

RETAIL ENVIRONMENTS INDUSTRY IN NORTH AMERICA

A report from the Association for Retail Environments

May 15, 2011

ARE's March 2011 survey indicates that the North American retail environments industry will grow by 15% in 2011. This is on top of growth of 10% to 15% in 2010.

After a drop in sales of more than 3% in 2008 and a steep decline of 22% in 2009, our survey indicated that the industry rebounded with growth of 15% in 2010. Apparently 2010 strengthened as the year went on. In September of 2010 our surveys indicated that sales for all of 2010 would be up just 9.5% and our members expected additional growth of 10% for 2011. We now are looking for 15% growth in 2011.

All segments of ARE's membership including point-of-purchase, visual merchandising, store fixture manufacturing and retail design reported growth in 2010 and expect further growth in 2011. It appears that the strongest segments in 2010 were visual merchandising and retail design. While there is optimism in all sectors there is not optimism across all companies. We are concerned that as the economy recovers not all of our member companies are participating in this growth. In fact we expect additional failures this year. In so far it appears that all the growth is coming from the renovation of the existing stores. Generally new store construction is lagging.

According to ARE research it will be 2012 or later before our industry gets back to its 2007 sales level. Largely due to the continuing weakness in new housing construction there are few new stores being built in the United States. This will continue to limit the growth potential for the retail environments industry until the excess housing inventory has been depleted.

ARE members continue to worry about pressure on profit margins and they all must continue to react to the growing market share of Asian manufacturing in our industry.

In Canada new store construction is not as weak as in the United States because there was no real bubble in residential real estate. But on the negative side the strong Canadian currency has hurt the export of Canadian manufactured store fixtures into the United States.

GlobalShop 2011 was up by more than 10% in exhibit space and attendance. Similar growth is expected again for 2012.

Note: ARE is starting the **ARE Global Ambassadors Program** and a companion initiative we are calling the **ARE Correspondents Program**. We are interested in working with companies or individuals who would like to be identified on the ARE website and in our printed publications as **ARE Ambassadors**. We believe this visibility and publicity could bring you new business or partnership opportunities. In return we would ask you to provide information on your region when it is requested by companies that contact ARE.

ARE Correspondents would agree to provide ARE with periodic (probably semiannual) updates on developments in our industry in your host country or region. If you are interested in more information on either on either of these initiatives please contact Klein Merriman at kleinmerriman@retailenvironments.org or you can reach Klein through Preben Bailey, info@iso-shopfitting.com
