

## Executive Summary

# 2016 Industry Size & Composition Study

U.S. In-Store Marketing and  
Store Fixtures/Visual Merchandising Industry Analysis





### **ABOUT SHOP!**

Shop! ([www.shopassociation.org](http://www.shopassociation.org)) is the global nonprofit trade association dedicated to enhancing retail environments and experiences. Shop! represents more than 2,000 member companies worldwide and provides value to the global retail marketplace through its leadership in: Research (consumer behavior, trends, futures); Design (customer experience design, store design, display design, fixture design); Build (manufacturing, construction, materials, methods, logistics, installation); Marketing (in-store communications, in-store marketing, technology, visual merchandising); and Evaluation (ROI, analytics, recognition/awards).



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I am proud to share the 2016 Industry Size & Composition Study. This is the first time such a thorough study of our industry has ever been done. I want to thank our association members and colleagues who took the time to share their industry expertise as it was this insight that enabled us to provide this valuable tool for our industry.

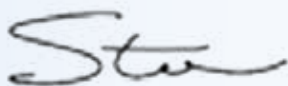
The 2016 Industry Size & Composition Study provides an in-depth look into the U.S. shopper marketing, store fixtures, visual merchandising, and retailing industries. The report also looks at the key themes and trends driving change within the industries. The 2016 report is based on hundreds of hours of industry interviews, store visits, and Euromonitor's Passport database, as well as numerous industry sources. The research provided us with in-depth insights into the \$11.8B Shopper Marketing, \$4.0B Store Fixtures, and \$2.2B Mannequin industries.

As retailers increasingly blur the lines between physical and digital shopping experiences, in-store marketing and store environments must evolve. Companies must understand how to combat shrinking selling space, the further evaluation of omnichannel, and the move toward experiential technology-based retailing. This report will give readers the framework to do just that.

Shop!, the trade association focused on enhancing retail environments & experiences, delivers value to its members and the global industry throughout the Shop! Value Cycle, defined as the spectrum of activities that drive shopper purchases at retail. Member value is driven through every phase of the cycle in the form of globally relevant education, certification, research, thought leadership, networking, events, award programs, and more.

For questions or more information about the report, please visit the Shop! website at [shopassociation.org](http://shopassociation.org), email us at [info@shopassociation.org](mailto:info@shopassociation.org), or call Research Manager Madeline Baumgartner at 312-863-2917.

Thank you!



Steven A. Weiss  
CEO, Shop!

The in-store marketing and store environment industries are in the midst of the next profound power shift in the retail supply chain, and this time, the power is shifting to the individual shopper. This power shift will make the need for more compelling in-store experiences greater than ever before. Thankfully, the industries are well positioned to help lead the charge in meeting this new demand from today's shoppers.

The aim of this research is to provide a better understanding of the U.S. in-store marketing, store fixtures, and mannequin industries market structure, sizing, and direction. As the leading voice for the industry, SHOP! seeks to be well armed with the insights to help guide the industry toward the most successful business decisions and elevate the role in-store marketing, store design, and visual merchandising plays in today's in-store retail industry.

The study splits the analysis into two distinct objectives: quantitatively calculate the opportunity in the market and provide actionable insights

to help make strategic decisions. This playbook delivers actionable insights to understand how the industries are strategically approaching growth initiatives. This knowledge will help companies direct their market entrance, product development, marketing, and sales to ensure growth.

The report provides a well-rounded industry overview, including the evolution of companies consolidating over time, key driving factors, and more. The overall objectives of the report were to:

- Quantitatively calculate the sales of each target industry in value and volume for the most current year (2015), an historic look (2013), and a forecast (2017).
- Segment total industry performance in value sales and volume by channel type for 2015.
- Disclose the dominant product types, attributes, materials, and sustainability for each major industry category.
- Highlight the strategic directions and key value propositions of industry leaders and industry opportunities.

## Category Coverage



### Shopper Marketing

- Point-of-Purchase
  - Temporary
  - Semi-permanent
  - Permanent
- Digital Signage
- Temporary Signage
  - Freestanding
  - Aisle signage
  - Hanging
  - At Shelf
  - Floor



### Store Fixtures/ Visual Merchandising

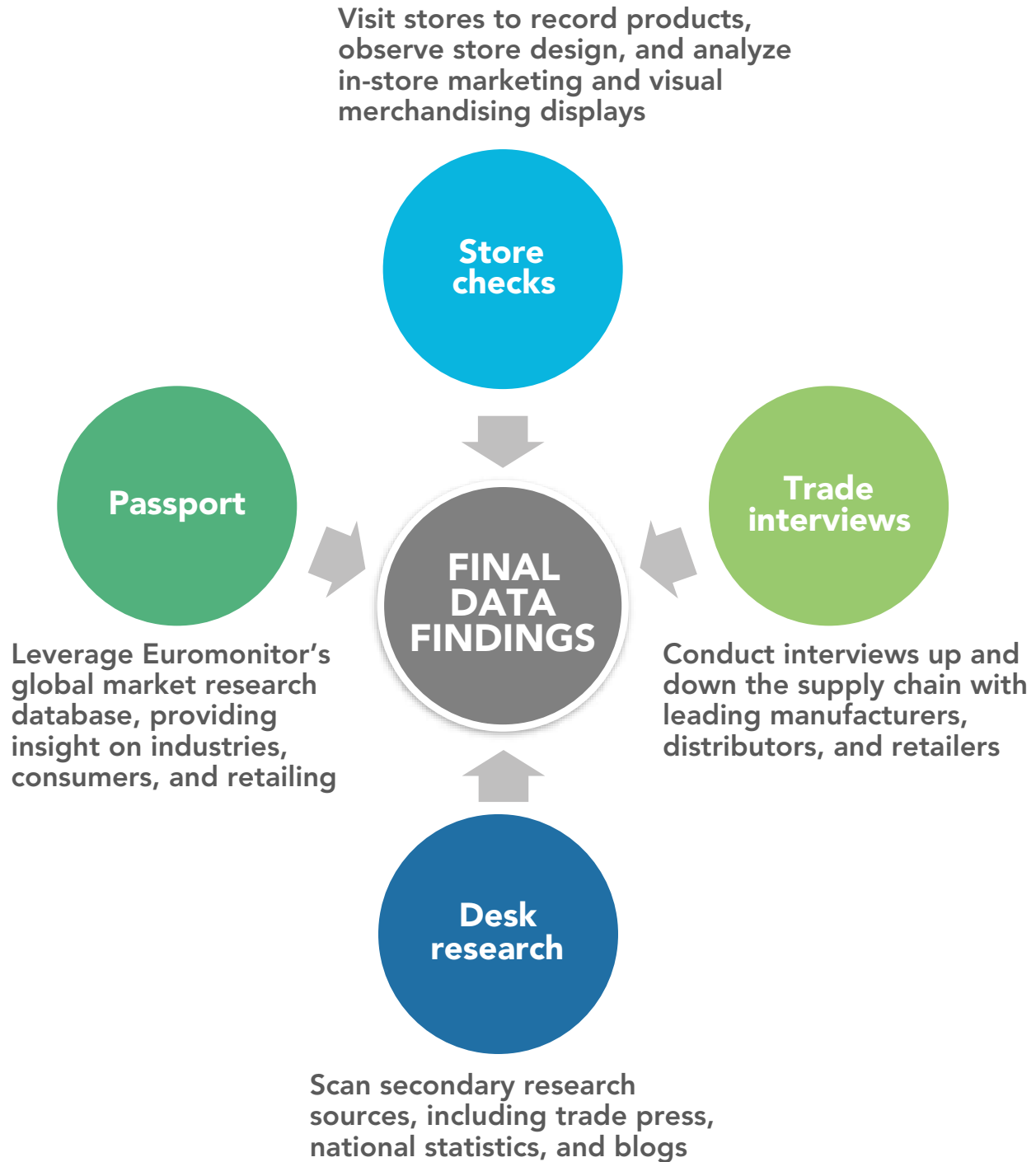
- Fixtures (i.e., shelving, tables, etc.)
  - Wall systems and Perimeter fixtures
  - Freestanding
  - Fitting Rooms
  - Accessories/Add-ons
  - Major Metal
- Mannequins
  - Realistic
  - Abstract
  - Headless
  - Forms



### Channel Coverage

- Apparel
- Convenience
- Department Store
- Dollar
- Drug
- Grocery
- Home Improvement
- Mass Merchant
- Specialty Store
- Other Retailers  
(Warehouse Clubs)

## Methodology Components



Euromonitor methodology components converge to create a consensus output



## Methodology Components

	Store checks	Desk research	In-store interviews	Phone interviews	Passport
PURPOSE	<ul style="list-style-type: none"> <li>• Visit stores to get a view of brand, category, and subcategory presence.</li> <li>• These also present an opportunity to conduct in-person interviews.</li> </ul>	<ul style="list-style-type: none"> <li>• Compile all possible secondary sources that are publicly available to incorporate into analysis and trade interview conversations.</li> </ul>	<ul style="list-style-type: none"> <li>• As mentioned in store checks, in-person interviews allow direct interaction with sales representatives on the ground to uncover key insights that might be more difficult to track over the phone.</li> </ul>	<ul style="list-style-type: none"> <li>• Phone interviews provide an opportunity to speak with individuals familiar with the industry in order to ask specific, targeted questions about market sizes and trends for the project categories.</li> </ul>	<ul style="list-style-type: none"> <li>• Passport offers a solid baseline for retail channels and is updated on a regular basis.</li> </ul>
APPLICATION TO PROJECT	<ul style="list-style-type: none"> <li>• Visiting a sampling of stores across all channels included in the project allows a baseline viewpoint to use in trade interview conversations, both in-person and on the phone.</li> </ul>	<ul style="list-style-type: none"> <li>• By leveraging all publicly published statistics, we will be able to triangulate the resources as one of many inputs into our research.</li> </ul>	<ul style="list-style-type: none"> <li>• Store visits include recording information in the stores for our store check data, but also include in-person interviews which will provide insight into many of the discussion guide questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Our analysts interviewed 42 people in the industry throughout the supply chain to gather insights and observations on the objectives of the project.</li> </ul>	<ul style="list-style-type: none"> <li>• Passport data will be used as part of the multiple inputs utilized in the research process.</li> </ul>



**As retailers increasingly blur the lines between physical and digital shopping experiences, in-store marketing and store environments must evolve.**



## Five retail trends are transforming the landscape



### Shrinking selling space

Stores are getting smaller, and the number of outlets is shrinking, even as retail value sales are growing. Consumers are cutting back on the number of trips and doing more big-box, one-stop shopping trips or shopping online.



### Rise of omnichannel retailing

Stores are playing the role of showroom and distribution center, rather than buying center. There are separate areas for click and pick-up, and stores are being redesigned to convey the multiplatform message.



### Online retailers opening physical stores

A growing number of successful online retailers are opening physical locations to create a more in-depth experience for their customers.



### In-store retailing becoming more interactive and experiential

Retailers are seeking fixtures and displays that are customized to meet new interactive and experiential retailing strategies.



### Refreshing/remodeling/redesigning of stores is happening faster

Successful retailers have the ability to change rapidly. Stores are refreshing, remodeling, and redesigning themselves much faster than they were able to do even a few years ago.

\*These trends were gathered throughout the research process using a combination of Euromonitor industry experts, the syndicated Passport database, custom secondary research, and trade interviews done specifically for this project to confirm, refine, and build upon the Passport findings.

## The effects of the trends on Shopper Marketing and Fixtures are widespread

	SHOPPER MARKETING	STORE FIXTURES/VISUAL MERCHANDISING
<b>Shrinking retail footprints</b>	<ul style="list-style-type: none"><li>• Less room for displays</li><li>• Displays that are included need to be even more effective; do more with less.</li></ul>	<ul style="list-style-type: none"><li>• Fixtures need to maximize space utilization and do more with less.</li><li>• Portable, movable and/or adjustable fixtures are increasingly important.</li></ul>
<b>Rise of omni-channel retailing</b>	<ul style="list-style-type: none"><li>• Displays used to connect online with in-store retailing, so that brands and retailers present cohesive, comprehensive stories.</li></ul>	<ul style="list-style-type: none"><li>• Products that support hybrid stores combining a physical and online presence, and cater to online shoppers through convenience and ease of access.</li></ul>
<b>Online retailers opening physical stores</b>	<ul style="list-style-type: none"><li>• Displays can help bridge the gap between digital and physical realms by carrying themes, colors, and images from online to offline.</li></ul>	<ul style="list-style-type: none"><li>• Fixtures can also help bridge gap between online and physical realms by carrying themes and colors from online to offline.</li></ul>
<b>In-store retailing becoming more interactive and experiential</b>	<ul style="list-style-type: none"><li>• Displays among midrange and luxury brands, as well as some budget retailers, include digital and interactive features, better lighting, and movement.</li></ul>	<ul style="list-style-type: none"><li>• Aid in the creation of the store itself as a brand, as well as the creation of a place for customers to experience brands.</li></ul>
<b>Refreshing/remodeling/redesigning is happening faster</b>	<ul style="list-style-type: none"><li>• Increased demand for turnkey solutions</li><li>• Faster renewal of permanent displays</li><li>• Potential for more/less display adoption depending on retailer choices.</li></ul>	<ul style="list-style-type: none"><li>• Higher demand for fast turnkey solutions*</li><li>• Increased pressure to remain aware of and anticipate trends.</li></ul>

\* Turnkey solutions: a manufacturer that can offer design, engineering, manufacturing, shipping/logistics, and setup.

## Shopper Marketing and Store Fixtures/Visual Merchandising sales reached a total of US\$18 billion in 2015

**0.7%**

Historic CAGR  
(2013-15)

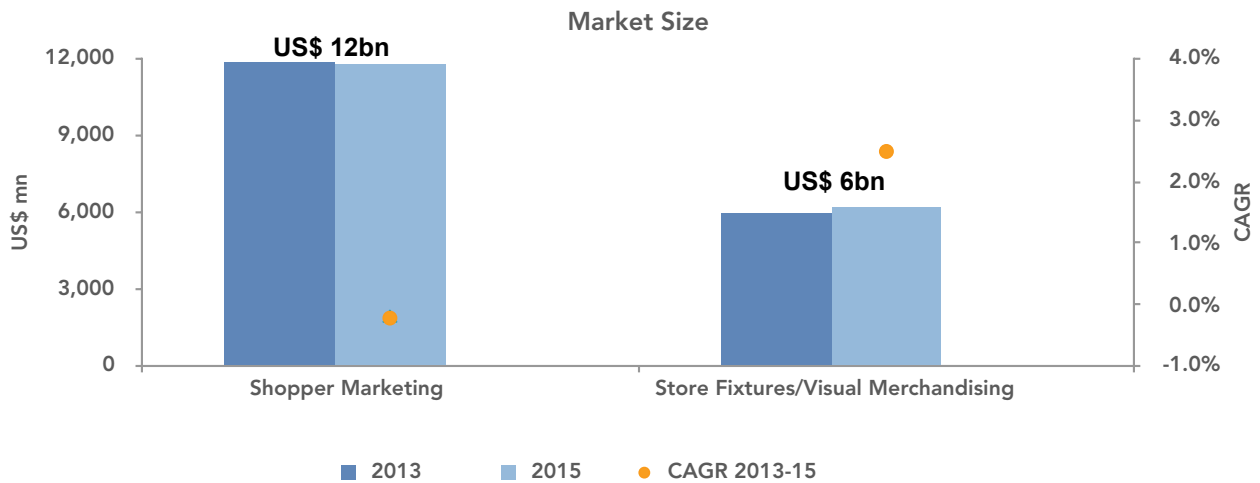
**\$18.0**

Total Market Size  
(2015, US\$ bn)

Shopper Marketing and Store  
Fixtures/Visual Merchandising

Opportunity to tap into the evolving landscape, bridging the digital and physical divide

Shopper Marketing and Store Fixtures/Visual Merchandising categories



### Shopper Marketing

2013	2015
\$11.82 bn	\$11.77 bn
▲	-\$51.6 mn
CAGR	-0.2%

### Store Fixtures/Visual Merchandising

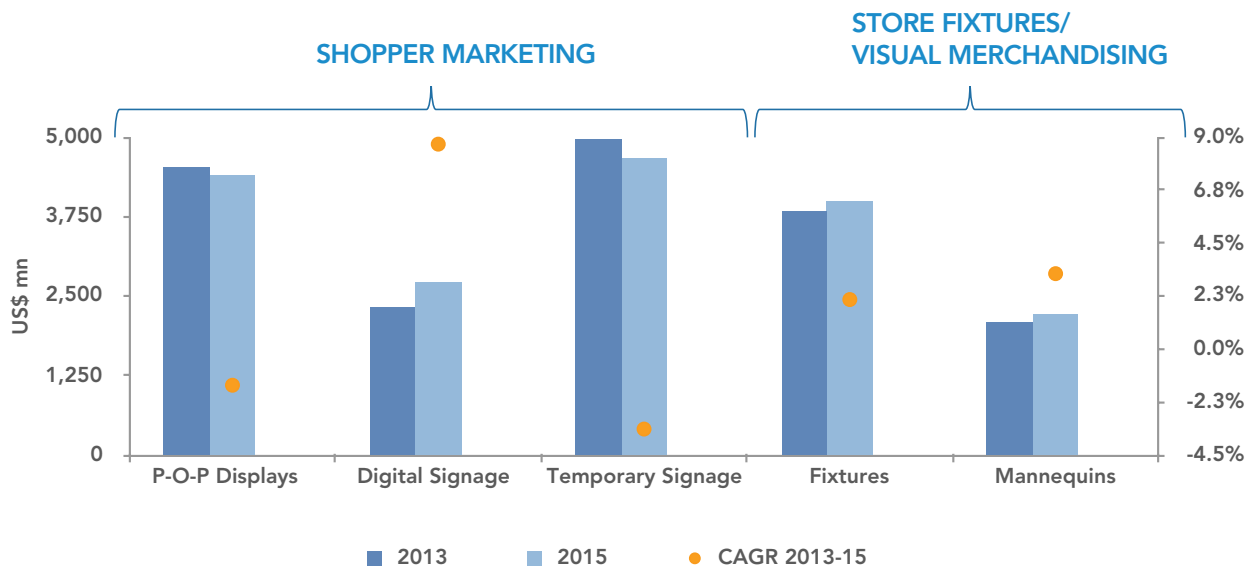
2013	2015
\$5.91 bn	\$6.21 bn
▲	\$297.9 mn
CAGR	2.5%

Source: EMI Custom research, 2016

# Executive Summary



## Digital Signage is the fastest-growing category



	P-O-P Displays	Digital Signage	Temp Signage	Fixtures	Mannequins
CAGR 13-15	-1.5%	8.7%	-3.4%	2.1%	3.2%

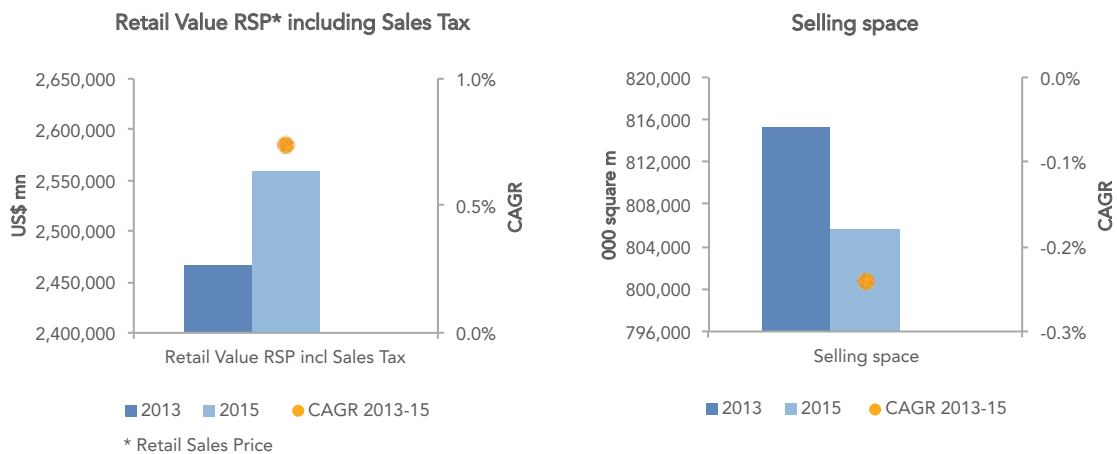
Source: EMI Custom research, 2016

Retailers are investing more into unique designs and technology in order to create an interesting, interactive, memorable experience for customers.



## Retail sales increase, while selling space shrinks

- Stable economic conditions supported the growth of retailing in the U.S. in 2015. Unemployment remained low, helping consumers to feel confident about the economy, in turn benefiting retailers. Retailers took advantage of this situation by focusing on offering competitive prices, a variety of purchasing platforms, and a wide range of products.
- In general, consumer sentiment toward the economy was positive, thus consumers' shopping habits continued to recover. This increase in consumer confidence saw the retail industry focus on maximizing profits via discounts and other promotional offers.
- However, the physical footprint of stores is shrinking (with the exception of specific flagship stores in major cities), as Internet shopping grows in popularity.
- Grocery retailers were further challenged by the availability of grocery products through other channels, such as dollar stores and online. These retailers focused on attracting consumers into their stores by becoming one-stop outlets where consumers can get most products they need for their households. In a similar way, Internet retailers such as Amazon, Peapod, and Google, offered grocery delivery in 2015.



Source: EMI Custom research, 2016





**Online retailers, conversely, are starting to open brick-and mortar stores to augment the online experience.**

# Competitive market leads to further consolidation and technology adaptation

### Consolidation is seen across retailing in order to expand into different channels and core business areas

- In 2015, retailing witnessed a trend toward further consolidation. Within grocery retailing, large players Royal Ahold NV and Delhaize Group agreed on a merger that will make the new company one of the largest grocery retailers in the US.
- Similarly, within non-grocery retailing and Internet retailing, mergers took place that resulted in large companies.

### Competition from omnichannel retailers strengthens

- The integration between Internet and store-based retailing is expected to continue over the next five years. As technology advances, consumer shopping habits will continue to adapt to this trend. Store-based retailers and pure Internet players are expected to find ways to continue to appeal to tech-savvy consumers.

- For instance, the Apple Pay platform is used to pay for purchases online or in physical stores, and is expanding to other retail types such as vending machines.

### Technology, innovation, and pricing to drive retail growth

- Retailers are likely to continue to face tough competition because of increased demands from consumers in terms of both convenient delivery and choice in terms of payments and prices.
- Technology is expected to be one of the key drivers of growth because consumers are becoming increasingly dependent on their mobile phones and other digital devices to make purchases.
- In addition, innovation, store formats, and delivery will likely continue to favor those retailers that are best able to adapt.
- Simplified methods of payment across Internet and store-based retailing are also expected to remain attractive to consumers.





### Internet retailers will continue to bring challenges for most store-based retailers in the near future

#### Internet retailing is the fastest-growing retail channel

- Over the review period, many store-based retailers focused on strengthening and adding value to their digital platforms.
- Companies such as Target focused on mobile applications to better reach consumers. Technology continued to offer consumers assistance when purchasing popular products.

#### Only those retailers that adapt will succeed

- In the near future, companies which have not adapted quickly enough to Internet retailing are likely to continue to see declines in their store-based sales.
- For instance, RadioShack recently filed for bankruptcy. The company suffered a continuous decline in sales over the review period as it struggled to integrate its online and store-based operations.

# Retail Industry Overview

## Pure play online retailers opening physical stores

- An interesting trend in the U.S. is the rise of pure play online retailers opening physical locations.
- Examples include Birchbox, a monthly subscription service delivers a box of personalized samples of beauty products, which has opened several experience-based stores in the U.S. and has experimented with pop-up stores through partnerships with other retailers such as Gap. JustFab is another online subscription service which moved offline.
- Other pure play online retailers opening physical store include eyewear retailer Warby Parker, men's clothing retailer Bobonos and Indochino, online clothing rental service Rent the Runway, and cycling clothier Rapha.
- If successful, online-to-offline retailing could help support increased demand for fixtures and displays that have been waning in recent years. It may also offer opportunities for the development of ways to include technology in fixtures/displays that integrate the pre-existing online store with the new physical shopping experience.

## Transition to “lifestyle centers” leverages the one-stop shopping trend and creates an experiential shopping environment.

### Consumer shopping habits are changing

- The retail landscape is changing significantly due to a shift in consumer shopping habits. Shopping centers once thrived, but have dwindled in number over the review period.
- Many struggling properties have been reduced to largely vacant areas. Consumers are limiting trips to traditional centers in favor of big-box stores and lifestyle centers.
- Consumers are also shopping online, reducing the need to visit shopping centers. People are able to access more stores from their computers or mobile phones than they can at a single mall location.

### Lifestyle centers emerge

- With footfall at shopping centers experiencing year-over-year declines, “lifestyle centers” have become more popular. Lifestyle centers are typically open-air environments which include landscaping, convenient parking close to stores, and a warm, inviting atmosphere for individuals and families to spend their free time. Lifestyle centers have proved especially popular among women.
- Developers are changing the tenant mix of lifestyle centers to include larger, non-traditional operators, such as H&M and Bed Bath & Beyond. Developers are seeking a mix of tenants that “contribute to the overall experience,” including health centers, massage therapists, and doctors and dentists, as well as dining and entertainment providers.

Retail Industry Overview source: Passport (EMI Syndicated Database)



### ABOUT MENASHA

Menasha Packaging Company LLC, based in Neenah, Wisconsin, is a subsidiary of Menasha Corp. and has approximately 3,300 employees at locations across North America. Menasha Packaging is a leading provider of graphic consumer packaging, merchandising solutions, corrugated packaging, food packaging, shipping containers, material handling solutions, and pack-out and fulfillment services. With a network of design, sales service centers, corrugated and paperboard manufacturing plants, and fulfillment facilities located throughout North America, the company's mission is to help its customers protect, move, and promote their products better than anyone else.



### ABOUT STYLMARK

Stylmark is a versatile manufacturer that creates the spectrum of essential elements to create comprehensive and distinctive lifestyle environments. Whether your expertise lies in design, planning, manufacturing, or installation, you can rely on Stylmark to collaborate with you in designing, integrating, and delivering the best possible solution to ensure your business objectives are met.



### ABOUT EUROMONITOR CONSULTING

Euromonitor Consulting is a global market research company focused on industries, countries, economies, and consumers worldwide. Euromonitor's cross-country comparable research helps organizations identify opportunities and develop growth strategies in countries and regions across the globe. With offices around the world, analysts in 80 countries, and market research on every key trend and driver, gives clients powerful access to the real story behind consumer change.

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