%, which indicates that consumers are willing to pay higher prices today to prevent crib expenses tomorrow. But economics alone can't explain this protectionism. To cut expenses, consumers are going out less, a phenomenon retail analysts call cocooning. Among couples, cocooning can lead to canoodling, which can lead to ... recreation. "People are spending a lot less on entertainment," says Rick Shea, a branding expert and founder of Shea Marketing Consulting. "And 'that,' for the most part, is free." Nothing says more about the American mind-set than what consumers are buying, and ignoring, at drugstores, supermarkets and mass-merchandising outlets like Wal-Mart and Target. TIME asked the Nielsen Co. to identify the best- and worst-performing product categories during this recession, and the findings are quite revealing. In general, people are buying more food to prepare at home, a function of their eating out less often at restaurants, which are suffering. At the same time, they're forsaking home furnishings and more discretionary items. "The American consumer is clearly getting back to basics," says Todd Hale, Nielsen's senior vice president of consumer and shopping insights. "The philosophy out there seems to be 'If you can't eat it, you don't need it.'"

So what's outperforming on the shelves? A catch-all category called "seasonal general merchandise," which contains thawing salt, body warmers and gift packages with candy, was tops, with a 32% rise. Analysts explain this jump by pointing to the unusually cold and snowy winter, plus the folks who traded down their Valentine's Day purchases from fancy dinners and jewelry to smaller-ticket gift packages. Unit sales for canning and freezing supplies like jars, bags and containers were up 11.5% during the eight weeks ending on Feb. 21, making them the second best-performing category on Nielsen's list. This suggests that consumers are trying to increase the shelf life of their food purchases so they don't have to head back to the store. "There's a segment of the population returning to the habits that my parents and grandparents had," says Tom DeMott, 56, chief operating officer of Encore Associates, a consumer-goods advisory firm. "They're canning and freezing products just so they can save a few bucks."

Other categories in the top 20, as measured by a change in unit sales during the first two months of 2009, include baking mixes and supplies, flour and dough products; people are making brownies instead of buying them. Fresh-meat sales rose 7.3%, vegetables and dry grains were up 5.5%, dry pasta 4.4% and cheese 3.1%. Wine and liquor were also up. People aren't heading out for alcohol, but they still want to drink at home. In these bleak days, self-medication is certainly in style.

The worst-performing categories include discretionary items. Cookie and ice cream cone sales dropped 9.7%; people can do without dessert, and further, the boom in baking supplies shows that more people are making treats at home. Bottled water was down 11%, but that makes sense. "What's the economical substitute for that?" asks DeMott. "It's called a tap."

The jams, jellies and spreads category was also down, by a sharp 12.1%. That includes peanut butter; while you might expect people to eat more peanut butter and jelly sandwiches instead of steak during a typical recession, the salmonella outbreak likely dragged down the numbers. Canned seafood, down 13.3%, is a little harder to explain. In general, seafood costs more than other products, but if consumers are trading down to canned

goods, one might think they'd be buying more of it in cans. </p><p align="justify">The categories rounding out the bottom 20 are for the most part expendable. Film and cameras, whose unit sales dropped 31.5%, was the worst of the bunch. "A camera is not something you need right now," says DeMott. Plus, who really wants to remember these tough times? And if couples are using contraception, they won't need a camera to snap precious baby pictures.</p><p align="justify">Sports and novelty cards were down 26.5%. "You really don't need that," says DeMott. Magazines slipped 17.1%. Products that spruce up your home ♦ kitchen gadgets, lawn and garden items, buckets, bins and bath accessories ♦ were slumping. Sales of air fresheners and deodorizers also dropped. "If you're lucky enough to have a couple of extra dollars, do you really need your bathroom to smell minty fresh?" asks Shea. Both insect repellants and cough and cold remedies were struggling. We'll suffer mosquito bites and sniffles for a few extra bucks. </p><p align="justify">What's more, experts say bug spray and other lagging products shouldn't expect a rebound anytime soon. The back-to-basics movement is here to stay. "There's an interesting psychological effect happening right now," says DeMott. "It's permeating every consumer segment. People think they have to hunker down, no matter what their socioeconomic status." So start stocking your shelves. We're now a country of cocooners.</p><p align="justify">Source: http://www.time.com/time/business/article/0,8599,1884149,00.html</p>