

EXCERPTED FROM THE NOVEMBER 2009 EDITION

## 2010 TRENDS | 10 [and 1/2] trends to watch

We read the reports. Sifted the data. Nagged insiders until they gave up the goods. Now, here's the result: 10-plus business trends that are thriving even in this economy.



### 1. Economic Turmoil

It's not the \$700 billion bank bailout. And no, it's not the \$787 billion American Recovery and Reinvestment Act of 2009. The real economic stimulus is ... wait for it ... the recession. That's right, the Great Recession. This upside-down economy is creating entrepreneurial opportunities aplenty, so long as you can deal with a situation about as stable as a lava flow.

Results from Challenger, Gray & Christmas' job market index revealed that 8.7 percent of job seekers gained employment by starting their own businesses in second quarter 2009--way, way up from the record low of 2.7 percent during the last quarter of 2008.

Even in finance, confidence and risk tolerance are on the rise. IbisWorld, an industry market research firm, expects that after a great purge, loan brokerage services will see 40 percent growth in 2010.

### Green Power

Thanks to government incentives and changing public sentiment, clean energy is the most popular kid on the green movement block. The stimulus plan poured billions into renewable energy, automakers are all but predicting electric gridlock within the next few years, and everyone who's anyone in the electric power industry is investing in the "smart grid."

If the money being thrown around is any indication, that's just the tip of the slowly melting iceberg. Cleantech Group, an industry research firm, reports venture capital investment in clean technology--including solar, biofuels, batteries and the smart grid--overtook IT and biotech for the biggest piece of the VC pie. The sector swiped 27 percent of all investment dollars in the third quarter--that's \$1.6 billion.





## The Senior Market

Bladders have never been bigger or badder. Same with vision care, cosmeceuticals and pretty much every other business associated with aging. You name it--catered tea parties, tech assistance, medical waste disposal, senior dating sites--you can profit from it. So forget how unsexy it sounds, because businesses aimed at retiring boomers are, well, booming.

According to the U.S. Bureau of Labor Statistics, the aging-services industry, composed of home healthcare, elderly and disabled services and community care facilities for the elderly, make up three of the top 10 industries with the fastest employment growth.

The Chronicle of Higher Education even named gerontology one of the "hottest" academic fields of the future. For instance, this fall, the University of Southern California debuted a new master's degree in aging-services management to meet the growing interest in the field.

## Discount Retail

Everyone's eating lower on the food chain these days. Consumer spending is down more than 30 percent from this time last year, to an average of \$57 a day, according to a Gallup poll. And even those who can still afford to spend are beset by "luxury shame," which means high-end retailers are out, and discount shopping is in. Wal-Mart's earnings increased more than 5 percent this year, while Neiman Marcus reported a 14.8 percent drop in sales. And the dollar store? Long the domain of low-income shoppers and random cheapskates, dollar stores are doing brisk business with the middle class. Family Dollar saw record net income in 2009. It jumped 25 percent, to \$291.3 million.



Another hand-me-down from the weak economy: Resale shops. In 2009, secondhand shops increased revenue by \$223.3 million, according to IbisWorld. The National Association of Resale Professionals reports that secondhand stores had an average 31 percent increase in business this year. Uptown Cheapskate--a fledgling fashion-centric resale exchange franchise--opened two locations this year, with four more on the way.



## Local Business

Demand is exploding for locally grown and made products--which means more support for mom-and-pop stores. The dividend: For every \$100 spent at a locally owned business, \$68 comes back to the community. Only \$43 re-circulates from national chain stores.

The "buy local" ethos has its roots in the farmers markets movement: There are almost 5,000 farmers markets across the country, the result of more than 5 percent annual growth for the past five years, according to the Department of Agriculture. Nearly 60 percent of consumers say they try to shop at a farmers market. Wal-Mart and Safeway recently added "Locally Grown" sections to their produce departments, and the USDA launched a "Know Your Farmer, Know Your Food" marketing campaign.

## Education

Huge numbers of people are going back to school--ducking the bad economy, retraining for new jobs, even reinventing themselves completely. Total enrollment at universities and colleges is close to 12 million and climbing, says IbisWorld senior analyst Toon van Beeck, most likely because of unemployment. Or, as van Beeck puts it: "They're up-skilling." Certainly, 2010 will be a good year for higher learning institutions: Revenue is expected to grow 4.9 percent, to \$421 billion. Enrollment at less expensive junior colleges, trade schools and online universities is also on the rise, particularly since student loan financing is still in short supply.



*Neumont University, a computer science school near Salt Lake City, Utah, with accelerated degree programs, entices students with postgraduate employment rates of 85 percent to 95 percent within the first 60 days, even during the recession. "Some students have launched a company while in school and made it their career," university President Edward Levine says. "We'll be offering a new degree in Digital Entrepreneurship in 2010, and there should be a high proportion of adult learners in the first group of students."*

## Parental Outsourcing



Taking care of the kids, scrubbing the toilets, checking in on Mom, helping with homework, coaching Little League--more people than ever are paying professionals to do their domestic chores. The trend even has a name: Parental outsourcing.

It's something of a surprise, since recessions tend to affect the middle class more dramatically than the wealthy, and some services that seem like luxuries are still thriving. But the numbers tell the story. For example, revenue for tutoring, test prep and driving schools is expected to increase \$100 million, to more than \$7 billion in 2010. Sports coaching expects a 4 percent increase next year.

## Health and Wellness

Healthcare reform, aging baby boomers, more emphasis on preventive care--all of these things and more are fueling growth in health and wellness businesses. Healthcare and social assistance topped the industry growth charts this year, according to the U.S. Census Bureau, with second quarter revenue of \$452.5 billion, up 3 percent from the previous quarter.



Home care was the No. 1 growing industry from 2004 to 2009, averaging yearly increases of more than 7 percent, according to IbisWorld. In-home care already employs a staggering 1.33 million people, and revenue is expected to grow beyond \$72 billion by 2011. And whatever form the government's healthcare act finally takes, it is likely to boost the number of consumers for health services.



## Texas

9

Weird as it may be, there's an undeniable pull toward the secessionist state.

- Pick any 2009 economic rankings list and the "Texaplex" cities--Houston, Dallas, Fort Worth, San Antonio and Austin--will have nabbed a spot or three. Austin and Dallas are counted among The Wall Street Journal's top Youth Magnet cities, and Texas cities were half of the Brookings Institution's list of top 10 strongest metro areas. Texas dominated 2009's

lists of best relocation destinations, home-building markets and job-creation cities. This very magazine also named Austin one of its own Best Cities for Small Businesses.

"Texas has fared this recession better than most other parts of the country," says Brad Burke, managing director of Rice University's Alliance for Technology and Entrepreneurship. "The state became much more diversified over the last decade. It's investing [billions] in growth industries.

## Affordable Alcohol

We're still drinking like fish--only now we're doing it at home with cheaper booze.

The alcoholic beverage industry has been growing steadily for the past three years and is expected to reach a record \$455 billion in 2009. But analysts say it is specifically the more affordable packaged adult bevies that ring up big sales during a downturn. The story is more sober when the drinking is done in bars: 24 percent of wine drinkers say they are choosing less expensive bottles, according to Nielsen market research, while about one-third of beer, wine and spirits consumers are ordering fewer drinks.

10



"Consumers are clearly focused on value and in many cases, altering their shopping behavior in order to get the most for their money," says Danny Brager, vice president of beverage/alcohol at Nielsen.



10 1/2

## Pets

Nobel laureate Albert Schweitzer once said, "There are two means of refuge from the miseries of life: music and cats."

Maybe he was onto something. The recession may have demolished the manufacturing and financial services sectors, but the pet industry? Totally fine. Owners may be skimping on themselves, but certainly not their four-legged, furry, feathered or finned friends.

Earlier this year, the American Pet Products Association revealed total pet spending in 2008 topped a whopping \$43 billion. The forecast for 2009 is \$45.4 billion.

To put that truly ginormous number in perspective, consider that the amount is more than the gross domestic product of all but 64 countries in the world.