

Mintel Expects Strong Sin Stock Markets During Economic Downturn

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Americans still reach for small pleasures despite shrinking pocketbooks

A five-star restaurant might be out of the question, but a nice bottle of wine at home? Definitely. In spite of—or maybe because of—tough economic times, many Americans are clinging to their smallest, most indulgent pleasures.

New research from Mintel shows market sales for chocolate, cigarettes and alcohol strong and steady. Historically, these “sin stocks” have performed well during times of economic recession.

“Chocolate, cigarettes and alcohol again seem relatively recession-proof,” comments Marcia Mogelonsky, senior analyst at Mintel. “People might be cutting back or switching to store-brands, but they definitely aren’t giving up their small daily indulgences.”

Mogelonsky points out that most Americans can still afford chocolate, cigarettes and alcohol, no matter how much their finances have been cut. “Because people are being so cautious with their spending, they feel they are entitled to small rewards and they won’t give them up easily.”

Chocolate

The sweet tooth does not seem to be connected to the finance bone. Mintel shows the chocolate market growing quickly, with retail sales rising 22% from 2002 to 2007 (to \$16.3 billion). Innovative, dark and premium chocolates are extremely popular, so Mintel expects Americans to continue indulging in this favorite treat. The market research firm predicts 4% annual sales increases each year for the next six years.

Cigarettes

A common vice, many smokers aren't kicking the habit, even as prices continue to rise and health warnings abound. Cigarette and tobacco product sales increased 44% from 2003 to 2007 (to \$103 billion), according to Mintel. As price and tax increases continue to take hold, Mintel projects that the cigarette and tobacco market will grow 28% through 2011 (to \$132 billion).

Alcohol

Motivated by high gas prices and expensive bar tabs, more Americans are opting to drink at home. But that doesn’t mean they’re drinking less. New research from Mintel reveals the market for at-home alcohol is expected to reach \$77.8 billion in 2008, a 32% increase from 2003. Mintel expects both in-home and out-of-home alcohol sales to rise steadily in coming years.

History seems to be repeating itself, as the “sinful” chocolate, cigarette and alcohol markets remain steady and robust. Mintel notes a sharp contrast to other food, beverage and leisure categories, which struggle as gas prices rise and the economy stumbles.