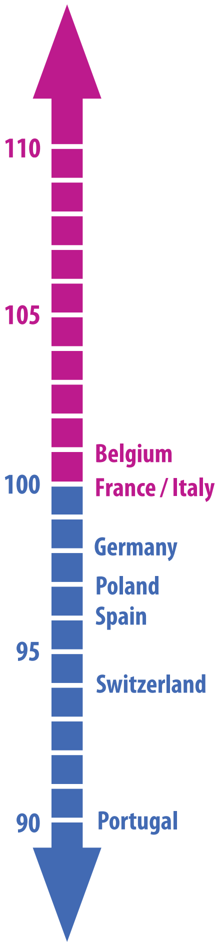
eurelia
european federation of international retailers

Press release – March 2nd 2012

The Eurelia Barometer

2011 ends with no major upturn in retail sales



For the eight countries tracked by the barometer survey, total year 2011 ended with no notable improvement and with 12-month cumulated figures even further diverging from those published by Eurelia in October.
And although the Christmas sales and other sales/ promotional periods did provide a temporary respite at the end of the year in some markets, the trend is unsurprisingly showing a general slowdown in consumption.

At this stage, it is difficult to build a solid projection for sales 2012. All the more so as the latter will be subject to external factors in many countries this year with the impact of political elections, austerity programmes, the consequences of VAT increases, interest rates and unemployment levels, etc. The most optimistic scenario would be to hope for the signs of recovery from the second half year onwards in the more resilient markets.

Nonetheless, a rather worrying factor can be already observed in all the countries surveyed : the intermittent rise in rents (i.e. town centres, lease renewals in shopping centres, etc.) which is less and less in line with the economic reality experienced by the store chains.

> Methodological notes

The Eurelia « barometer » survey shows the prevailing turnover trends of the 90 member retail chains based on a comparable perimeter (for the current year compared to the previous year). According to the level of maturity of the retail infrastructure in the countries studied, from 12 to more than 30 leading retail sites (streets, shopping centers) are included in the barometer. The performances on these sites are collected on a monthly basis, analyzed and further enhanced thanks to commentary from members.The Eurelia Barometer is published every quarter.

Founded 20 years ago by Michel Pazoumian, General manager of Procos and Emmanuel de Labarre, Eurelia enables specialised retail chains to learn more about new countries offering potential sites for their businesses, providing a thorough analysis of the retail dynamics of the European markets, studies of the major European cities in addition to a database of retail projects.
In 2012, Eurelia represents 90 specialised retail chains expanding internationally, and more than 25,000 sales outlets around the world.

Press contact : Eurelia
31, rue du 4 septembre - 75002 Paris - France
Tel. 00.33.(0)1.44.88.56.90
Fax 00.33.(0)1. 40.13.76.44
e-mail : europe@eurelia.com - www.eurelia.com

> The Eurelia Barometer : total year 2011

	Index	Comments
Belgium	101.0	After a favourable year 2010 (+ 3.4 %), the country keeps remaining stable in the turmoil. The first five months of 2011 even began with healthy figures (please see the barometer for October 2011) but the slowdown in the second half-year impacted on the final total. The country is today experiencing relatively consistent sales, although accompanied by the unfavourable side-effects of constantly rising rents, such as in rue Neuve in Brussels or the Meir in Antwerp (+ 50 % in six years, between 2004 and 2011, according to the figures produced by the estate agents).
France[1]	100.1	For France, stores sales of specialised retail chains ended up quite flat at + 0.1 % (surface area being comparable) compared to + 1.6 % in 2010. After a slight upturn in the first half-year, the second half of the year saw a brutal slowdown in sales, followed by a sudden final sharp rise of + 3 % in December. The specialised retail chains are extremely cautious for 2012; action plans will focus this year on boosting training programs for the sales force, improving customer relations, innovation and the renovation of existing stores.
Italy	100.0	This is the second consecutive year without growth after a year 2010 which already ended at + 0.9 %. Turnover in 2011 was sustained successfully through sales and promotions. When we consider the outlook for the future, 2012 is a source of concern due to inflationary pressure on rents, the possibility of a second VAT increase which could stifle consumption, the continued slide in visitor numbers to shopping centres and the necessary adjustments to P&L accounts following the liberalisation of Sunday shopping hours. Despite all this, there is one positive factor however : Italian consumers appear to be remaining relatively optimistic and consumption has not been totally strangled by the looming crisis which has been announced for the country in 2012.
Germany	98.0	After a year 2010 which ended with an upturn (+ 2 %), the economic crisis nevertheless caught up with the country in late 2011. The causes are here the same as in the rest of Europe: the effect of weather on consumer spending, a reduced household expenditure in the second half of 2011 but also clear signs of saturation in some urban areas (shopping centres). In addition, rents 2011 increased in “prime” cities/sites, although the rest of the country has not been affected by speculation so far.
Poland [2]	97.0	Poland succeeded in maintaining its position in a central Europe hard hit by the crisis (i.e. Hungary, Romania, Bulgaria, etc.) ; and along with the Czech Republic, it figured as one of the two main “resisting” markets of central Europe in 2011. However, the severe fall in visitor numbers registered in January 2012 is alarming. Could the country face a brutal slowdown in 2012 ? This perspective contrasts sharply with the continuous rise in terms of m² under development, with small local developers being now more and more involved –more especially in small and medium towns- .
Spain [3]	96.0	In 2011, Spain succeeded in remaining at a constant - 2/- 3 % compared to 2010. The work carried out by the store chains focusing on their pricing policies, sales forces and in-store attractions had a positive impact on results. In terms of outlook for 2012, although few new shopping centres are to be inaugurated, a number of interesting opportunities still remain. The year 2012 will be one of great prudence for the retailers, focused on the renovation of existing stores and internal action plans to keep improving the customer’s shopping experience.
Switzerland	94.0	After a subdued year 2010 (- 1.7 %) and despite a good start to 2011, sales 2011 suffered due to the crisis on the one hand but also due to the fluctuations in the Swiss franc which led to a phenomenon of “massive border crossings” at to the French frontier. Price reductions and promotions seriously affected margins in what is normally a “protected” market.
Portugal [3]	90.0	A rather complex situation with town centres suffering from increased pressure from shopping centres, and the latter themselves suffering from falling visitor numbers. In this situation, the retailers seek for a main goal for 2012 : resist and optimise.

[1] **Source Panel Procos : 240 retail chains**

[2] **In local currency (zloty)**

[3] **Analysed in partnership with the Retail& Trade Marketing agency of Barcelona, co-founder with Eurelia of the Eurelia Spain/Portugal - Retail & Trade Marketing retailers’ federation**

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