

Blue Chip, White Cotton: What Underwear Says About the Economy

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For one answer to the nation's most pressing economic question -- when will the recession end? -- just take a peek inside the American man's underwear drawer.

There may be some new pairs there, judging by recent reports from retailers and analysts, and that could mean better days ahead for everyone.

Here's the theory, briefly: Sales of men's underwear typically are stable because they rank as a necessity. But during times of severe financial strain, men will try to stretch the time between buying new pairs, causing underwear sales to dip.

"It's a prolonged purchase," said Marshal Cohen, senior analyst with the consumer research firm NPD Group. "It's like trying to drive your car an extra 10,000 miles." The growth in sales of men's underwear began to slow last year as the recession took hold, according to Mintel, another research firm. This year, Mintel expects sales to fall 2.3 percent, the first drop since the company started collecting data in 2003.

But the men's underwear index -- or, conveniently, MUI -- may also have a silver lining. Mintel predicts that next year, men's underwear sales will fall by 0.5 percent, and as with many economic indicators, a slowing of a decline can be welcomed as a step in the right direction. Retailers are reporting encouraging signs in the men's underwear department. Sears spokeswoman Amy Dimond said stores are beginning to see more sales. At Target, spokeswoman Jana O'Leary said sales of men's underwear have been stronger over the past two months and multi-pair packs are moving.

No less an oracle than former Federal Reserve chairman Alan Greenspan has given this theory credence, as described in a report on NPR two years ago. But you don't have to take his word for it. Just ask Kenneth Sanford, 59, of Capitol Heights, about his underwear. He said he usually buys new boxers every three months or so in maroon, black or white. But he had to stop working for medical reasons, and now he's having a hard time finding a new job.

To save money, he doesn't go out for ribs with his friends and family as much anymore. And when he indulges, he gets one piña colada instead of two. He hasn't bought a new pair of underwear in at least eight months.

"It's been a while now," Sanford said. "I just don't ever go shopping."

Of course, there are more conventional indicators of the nation's economic health. The gross domestic product fell 1 percent during the second quarter. Consumer spending and consumer confidence have been on a roller coaster this year. Home sales show some signs of bottoming out. But sometimes it is the little things that can be the most telling.

Leonard Lauder, chairman of the cosmetics company Estee Lauder, famously looked to lipstick sales as a barometer of consumers' mind-set during the last downturn. He believed that women were looking for small indulgences to lift their spirits during a tough economic time, though that theory has not held up in this recession, as sales of lipstick at mass retailers fell 8 percent over the past year, according to the research firm Information Resources.

Others look to a reported rise in prescriptions of anti-depressants and sleep aids last year as a sign of consumers' fragile state.

But perhaps no other purchase is as intimate as underwear. Few, if any, other people see it, so it's an easy place to skimp. According to Mintel, men buy an average of 3.4 pairs of underwear in a year. But from 2004 to 2008, the proportion of men buying single pairs at a time increased from 5 percent to 8 percent, while the share of men opting for packs of four or more fell slightly, from 68 to 66 percent -- indicating that shoppers may be trying to save money by buying only when necessary.

"People still need underwear," said Michael Kleinmann, president of FreshPair.com, an online underwear retailer. "They just have less money to spend."

The company sells high-end men's underwear that can run as much as \$30 per pair, along with brands that cost less than \$10. Kleinmann said that such less expensive pairs have had double-digit-percentage sales growth recently, while demand for pricier pairs is slowing.

Cohen, of NPD, said he hopes the recent positive signs in men's underwear will spill over into other need-based purchases. With the recession nearing two years, shoppers are at the stage where their stuff is simply beginning to wear out, providing an incentive to return to the stores.

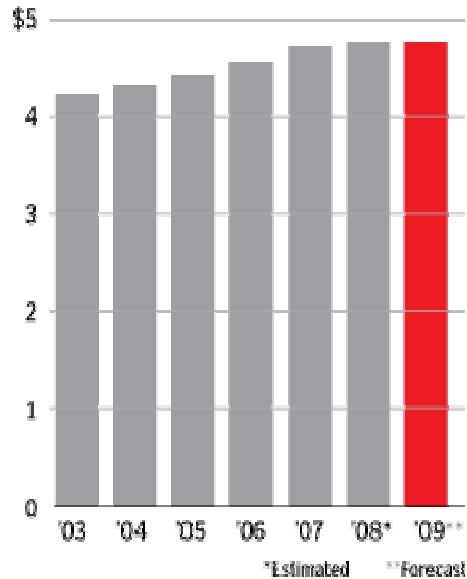
"The consumers may be down, but they're not out," said Cohen, who is bullish on an economic recovery. "If this were a true, deep, long, embedded recession, they wouldn't even be buying underwear."

Underwear Index?

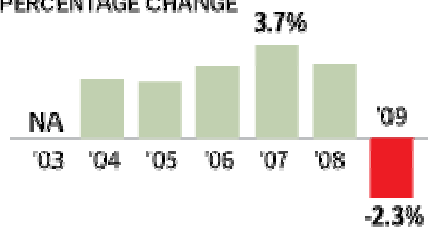
Underwear sales for men are typically stable because the product is a universal necessity. During tough economic times, however, sales dip as men try to space out their purchases.

Total U.S. retail sales of men's underwear

■ IN BILLIONS, AT CURRENT PRICES



■ PERCENTAGE CHANGE



SOURCE: Mintel | GRAPHIC: The Washington Post