

The situation of the German Shopfitting Industry, May 2010

According to a recent survey among the 113 DLV members about the situation in Q1, 2010.

DLV Netzwerk Ladenbau, German Shopfitting Association secretariat, W.Krause, 21.05.10.

The business situation in the shopfitting industry:

15% said: Good, 65% said: OK, and only 20% said: Poor (last year: 38%!).

Trends:

75% intend to make no price increases.

40% expect increase in sales

60% are below normal level of business p.t.

Conclusion:

The German shopfitters are not worried about a too bad 2010, and confident about the future.

German Economy:

- Germany is suffering from the financial crisis like the rest of the Euro-Countries
- The GDP 2010 is only expected to be 1,7% higher than 2009.
- The return to more normal business is felt, but investments compared to last year are not yet noticeable.
- The construction industry expect 1,3% growth in 2010, but the termination of stimulus packages May lead to a 0,7% decrease in 2011.
- Private consumption is at present supported by the tax-policy, but the accumulated effect of the bank- and Euro-support policy is expected to lead to tax increase, reducing private spending.
- The labor situation is stable notwithstanding considerable decrease in production last year thanks to the "Kurzarbeit" (short-work) governmental subsidies, which allow the manufacturing companies to maintain labor at a very reduced cost, allowing to re-establish capacity fast.
- Unemployment rates are expected stable in 2010 and 2011.

Additional verbal comments by Stephan Brubach, NSE Germany, DLV member:

- Everything is relative, what is "OK" and what is "Good or Poor"?
 - Some Shopping Mall projects are stopped, and it will take time to get compensation for the lost business opportunities.
 - GDP dropped 5% in 2009, so the marginal growth rate means many years till we get back to the good times again.
 - The "Kurzarbeit" means you can pay 20% salary, the Government pays 60% and the worker only loses 20%. 1.5 million German workers are under the system at present!
 - Germany needs the Export to drive the growth.
 - The Shopfitters are very insecure about how the retailers' reactions. Earlier it was quite customary to sign 3-year contracts; now shop-by-shop orders are rather the rule than the exception.
 - Consulsion: The situation is "so-so".
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