

Opinion: Low down on Europe

I have heard a few economic commentators saying that the worst of the economic downturn is over, but the big picture is less cheerful than that. I don't foresee any positive buzz in the main European economies in 2010.

The appalling state of the Greek economy has now come to light but it won't be long before the spotlight might fall on other European economies, e.g. Spain and Portugal. In Spain unemployment stands at above 20% already and it is going to get worse.

In Germany the economy learned a lot when absorbing the problems of East Germany at the start of the last decade and the extent of the downturn has been managed relatively and minimised well by the Government but projected growth – currently flat – is slightly above 1 per cent and at that rate it will take 4 more years to return to an economic position last seen in 2008.

This gloomy outlook is affecting all service providers. Managers are even more careful in their decisions which impacts marketing and sales decisions, too and so they are scared of deciding any kind of investment. 2009 was tough and I expect 2010 to be even tougher.

There are many different barometers for measuring the state of the economy but we only need to pragmatically look at the night shifts

from Service Innovation Group's Retail activities to know that consumer spend has not recovered. The focus of our Retail teams is stock replenishment with maximum efficiency and so they always know physical logistic volume data precisely. Volumes are currently low – consumers are predominantly saving. Whilst consumers are lowering consumption there are fewer opportunities for brands.

Whilst all of this sounds, and is, negative it should be possible for flexible service providers to be prepared for the coming upturn. Through our aforementioned Retail division, for instance, we will be in a position to benefit from any increase in volume as soon as it happens. In the meantime being cash flow financed is crucial to deal with this situation and through this period we will stick to

our investment plan so that we are ahead of the game when the economy picks up – and it will pick up.

SERVICE INNOVATION GROUP delivers process optimising solutions for sales and retail and is offering its services in all European core markets. At present more than 150 brands European wide are using SERVICE INNOVATION GROUP as their service partner.

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