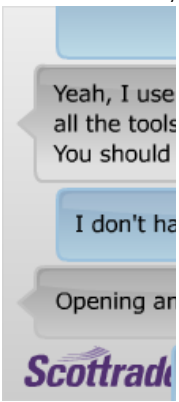




Marshal Cohen
NPD Group



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Back to the Future: U.S. Consumers Returning to "Normal" Habits

Posted Sep 14, 2010 04:12pm EDT by Aaron Task

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Since the credit bubble burst two years ago, it's been fashionable to say we've entered into a "new normal" economy, characterized by sluggish growth and high unemployment.

But "this is not a new economy" when it comes to consumer spending, according to Marshal Cohen, chief industry analyst at The NPD Group. "This is like the movie [Back to the Future](#). What we're really witnessing is the consumer going back to the way things were before" the housing boom.

The mid-2000s were characterized by "conspicuous consumption," paid for largely by home equity extraction and real estate profits. But that was "really an abnormal period," says Cohen, who has been following retail trends for more than 30 years.

With the bursting of the credit bubble and the collapse of the housing market "we've now entered a [calculated consumer era](#)," he says. "This is the old economy we were all used to before."

In this 'old-new economy', Cohen says consumers are thinking first and shopping second, and asking themselves some basic questions like: *Do I really need this? Do I really want this? Can I get it for less somewhere else? Do I need it now? Where do I get the money?*

And while that sounds totally logical - and counts as progress after the debt-fueled spending binge -- the U.S. economy is caught in a "vicious cycle," Cohen says. "The consumer has to spend. We have to motivate people to get back in the game. Without it we're not going to get job growth."

The problem, of course, is you can't get a sustained recovery in consumer spending without robust job growth. *So which comes first, the chicken or the egg?*

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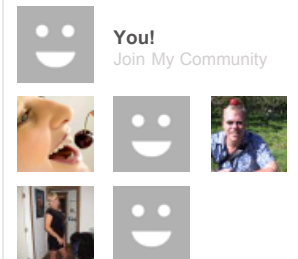
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Is the old way of boiling an egg going to make egg salad? Yep! The market is for chickens and eggs right? Right on America! Stocks are over bought at this level so look for a mean correction folks! It's the doom boom. If the market soars from here to new highs, boil some more eggs! LMFAO!

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[Freedom](#) 2 hours ago | [Report Abuse](#) 0 0

PLease read my last post No.5 and especially the last part.It does apply to you.Go to dictionary and see the meaning of politics(politics means making decisions),and please If you are tired,I understand.Cut the TV off ,go jugging,take vitamines,live right and so on.We need your help to straighten up the finances(politics) of this country before we all BURN.

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A Yahoo! User 3 hours ago | [Report Abuse](#) 0 0

Since the corporations are sitting on millions and giving away more to their golden parachute executives, let them deal with consumers cutting back. Eventually, it will trickle up and they will also have to cut back. I intend to stop using large commercial banks before Christmas. I travel now or I would already be doing that. Until the corporations start hiring Americans and the banks start loaning money to potential home owners and small businesses, I see no reason to support either of them.

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[Jim-Bob Walton](#) 4 hours ago | [Report Abuse](#) 1 0

this miguided, deprived individual needs some harsh reality. check his eyes, he is high on acid. he is diipping his toes in all the wrong places.

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[Johnny Randal](#) 4 hours ago | [Report Abuse](#) 2 1

The credit crunch and the Old Policy of affordable home.....That Affordable program of Mr Clinton and The Senate and Congress control by then create a New City.....That we will continue to see and witness in the future.....That so called Tent City in All States.....Many people now adjusted to live and die in Tent City.....Due to the abusive Banks and leverage....and Derivatives.....Tent City is evidence everywhere.....Yes people will contune buying foods and other essentials that badly needed.....American old style on spending on credit is now over.....American Learn so much.....

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[Dfjhghfghf](#) 4 hours ago | [Report Abuse](#) 4 1

This guy is an idiot. We need to stimulate job-growth so that consumers could spend more? Haven't we learned anything? This economic system of 70% consumer spending via Credit is unsustainable. It is simply a pyramid scam. The only thing that will get this country out of the rut is 1. Comprehensive Election-Law reform. 2. No tax increases other than by referendum. We need to squeeze all the thieves out of

government positions: which means completely rotate all government officials (Federal and Local) through the new election system. Our economy and budget are just fine if only people in government stop stealing and subverting democracy. Here is a hint: There are countries in this world that have same or lower income tax, but no real estate taxes at all and yet they are able to provide free HC, ED, and amazing work-benefits to their citizens. Are we poorer than them? No! We are just more corrupt than f-king Pakistan or Turkey.

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George 5 hours ago | [Report Abuse](#) 2 0

If we don't make anything in this country, with the exception of the new Jeep Wrangler according to Chrysler, how would spending create jobs?

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Dave 5 hours ago | [Report Abuse](#) 0 0

Down with the markets

The better they do the more it cost to fill my tank.

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Taxes are going up and incomes are down when you consider unemployment...how does this indicate that we have a strong consumer...No, we do not have a strong consumer!

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As usual the RICH are buying CHEAP and will make more fortunes.
Buffett had his best year ever in 2009 off the low... its takes balls to buy low when the lemmings are screaming the sky is falling and discipline to sell when reaching highs... both are equally difficult

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