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[Reconfiguring: Dining out is out; prepared foods are in](#)

Posted: 24 Feb 2009 08:32 PM PST



Consumers are saving by dining out less and substituting prepared meals

This mornings NPR Morning Edition did a nice 4-minute piece entitled [Consumers Spurn Dining Out for Prepared Foods](#). Its a perfect illustration of a Reconfigure/Substitute strategy in action: when consumers cut back spending, they look for substitutes and create new opportunities for businesses paying attention.

The report begins:

Groceries are one of the few bright spots in the economy, as consumers looking to save money skip restaurant meals to eat in. Generic brands and pantry staples are selling well.

The featured business is Whole Foods. I would have guessed that Whole Foods would be suffering the same consumer belt tightening that has hit Starbucks, but a company rep says they are maintaining flat sales, helped by dramatically expanding their prepared meal offerings.

Supermarkets and convenience stores are following suit. Giant Foods are renovating stores to add floor space for prepared foods and adding in-store chefs. All of this is work for someone!

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[Gauging economic climate change, Pt. 2: Jobs and income](#)

Posted: 07 Jan 2009 08:37 AM PST

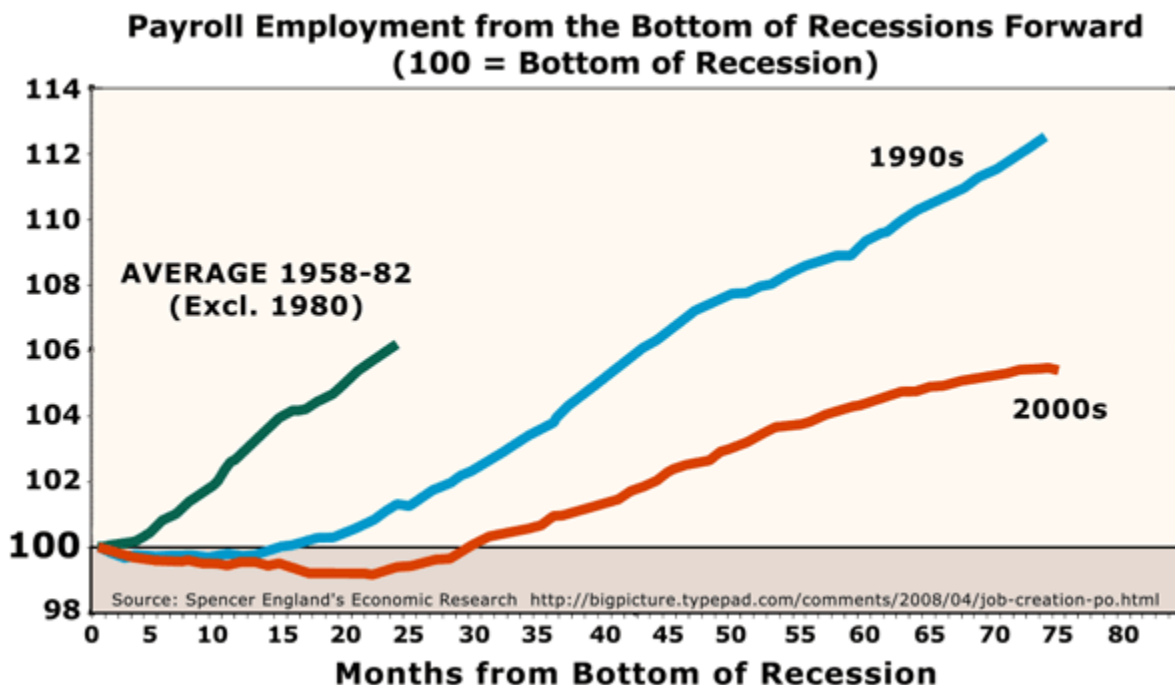
In my previous post, I reviewed the past [five recessions](#) to provide one backdrop for business strategy. In this post, I'll discuss jobs and household income: two of the underlying issues that make our current crisis unlike past recessions.

We're still in the storm, but we can already see some of the likely contours of the future business environment. Jobs and household income were increasing at glacial rates long before the crisis and ongoing downward pressure is anticipated. To the extent that the fitness of our individual enterprises is tied to a general "rising tide," said tide is lifting fewer boats and not as high.

Like global warming, we frequently have a vague recognition of the trends in job and income growth but without scale or detail. Let's take a look.

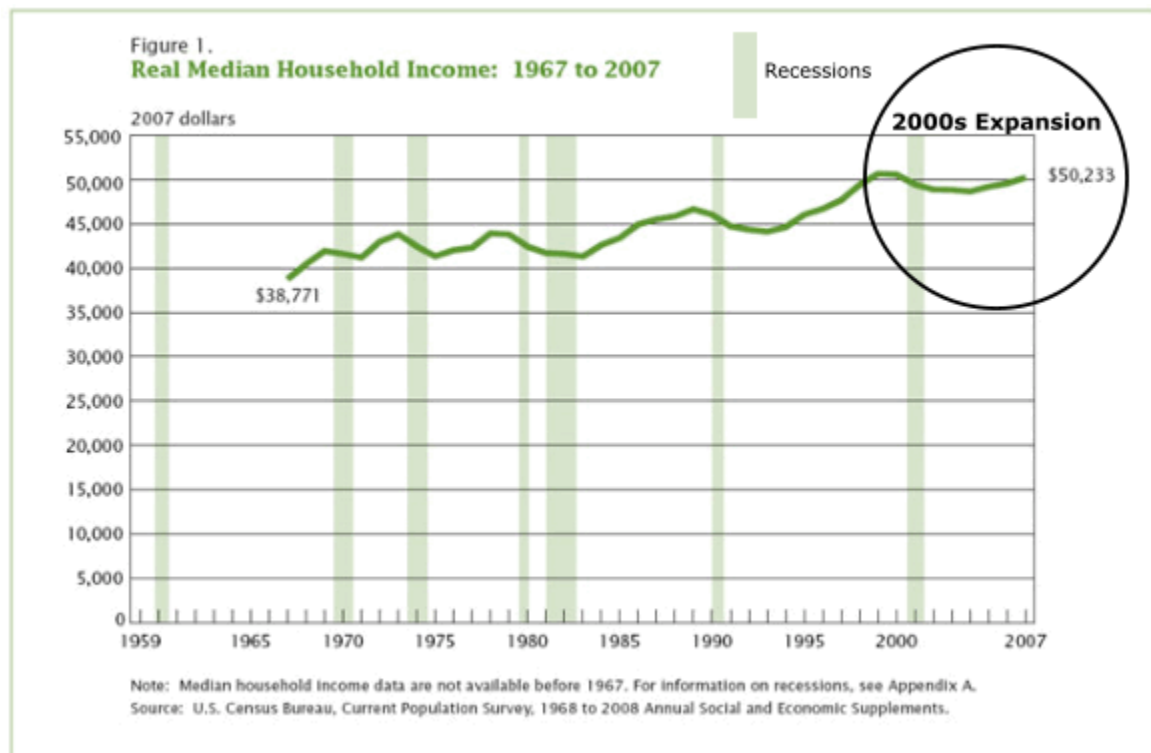
Job creation was a crisis before the recession

Last April, financial blogger Hale Stewart assembled a fact-filled [critique of the recent economic expansion](#) (2002-2007). He included a version of this graph showing that expansions in the 1960s and 1970s grew jobs at about 3% per year. In the 1990s expansion, job growth dropped to 2% per year. Then, in the 2000s, job growth flat lined for 29 months before eking out an average 1% annual growth not even enough to absorb the [1.25% annual growth in the labor force](#).



Most people lost ground in the last economic expansion

Throughout the recent presidential campaign, we heard a growing angst about the plight of the middle class. The bottom line is that median household income, adjusted for inflation, has stopped rising. [Stewart](#) offers this Census graph with the comment: Real median household income is now at the same level it was in 2001.



In early 2008, before the housing and credit collapse, New York Times correspondent Steve Greenhouse examined this trend in [The Big Squeeze: Tough Times for the American Worker](#):

One of the least examined but most important trends taking place in the United States today is the broad decline in the status and treatment of American workers white-collar and blue-collar workers, middle-class and low-end workers that began nearly three decades ago, gradually gathered momentum, and hit with full force soon after the turn of this century. A profound shift has left a broad swath of the American workforce on a lower plane than in decades past, with health coverage, pension benefits, job security, workloads, stress levels, and often wages growing worse for millions of workers.

That the American worker faces this squeeze in the early years of this century is particularly troubling because the squeeze has occurred while the economy, corporate profits, and worker productivity have all been growing robustly. In recent years, a disconcerting disconnect has emerged, with corporate profits soaring while workers wages stagnated.

this may be the first time in American history that the typical working household goes through an economic expansion without any increase in income whatsoever.

This, unfortunately, is the continuation of a long-term squeeze. Since 1979, hourly earnings for 80 percent of American workers (those in private-sector, nonsupervisory jobs) have risen by just 1 percent, after inflation. The average wage was \$17.71 at the end of 2007. For male workers, the average hourly wage actually slid by 5 percent since 1979. Worker productivity, meanwhile, climbed 60 percent. If wages had kept pace with productivity, the average full-time worker would be earning \$58,000 a year; \$36,000 was the average in 2007. The nations

economic pie is growing, but corporations by and large have not given their workers a bigger piece.

The squeeze on the American worker has meant more poverty, more income inequality, more family tensions, more hours at work, more time away from the kids, more families without health insurance, more retirees with inadequate pensions, and more demands on government and taxpayers to provide housing assistance and health coverage. Twenty percent of families with children under six live below the poverty line, and 22 million full-time workers do not have health insurance. Largely as a result of the squeeze, the number of housing foreclosures and personal bankruptcies more than tripled in the quarter century after 1979. Economic studies show that income inequality in the United States is so great that it more closely resembles the inequality of a third world country than that of an advanced industrial nation.

Greenhouse goes on to report that the average middle-class husband and wife combined are working three months more per year than 25 years ago! They have also turned to debt: the topic of my next post.

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