

# ESR / 2011



AMERICAN SOCIETY OF  
INTERIOR DESIGNERS

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report

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2011

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# chapter one/ the big picture

## global trends/widening gaps

### The Affluent and the Abject

Financial turmoil, man-made and natural disasters, terrorism and despotism continued to strain fragile economies throughout 2010. As a result, millions more around the world are homeless, destitute, hungry and unemployed. At the same time, some sectors of the economy have managed to elude or recover quickly from the economic downturn; yet, for the most part the profitable and the wealthy are not spending or investing at pre-Recession rates, choosing instead to save or pay down debt, thus stalling the wider recovery. The gap between the “haves” and the “have-nots” is getting wider. As tensions grow, corporations, governments and world bodies will be torn between caring for their own and doing more for others, with both sides protesting that they are not doing enough.

#### **Two-track World for Economic Growth**

The experts, from the IMF to the big banks are suggesting we will see a two-track world in terms of economic growth in the short, if not medium, term, reports the website Global Trends. Advanced economies will be struggling with slow growth, high rates of unemployment and reducing massive national debts, while rapidly developing economies will forge ahead in terms of growth, the key threats domestically being inflation and over-heating.

#### **Progress at Risk**

The United Nation’s 2010 Human Development Report found that most people are healthier, live longer, are more educated and have more access to goods and services. Even in countries facing adverse economic conditions, people's health and education have greatly improved. However, the report also warned that a continued failure to tackle climate change was putting at risk decades of progress in improving the lives of the world's poorest people. Unsustainable patterns of consumption and production posed the biggest challenge to the anti-poverty drive, the report stated.

#### **Income Bell Becomes an Hourglass**

Unemployment and a decline in personal wealth is eroding the economic well being of the middle class in developed countries, while overheated economies in some developing nations have widened the gulf between the rich and poor. According to the Global Times, in China, the number of super-rich people has bloated, while the number of poor people remains vast. China's social makeup increasingly looks like an

hourglass, heavy at the top and the bottom but squeezed in the middle. And the income disparity between the rural and urban populations is still expanding. The gap between the rich and the poor is not only a major economic issue worthy of concern, but also a major social and political problem, which could threaten the stability of Chinese society if not dealt with properly. Other recent reports have found similar disparities in the Middle East, India, the United Kingdom and the United States.

### **Fewer Own More**

In remarks delivered on the eve of the 2010 G-20 Summit in Toronto, Maude Barlow, a public advocate, stated, “The world has divided into rich and poor as at no time in our history. The richest 2% own more than half the household wealth in the world. The richest 10% hold 85% of total global assets and the bottom half of humanity owns less than 1% of the wealth in the world. The three richest men in the world have more money than the poorest 48 countries.”

## **Fifth Worlds and Wheels**

The old world order, dominated by Western Europe and the United States, is breaking down. Developing economies and underdeveloped countries rich in oil, mineral deposits and other sought-after natural resources are jockeying for power and influence. And a new, “fifth” world is emerging, comprised of a network of social networks, in which anyone with a mobile device is a citizen. The website Global Trends highlighted these developments in its end of year forecast:

### **The mobile time machine**

Mobility is everywhere: resources, people, products and services, capital, knowledge, beliefs, opinions and more. Data has become a deluge, information can be “tweeted” globally in minutes, and an ever-expanding array of digital media competes for our time. As mobility expands, time is being compressed. Those able to manage the dynamics of this mobile time machine will have an advantage.

### **Potential for crises in water, food and electricity**

The world’s population is projected to reach 9.1 billion by 2050, from 6.9 billion today, placing significant strain on critical resources. For example, by 2030, the water gap could be as much as 40% between demand and supply, while food prices will be structurally higher in future. The capital required to meet projected energy demand through to 2030 is estimated at US\$1.1 trillion per year (or 1.4% of global GDP). Without widespread action to tackle these issues, geopolitical and social tensions may rise, along with negative economic impact.

### **The global technology race**

Technology offers potential solutions for many of the world’s pressing problems, the key questions being “when” and “who” will deliver them. The race is on for leadership

in critical technologies including nanotechnology and biotechnology, as well as applied technologies that address global issues such as health/aging and resource challenges. Expect BRIC (Brazil, Russia, India and China) economies to be at the forefront along with industrial nations.

### **Competing in the BRIC—and beyond**

Economic power is shifting inexorably to BRIC, and will continue to do so. These countries will account for the majority of foreseeable economic growth and the emerging global middle class. But the playing field in BRIC is getting crowded. It is time to look towards the next tier of emerging economies, which are likely to include Indonesia, Mexico, Turkey, Iran, South Korea, Egypt, South Africa, Thailand, Vietnam, Pakistan, Bangladesh, the Philippines and Argentina. BRIC companies are already actively moving there.

### **Growing influence of “we and me,” not just “they”**

The last 20 years have seen the emancipation of influence. People worldwide have seen their ability to make choices increase beyond imagination. Communications advances and increased democratization have allowed people find their voices. The power of “me” has been amplified through communities of choice, including social networks and buying groups, which are changing how we interact and behave. In this new world, trust and dialogue are critical to building and maintaining relationships.

### **The rise of new power brokers**

New power brokers are increasing their influence on the world stage, from the BRIC economies to social networks to the G20. New financial power brokers with vast assets will impact corporate governance and industries. Together, these new power brokers will shape global economic, political and social development. The age of the “superpower” is giving way to an age of multiple power brokers.

### **Interdependence and competition across industries, not just within**

Industry boundaries are blurring and so are those of the organizations that compete in them. Value spaces are increasingly being defined by consumers, not firms. Take health and wellness—in the consumer’s mind this extends well beyond pharmaceuticals and doctors to food, fitness, beauty, online services and more. As boundaries blur and everything becomes mobile, players are increasingly interdependent. This extends to interactions with society, where new forms of networks and smart partnerships are emerging, to deliver commercial and societal benefits simultaneously.

### **Fight to own the new consumer**

The fight is on to own the new consumer—a consumer that wants more involvement and personalization; that wants it all anywhere, anytime, and wants it to be cheap and

chic as the climate of frugality bites. Businesses at all points in the value chain are trying to connect with the consumer to build reputations, trust, loyalty, returns, market position and ultimately the license to compete. As consumers increasingly demand experiences and solutions, this fight may evolve into new, creative forms of co-operation between firms and others.

### **Generational gaps**

For the first time, four distinct generations are present in the workforce in many developed countries. The resulting differences in generational ambitions, attitudes, technology skills and ethics are impacting management styles, how work is done, and the ability to attract talent. Such differences are also playing out in developing economies, with indications that traits and values are becoming more similar within generations across borders than between generations within a region. Generational gaps will demand more flexibility in work, markets and societies.

### **Tensions of globalization AND fragmentation**

Even as the tide of globalization and integration continues, there is a growing and opposing trend towards greater fragmentation where tribalism, nationalism and cultural conflict are on the rise. Even cyberspace is under threat of fragmentation, as governments increasingly seek to erect national boundaries to block or monitor content, and technology providers develop proprietary “clouds.” How the potentially competing forces of globalization and fragmentation interact will have a significant impact on the economic, social and political development of the 21st century.

## **Dystopia and Its Discontents**

Australian futurist Richard Watson has been tracking and mapping global mega trends for a number of years—and rendering them in ingenious diagrams that look like subway system maps. His “Trends & Technology Timeline 2011+” identifies the following mega trends that are shaping global change:

**Aging – Power shift Eastwards – Globalization – Localization – Digitalization – Personalization – Volatility – Individualism – Environmental change – Sustainability – Debt – Urbanization**

Based on his analysis of these mega trends, Watson predicts the following social trends will dominate in 2011—a number of which center around the discontent and anxiety arising from technological overload and material scarcity.

*Uncertainty:* In 2011, nothing will be certain except uncertainty. With the economic recovery still brittle in many parts of the world, people will be looking for safety, reassurance and control. They will be disappointed. What people can expect, with some

degree of certainty, is that there will be widespread anxiety, especially in financial markets, and there will be a background expectation that something will sooner or later go wrong.

*Volatility:* Intimately connected to uncertainty is volatility. The root cause of this is the connectivity now built into everything from financial markets to media and communications. This means the constant threat of cascading failure, with financial markets at the epicenter of seismic events. In some cases the risk can be real. The threat of a debt crisis in one country can lead to a genuine crisis of confidence in another. However, contagion can be imagined and in some cases manufactured. Information pandemics rapidly spread false or misleading information, but such is the rapidity of the cycle that nobody has the time to verify the facts or call to account those spreading disinformation.

*Discontent:* In the US, 20% of American men aged 25 to 55 are now unemployed. In the 1960s 95% of the same group had a job. This could be reason enough to get angry, but the bad news doesn't end there. Food prices are rising, energy costs are increasing, and the US faces the prospect of economic decline relative to the emerging powers, most of which have come out of the global recession relatively unscathed. In Europe things aren't much better. In the UK indirect taxes are going up and infrastructure investment (police, health, transport, education, etc.) is going down. This all adds up to people paying more to get less, which could clearly lead to trouble.

*Formality:* Democracy and anti-elitism have led to the growth of informality in recent years. This has been accelerated by the egalitarian tendencies of the Internet—or at least by the egalitarian ethos of internet start-ups. However, the global recession has created a counter-trend. Seriousness is back in vogue and older people have started to dress smarter in a vain attempt to keep their jobs. This formality has trickled down to younger individuals, especially those concerned with getting or keeping a professional career. To some extent this trend is cyclical, but it is also connected with an interest in tradition, craft and artisan skills.

*Resurgent Religion:* Education, science and technology are supposed to be making religion redundant, but it appears that the opposite is the case. When times are complex and confusing religion offers people hope alongside universal truth. Indeed, when life becomes a struggle economically, or uncertain environmentally, religion offers an easy to understand view of why things are as they are and how they will eventually work out. Clearly the growth of fundamentalism is one aspect of this but religion is enjoying resurgence across the board, especially in the Southern Hemisphere. Part of the reason for this is globalization. Religious beliefs now move around more freely. Similarly, urbanization and social media are bringing people and ideas closer together.

*Pajamas:* So what have pajamas got to do with rapid technological acceleration and rampant economic uncertainty? Simple. They offer physical and emotional warmth in

cold and complex times. But escapism isn't the only reason. More people are working from home nowadays, so what some people wear to work doesn't really matter. We are also spending more leisure time at home surfing websites rather than going out, so this is fuelling the trend also.

*Food inflation:* Food has been cheap in many countries for a long time and people now view ingredients that were once considered luxuries as necessities. But this situation is about to change. The primary problem is population. There are simply more mouths to feed. However, the real issue is not so much demand per se but changing consumption habits. Put simply, more people—especially people in developing markets—are changing eating habits in line with rapidly rising incomes. Hence people that used to live on subsistence diets of rice or vegetables are now demanding meat or fish.

*“Long land”:* Related to food inflation, investors are taking a “long” position on fertile land, especially land in foreign lands, with the expectation that the value of the land (and the food grown on it) will increase over the years ahead. For example, according to the World Bank, purchases of land in developing regions increased tenfold in 2009 to 45 million hectares. This trend is set to make the value of good land soar, especially well-watered hinterlands in Africa and Latin America. But buyers beware. Land isn't just another commodity. Land is tied up with notions of nationalism and is semi-sacred in many regions, so also expect counter-trends around colonial cultivation and sovereign soil.

*Digital disenchantment:* The Internet and Web 2.0 in particular are wonderful things, but there are digital downsides, notably the fact that people are suffering from too much distraction. The result is computerized confusion on a grand scale. Our attention spans are dwindling (books are now seen by many younger generations as “too long”), and we seem unable to retain important information, such as home phone numbers, ATM PIN numbers, family birthdays and security codes. As for work, all some people seem to do is answer endless emails, only to be faced with yet more once they have dealt with the first batch.

*No Trend:* Watson's final trend for 2011 is that there is no trend. There are certain uncertainties, but beyond this it's impossible to see what lies ahead. Is the Euro finished? Will Portugal go the same way as Ireland and Greece? Is China heading for a fall? Who can say?

# chapter two/ the USA today

## trends and forecasts /cautious optimism

### Demographics

#### **Population**

The U.S. population in the first quarter of 2010 was 308,745,538, according to the 2010 Census, which officials are calling the most accurate ever. That represents a 9.7 percent increase since 2000 and places the U.S. third in population in the world. A new person is added to the U.S. population every 14 seconds. The nation is projected to reach the 400 million population milestone in 2039.

#### **Domestic Migration**

Nevada had the highest percentage of population increase between 2000 and 2010, at 35 percent, although Texas had the highest number of new residents. California remained the most populous state, with a population of nearly 37.3 million. Eight states will gain Congressional seats as a result of population increases since 2000: Arizona, Florida, Georgia, Nevada, South Carolina, Texas, Utah, and Washington. Ten states will lose seats: Illinois, Iowa, Louisiana, Massachusetts, Michigan, Missouri, New Jersey, New York, Ohio, and Pennsylvania.

#### **Age**

The leading edge of the 76 million-strong Baby Boom generation turns 65 this year. In 2030, when all of the baby boomers will be 65 and older, nearly one in five U.S. residents is expected to be 65 and older. At present, the majority of Americans (67%) is between the ages of 15 and 64. Children (age 14 and younger) make up about 20% of the population, and the elderly (age 65 and older) make up about 13%.

#### **Gender**

Between the ages of 15 and 64, the number of men and women in the U.S. is about equal. About 83 million women in the U.S. are mothers, with an average of two children. Women as a group tend to live longer than men. At age 85, there are twice as many women as men. Most of these elderly women live alone.

## Diversity

Minorities, now roughly one-third of the U.S. population, are expected to become the majority in 2042, with the nation projected to be 54 percent minority in 2050. By 2023, minorities will comprise more than half of all children.

## Households

The Census Bureau estimates there are 114,825,428 households in the U.S. The average household now has three or fewer people due to the increase in single person households. The number of households headed by unmarried couples, both opposite sex couples and same sex couples, has increased. People living alone now comprise 28 percent of all households.

# Economy

## Modest But Solid Growth

The nation's economic growth is expected to increase at a solid pace in 2011, inflation is predicted to edge higher next year, and the unemployment rate is forecasted to decrease slightly in 2011. Forecasts going into 2011 show the economy experiencing modest growth, at around 3.5% to 4.0%, compared to just under 3% in 2010.

*Key areas of the economy to watch in 2011, according to Kiplinger:*

- *Jobs* – The unemployment rate dropped somewhat in 2010 from around 10% at the beginning of the year to 9.4% at year's end. It is expected to decline to 9% by the end of 2011. So far only about 1 million of the 8.5 million jobs lost in 2008-2009 have been recovered or replaced. More jobs should come with greater growth this year. (The Herman Group, an HR consulting firm, states that recent economic reports and trends give some hope for more job creation this year.)
- *Impact of tax deal* – GDP will get a boost from the tax deal worked out by President Obama and the Republicans, says Kiplinger. The agreement extends unemployment benefits, cuts payroll taxes and adds some inducements for companies to buy new equipment. All of that reinforces growth that is being fueled by both consumer spending and business investment.
- *Deflation or inflation* – In order to stave off deflation and a recession rebound, the Federal Reserve will keep interest rates near zero throughout 2011. Inflation is expected to increase slightly, to about 2%, as the growing economy leads to higher rents and incremental increases in gasoline and health care.
- *Consumer spending* – The realities of high unemployment and a still shaky housing market will keep a rein on consumers' ability and desire to buy once the holiday season is over. Retailers are deepening discounts and deals in the hopes of luring more

last-minute shoppers into stores. Expect modest growth in consumer spending, with sales increases of about 3% (compared to 1% in 2009).

- **Housing** – Sales of existing homes show signs that they’re hitting bottom, after the boom and bust surrounding the housing tax credit over the past 12 months. There’s scant indication of a pickup, however. Anemic job growth is a major problem. More jobs would boost demand, but you can’t buy a house without a paycheck.

**Economic Bright Spots:** Not all economic news is gloomy or gray. U.S agriculture experienced its second highest fiscal year ever in 2010, fueled by exports to China. Mergers and acquisitions hit an all-time monthly high last August. Detroit has rebounded, led by GM and Chrysler. And manufacturing was up in the second half of the year. Although not enough to jolt the economy back to life, these surges bode well for further growth as related industries benefit from these booms.

## Society & Lifestyle

The biggest social trend is the redefinition of “social” itself. Not only are more people “socializing” in cyberspace, but attitudes about relationships and levels of satisfaction with relationships increasingly have less to do with face-to-face contact and more to do with the quality and frequency of interactions, whether actual or virtual. The proliferation of technology and social networking platforms favors younger over older users, early adopters over mainstreamers, and the affluent over the less fortunate. Even as these tools bring people closer together, they create new divisions of “cyber class.”

### Social Trends

#### The End of Gender?

Megatrends guru Faith Popcorn is predicting for 2011, and for the decades to come, that we will enter an unprecedented period marked by the end of our traditional gender divide. Women are catching up in once male-dominated fields, such as business and the professions, while “manly” occupations such as construction and manufacturing are not hiring or are moving overseas. Look for more gender crossover in household activities and hobbies and less Mars vs. Venus sparring.

#### Increasingly Mobile Workforce

A forecast report by International Data Corporation predicts that telecommuting and other forms of mobile working will increase over the next several years as more and more employers come to recognize the benefits of mobile working, such as higher productivity and engagement and lower employee turnover. The key findings reveal the US will remain the most highly concentrated market for mobile workers, with 75.5 percent of the workforce, or 119.7 million workers, being mobile by 2013.

## Meeting Millennials' Demands

Born between 1978 and 2000, the Millennial, or GenY, generation is now highly sought-after for its size, influence and potential buying power. By 2015, the Millennials will have more spending power than any other generation, including the Baby Boomers, and marketers are scurrying to learn more about what they want. Among other things, this generation wants to feel appreciated and understood—through allowing product customization, inviting them to be part of advisory boards and ambassador programs, and conducting online surveys. They want “meaningful relationships” with manufacturers, retailers and service providers. They are highly visual and respond to symbolic communication. Their connection to technology has instilled a desire for faster processes and prompt interaction.

## Gloomy Boomers

According to a review of recent surveys by the Pew Research Center, this famously huge cohort of Americans finds itself in a funk as it approaches old age. Baby Boomers are more downbeat than other age groups about the trajectory of their own lives and about the direction of the nation as a whole. Some of this pessimism is related to life cycle—for most people, middle age is the most demanding and stressful time of life. Some of the gloominess, however, appears to be particular to Boomers, who bounded onto the national stage in the 1960s with high hopes for remaking society, but who've spent most of their adulthood trailing other age cohorts in overall life satisfaction.

## On the Move

People are changing jobs and careers more often, moving house more often, commuting further to work and travelling around the world more often. Technologies like videophoning, text messaging, social networks and photo sharing allow people to be connected while far apart. And the fast pace of innovation and global competition makes nimbleness not just a virtue but a necessity. Social boundaries are being redefined, as are social concepts like “closeness” and “community.”

## Consumer Trends

Market research firm Mintel contends that consumers have learned their hard economic lessons and are changing their behaviors. Today's consumers, they say, are living for the long term and are more values-driven in their attitudes and purchases. They identified nine trends that will influence consumer behavior in 2011.

**Prepare for the Worst:** Consumers thinking defensively. In the UK, 43% of consumers say “Trying to add to my rainy day savings/emergency fund” is a priority for this year, up 15% from last year. In the US, a third of consumers say they're using debit rather than credit, and debit transactions are forecasted to rise nearly 60% between 2000 and 2010. Consumers want to know what they're getting themselves into: no loopholes, no hidden costs and no pricey upgrades.

## **Retired for Hire**

People are working beyond retirement—either due to financial need or because they have grown attached to a lifestyle of leisure and pleasure. With half of Americans having no retirement account, the number of over 65s working will reach nearly 20% by 2014. In the UK, 77% of over 55s plan to continue working after retirement age “in order to enjoy and prolong a better standard of living”. In 2011, this group may prove an untapped market for advertisers, affecting a number of consumer sectors. Vitality, energy and longevity become key product qualities in the food and drink sector, while health and beauty messages may need to centre on anti-ageing properties, nutraceuticals and older models to reach this target group.

## **The Big Issue**

Our attitude toward weight is polarizing, pitting the rise of the super-healthy against the eternal appeal of indulgence. In the UK, almost a quarter of women wear clothes in sizes 18 and over, a third of men wear XL clothes or bigger and more than 30% of UK children are now classed as overweight. Meanwhile, 34% of US adults age 20 and over are obese. Therefore, 2011 may see a wider array of products catering to an obese market: from portion control and more info on packaging to low-cost healthy fare and products to firm and salve chaffed or sagging skin.

## **Garden State**

Modern city dwellers have a growing love of gardening and a need for nature, and with fresh, organic produce still economically out of reach for many, consumers are finding their own ways to bring healthy home. In the US, 26% of Internet users purchased vegetable seeds in past year: 19% bought vegetable/flower garden fertilizer and 27% like to grow vegetables at home. While in the UK, 1 in 5 consumers grow their own fruit & vegetables, and the UK Allotment waiting list has grown 20% in 2010. In the US, 40% of people with a garden agree “Growing fresh food to cook with” is important. In 2011, rural tourism, working farm holidays and garden leisure may benefit—while rising food and commodity prices may see a boost for seed sales as this trend develops.

## **Who Needs Humans?**

As we move into an ever more digital era, automated technology has machines replacing people—for better or worse. While cashier-less checkouts have become commonplace, we’re starting to see machines creep into new territories, including hospitals, libraries, pharmacies and the home. Therefore, 2011 may see certain jobs permanently displaced by technology—that includes service jobs, not just manual or factory work. But backlash and balance seeking may lead to an increased cache for hyper-personal goods and services

## **Retail Rebirth**

With online experiences developing rapidly, for bricks and mortar retailers, discounting is a no-win battle against the Internet. In the UK, 47% of consumers are only buying clothes on sale, offer or promotion and 35% say their choice of store is determined by special offers or discounts. In the US, 35% say their choice of store is determined by special offers or discounts. In 2011, brands may need to get more creative to lure consumers into stores, offering more than just retail and be a venue, not just a shop. Service may extend into advice and demonstrations, while exclusivity and environment may also be key aspects to engage consumers with real life, not virtual, shopping experiences.

## **Where It's App**

With smart phones becoming the dominant mobile force, QR codes and app technology will pique interest, provide portals into unique experiences and improve our quality of life. In the US, sales of smart phones grew 82% from 2008 to 2010. In the UK, 28% of consumers own a smart phone and by 2015 iPhones will make up 11% of all total devices used in the UK. As consumers are empowered like never before, 2011 will see people take a deeper interest in where they are: from the city to a specific store. Geography and status can be redefined through retail, presenting brands with an opportunity for increased location based services, promotions and solutions.

## **No Degree, No Problem**

Economic uncertainty has changed the workplace and the meaning of job security for the foreseeable future. As a result consumers will continue to question higher education's ROI and alternative channels for learning will gain credibility. In 2011 we may see more lifelong learning in the workplace, corporate sponsored degrees and companies investing in employees through education and training rather than salary or benefits. Meanwhile learning while doing, rather than learning in a lecture hall, may become a focus, along with with DIY education.

## **On Her Own Terms**

Women are earning and learning more than men, creating new gender roles in business and consumerism. In 2011, age is no longer an easy marker for lifestage. Opportunities lie for brands to focus less on the year the female consumer was born and more on where she's at with her life right now. In the US in 2008, 27% of men reported being the sole cleaner in their household, in 2010, that number jumped to 32%. Meanwhile, among under-35s, more UK women than men research financial products online. So, 2011 may see a counter trend to the "metrosexuality" of men in a "masculinization" of women. Implications for how brands market to women will be big, especially in sectors such as automobiles and sports. With men helping around the house more than ever, there may be an opportunity for brands to cater household products, as well as retail experiences accordingly.

# Technology

When Apple introduced the iPad less than a year ago, many dismissed it as the company's biggest faux pas since the Newton. Today, the iPad has become the standard for user-friendly computing. Bearing in mind something new is always lurking around the corner, leading technology researcher and advisor Gartner predicts the following developments will dominate the technology sector in the year ahead.

## **Cloud Computing**

Cloud computing services exist along a spectrum from open public to closed private. The next three years will see the delivery of a range of cloud service approaches that fall between these two extremes. Vendors will offer packaged private cloud implementations that deliver the vendor's public cloud service technologies (software and/or hardware) and methodologies (i.e., best practices to build and run the service) in a form that can be implemented inside the consumer's enterprise. Many will also offer management services to remotely manage the cloud service implementation.

## **Mobile Applications and Media Tablets**

Gartner estimates that by the end of 2010, 1.2 billion people will carry handsets capable of rich, mobile commerce providing an ideal environment for the convergence of mobility and the Web. Mobile devices are becoming computers in their own right, with an astounding amount of processing ability and bandwidth. There are already hundreds of thousands of applications for platforms like the Apple iPhone. The quality of the experience of applications on these devices, which can apply location, motion and other context in their behavior, is leading customers to interact with companies preferentially through mobile devices.

## **Social Communications and Collaboration**

Social media can be divided into: (1) Social networking —social profile management products, such as MySpace, Facebook, LinkedIn and Friendster as well as social networking analysis (SNA) technologies that employ algorithms to understand and utilize human relationships for the discovery of people and expertise. (2) Social collaboration —technologies, such as wikis, blogs, instant messaging, collaborative office, and crowdsourcing. (3) Social publishing —technologies that assist communities in pooling individual content into a usable and community accessible content repository such as YouTube and flickr. (4) Social feedback – gaining feedback and opinion from the community on specific items as witnessed on YouTube and Amazon. Gartner predicts that by 2016, social technologies will be integrated with most business applications.

## **Video**

Video is not a new media form, but its use as a standard media type used in non-media companies is expanding rapidly. Technology trends in digital photography, consumer electronics, the web, social software, unified communications, digital and Internet-based television and mobile computing are all reaching critical tipping points that bring video into the mainstream. Over the next three years Gartner believes that video will become a commonplace content type and interaction model for most users, and by 2013, more than 25 percent of the content that workers see in a day will be dominated by pictures, video or audio.

## **Next Generation Analytics**

Increasing compute capabilities of computers including mobile devices along with improving connectivity are enabling a shift in how businesses support operational decisions. It is becoming possible to run simulations or models to predict the future outcome, rather than to simply provide backward looking data about past interactions, and to do these predictions in real-time to support each individual business action.

## **Social Analytics**

Social analytics describes the process of measuring, analyzing and interpreting the results of interactions and associations among people, topics and ideas. These interactions may occur on social software applications used in the workplace, in internally or externally facing communities or on the social web.

## **Context-Aware Computing**

Context-aware computing centers on the concept of using information about an end user or object's environment, activities, connections and preferences to improve the quality of interaction with that end user. A contextually aware system anticipates the user's needs and proactively serves up the most appropriate and customized content, product or service.

# **Environment**

Environmental impacts, we are learning, take decades, not years to be realized. However, failure to act now will only delay the opportunity of taking corrective action that will improve conditions in the future. A recently released report, "North American Environmental Outlook to 2030," by the Commission for Environmental Cooperation, scans environmental data and projections by the United Nations Environment Program, the Organization for Economic Cooperation and Development and others to examine a range of different environmental scenarios for North America. It identifies nine areas to watch, which fall under three categories:

### **Greatest potential for impact by 2030**

- Energy use and associated emissions, especially from transportation and buildings
- Water use and treatment of wastewater

### **Most significant coming changes**

- Continued and accelerated warming, especially in the Arctic
- Continued loss of terrestrial biodiversity
- Persistent ground-level ozone in urban areas

### **Issues deserving greater attention**

- Growth in urban and built-up land area
- Freshwater quality and groundwater availability and quality
- The specific economic and health effects of environmental change
- The impact of consumption in North America on the environment in other regions and vice versa

# chapter three/ design directions

## major trends and issues / waiting for recovery

### Design Demographics

By just about any measure, the interior design industry has decidedly declined as a result of the Great Recession of 2008-09. Both the number of interior design firms and the number of practicing interior designers has dwindled. Those firms that do have business are, for the most part, doing fewer, smaller projects, and in most cases for lower compensation.

#### Numbers

According to the most recent U.S. Bureau of Labor Statistics data, in May 2009 there were about 46,000 employed interior designers in the U.S.—nearly 7,300 **fewer** than were reported a year earlier. The drop in the number of self-employed interior designers is not known but is expected to be substantial as well.

#### Gender

By most accounts, 8 in 10 interior designers are women.

#### Age

More than half—about 55 percent—of all U.S. practicing interior designers are estimated to be between the ages of 35 and 54. About 20 percent are 55 or older, and about 25 percent are 34 or younger.

#### Diversity

Of the 850,000 “designers” of all types (e.g., graphic, fashion, interiors, etc.) estimated by the U.S. Census Bureau, 4 percent were African American, 5.6 percent Asian and 8.5 percent Hispanic.

The U.S. Equal Employment Opportunity Commission requires interior design firms with 100 or more workers to file demographic data. That data for 2007 shows Hispanics tend to be the best represented minority in the industry, with 13.5 percent calling themselves Hispanic or Latino and the vast majority of them in senior or professional positions. Far less represented are African Americans at 4.8 percent, Asians at 2.8 percent and American Indians at .7 percent. About half of African-Americans in the field are clerical workers or laborers, rather than senior managers or professionals.

# Design Business

## Employment

Among employed designers, 39 percent are employed in interior design firms, and another 21 percent work in an architecture or landscape architecture firm. The remainder are employed mainly by furniture stores, home furnishings and home improvement stores, construction, building finishing contractors, government, and other types of retail and service firms. Although the growth trend within recent years has been primarily among interior designers working in interior design firms, that trend has reversed somewhat in the past year or so, as firms have cut staff and more designers have had difficulty finding employment.

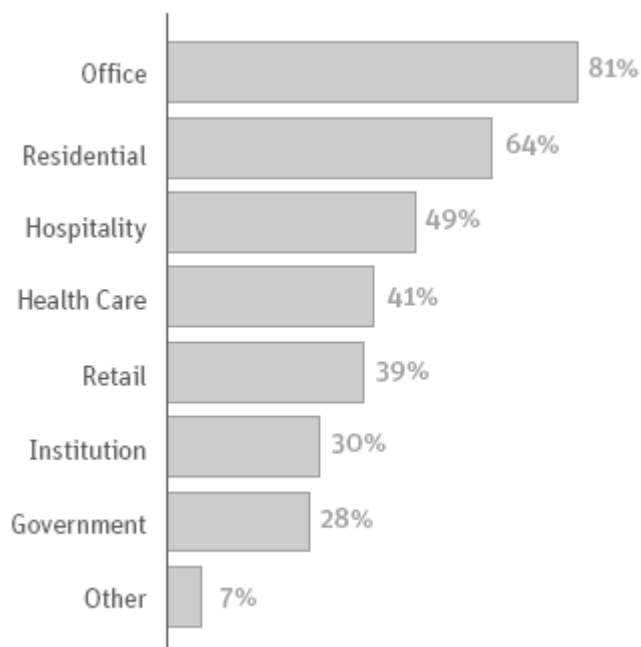
## Wages and Salary

According to BLS data, the mean wage for an interior designer employed in an interior design firm in May 2008 was \$51,990, up from \$51,010 in 2008. Designers working in architectural and engineering firms earned somewhat more, a mean wage of \$56,060. Salaries can vary substantially by area and job level, however. For example, Salary.com reports median salaries for entry level interior designers ranging from around \$36,000 in the South to more than \$45,000 in the Midwest and West.

## Specialty

Most interior designers are generalists who work on more than one type of design project a year. In studies that sample interior designers exclusively, about two-thirds of designers say their primary design specialty is residential, whereas in studies that sample architects, facility managers and others, as well as interior designers, about 55 percent say their primary design specialty is commercial.

### Areas of Specialization as a Percent of Business



## Design Firms

According to Dun & Bradstreet, in December 2010 there were 11,413 interior design firms in the U.S.—1,975 **fewer** than reported in 2008.

In addition, some 27,000 other businesses identify themselves as offering “interior design services” of some kind.

Nearly two-thirds (61%) of U.S. interior design firms are located in the 10 states with the highest numbers of firms. Of these, North Carolina, Ohio and Washington do not have some form of interior design legislation. About 40% of all interior design firms are located in the top 20 major metropolitan regions.

### Top 10 Interior Design States 2009

State	Number of Firms	% of All U.S. Firms
California	1,996	14.9%
Texas	1,205	9.0%
Florida	1,203	9.0%
New York	874	6.5%
Illinois	638	4.8%
Georgia	530	4.0%
Ohio	424	3.1%
North Carolina	415	3.1%
Pennsylvania	414	3.1%
Washington	389	2.9%

## Billings

According to Dun and Bradstreet, average annual billings for interior design firms in the U.S. ranged from \$100,000 to \$1.4 million in 2009—down 30% to 50% from 2008, with the majority (comprised mainly of small firms) falling between \$200,000 and \$500,000. Average billings roughly correspond to \$100,000 per employee.

These figures contrast sharply with those reported by the *Interior Design* “Top 100 Giants,” whose average annual earnings per employee in 2008 averaged \$221,619. The top 100 firms accounted for nearly \$2.7 billion in earnings in 2008.

# Issues and Trends Affecting Interior Design

## **Rollercoaster Economy**

Over the past 18 months, the architecture and design industry has seen bursts of seasonal activity followed by fallow periods, sometimes lasting several months. At this time, there is no indication that 2011 will be any different. A number of factors still in play will determine what kind of year 2011 bring interior designers, including unemployment levels, interest rates, availability of credit, construction starts, and consumer confidence.

## **No Sign of Residential Recovery**

Experts periodically predict that the housing market will improve, but it too has proven volatile and unpredictable. Requests for housing permits and housing starts climbed in the fall of 2010, but high unemployment is likely to stall any real improvement in housing sales until at least 2012.

## **Stalled Commercial Activity**

Commercial and industrial A&D saw little improvement in 2010, although hospitality picked up a bit in the third quarter. In general, firms are not optimistic about 2011 being anything more than slightly better. Education, government and health care, which have had withstood the economic downturn, may stall due to looming budget deficits at the state and federal levels, as well as high unemployment and resistance to tax increases.

## **A Shining Green Light**

The one bright star in the A&D universe continues to be green design. The majority of commercial work has been green or sustainability related. The desire to reduce energy and operational costs will help to keep green at the forefront of building projects for the foreseeable future.

## **Getting Fit**

Firms are making use of the current situation to trim their operations and staff, build new capacity, and reposition their service offerings and brand, hoping that they will be more competitive and profitable when the recovery finally materializes.

## **Turnkey Design**

With homeowners looking to economize, more and more designers have turned to the Internet, offering design consultation, and sometimes more, through the Internet, usually for a fixed fee. The services tend to be primarily decorative, but some will create floor plans and drawings for an additional cost. As this space becomes more crowded, look for fee wars to develop.

# Trends Affecting the Practice and Profession of Interior Design

The editors of *Design Intelligence* recently asked the members of the Design Futures Council to cast their eyes out to the year 2015 to contemplate the trends that are most likely to shape the future of the A&D industry. In brief, here are some of the 25 trends they identified:

- *Technology Rockets*: Not just BIM but video, 4-D scheduling, 3-D printing, social media, and mobile computing will begin to appear in designers' kits as well."
- *Clients embrace sustainability*: Expect the essential characteristics of sustainable design to continue being defined as well as a convergence of what are now considered sustainable and socially responsible design and development.
- *Talent leadership shortages*: The loss of talented designers to the economic upheaval, and the lack of mentors and opportunities for up and coming staff, will create a leadership gap.
- *Delivery options are wide open*: A firm's willingness to explore alternate delivery processes will be seen as a market differentiator by owners that are seeking less conflict and greater efficiency in their projects.
- *Interdisciplinary collaboration is the new normal*: Because projects sizes will be smaller, multi-specialist professionals will be sought after to support streamlined teams and competitive fee proposals. Teams of unaffiliated experts representing a wide range of technical and creative skills will excite clients to rethink what's possible.
- *The search for evidence intensifies*: Health care environments have been the driver for evidence-based design, but the concept will be sought across all building types.
- *Look to do more with less*: As client expectations grow, firms will need to seek better ways to deliver the goods while maintaining sane fees and excellent quality.
- *Lean practices proliferate*: Product manufacturers have done lean for years. Now lean design and lean construction are emerging as potential solutions to the problem of waste in the construction process.



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