

## The Post-Recession Consumer: Part II

October 2010 newsletter

In our most recent e-newsletter (August 2010) we detailed what the post-recession consumers' attitudes might be. And now we have some survey data that shows us that – regardless of the length of this current downturn – the post-recession consumer is already emerging.

This data (courtesy of The Pew Research Centers) tells us how consumers' value perceptions have actually changed (and in some cases, not changed) over the past few years.

For many types of consumer durables (such as household appliances), the sort of considered purchases that defined post-war prosperity, the perception of these items as a "necessity" has declined significantly over the most recent three-year period.

Pew researchers asked consumers if various types of items are thought of "as a necessity ... or a luxury you could do without." These items, that previously been considered a necessity to many Americans, have lost value in their minds:

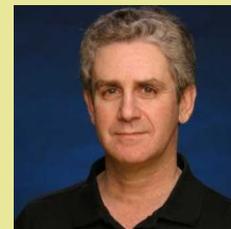
- Microwave ovens (47% "a necessity," down 21%)
- Clothes dryers (68%, -17%)
- Air conditioners (43%, -16%)
- Dishwashers (21%, -14%)
- Televisions (52%, -12%)

And while many consumers will continue to replace their worn-out appliances, this indicates that the true value of these modern conveniences – when weighed against other buying opportunities – has diminished.

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**Prell Organization** is a marketing research firm that uses qualitative and quantitative methods to help our clients and their agencies see their brands more clearly.

**Brand Clarity** is a process by which consumers reveal the essence of a brand to make sure that the products and services being offered are closely aligned to their needs.



For the most part, these changes have occurred equally across all demographic groups. And not surprisingly, actual sales of these items have been decreasing over the past three years at an annual rate of 6-12 percent (according to the Association of Home Appliance Manufacturers).

However, the more recent technologies have continued to hold their own in this hostile economic environment, showing that a sea change has been occurring as consumers shift their evaluation of what is a necessity.

- Flat-screen TVs (8% "a necessity," up 3%)
- High-speed Internet (31%, +2%)
- Cell phones (49%, flat)
- Home computers (50%, -1%)

While this survey may have hit during the low-water mark in consumer confidence, and the valuation of all goods might easily recover from here, regardless of the timing and strength of any recovery, we are witnessing a key inflection point in consumer sentiment. These changes are likely to impact your business too.

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