

in hungry customers but the tiny profit margins left from a few bucks sale won't bring in enough cash to keep the big chains' profits growing strong and healthy.

Depending on the severity of the economic downturn, which can only be determined by how events unfold and what political decisions are made, even the "affordable sophistication" sectors, such as Starbucks and Panera Bread Company, will lose some luster. When times get tough and money is tight, there are no extra bucks to spend for simple pleasures.

The same holds true across the retail sector. The nation is over-stored, and the marketplace is flooded with product. Depending on how low the economy goes and how stiff the competition gets, outlets that sell what the retailers don't, along with the luxury sectors where money freely flows, hold the best promise for retail growth and higher stock value.

**Trendpost to Profit:** During the economic downturn, there will be more growth in house brands and generic products, as pinched consumers put price ahead of name brand recognition. The hardest hit will be those mid-range brands with moderate points of difference between themselves and no-name competitors.

With the gap between the rich and poor growing wider and overall economic growth certainly robust enough to continue to generate high levels of income, those at the top 25 percent of society will still splurge on the best that money can buy. Therefore, in the absence of a major economic plunge, the top tier retail markets will continue to hold their own, experiencing only modest swings of growth and decline.

**Trendpost to Profit:** Major chains, from sporting goods to cups of coffee, whose business models are based on growing stores rather than increasing in-store sales, will decline in share value. With home building in recession and the economy in contraction, building new locations without increasing in-store profit margins will gloss the books to make it seem that growth's at hand. As the economy contracts store sizes will shrink, product lines will consolidate and new store expansion will slow.

Beware of investing in those companies that keep playing the "growth by expansion" game while failing to re-adjust product offerings to accommodate changing consumer conditions or improving in-store productivity.

**Trendpost to Profit:** In good times and bad, rich and poor, when a health crisis strikes, the priority is the same. In the US, there are nearly 50 million people uninsured, and tens of millions with large deductibles, limited health coverage and unlimited health problems. We forecast tremendous growth opportunities for mall based "drop-in"

clinics that provide non-critical care and a range of treatments and services at nail salon rates.

This is a brand new trend and it will be a big one. The first wave of mall-based clinics will be natural remedy and natural healing focused, operated by combinations of nurse practitioners, massage therapists, vitamin specialists, herbalists, and acupuncturists.

**Trendpost to Profit:** "Good time for Gates." Not Bob or Bill, but the kind put around houses and communities for protection. While there is a lot of media talk about the real estate decline, subprime problems and the stock market, there is not much being said about the rapidly expanding American underclass of blacks, whites and browns. Having seen their wages and educational advancements plummet during the best of times, the bottom socioeconomic class will hit the skids and land on skid row as the economy trends lower.

As the larger segments of the public grow up uneducated, unskilled, out of work, homeless, poor, armed and angry ... life on Mean Street will spread to Main Street. As we had previously forecast, crime rates will continue to grow and so will all the businesses that make money fighting it. (See "Crime Pays," Trends Journal, Autumn 2006.) Included among the money winners to bet on as human conditions decline, are executive protection services, self defense courses, gated communities, alarm systems, CCTV, security businesses and the overall prison industrial building and supply business.

With elections coming up and the crime trend on the upswing, sound bite politicians will cast themselves as "law and order" candidates, promising to "crack down" and "get tough," while ignoring the deteriorating socioeconomic conditions that breed lawlessness, violence and the criminal culture.

As economic tensions grow and education levels decline, we forecast that racial violence and gang warfare will increase. With broken families, rampant drug use, a criminal environment and unfathomable levels of multi-generational dysfunction inflicting such large portions of all creeds and colors, we suggest new directions and solutions be considered. Empty slogans of just saying "No," or "Three Strikes You're Out," are proven failures that have not assuaged the rising crime rate.

**Trends for Thought.** Just as desperate people are prone to do desperate things, so too are stupid people prone to do stupid things. After having made great progress for decades as its middle class grew and income distribution was becoming more equal, the overall high school graduation rate in the US dropped from 76 percent in 1979 to 70 percent in 2006.

For minorities, the numbers are much worse. Be-