LIFESTYLE TECH COMPETENCE CENTER

SWITZERLAND INNOVATION
PARK TICINO | SITE OF PARK ZURICH

The Swiss eCommerce Market

Exploring Swiss Consumer Behaviors and the Market Potential for Lifestyle Brands and Retailers

Destination Switzerland

June 6, 2023

Agenda

- About **Lifestyle Tech Competence Center**
- **Opportunity** to **enter Swiss market**: why ecommerce could be a first step to be considered?
- Conclusions

About Lifestyle Tech Competence Center

LTCC is an association part of Switzerland Innovation Park – Ticino, aiming to strengthen territorial positioning and attract investments to generate local value

SWITZERLAND INNOVATION

Switzerland Innovation at a glance…

Federal program co-financing projects that **address socially relevant, cross-industry issues** leveraging top-notch **R&D**

6

Research-thematic **innovation hubs** forming an **ecosystem** of **universities** and innovative **companies**

Breeding ground to develop **new solutions**, attract **investments** and **strengthen Switzerland** positioning **in the world**

WHAT IS LIFESTYLE TECH?

LIFESTYLE INDUSTRY

- FOOD
- FASHION
- ART
- LUXURY
- RETAIL
- TRAVEL
- COSMETICS
- EDUCATION
- PET
- DESIGN
- CARS
- HEALTH
- MOBILITY
- MANUFACTURING
- ELECTRONICS
- KIDS & TOYS
- WEALTH MANAGEMENT

LIFESTYLE TECH

TECHNOLOGY & TRENDS

- SUSTAINABILITY
- 3D TECH
- E-COMMERCE
- ANALYTICS & ARTIFICIAL INTELLIGENCE (AI)
- AUGMENTED & VIRTUAL REALITY
- CLOUD
- METAVERSE
- INTERNET OF THINGS (IOT)
- BLOCKCHAIN & CRYPTO

LTCC is part of Swiss Innovation Park Ticino and can rely on several members

SWITZERLAND INNOVATION

PARTNERS OF THE LIFESTYLE TECH COMPETENCE CENTER

INSTITUTIONS & UNIVERSITIES	FASHION BRANDS & RETAILERS	FOOD	TECHNOLOGICAL PARTNERS	INFRASTRUCTURE & FINANCIAL PARTNERS
Città di Lugano	BALLY	DAL 1877 Barilla	accenture	DAGORÀ LIFESTYLE INNOVATION HUB
Scuola universitaria professionale della Svizzera italiana SUPSI	GUESS	LAVAZZA TORINO, ITALIA, 1895	ANTARES VISION GROUP	loomish. — INVESTING IN INNOVATION
Università della Svizzera italiana			HYPHEN Digital to Humans	moresi.com
			Microsoft	UBS

LTCC stimulates R&D activities, scouting and innovative labs set-up, promoting knowledge and competence sharing

GO-TO-MARKET, KNOWLEDGE SHARING, MARKETING, NETWORKING, INVESTMENTS OPPORTUNITIES

TRAINING AND COLLABORATIONS WITH ACADEMIC INSTITUTIONS

RESEARCH OBSERVATORY & FOCUS GROUPS

Our specialist team is equipped to carry out targeted **market research**, both **qualitative and quantitative**

OPEN INNOVATION & TECH SCOUTING

We conduct open innovation projects for brands & retailers: **design thinking** workshops, **international scouting** for B2B tech solutions and **POC management**

APPLIED RESEARCH & DEVELOPMENT

Starting from members' needs, we conduct **on-site and off-site applied R&D** projects, involving also the **universities**

LABS: INNOVATIVE SOFTWARE & HARDWARE

We currently run two up-and-running labs; **content innovation lab** and **heritage & innovation lab**, hosting diverse R&D and corporate innovation initiatives

Opportunity to enter Swiss market

Why ecommerce could be a first step?

A few economic insights: Switzerland & Italy

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	SWITZERLAND	ITALY
POPULATION	**8.7 million**	**59.1 million**
GDP (Gross Domestic Product)	**$ 801 bn.**	**$ 2,108 bn.**
GDP per capita	**$ 91,992**	**$ 35,658**

Source: The World Bank (2021)

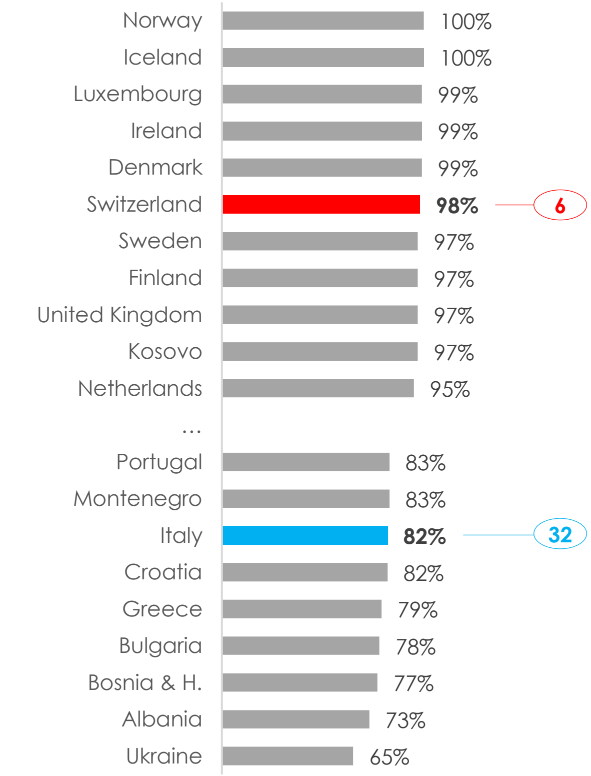
Switzerland is leading the Digital Frontier

Internet use in Switzerland is more consolidated than in Italy

The gap is marked for **e-commerce**: **Switzerland** is among the **top 10 countries** in the European territory

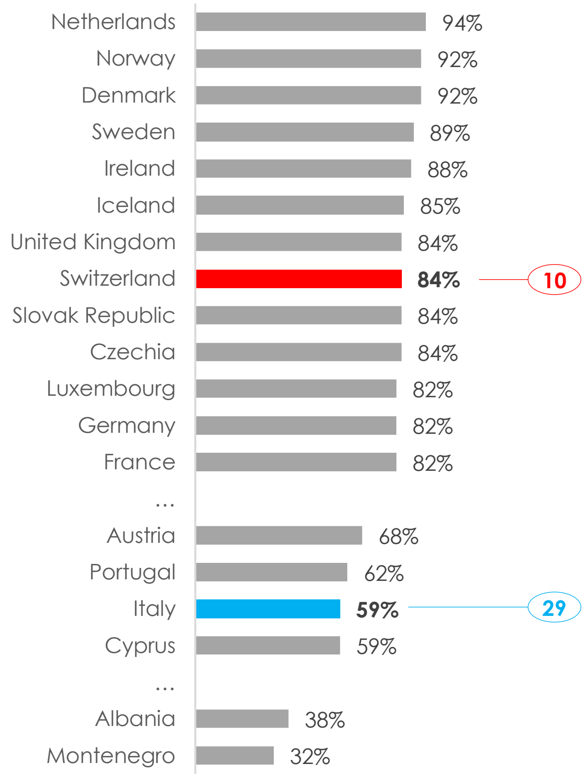
INTERNET USERS PER COUNTRY (2021)

% of population accessing the internet



E-SHOPPERS PER COUNTRY (2021)

% of internet users buying goods or services online



Source: Eurostat, Statista, United Nation, Europe e-commerce report 2022

RANKING

Focusing on e-commerce, private customers spend ≈ CHF 14 billions, including domestic and shipments from abroad

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Intangible / Service (Travel, Bank, Tickets…)

Pick-up points abroad

CHF 14

BILLIONS

Swiss domestic purchases & foreign purchases with delivery to Switzerland (Private customers - B2C)

B2B online commerce in Switzerland

Not included

 Source: GfK Switzerland AG, HANDELSVERBAND.swiss, Schweizerische Post – Jahreserhebung Onlinehandel Schweiz 2022

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In 6 years, Swiss e-commerce has nearly doubled. Despite the slight decrease in 2022, trend still confirms average growth

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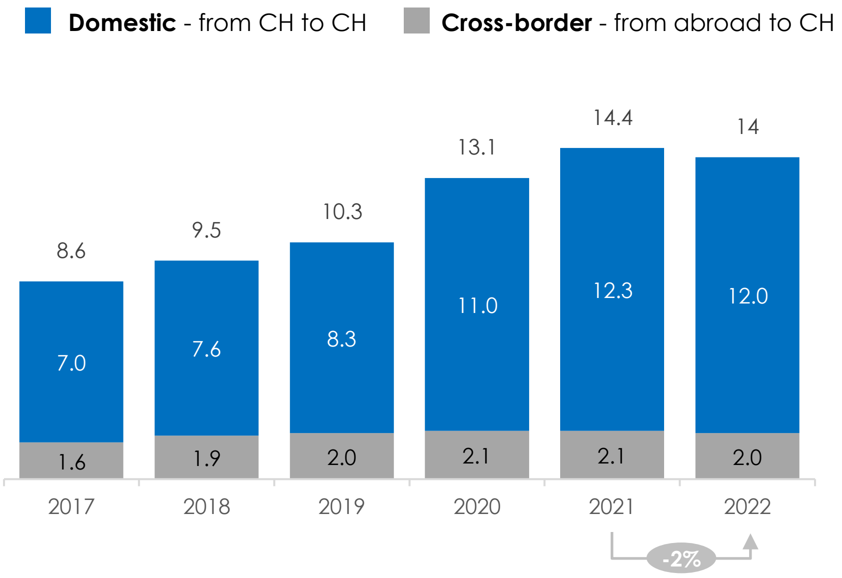
E-COMMERCE GROWTH IN SWITZERLAND (2013 – 2022)
Market volume in billion CHF – physical sold goods (*)



CAGR – GROWTH RATE
(2017 – 2022)

TOTAL	**+10%**
DOMESTIC	**+12%**
CROSS-BORDER	**+5%**

(*) Focus on B2C physical goods – ecommerce transactions for non-physical digital goods (e.g., travel, intangible goods, banking, tickets) and pickup points abroad are not included

Source: GfK Switzerland AG, HANDELSVERBAND.swiss, Swiss Post - Annual Survey Online Trade Switzerland 2022

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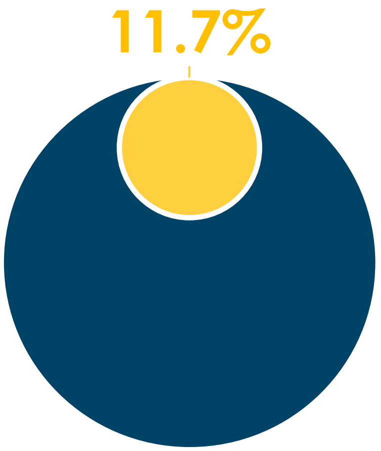
In 2022, e-commerce represented about 12% of the total Swiss retail trade; about 20% of the non-food total

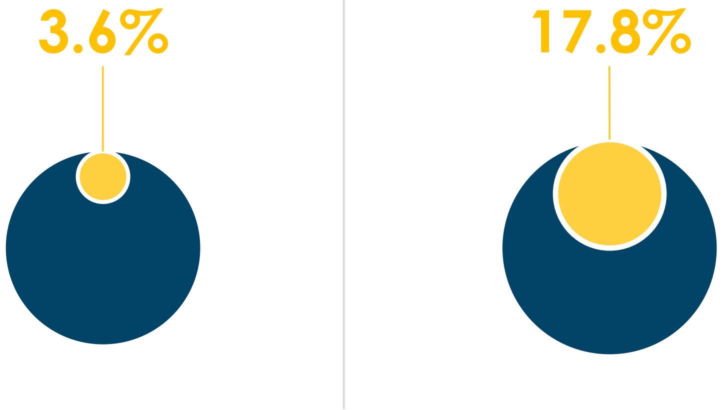
Online (E-commerce) Non-online

ONLINE TRADE SHARE
% of total Swiss retail trade – Billion CHF



TOT. TRADE VALUE
CHF 102.7

ONLINE TRADE SHARE – FOOD VS. NON FOOD
% of total Swiss retail trade – Billion CHF



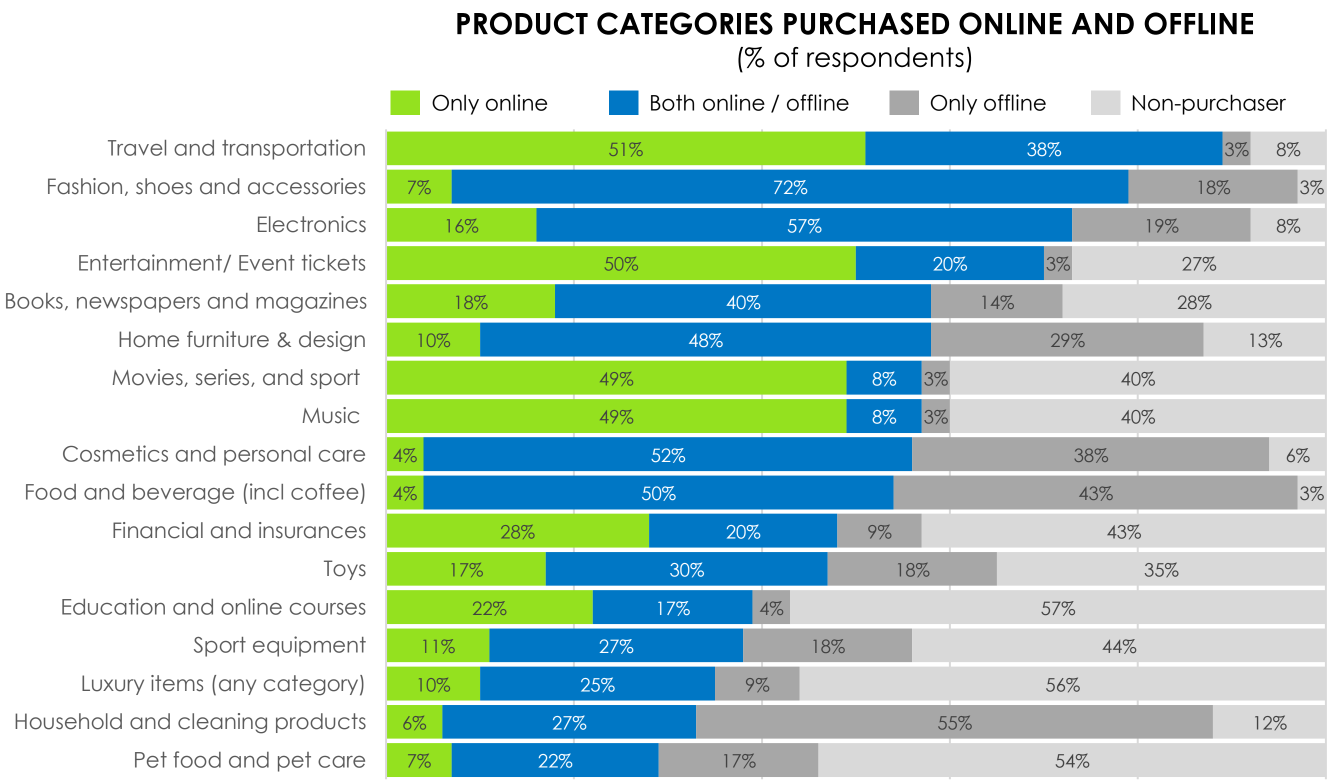
TOT. FOOD
CHF 44.3

TOT. NON-FOOD
CHF 58.3

Source: BfS (Bundesamt für Statistik, BAK Economics AG | GfK Switzerland AG, HANDELSVERBAND.swiss, Swiss Post - Annual Survey Online Trade Switzerland 2022

Focus on product categories in Switzerland

Prevalent mixed online / offline buying habits are prevalent



HIGHLIGHTS

- **“Online-only" behaviors** are present on **all categories**, most **prevalent** on the **service** side (e.g., movies, travel), but also **emerging** and **growing** on **product side** (e.g., electronics, toys)
- **Offline channels** should still be **considered** if you want to **scale business in Switzerland**

 Base: total e-shoppers N=700

Online shopping frequency and frequent shoppers

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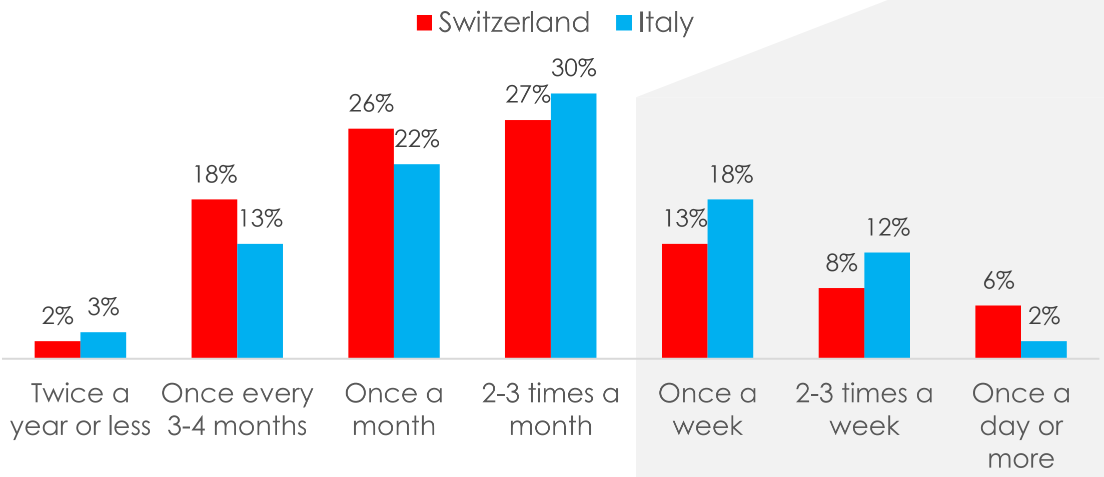
FREQUENCY OF ONLINE PURCHASES
(% of online purchasers)



Focus on who usually purchase at least once a week (frequent shopper)

	CH	ITA
Avg. # of purchases per month	11	8,2

Base: online shoppers in Switzerland, N=700; frequent shoppers, N=265

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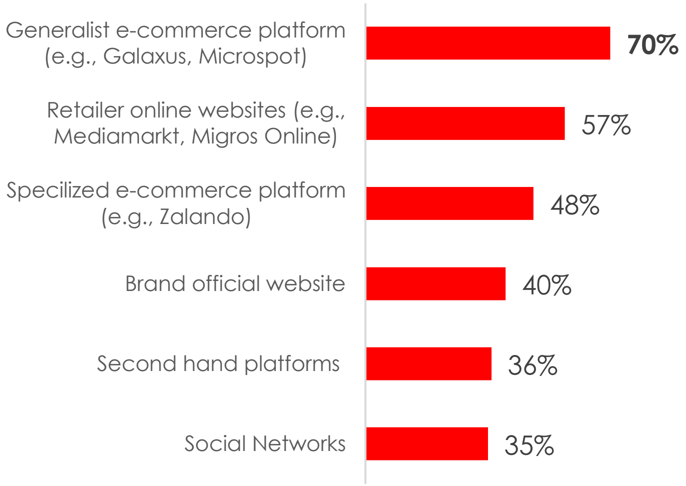
Generalist e-commerce platforms are preferred channels; some nuances differentiate the two countries

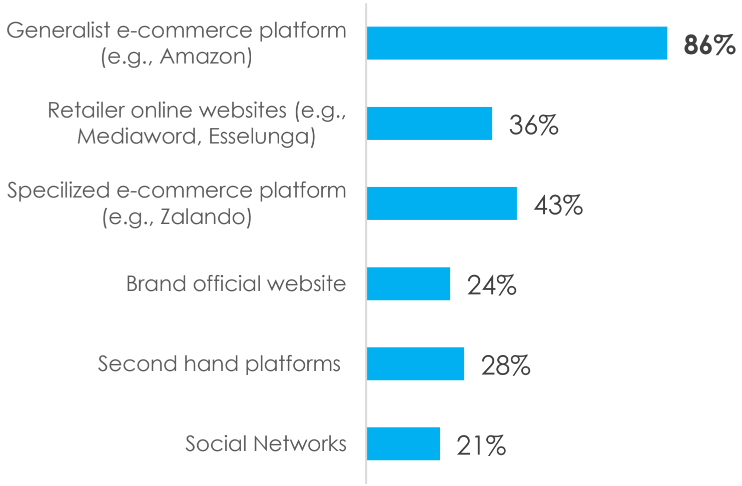
SWITZERLAND

ONLINE PURCHASES BY CHANNEL
(% of online purchasers)



ITALY

ONLINE PURCHASES BY CHANNEL
(% of online purchasers)



Higher spending across categories highlights strong online purchasing power, with attention on pricing and convenience

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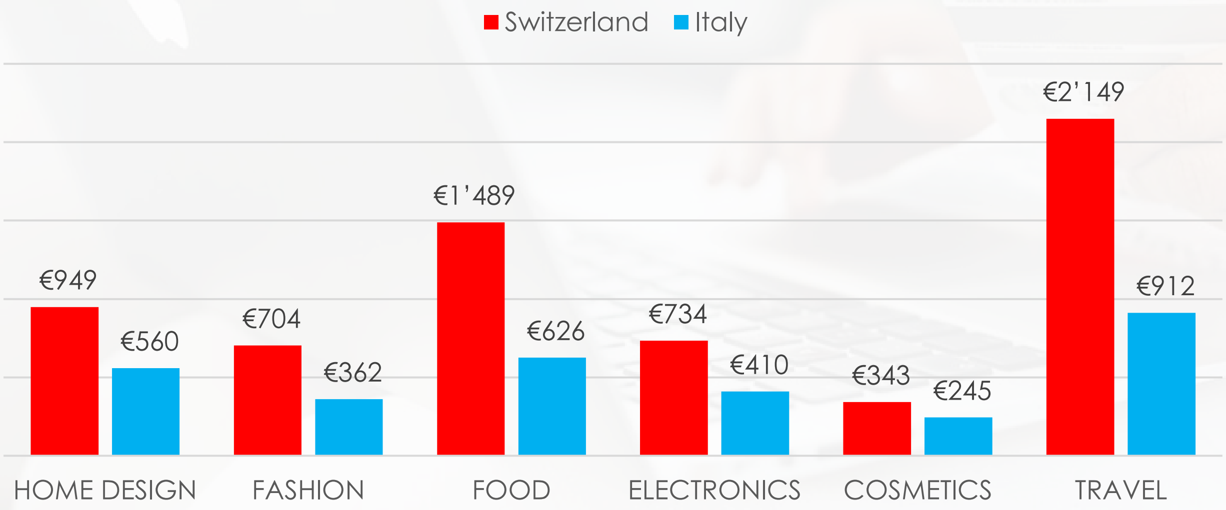
AVERAGE YEARLY ONLINE SPENDING PER CATEGORY
(€ per category - converted)



WHY E-COMMERCE?

>60%

of Swiss online shoppers **prefers e-commerce** for **price** advantage and **convenience**

Base: e-purchasers of each category in each country

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Conclusions

Three main outcomes from today… to be considered along with Switzerland-specific drivers for go-to-market (e.g., fiscal, logistics)

In absolute numbers, **Switzerland** has a **lower population but higher propensity** to **spend**

High penetration of digital channels and **e-commerce**

Swiss e-commerce consumer has much **higher spending** on **different categories** of goods, considering price & **convenience**

With LTCC experience, network and partners, we can support lifestyle brands and retailers' go-to-market providing…

MARKET ANALYSIS AND INSIGHTS

(**8 new researches** to be published)

FEASIBILITY STUDY & GO-TO-MARKET SCENARIOS
(e.g., operating model, channels, logistics)

TAX, LEGAL, AND REGULATION SUPPORT
(e.g., obligations, privacy)

CULTURE, MARKETING AND BRANDING INSIGHTS FOR LOCALIZATION

WOULD YOU LIKE TO DISCUSS MORE ABOUT GO-TO-MARKET IN SWITZERLAND?

LET'S SPEAK

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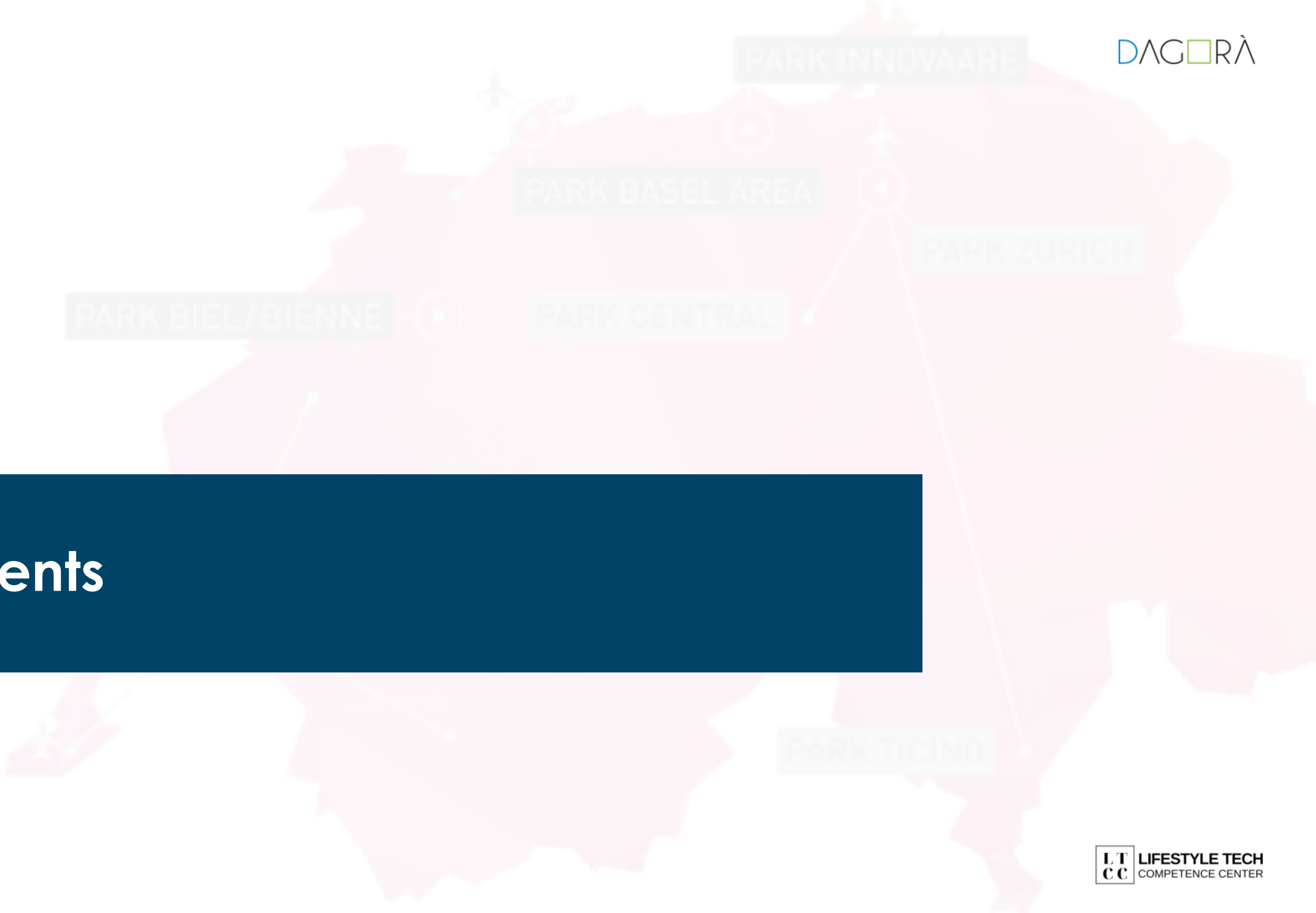

Attachements

Product categories purchased online and offline

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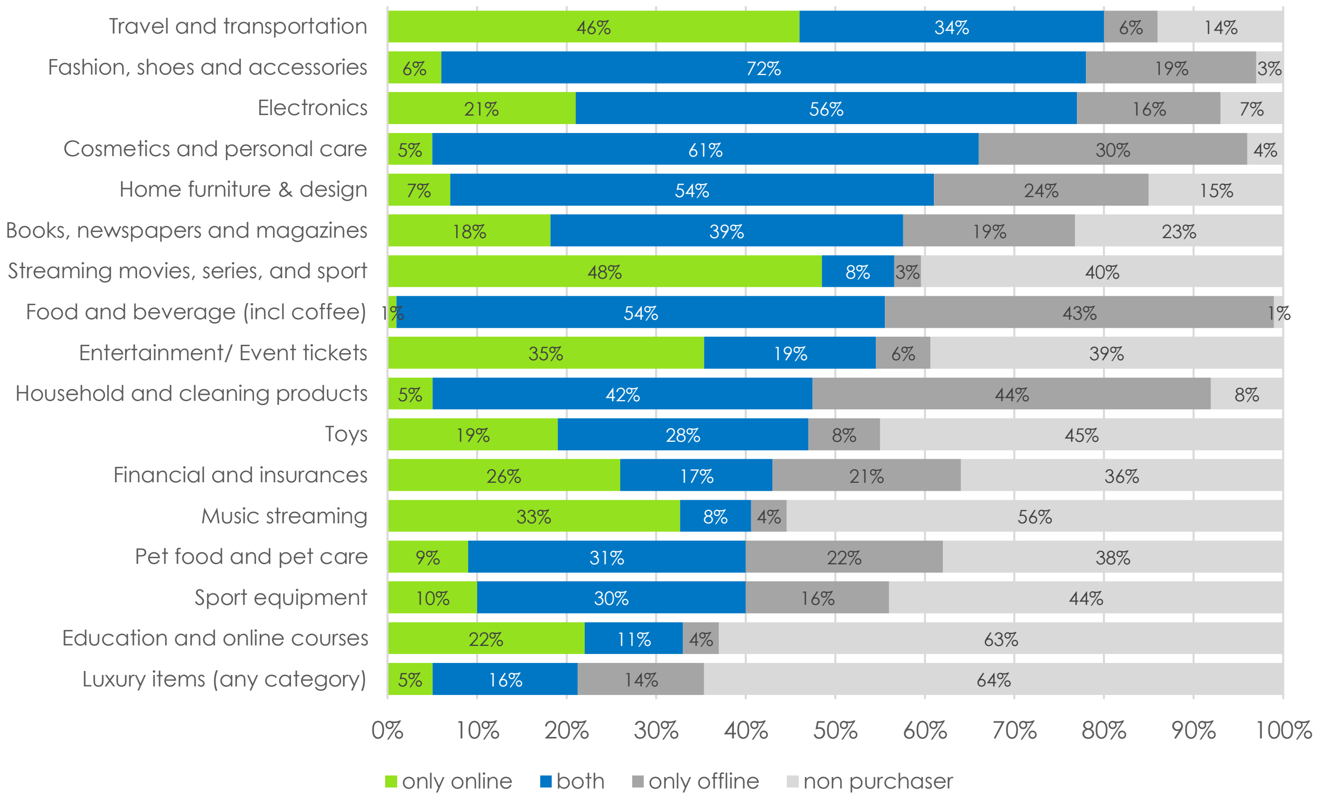

- Prevalence is for **overlap** of both **online** and **offline** for **most categories,** showing a diffused behavior of mixed purchasing habits, with no particular evidence based on product category purchased.
- Considering **products** purchased "**only online**" and "**both online and offline**", **Travel** and **Transportation**, **Fashion, Electronics**, and **Cosmetics** are the **top choices**, directly followed by Design & Furniture products.
- In **Travel**, **Events**, **Sport Equipment**, and **Toys** the **level** of **offline only** became **very limited.**

Looking at the list, please indicate whether you purchased any item of this category online, offline, in both channels, or if you did not buy any of these items in the past year, no matter if online or offline.
Base: N=1003

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Online shopping frequency: ITA vs CH

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ONLINE SHOPPING FREQUENCY BY GENERATION
Pro capita average number of orders per month

	Baby Boomers	Gen X	Millennials	Gen Z	TOTAL
ITALY	2,5	4,5	4,5	4,5	3,7
SWITZERLAND	2,4	4,0	6,1	3,9	3,9

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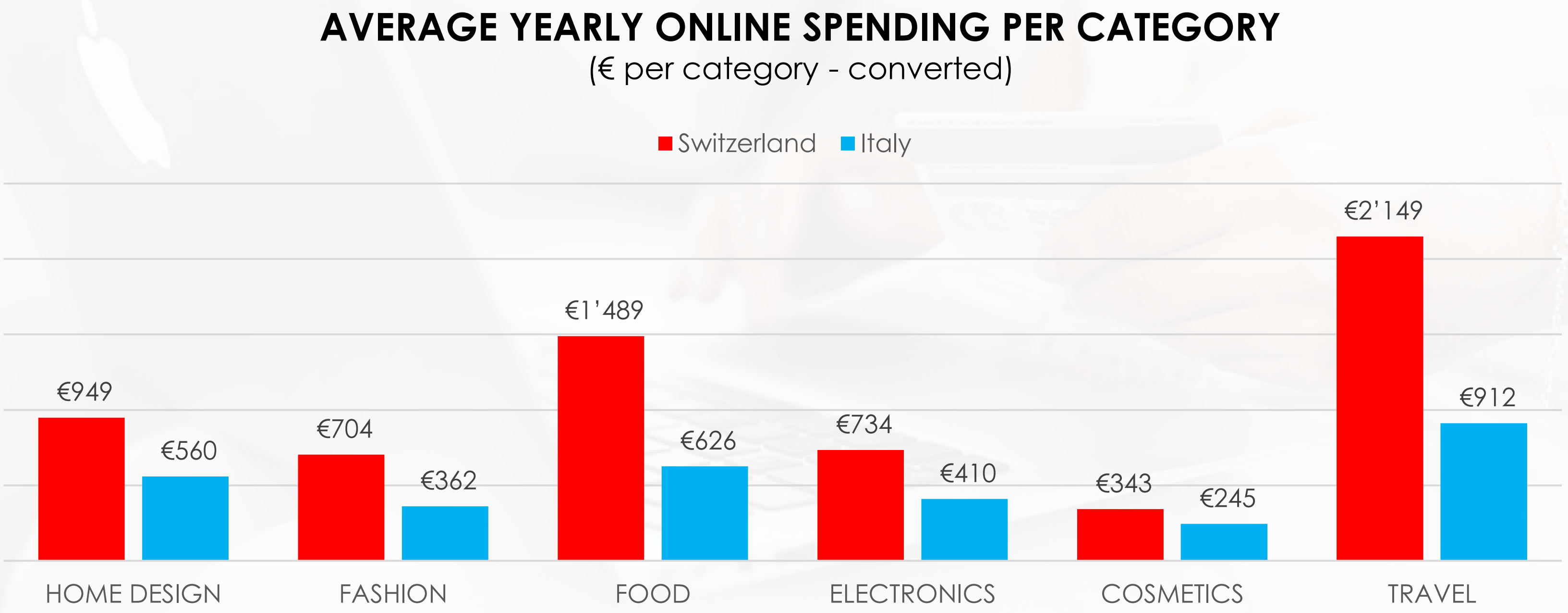
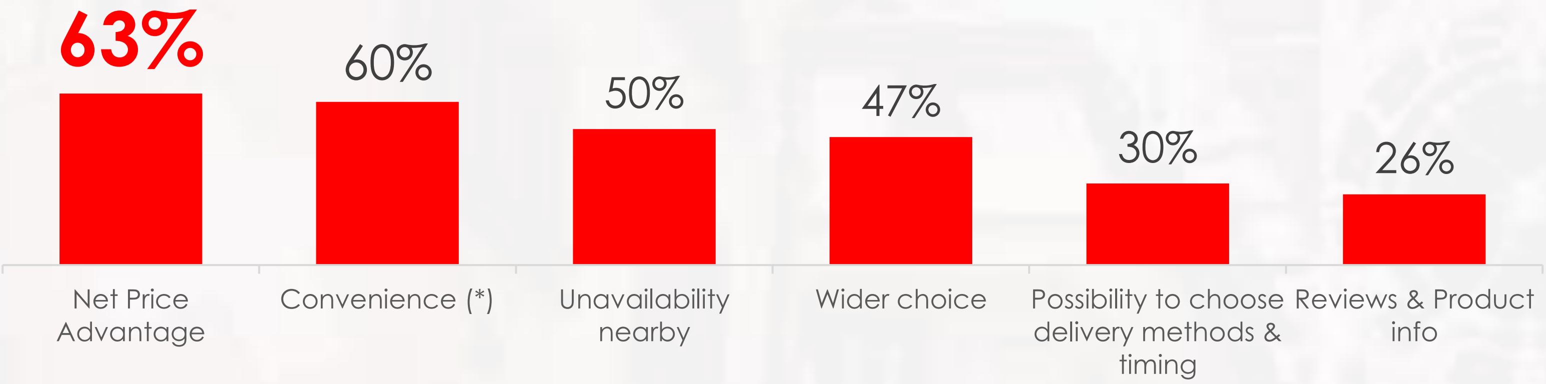
Swiss E-Purchasers lead the way: higher spending across categories highlights strong online purchasing power



Base: e-purchasers of each category in each country

Among the reasons to prefer online shopping in Switzerland, price advantage and convenience rank first

REASONS TO PREFER ONLINE SHOPPING IN SWITZERLAND
(% of online shoppers)



(*) The state of being able to proceed with something without difficulty

Would you like to find out more about Swiss online shopping behavior and key insights for an effective go-to-market?

LTCC RESEARCH OBSERVATORY – RESEARCHES POWERED BY DAGORÀ








DIGITAL CONSUMER BEHAVIOR ITA	DIGITAL CONSUMER BEHAVIOR CH	DESIGN & FURNITURE	ELECTRONICS	TRAVEL	COSMETICS	FOOD	FASHION
MAY 18	MAY 26	JUN 12	JUL 6	SEP 5	SEP 28	OCT 9	OCT 26

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