

christmasworld

Management Report

Atmosphere brings profit

A study of Christmas Decorations in German Shopping Centres



Executive Summary

Importance of Christmas decorations in shopping centres

Despite changing values and online sales, during the Christmas period German shopping centres invest in emotionally charged retail worlds. With atmospheric decoration directly at point of sale, they sharpen their profile, to stand out from the relatively sober sales climate on the net, and offer consumers attractive added value. To ensure that the most important business of the year develops into a major sales highlight, shopping centres deliberately place great emphasis on long-lasting, elaborate, all-pervasive and mostly traditional Christmas decorations – this is the result to which the present study comes.

THE STUDY

Christmas continues to play a primary role in the annual sales of the retail trade. But what is the importance of Christmas decorations for shopping centres in the age of online selling? What amounts do the operators spend to get their customers into the right mood? In what do they invest, and how often? The question of cost centres is an interesting one, too: who pays for the Christmas decorations at shopping centres in detail? And finally, who organises their purchase, who organises putting them up and taking them down, and where is the delicate material stored? Answers to these interesting questions are provided by the present study, "Christmas Decorations in German Shopping Centres", from the EHI Retail Institute in Cologne. Commissioned by Messe Frankfurt Christmasworld, a total of 64 managers were surveyed from various shopping centres in different regions with various areas of floor space in Germany. Thus the study supplies an insightful overview of the general situation in German shopping centres.

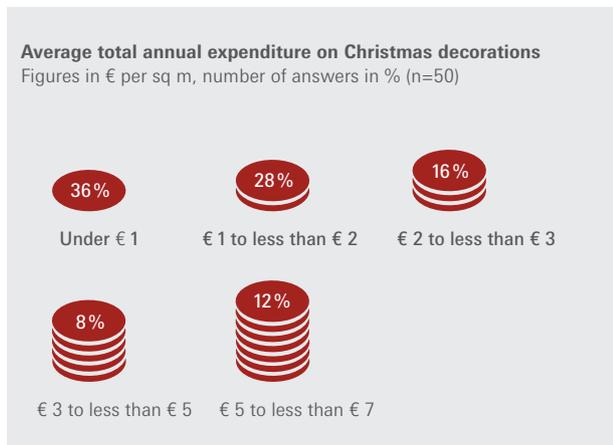
Christmas decorations: worth every penny

Let's say the most important thing at the start: investment in Christmas decorations pays, for Christmas time continues to play a prime role in the annual sales of the retail trade. The great majority of those surveyed are clear on this point. Nevertheless, not all centres spend similar amounts on the year's most important festival. The reason: shopping centres have different-sized budgets at their disposal. The level of investment is associated directly with the size of the centre, its location, the strengths of the advertising community, and how often new decorations are purchased. But, those questioned say, consumers' expectations also have an impact on what a shopping centre is prepared to spend on Christmas decorations.

24 million Euros a year for Christmas decorations

All shopping centres in Germany taken together comprise rental premises of about 12.2 million square metres. If this overall rental floor space is weighted proportionally by centre type, it gives an annual capital investment in Christmas decorations for German shopping centres of some 24 million Euros – including materials, planning and running costs, setting up and taking down, and storage.

Classical city-centre shopping centres invest the largest sums, at 2.74 Euros per square metre, followed by classical shopping centres in city districts, at 1.73 Euros per square metre. On greenfield sites and in hypermarket centres considerably less money is spent on Christmas decorations, where it amounts to about 1 Euro.



Half of total budget goes on decorations

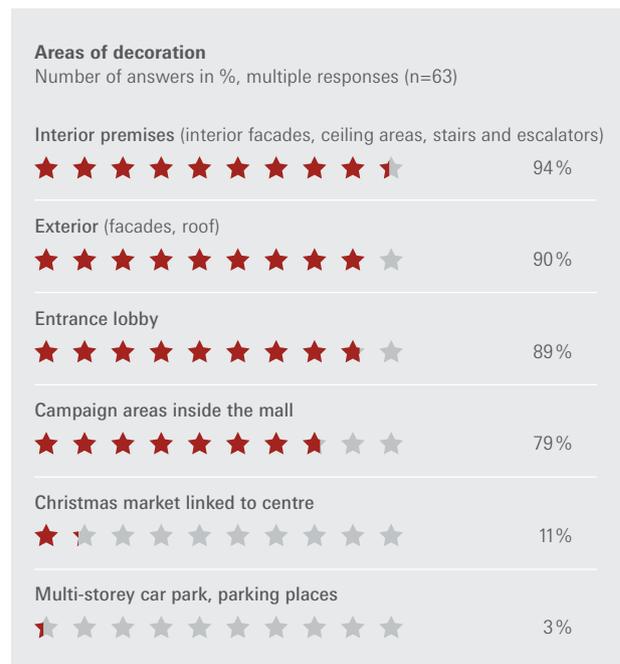
Individual centres vary, however, not just in the amounts which they invest; their expenditure is also in part composed very differently. Thus 35 percent of those surveyed stated that pure material costs consumed between 40 and 60 percent of the total budget. A further 30 percent of those questioned invest more than 60 percent of their budget in the materials. On the other hand, 23 percent of those surveyed spend less than 20 percent of their total budget on Christmas decorations. To sum up: the majority of those questioned invest mainly in the material of the decorations itself.

Advertising community pays for Christmas decorations

In order to ensure that Christmas business is really profitable, the advertising community is prepared to dig deep into its pockets: thus the majority of those surveyed (86 percent) stated that the advertising community largely financed the Christmas decorations at a shopping centre. The property owners invest much less often in decorations – according to those questioned, the owners participate in finance at only 29 percent of centres. They act mainly as pre-finance providers.

On a high: Christmas decorations across the board

To get the customers into a Christmas mood, shopping centres mostly sparkle both inside and out with a Christmas shine – an atmospheric presentation is given to inner and outer facades, roofs, ceilings, escalators and entrance lobbies. 79 percent of centres also set up special campaign areas within the mall.



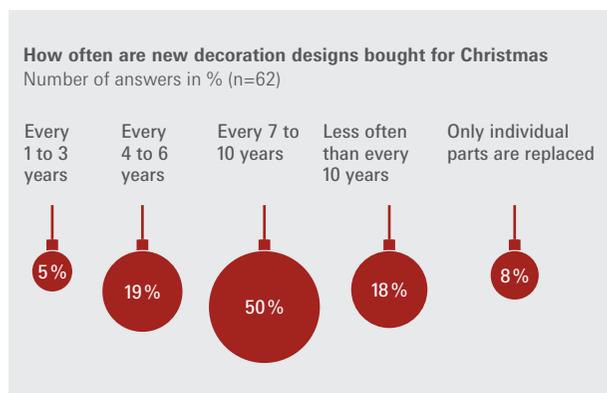
Vital in competition between different decorations: quality

When acquiring Christmas decorations, it is not so much the price which is decisive, but the quality: in the view of almost all those questioned (97 percent), long life and good workmanship are an important or very important criterion when selecting a product. Lower costs, on the other hand, are a factor among only about a half of centres. And for 42 percent the price plays no important role.



Decoration designs used for up to 8 years

All centres replace broken or outdated decorations every year to a small extent. But one thing is certain: one shopping centre in two uses its Christmas designs for between 7 and 10 years. The acquisition periods in detail:



Festive decorations are bought or leased

In most cases Christmas decorations are purchased: generally required materials, such as chains of lights, facade illumination, artificial Christmas trees, globes and tree decorations, are bought by almost half the centres. Between 37 and 43 percent of shopping centres also lease their decorations, however. General-coverage decorations, on the other hand, are scarcely ever rented. It is different for large items: moving figures, cribs or illuminated articles, for example, are purchased more rarely, more often leased, and most frequently rented.

The vital rule: decorate to attract attention

Reticence is not on the cards when it comes to Christmas decorations at shopping centres. On the contrary: at Christmas, centre managers say, things can even be a little more attention-grabbing. So Christmas decorations are meant to be a genuine highlight and to play the main role in the centre. Most shopping centres (61 percent) prefer traditional decorations, while less than a fifth look to inspire their customers with modern decorations.

Decorations tailored to centres and customers

Whether shopping centres place their emphasis on traditional or avant-garde presentations, say those surveyed, depends also on the regional cultural preferences of their customers. The choice of decoration design is thus made dependent on the target group in question. Along with this, the corporate identity of a centre is also an important factor in the choice of design. In short: the design must fit the centre and its customers.

Top priority: organising the Christmas decoration

The essential principle is this: Christmas decorations need to be carried out by professionals. That is why in all centres the management pays personal attention to these sensitive goods – both in a strategic and operational respect. The management, however, coordinates the work of putting the decorations up and taking them down not entirely on its own: the advertising community (90 percent) also has a main function in Christmas decorations: they decide in particular on how much money is to be invested in decoration designs, when a purchase is to be made, and which provider is to be considered.

Decoration suppliers inspire shopping centres

Practically all centre managers (94 percent) obtain information on the latest trends from the suppliers of Christmas decorations. But other shopping centres and Christmas markets are also a frequent source of inspiration (75 percent). About half of those questioned said they obtain information about what is currently in vogue on the net or in trade journals. About a quarter of those surveyed each used visual-merchandising agencies and trade fairs – Christmasworld is the fair most mentioned. Less frequently, in-house florists are also consulted to get new ideas.

Decoration suppliers support shopping centres

Decoration suppliers are also in demand when it comes to selecting the right design: they quite often bring valuable ideas and provide information (61 percent). Because they know their products, the suppliers are also often (56 percent) consulted on professional installation and when taking down and storing the decorations (33 percent). More than half of those surveyed, however, rely on general contractors when selecting, visualising, setting up and taking down Christmas decorations. 66 percent of centres commission other service providers to take care of the installation and storage, and 41 percent of centres commission more than one service provider. Visual-merchandising agencies are commissioned in only 23 percent of centres. They serve mainly as sources of information and providers of ideas.

Material storage: in-house if possible

Those who have the room stow their expensive decorations directly in the centre: in 86 percent of large centres from 40,000 square metres of rental premises the Christmas decorations are stored in situ. On the other hand, only 67 percent of centres with rental premises of less than 25,000 square metres store in situ. Warehouses are used by only 25 percent of those surveyed. It is very seldom that materials are stored with the supplier (3 percent).

Background information on Messe Frankfurt

Messe Frankfurt is one of the world's leading trade show organisers with around 550* million euros in sales and more than 2,200* employees worldwide. The Messe Frankfurt Group has a global network of 28 subsidiaries and around 50 international Sales Partners, allowing it to serve its customers on location in more than 160 countries. Messe Frankfurt events take place at more than 30 locations around the globe. In 2014, Messe Frankfurt organised a total of 120* trade fairs, of which more than half took place outside Germany.

Comprising an area of 578,000 square metres, Messe Frankfurt's exhibition grounds are home to ten exhibition halls. The company also operates two congress centres.

The company is publicly owned, with the City of Frankfurt holding 60 percent and the State of Hesse 40 percent.

* preliminary numbers 2014

www.messefrankfurt.com

About Christmasworld

Christmasworld is the world's most important order venue for the international decoration and festive articles sector. Held annually in Frankfurt, it presents the latest products and trends for all festivities of the year and provides innovative concept ideas for decorating large-scale and outdoor areas for the wholesale and retail trades, shopping centres, DIY markets and the green sector. Every year Christmasworld welcomes 917 exhibitors from 39 countries and 32,864 visitors from 112 countries. Next event: 29 January to 2 February 2016.

www.christmasworld.messefrankfurt.com

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