

# Why We Shop: In Slumping Economy, a Shift in Shopping Habits

Economics correspondent Paul Solman speaks with author Paco Underhill about how consumer habits have changed during this recession.



NEWSHOUR ECONOMIC COVERAGE IS FUNDED BY A GRANT FROM  
**The Alfred P. Sloan Foundation**

JIM LEHRER: Finally tonight, changing shopping habits in a slumping economy. NewsHour economics correspondent Paul Solman has this conversation. It's part of his series making sense of financial news.

PAUL SOLMAN: Paco Underhill is a retail consultant with a scientific bent. Trained as an environmental psychologist, **he is the author of the international marketing bestseller "Why We Buy: The Science of Shopping."**

And though his job is to help stores sell more, the recession has given an ironically negative cast to the marketing consultant's worldview.

PACO UNDERHILL, author, "Why We Buy": We cannot sustain the juggernaut of consumption that we have had here in the United States over the past decade.

PAUL SOLMAN: But you want us to be spending as much, don't you?

PACO UNDERHILL: I want you to be spending what you can afford. **We have Americans out there whose credit card debt exceeds their annual income. We have an entire generation of Americans with little or no fiscal discipline or financial knowledge.**

**Our houses are too big. Our cars are too big. Our debts are too big. Our bellies are too big. Now it's time to go on a diet.**

## Cutting back will be painful

PAUL SOLMAN: But won't that have a devastating, dislocating effect on people here, workers that is, and workers abroad?

PACO UNDERHILL: I think it is going to be a very wrenching experience for both

American workers and for off-shore workers.

PAUL SOLMAN: Well, how are we going to adjust?

PACO UNDERHILL: **It isn't as if the engine of buying is shut down, but the engine is being recalibrated.** And I think that's something that has to happen. And that, as we go through change, this frees up resources to be able to reinvent whatever the process is. We have so many things in the context of our culture that need desperate reinvention.

## Marketing to a younger generation

PAUL SOLMAN: Well, let's say there are some people in our audience who would like to re-inflate the bubble. How do you get consumers to start buying again at this point?

PACO UNDERHILL: **Nobody's going to go back to the old ways. And what we're seeing here is a time in which our retail world is probably going to contract.**

It is going to contract, and that's because we are over-stored, meaning that most retail entities would be eminently healthier if they were smaller. **Sixty percent of discretionary income in North America is held in the hands of people who are 55 and over.**

PAUL SOLMAN: And we don't need stuff?

PACO UNDERHILL: Paul, you and I could live the rest of our lives on fruit, vegetables, pasta, wine, olive oil, and yearly doses of socks and underwear.

**I think the other thing that is interesting is that our basic marketing engines are in the hands of people who are 30-something.** And they like selling to themselves, and they like selling to a younger generation. They're not that comfortable selling to gray, bearded, bald, paunchy research wonks like you and I.

## Market as community

PAUL SOLMAN: You know, I actually personally can't stand shopping, but when I go to a store these days and there's no one around, I feel kind of lonely.

PACO UNDERHILL: One of the reasons historically people have gone to the market isn't just the acquisition of goods, but to be in a place where we see and interact with

other people.

And I think part of what is upsetting to the American public in these troubling economic times is when they don't have the privilege of going to the market, because that's a very reassuring moment, in terms of having a sense of community.

## A cultural shopping sickness

PAUL SOLMAN: Do you think that because many of us can't afford to shop as much now, we feel more isolated?

PACO UNDERHILL: I think so, yes. And many Americans are deeply frightened. **They are frightened because they are facing things that most of them have never thought of in the context of their lifetime.**

**We also know that there is something in our culture called shopping sickness.** One of the fundamental issues I think we're trying to discover as consumers is that there are no acquisitions that are transformational.

Acquiring that iPod or that tube of lipstick or that Maserati doesn't change us into anyone other than what we were to start out with and that, therefore, our relationship to consumption here has to be more real.

PAUL SOLMAN: In the end, says Paco Underhill, we can't really blame anybody but ourselves for ignoring the warning we've been hearing for decades now, "We're living beyond our means."

The only problem is: If we Americans stop living beyond our means, what will happen to all the workers of the world whose jobs depended on our continuing to do so?

**Click your BROWSER BACK BUTTOM to return to  
[www.RalphRasmussen.com](http://www.RalphRasmussen.com)**