

FEATURE – RECESSIONS AFFECT ON GROCERY STORES

INTRO: Your local grocery store should not go out of business due to the recession. The USDA's Bob Ellison has more. (1:34)

GROCERY STORES IN GENERAL DID FAIRLY WELL DURING THE FIRST HALF OF THE RECESSION IN TWO THOUSAND EIGHT AND HAVE BEEN MILDLY AFFECTED SINCE THEN. THAT'S ACCORDING TO AN ECONOMIST WITH THE U-S DEPARTMENT OF AGRICULTURE'S ECONOMIC RESEARCH SERVICE, WHO SAYS PEOPLE NEED WHAT GROCERY STORES ARE SELLING.

Ephraim Leibtag, USDA Economic Research Service: They're more recession proof than in other industries and even within the food sector grocery stores are a little more protected by the nature of the products they sell.

HOWEVER, LEIBTAG SAYS GROCERY STORE PROFITS ARE SOMEWHAT AFFECTED BY THE RECESSION AS PEOPLE CUT BACK ON NON-NECESSITY ITEMS.

Leibtag: It could be organic, it could be naturally grown, it could be locally produced. Things that add on cost and add on to the price, those are going to be more difficult in terms of consumers continuing to purchase.

SO DO STORES CATERING TO HIGHER INCOME SHOPPERS HURT MORE DURING A RECESSION THAN THE AVERAGE SUPERMARKET?

Leibtag: You may have consumers shifting some of their other purchases, some of their big ticket luxury items that they're holding back on. So, yes the higher cost stores are definitely hurting more than the lower cost stores, but it's also a function of who your normal market is going to be selling to.

LEIBTAG SAYS AS THE RECESSION CONTINUES U-S-D-A IS KEEPING TABS ON GROCERY STORE ECONOMICS.

Leibtag: It's something that we have ongoing studies about. And it is important to recognize if economic pressures lead to stores having problems that that can lead to a gap in terms of what food is available. At this point we haven't seen any major closings of food stores because of the recession.

IN WASHINGTON D-C FOR THE U-S DEPARTMENT OF AGRICULTURE, I'M BOB ELLISON.