If we just had a crystal ball we would know definitely what the trends in the EIFS industry will be during the '90s, but since we don’t we can only speculate. I have just completed our company’s Three Year Business Plan, whereby once a year we sit back to reflect on how we perceive our business over this time period. During the process of our review, we analyze every aspect of our business: the economy, industry issues, code regulations, cost, new technologies, etc. While these topics are still fresh in my mind, I thought it might be interesting to share some of these insights with you as to how the EIFS industry looks in the future and some of the issues which may affect us in the upcoming months and years. To begin, let’s take a brief look at the economic situation in North America.

Economy

The general condition of the economy in the United States today is one of uncertainty. The economy has enjoyed its longest expansion period since World War II and is now in decline. Some economists say we are in a full fledged recession, while others are saying this is only a lull before the growth returns. Most people dealing in construction feel there is definitely a recession in their industry and that it will remain for a period of time. How long, no one knows. This is primarily due to the fact that interest rates are unstable, office vacancies continue to increase, the hotel/motel industry is overbuilt well above capacity, and there is a reduction of available construction money due to the savings and loan situation in this country.

Energy Issue

We are all aware one of the reasons our economy is uncertain is the crisis in the Middle East, which affects a very valuable commodity, the price of oil. With oil prices continuing to go up, we will see a focus on energy conservation. The EIFS industry in this country became recognized in the mid-'70s during an energy crisis by selling the advantages of exterior insulation. This trend continued into the '80s. After the mid-'80s, the EIFS industry continued to grow even though fuel prices declined, primarily because of economical installation cost and aesthetics. With the energy crisis coming back, we should see a trend back to energy conservation and effective use of insulation, bringing EIFS back to the forefront.

Furthermore, from looking at the latest F.W. Dodge statistics we see general construction is down 7% and nonresidential construction section is down 10%. Nonresidential construction represents the market where the bulk of EIFS products are used today. All this means that there are uncertainties on the horizon as far as the economy is concerned, but we believe these uncertainties will redirect EIFS business into other market areas and allow the EIFS industry to continue to grow.

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keting of exterior insulation. Furthermore, the utilization of exterior insulation allows the use of energy saving technology such as thermal mass and solar energy. In looking for ways to conserve energy, fuel oil and related costs, the demand for efficient insulation will focus on EIFS.

**Codes**

With energy as a focal point, we are entering into an interesting situation concerning the code activity which has taken place in the last 18 months. Do we restrict the use of exterior insulation, or require its use because of its effective insulation? The code change controversy which arose in 1990 was fundamentally focused on the issue referred to as radiant heat. With regard to the performance of EIFS cladding in fire conditions, radiant heat was dealt with by the industry. EIMA, AWCI, lath and plaster bureaus and support groups conducted a very aggressive campaign and defeated these issues in Southern Building Code and ICBO meetings. BOCA did vote for a limited code restriction, but EIMA has drafted a proposal which will meet the requirements of this new code restriction.

The bottom line is that the attempts to use code changes in the United States to restrict our products will not have a bearing on our business for the near future. But we can be sure the EIFS competition will again try to use code regulation as a marketing weapon to stop the decline of their market share.

In Canada, a new situation has developed where another restrictive code has been issued to limit the use of exterior insulation, based on a Canadian research report which was released in 1990. It is felt that lobby efforts, as well as some new product innovations, will over a period of time reverse these decisions in Canada. A plan of action similar to that which succeeded in fighting the ICBO and Southern Building Code change attempts should be developed in the Canadian market to redirect their code restriction language.

Although it does appear that we have put to bed the code issues in the United States for at least another year, we must continue to take certain steps to ensure the problem does not recur in the ’90s. There are several steps which must be taken:

1. Continue to financially support the Radiant Energy Heat Test Program funded by EIMA
2. Continue to provide a positive EIFS campaign.
3. Continue to promote the advantages of exterior insulation: Aesthetics, low maintenance, economics, energy savings issues, etc.
4. Develop a joint study program with other groups to study the effective thermal mass theory of insulation, combining thermal mass walls with the use of exterior insulation.
5. Finally, focus on keeping the
of plaster work are growing as well, from interior plaster to an increase in stucco applied systems. The plaster “look” is becoming more and more popular. This means there is a continuing need for a supply of skilled applicators. Presently the industry is somewhat unbalanced in labor; there is still a shortage of qualified, trained mechanics. Training programs have been developed by many companies as a result, and recently AWCI and EIMA have joined forces to develop an industry training program which could be used for training in local chapters, union halls, or other job groups to bring new craftsmen into our industry. The demand is there at the architectural and owner level, and now we must continue to meet the demand with a trained labor force.

There will be more interest than ever before in the development of local chapters of AWCI, further interest in lath and plaster associations, and in union areas more activity and greater cooperation between union shops and local contractors.

The EIFS industry will be expanding into other areas as new products are brought into the market. We will probably see more interest from trade groups other than plasterers. Paint trades and drywall trades will also become part of the EIFS industry, dealing with products that are used in their respective fields of expertise. It will probably come as no surprise in the future to see a painting contractor on the job applying an EIFS manufacturer’s paint. This is a point where labor must acknowledge that companies can manufacture products for various trade groups. The industry will have to deal with this issue on a continuing basis, particularly in heavily unionized labor areas.

Products

One of the biggest upcoming trends will be a change in product technology, as well as the range of products introduced. As I mentioned before, new products will be introduced which can be applied by other trades. One area which will probably see many changes is renovation type products for restoring older EIFS projects, with this particular area being applied by the paint trade rather than the plastering trade.

There should also be a continuing interest in developing other insulation materials besides polystyrene that have their own unique characteristics. Some may be the next generation of polystyrenes, while others may continue to advance the use of polyisocyanurate, mineral wool and other composite insulation board products.

A major issue coming into focus will be the direct applied coating systems. These are coating systems that are applied over sheathing boards, whether they are cement fiber boards
Lab development and product technology will be one of the biggest upcoming trends for the '90s. These are scenes from Sto’s labs.

code groups, architects, builders, and anyone involved in our industry up to date on the positive aspects of exterior insulation and its proven track record over 20 years in this country.

Labor

Although our industry rallied around the code issue in 1990, it obviously brought to the forefront some of the people who had been working behind the scenes. The successful grassroots campaigns which were launched against the code bodies were mainly supported by the labor side of the EIFS industry, for without their efforts our plan would not have worked.

The EIFS industry will continue to breathe new life into the plastering trades. As EIFS grows, various types
or fiberglass faced gypsum boards. These systems are growing in popularity in the South, and it is expected this trend will continue to gain popularity due to their economical installation cost. The key factor will be making sure standards are adhered to and proper materials are used for this type of application. Products which have been designed specifically for these applications have performed with good results. However, before interested parties get further involved they should contact their manufacturer for proper installation procedures.

There will be a growing interest in the use of a wide range of colors and ornamental shapes. The use of color in design will continue to be popular, and more colors and new tones will be used. The utilization of coins, eyebrows and details is continuing to gain in popularity.

Probably the biggest change in the industry will take place with new product technology. For the most part, product technology innovation has not changed over the past 10 years. Many companies are using technology that was introduced to the market when they first entered the marketplace. However, due to new developments and new technologies available in other construction products, some of these new concepts will become the next generation of finishes, base coat and adhesives.

**EIFS Industry**

With new product areas coming on line, the EIFS industry is in for continued growth. As a result of the general economic outlook within the country, however, it is my estimation that real growth in the industry will be between 5% and 7%. We will also see a continuing interest in the renovation market to replace some of the business which has been directed from the new construction market. Renovation of older buildings will become a very popular topic in marketing strategy during the next several years.

Another trend I see coming will be an increase in the price of system components to offset increased oil prices and energy related products. This means as an industry overall we can expect real price increases to come into effect in early 1991. These increases should continue on a parallel with oil price increases. We must keep in mind that many raw materials are related, in one form or another, to the oil industry.

We continue to see the Exterior Insulation Manufacturers Association (EIMA) as a representative of the industry, along with AWCI, providing strong support to the EIFS industry. As the economy continues to decline overall, it is my belief that we will see some more realignment of manufactures. In 1989 and 1990 the number of manufacturers was reduced by two. Further acquisitions or mergers are possible, and we may see a realignment of major companies determined to get out of the marketplace due to cost reduction or cost elimination policies established within their corporations. We will also see some of the smaller companies having difficult times as a result of code restrictions. The code battles which have been fought have given the building code people a greater
awareness of the EIFS industry, and they perceive that there are right and wrong ways of application. Therefore, local codes will require a review of independent testing and national code recognition prior to approval.

In summary, the EIFS industry is going through some changes, but the industry will continue to be strong and will show strong growth, which is something very few construction related products will be able to maintain over the next couple of years because of the economic changes taking place.

The opportunity for exterior insulation is as great as, if not greater than, it has ever been because we can not only provide an economical, aesthetically pleasing cladding, but we can also provide one that is highly energy efficient. With the oil crisis focusing everyone’s attention on energy conservation, the EIFS industry is sitting on tremendous opportunity.

The main difference between the 1980s and the 1990s will be that the industry must be more professional; we must deal with issues on a more professional basis, and industry competitors must work closer together to keep our main focus on promoting positive aspects of the industry. Contractors must concentrate on proper installation by making sure small things are taken care of, such as proper sealants, detailing, workmanship, etc. We cannot give other competitive industries the opportunity to take advantage of us due to poor application. Everyone involved in our business must police the industry to preserve the future.

We have a great opportunity now, one that is stronger than it has ever been. We have 20 years of history and thousands of good stories to tell. We must tell these stories to our customers and use our new products to bring new life, new blood and continued growth to the EIFS industry.

About the Author
Carlton “Buck” Buchanan, vice president, marketing of Sto Corporation, has been with Sto for 10 years. He is a past president of EIMA and served three years as past chairman of the EIMA Tech & Marketing Committee. He is currently on their Marketing Committee. Mr. Buchanan is a member of AWCI’s Technical Committee #7. He is a graduate of University of Tennessee/Chattanooga with a B.S. degree in business.