



Commerce Report Switzerland 2021 · **Barometer**

Assessment of the situation in Swiss commerce

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Management Summary: A Silver Lining

The Swiss consumer goods sector took advantage of the opportunities.

It goes without saying: the Covid-19 pandemic is a major disaster for the world. But as always with far-reaching events, new opportunities open up for some of those affected. Being one of the more fortunate is no merit. But it deserves recognition if you are able to take advantage of these opportunities, redirect the resources available and contribute to stabilisation and general welfare in a difficult situation. This was true in 2020 and still applies to many employees and companies in the consumer goods sector.

Datatrans Ltd, as the client, and the University of Applied Sciences and Arts Northwestern Switzerland (FHNW) are taking the changes in the distribution of physical consumer goods caused by the coronavirus crisis as an opportunity to expand the series of studies published between 2009 and 2020 on the development of sales to consumers by two special issues. This first publication of *Barometer* explores the current state of Swiss retail sector. The second edition, which will be published at the beginning of November 2021, and will look at developments in the supplier landscape and business models. As usual, the study results are primarily derived from the statements of the experts on the study panel.

Corona: Experience and impact

2020 – a roller-coaster ride!

It has been a real roller-coaster ride for suppliers of the consumer goods sector in the first year of the coronavirus crisis, 2020. It began at the beginning of March with a shocking realisation, which consumers responded to with panic buying of necessities on the one hand and with reluctance to shop on the other. Would furniture, books and clothing be bought at all? The outbreak was quickly followed by the first lockdown, occupational protection measures, working-from-home arrangements, an explosive e-commerce boom, major shifts in product ranges, serious logistics and availability problems, catch-up effects after the reopening of the shops, continuous ups and downs and the chaotic political environment – and all this with an unstoppable second wave approaching. The protective measures reached such a level that the second lockdown could be postponed into the new year following the Christmas sales period. Meanwhile, global supply chains had completely been thrown into disarray: all kinds of product groups and transport routes were struggling with persistent bottlenecks and price increases that had not previously been seen for a long time.

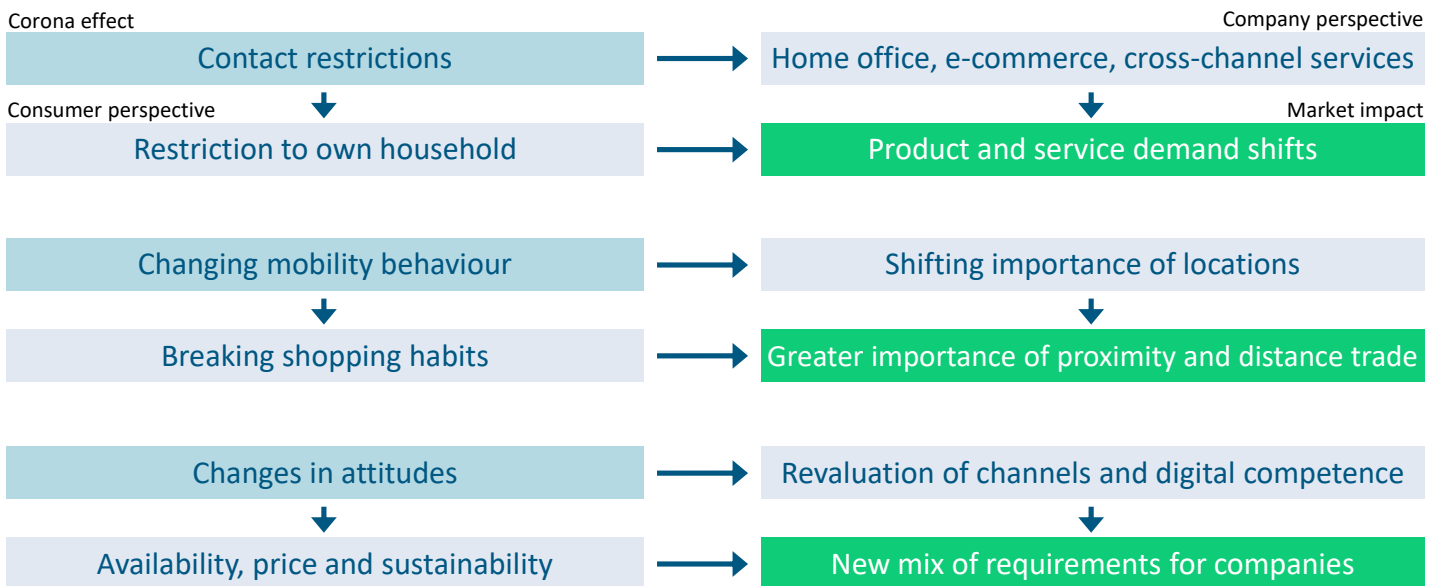
One of the surprises of this year's interviews is how well the companies were able to overcome all of this. It was not only the transition to remote work that went surprisingly smoothly. In other areas, too, employees brilliantly demonstrated a willingness to adapt as well as determination when it came to doing the right thing in new situations or learning quickly. Several study participants described this experience as a highlight of the year – and would like to maintain this pragmatic approach in the future.

**What will be the new normal?
Nobody knows the answer yet!**

In terms of the market, the coronavirus has had a range of effects, the most important of which are shown in Fig. 1. In many areas, the crisis has acted as an accelerator for existing trends, such as the shift from the stationary to the networked world of products and services, the importance of smartphones and the desire for a more sustainable world.

What is new and unexpected on the other hand are the change in the customer's scope of movement, the increased importance of home and the rediscovery of doing things oneself, for example cooking. Changing daily routines can have far-reaching consequences for trade: high-footfall locations and district stores have to be reassessed. The interplay of services provided locally and those provided online from a distance will adjust to a new equilibrium.

Fig. 1:
Coronavirus consequences
and their impact on the market



Expectations for the current year and beyond

The e-commerce boom is triggering an investment boom. This concerns digital competence in general and the ability to interact with customers digitally in particular.

Converting new customers acquired during the coronavirus wave into regular customers – this goal has the highest priority.

The far-reaching restrictions on personal contact are pushing companies to turn to and further develop digital services. Many study participants believe that the positive consumer sentiment around Easter could continue throughout the year. Only a few expect the level of online sales to fall again after a normalisation of public life. Even those hesitant have shifted their focus to online, omnichannel and the digital fitness of the entire company. Some providers had to learn that having an online shop is not enough. If the backend processes are not sufficiently mature, «high order volumes will bring the store crashing down.» The willingness to invest is therefore exceptionally high. In addition to the usual investment fields of logistics, IT and organisation, measures for customer loyalty are now at the top of the priority list. Companies want to somehow safeguard the most critical factor in e-commerce, access to customers. Because one thing is clear: at some point, consumers will shift their budgets towards holidays and experiences again.

2020 – a surprisingly strong year for the consumer goods sector

The Swiss retail sector closed the chaotic year of 2020, which brought eight weeks of lockdown in the spring, with an increase in sales of 2.2 % compared to 2019.

The two big winners of the coronavirus year 2020 are food retail as a whole and online retail, which has grown in all sectors.

Based on the data series of GfK Switzerland for the Swiss retail sector, 2020 was the strongest of the last five years with a total revenue of CHF 93.7 billion. However, the growth of the individual market segments often deviated significantly from the average 2.2 %. Food not subject to the lockdown shot up by 8.9 %.

The non-food segment, on the other hand, had to accept a total decline in revenue of 3.7 % – with major differences depending on the sector. While 2020 was a positive year for home electronics as well as the home and living sector, Swiss clothing, watch and jewellery suppliers had to deal with high declines even in historical comparison. Traditional providers in particular suffered large losses in the weak sectors.

The value of goods ordered in online and distance selling rose by 25.8 % to CHF 13.3 billion. Growth in 2020 was therefore around three times higher than in previous years. Compared to the total volume of Swiss retail, the value of online orders at home and abroad is 14.2 % – following 11.5 % in the previous year. Depending on the sector, this value varies between a good 3 % for food and almost 19 % in the non-food market. According to panel data from GfK Switzerland, the home electronics segment has the highest online penetration at 48 %.

Foreign online providers lost significant market shares in Switzerland in 2020.

Another noteworthy development in 2020 was that foreign online providers were unable to benefit from the pandemic-induced online boom in their sales to customers in Switzerland. Including the reduced deliveries at collection points close to borders, their growth in 2020 was only around 1 %. Without Zalando, which grew by 13 % in Switzerland in 2020, foreign providers would not even have reached the previous year's level. Switzerland was probably simply treated with a lower priority in 2020; the majority of the study panel expects foreign competitors to catch up again soon.

Together, the top-30-B2C-onlineshops in Switzerland were able to increase their turnover by 25.7 % in 2020 compared to the top 30 of 2019, in line with the market. Even though they were not able to expand their market share of around 60 %, this alone is a great achievement in terms of volume for already very large providers and without preparations having been made. Gains in market share in 2020 were less determined by size, but rather by the degree of maturity of the processes and infrastructure relevant to e-commerce as well as the establishment and adaptability of the providers. Many companies below the top 30 even achieved three-digit growth rates. Conversely, this also means that there is a large group of providers that only participated to a below-average extent in market growth. Digitec Galaxus was once again outstanding, with an increase in goods sales of CHF 604 million or 56 %.

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