



## Anecdotal Evidence Stimulating a Statistical Recession?

By Lori Williams of LW and Associates

I am not the type of person who makes determinations based on anecdotal evidence. Marketing may state that sales in a product line is declining and should be discontinued, only to learn later that the decline is due to ineffective marketing specific to that geographical region. If additional research had not been performed, the strategic decision to discontinue the product would have resulted in revenue loss from potential future sales. As a strategist in the complex world of consulting, where emotional based statements often trump statistical data in decision making, I lean heavily on facts relying only on anecdotal statements to uncover potential areas of concern.

With that being said, lately I find myself highly influenced by anecdotal evidence regarding the current state of the economy. I am struck by the quantity and consistency of recessionary comments that I am hearing from complete strangers. More interestingly, is the fact that such statements are being made by individuals on numerous socio-economic levels, independent of the industry in which they are employed, educational background, or the region in which they reside and work. I became acutely aware of this phenomenon this weekend, as my travels took me through several microcosms of life.

I began my day with a last minute stop at the drycleaners. Although I said nothing that would have spurred the conversation, the man behind the counter began immediately remarking about the financial difficulty he was experiencing given the gas prices. He continued to comment on the daily complaints he was hearing from his customers. He ended by proclaiming that he has never seen it this bad before (and he did appear old enough to have seen quite a bit). Since this was my first encounter, I paid little attention and continued to the grocery store located adjacent.

While standing in line, and once again without apparent provocation, an elderly woman exclaimed how difficult it is covering all here expenses with her social security check. In response, the cashier chimed in and then right before my eyes, I saw the development of a domino effect; the entire grocery line began discussing gas and food prices. After completing my purchase and spending a significant amount of money in comparison to the quantity of groceries that I held in my hand, I left the parking lot considering the experiences I had just had. Just before leaving town, I had a last minute conversation with a business associate, a highly paid, successful banker. I was surprised when even she began commenting on gas prices, detailing her new travel strategy which involved grouping all her networking meetings by area to cut down on her expenses.

My exposure to this sentiment continued as I progressed to the mountains where as an avid backpacker and mountaineer, I spend most weekends in my tent in the wilderness. As I left LA and drove further into the

mountains, the gas prices increased with the elevation. With the previous experiences still wrestling in my mind, I began looking around at the little towns and wondered how the local residents, some of whom are elderly and retired are being affected by the economy. I did not have to ponder my question for very long. During a stop at a local store I overheard several of the residents discussing the high cost of propane, a major fuel source for people who live in the mountains.

Once I arrived at my destination, having already paid the price for gas, my remaining purchases were infinitesimal. I pitched my tent on dirt that was acquired through a free wilderness permit, the weekend staples consisted basically of oatmeal, tuna packets, Ramón noodles and some dried nuts and fruit; a small investment by most measures. I considered the minimalist lifestyle of a backpacker and as if I was developing a “wait out the storm” survival tactic, my mind began to total the monthly overhead expense I would incur if I were to continue living in this capacity. Surprised at my thoughts, I reminded myself that factual data has not yet proven that we are in a recession and some sectors are actually going quite well. Even so, I cannot ignore my recent experiences. With the increased cost of necessities, perhaps anecdotal evidence and factual data are becoming closely aligned. In this we have the famous chicken and the egg story, will factual data support a recession or will antidotal evidence cause further market pull-back and drive forth a recession.

Although my happiness in nature would allow me to suspend my current living conditions for perhaps a full week, I recognized that this was not a solution to recessionary problems. However, as I sit in my tent hearing the sounds of nature, whether or not we are really in a recession seems like a mute point...until I stop at the gas station on the way back to LA.

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