



The Upside: Hard times -- the sex industry and the recession

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You know the old saying: "As porn goes, so goes the nation." Okay, I made it up, but it's true. Our nation's latest economic bellwether is the sex industry.

You see, once I learned that the global recession had put Czech hookers out of work, I began to wonder whether our home-grown American hookers have also given new meaning to the phrase "massive layoffs."

It's not easy finding sex workers to interview. Indeed, upon calling several Los Angeles-based escort services, I was shocked at the shabby customer service I received. But I did hear from many in what I think of as the sexertainment industry – porn sites, gentlemen's clubs, sex toy companies. Because those people hire publicists. And their business is -- pardon the pun -- on the rise.

Take Red Light Center: a virtual world, like Second Life, but with rampant cybersex. Begun in 2004, Red Light Center's membership has grown during the recession, doubling each year for the past two years. Founder Brian Shuster reports that some members now earn up to ten thousand a month -- in real-world money -- as virtual avatar prostitutes. Which means it's entirely possible that some socially awkward, dubiously hygienic computer geek living in his parents' basement is getting rich as a cartoon call girl.

"The holodeck is the future of the internet," Shuster says. "As soon as the web transforms to 3D, we've got The Matrix."

So why is his business up in a downturn? Shuster points to the pastime's relative affordability. Admission to Night Candy, a virtual gentlemen's club, is just 80 cents. A lap dance is only 50 cents and -- since this isn't the real world -- the drinks and drugs are free.

Compare that to the cost of a night out at the newly reopened Scores in Manhattan: admission on weekends is \$30, and a real private dance will set you back 20 bucks. The management of Scores has gambled on opening a high-end gentlemen's club during a recession on the theory that the jet set may not be buying jets, but they can still afford a night out. Given that a similar outfit, the New York-based Hustler Club, says it has barely felt the effects of the down economy, the decision may prove prescient.

Meanwhile, sex toys have gone mainstream enough that pioneer adult businesses like Good Vibrations now face stiff competition from Amazon, of all places. ("Customers who bought the Kindle also bought Astroglide Strawberry Lube.")

So why are these segments of the sex industry thriving while DVD sales and rentals of porn are down by as much as 40%?



The answer says less about the recession and more about the emerging New Economy. What separates successful sexertainment ventures from your dad's bowm-chicka-bowm-bowm-music porn is its interactivity. As with the rest of the entertainment industry -- books, music, and video -- passive participation is becoming passé. Which is why the only thing on the internet more popular than porn is social networking.

Those who disdain virtual reality as inferior to actual reality are no different from the 18th-century moralists who condemned the escapism of reading novels. Sure, interactive games aren't as satisfying as real life -- but they've captured the public's imagination in a way that books, film and TV cannot. (Why read or watch *The Lord of the Rings* when you can be in *EverQuest*?)

Smart sex businesses understand this and are investing in emerging strategies. One business, Pink Visual, lets you download porn to your iPhone. It's only a matter of time before an enterprising entrepreneur figures out how to set a cell phone to vibrator instead of vibrate.

And anyone concerned about the state of human interaction can see that people are still investing in real-life encounters. Tickets are selling out -- at hundreds of dollars apiece -- for San Francisco's 30th Annual Exotic Erotic Ball, "a celebration of flesh, fetish and fantasy" featuring Pricasso, an artist who paints with his penis. Because some things still need to be experienced in this dimension.

So forget Wall Street versus Main Street. The answers to the economy lie in the Red Light District.

No one recognizes this better than Seth Steele, owner of Diamond Companions, the one escort service that actually returned my call. Serving 17 cities nationwide, Steele's business provides a surprisingly accurate barometer of the national economy. (Steele has hired a number of former real-estate agents as escorts.) And while Steele's clients in the financial and auto industries have "all but disappeared," he says, he credits the surge in virtual entertainment as the reason he had to triple his staff at last month's Comic Con in San Diego.

And even though business is still down overall, guess which city has bucked the national trend, with a 30 percent increase in escorts in the past year? None other than Washington, D.C.

Which can only mean that recovery's on the way. And that, my friends, is The Upside.