

# That Was The Year That Was ...

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I think we will all remember 2008 as a year when forecasts, budgets, predictions etc all became totally worthless. Our ways of addressing the future for our businesses have to be based and reacted to in quite different ways now. When governments start dreaming up descriptions like “quantitative easing” you know things are getting serious.

In a market with as much volatility as a ten legged toad, when global conditions are changing by so much in such short periods of time, stability seems to be an old fashioned saying with little relevance to today. So much has been written about the problems we face today, one tends to clutch at straws and when so much of this is contradictory it’s understandable not to trust anything anyone says. The financial sector seems to have this paradox firmly in their grasp.

But what does all this economic trauma mean to our industry today. On reflection till the midway point (oh, those far away days), all companies were adjusting to a gentle drift into recession even though the Bank of England still seemed unsure as late as June that a recession was inevitable. For an industry reliant on a dynamic housing market, prudent reductions in overheads and staff, stocks and marketing costs were the way forward. A reduction of 10%–15% seemed the norm and although certain sectors were suffering more than this the normal past experiences in a time of recession were showing that sales of smaller home furnishings were doing better than most.

Bang ! July came and we all know just how big a financial crisis was heralded in. Suffice to say that deficits of millions, billions even trillions – a telling fact in itself now seem to be the order of the day. Respected pillars of society – bankers, investors, fund managers and many others would now seem to be exposed as major contributors to this sorry mess and judging by the size of the bonuses paid at the end of 2007, it would appear they had a pretty good idea what was round the corner. As every week brings more revelations about the size of the problems we are having to face, it would appear almost impossible to take the necessary actions to combat this. When you hear a respected member of the financial world in New York has been accused of running off with \$50 billion of other people’s money you wonder why we all got so excited about Jerome Kerviel or Nick Leasing’s antics at Societe General and Baring Bros. 50 billion so easy to say but written in the old style – 50,000,000,000 sounds ever so much more serious.

The retail sector has had to rely on high promotional activity to lure consumers into their stores and part with their money. Interestingly, internet sales seems to have fared much better. As this medium has proved very successful in the blinds industry I think we can expect to see a large growth of internet sales for the blinds business in the coming years. We in our industry have followed the norm and like everything in life, the 50% reduction seems to be mandatory now. There are offers, discounts around that would make a secondhand car salesman blush but some consensus of opinion would be that extraordinary promotional activity doesn’t pull in a more business. You will just give away much needed margin to no benefit. Beware the affects of a winter sales promotion that becomes the Great giveaway with no tangeable advantage.

That said however, the winter rush which normally starts early September, gently ambled into action mid November. Any increase has to be good news and in some cases the order intakes end November / early December were quite close to those experienced 12 months ago.

Zero or even negative inflation, zero interest rates, falling salaries, lower house prices, tighter money supply (practically non existent as it is) greets us next month. The ground rules have changed now and this is now unknown territory we are entering. And that’s all the good news! But for us mere mortals we need to look forward. It is a fact we fare better in recessions than most and with a major exhibition in Stuttgart in February there should be a better momentum created going forward. UK exporters will have a very successful time I imagine and there will be good opportunities to carefully adjust ranges, possibly launch completely new ones to create new sales. After all, we are a fashion industry and need to reflect furnishing trends all the time.

Confidence, confidence and self belief – a passion to succeed come what may will become the order of the day. The Japanese have proved it possible to weather this type of storm and whilst we have to accept bankers will continue to exist and most probably thrive, the sun will continue to shine and people will buy wind-down shading products for any number of reasons.

There are tough times ahead for all of us but the chance will be there to see an improving scenario and lets hope this begins to emerge in the second half of 2009. Quantitive Easing may have it’s place but I remember another famous quote that may in an ironic way prove equally apt in todays turmoil – Economic with the Truth. I wonder what we will be saying in 12 months time.

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