

Jürgen Dax: 2008 has not brought bigger Economic Cave-Ins to the Textile Retail Trade

Most of the German textile retailers can breathe a sigh of relief: contrary to the apprehensions and prophecies of doom the year 2008 has brought no bigger economic declines, as Jürgen Dax (Dax@bte.de), chief executive officer of the Bundesverband des Deutschen Textileinzelhandels e.V., (Federal Association of the German textile retailers), Cologne, stated with Textination in an interview in the scope of his personal assessment of the branch. On average the textile retail trade will reach probably at the end of the year an even sales or even a small plus against 2007. To what extent the results give reason for joy after subtracting the costs is still open.

At least in the first half year the strongly risen energy costs have also stressed the textile retail trade enormously. If and how much of relief comes in fall from the energy providers is certainly different by region. Consumption has not collapsed yet, he said. The textile retail trade usually has “consumptious” prices. They do not sell products which the average consumer thinks about over days. A person who postpones to buy a car or gets his furniture rather at Ikea’s will not start pondering about buying a shirt for 39 or 59 EUR.

However, the branch is certainly affected by reports about clearly rising unemployment due to job loss in the investment goods industry, automotive industry and others. Here the Germans react allergically, as Dax stressed. The most sought-after articles are currently things typical for christmas business like winter goods, knitting, down jackets, padded boots etc.. The fortunately still cold weather makes it possible for the first time since several years in parts of Germany to sell regular

winter goods without reduction. Here will be – hopefully – money be made. The reductions which could be observed in the last weeks served obviously more to increase the frequency and to distinguish oneself from the competition, however, they are no sign of general price cutting.

According to Dax they are assuming after the sales reports of BTE-reporting circles that the German house and home textile area will close the year 2008 a little bit better than the clothing traders and will have in any case a one-digit sales plus. Experience from former, so-called “economic crises” in Germany, would then suggest that consumers to some extent start to save at consumption away from home (gastronomy, travel, theater) and instead make a nicer home for themselves. At least the travel agencies cannot confirm this currently (yet?). Generally, it should not be overlooked that the consumer in Germany is being offered an enormous excess supply in goods and area. The crises of three big branch owners show the selectional process the competition is effecting.

To the subject of politics/ perspective for the textile retail trade 2009 Dax said in his personal interview with Textination: “Repeated public statements of chancellor Angela Merkel to secure even smallest savings have made many customers nervous only then, who would not have been affected by this subject otherwise. We can only hope that the in some weeks beginning primary race does not provoke any more remarks in that direction. Somebody who does not have stock or funds and/ or does not have to liquidate his depot promptly, can stay quite calm right now. The

insight that economy has also to do with psychology should have found its way around to Berlin by now! Tax relief would be without question not only necessary at the momentary situation but is principally urgent. The concepts for that are present in the CDU as well as in the FDP. We'll have to wait and see which majorities will govern Germany in one year. A tax reduction of the value-added tax would not be very effective. The new price-labeling as well as the problem to make allowances for the corner price levels would bring a big effort with comparably small effect for the single customer. The British traders can tell a thing or two about this. And shopping vouchers are no solution, either: the concrete an-

nouncement alone could get consumers to postpone planned buys and to wait for the shopping vouchers. Additionally there are processing and safety problems as well as international bad experiences with such instruments. An abolition of the solidarity-tax on the other hand could set free money at a stroke, it would be visible for everyone on his payslip and is after 20 years after the turnaround certainly past due. Since the infrastructure in Eastern Germany is meanwhile in parts clearly better than in the West, the solidarity tax is probably simply an additional gain for the state, where the function is rather debatable".

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