



More flour, fewer flowers selling

October 14, 2009

In a recession, it seems, people eat more tortillas and buy flowers for their sweethearts less often.

Tortilla-makers landed on a recently released top-10 list of best-performing privately held companies, and florists landed in the bottom 10.

Sageworks Inc. compiled the data. The firm's accounting software tracks industry sales but keeps company names anonymous. The firm looked at 12 months of sales from September 2008 through August.

The rankings reflect a variety of factors, experts say. Florists landed toward the bottom because of people cutting back on extras. Tortillas ranked near the top because consumption is rising as shoppers save money by buying more food at the grocery store, among other reasons.

Every recession is different, but one thing they have in common is that people will cut back spending on luxuries and continue to spend on necessities, said Jeff Michael, an economist with the University of the Pacific.

Industries that suffer tend to sell or make big-ticket items or things that need to be financed, such as houses, he said.

But companies that make necessities tend to do well, Michael said. Other food-related industries also landed at the top of the list, including grain farming and farm products.

Food is a necessity, and related industries do well comparatively because shoppers can't cut back on it like they can on luxuries, said Ephraim Leibtag, an economist with the U.S. Department of Agriculture's Economic Research Service.

Meanwhile, florists are suffering as people scale back on luxuries. They are facing the same pullback as other industries on the worst-performing list, Michael said. The purchase of a car or furniture may be bigger, but they represent items that can be delayed during recessions, he said.

-- McClatchy/Tribune news