Recession indicators

When will the financial gloom lift? DOUG SACKS has been gazing into his crystal ball for clues.

The BIG question here and elsewhere remains the weakness of the national and global economies.

Specifically, as Americans are fairly impatient people, when will we turn the corner and see the sun shine again?

This does not have to be an actual mark-your-calendar time. As long as, psychologically, we are reasonably convinced that a recession is ending, then in fact it will.

Emotions now rule Wall Street and all the complex inter-related activities that control our daily financial lives. The stock market will rebound, companies will become more bullish in outlook and start hiring and spending again.

Individuals will also open up their wallets a bit more, so things will get back on track.

So, seeking indicators that give some hint as to when the recession may end, remain of critical importance.

Before reviewing a new national indicator destined to become a smash hit, let's take a quick detour and look at a micro-indicator . . .
the recent DM Days New York Conference.

Once a bustling and robust gathering of direct marketing professionals, it has fallen on harder times.

Last year, I referred to the Exhibit Hall as a ghost town of the Old West. This year, it was more like a cemetery. Again, fewer exhibitors have made keeping it in the same facility inefficient. Next year, it moves to smaller quarters – if indeed there is even any call for it next year. So, while it remained at the cavernous Javits Center this year, it was relegated to a remote far corner area.

Only six or seven aisles of exhibitors and each aisle was half the length of years past. Some exhibitors said it was still worth it, however.

It was very sparse on attendees but I did hear that there were a number of international companies there as they are desperate, as are all of us, for any venue where marketers can meet and network.

Exploiting venues

So, I guess the DMA Annual conference in San Diego in October will draw its usual crowd, although having it on the Left Coast whereas most DMers are operating on the Eastern seaboard will cut down on attendees significantly.

Many seem to be exploiting the DMA venues while not signing on as delegates. This can't help the DMA's balance sheet. People come to town and schedule their meetings but don't attend the sessions or even go to the Exhibit Hall.

Can't really blame them.

Conference organisers are going to have to become more realistic in this economy and re-design the conferences and fee structures, offering more networking receptions and less superfluous session content.

But, back to the theme of this column, which is recession indicators.

New century

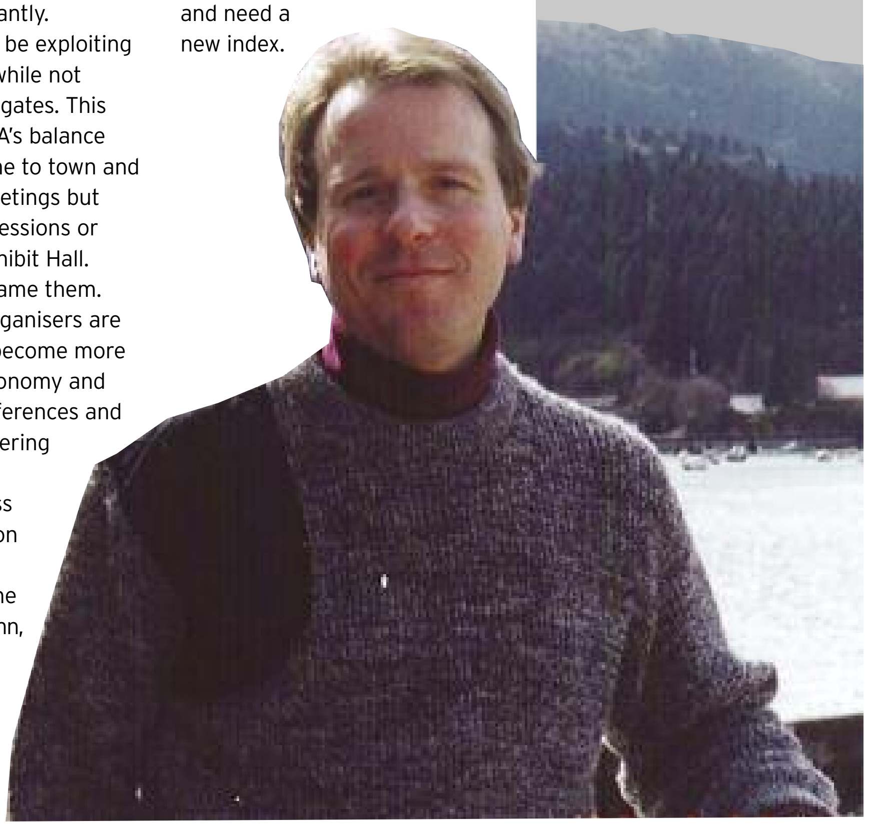
Most know about the 'McDonald's' or 'Big Mac Index', made famous by the Union Bank of Switzerland as a method of determining salaries and disposable income and thus how well off a nation is. It is based on how many minutes or hours a worker in a major world city earning an average salary needs to work in order to purchase a Big Mac.

Tokyo used to be the winner with something like seven minutes. New York and London were not far behind. Some cities in developing countries could take as long as 20 hours. (For Swindon, I think it was three days!). Sounds simple but it was a very effective indicator, really.

But times have changed. That was a 90s index.

Now, we are entering the second decade of a new century and need a new index.

Most know about the 'Big Mac Index', I am proposing the Pole Dancer Index.



So, I am proposing the 'Pole Dancer Index'.

Certain 'industries' are considered recession-proof. Most have to do with sin or vice, depending upon whether you are religious or a police official.

For average folk, we call these necessities.

Expansion strategy

These would include gambling, drinking, smoking, fraternizing with women who demand cash upfront, and so on. The 'Gentlemen's Club', one would think, would fall into this category.

But wait!

A few years ago, these clubs were thriving. Believe it or not, there are publicly-traded strip club corporations that were seeing 300-400 per cent gains in their stock price by an aggressive expansion strategy.

Use the word expansion anyway you see fit.

But recession anxiety, like performance anxiety, manifests itself in mysterious ways.

With the onset of the recession, sales began receeding at these clubs faster than their clientele's hairlines.

Apparently (no personal experience except on Tokyo's Ginza), these clubs are rather pricey and many 'big spenders' no longer have the money to spend.

Many probably no longer have jobs.

Gentlemen's Clubs have cut back on marketing and are re-negotiating their debt payment structure with lenders. More importantly, they have lowered prices to appeal to a 'thriftier' clientele by waiving cover charges and lowering prices on drinks.

Big bucks

So, from a high-end (no pun intended) club where patrons would drop big bucks on lobster, steak, bottles of expensive champagne and expensive cigars, some are being converted to appeal to a more blue-collar market. This includes nude waitresses and bring-your-own-beer.

Wow!

Themed events are being introduced to draw traffic. One benefit is that new dancing recruits are in abundance as jobs become more scarce in the buttoned-down world.

So to make this index work, we'd have to devise a complex formula by city of the number of clubs, number of dancers, whether they are demure and 'classy' or leave nothing to the imagination, average cover price, price of drinks, costs of food and marketing devices used to draw in the crowds.

Surveying what the former jobs of the current 'dancers' were would be highly illuminating. If most came from Wall Street, financial services, law, real estate, automotive or direct marketing, then we'll know that the recession is far from over.

Ground work

I would like to call upon volunteers to do the ground work and research for this.

Please contact me.

I may appear to be an expert but all I know is what I read in the *Wall Street Journal*.

Can the DMA learn from Gentlemen's Clubs about marketing and drawing traffic to their sites in tough economic times by offering better value, having theme nights, lowering prices, offering free admission, listening to their membership base and giving them what they ask for?

I think so.

I think we all can.

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