Switzerland Market Overview

Bord Bia, Frankfurt
November 27th 2008
Market Overview

- Population: 7.55 million.
- Languages: German, Swiss/German, French, Italian
- Currency: Swiss Franc €1 = 1.52 Swiss Francs (ECB, October 2008)
- Main Cities: Bern (Capital) 967,000, Zurich 1,172,600, Geneva 493,445, Basel 188,000
- One of the highest living standards and GDP per capita in the world €42,303 (2008(e)) (IGD, 2008)
- Germany is Switzerland’s most important trading partner.
- Presently opposed to EU entry
Economic Market Overview

- **GDP Growth**

- **Inflation rate**: 1.16% (2008(e)) (IGD, 2008).

- **Unemployment**: 8.5% (2007) (IGD, 2008).

- **VAT on goods and services**: 7.6%

- **VAT on Food, Medicines etc**: 2.4%

- Switzerland is trying to boost GDP growth through measures such as increased competition and liberalisation of markets (e.g. utility), in addition to eliminating trade restrictions between cantons (IGD, 2008).
Irish Export Performance to Switzerland 2007

Irish Food Exports to Switzerland 2007

Total Exports: €19.4 m

Source: CSO 2008
# Top Retail Market Sizes - Western Europe 2007

<table>
<thead>
<tr>
<th>Country</th>
<th>Grocery Retail Market (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. France</td>
<td>208.03</td>
</tr>
<tr>
<td>2. United Kingdom</td>
<td>185.70</td>
</tr>
<tr>
<td>3. Germany</td>
<td>144.19</td>
</tr>
<tr>
<td>4. Italy</td>
<td>123.80</td>
</tr>
<tr>
<td>5. Spain</td>
<td>97.55</td>
</tr>
<tr>
<td>6. Greece</td>
<td>34.58</td>
</tr>
<tr>
<td><strong>7. Switzerland</strong></td>
<td><strong>32.29</strong></td>
</tr>
<tr>
<td>8. Netherlands</td>
<td>30.68</td>
</tr>
<tr>
<td>9. Belgium</td>
<td>30.03</td>
</tr>
<tr>
<td>10. Sweden</td>
<td>24.20</td>
</tr>
</tbody>
</table>

Source: IGD Country Presentations 2008
### Switzerland Retail Market Structure

#### Top 10 2007

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Total Sales (€m)</th>
<th>Grocery Sales (€m)</th>
<th>Grocery Retail Market Share¹(%)</th>
<th>No. of Stores</th>
<th>Sales Area (sqm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migros²</td>
<td>13,681</td>
<td>9,847</td>
<td>30.5</td>
<td>1,565</td>
<td>1,393,847</td>
</tr>
<tr>
<td>Coop Schweiz (Total sales inc. 50% of transGourmet, petrol stations &amp; hotels)¹</td>
<td>10,149</td>
<td>6,601</td>
<td>20.4</td>
<td>1,015</td>
<td>875,267</td>
</tr>
<tr>
<td>Manor</td>
<td>2,045</td>
<td>1,861</td>
<td>5.8</td>
<td>79</td>
<td>326,088</td>
</tr>
<tr>
<td>Denner</td>
<td>1,654</td>
<td>1,654</td>
<td>5.1</td>
<td>729</td>
<td>310,554</td>
</tr>
<tr>
<td>Spar International</td>
<td>301</td>
<td>301</td>
<td>0.9</td>
<td>154</td>
<td>61,104</td>
</tr>
<tr>
<td>Casino</td>
<td>212</td>
<td>212</td>
<td>0.7</td>
<td>13</td>
<td>27,955</td>
</tr>
<tr>
<td>Aldi</td>
<td>240</td>
<td>240</td>
<td>0.7</td>
<td>50</td>
<td>39,450</td>
</tr>
</tbody>
</table>

Data is for grocery formats only ex. Total sales which includes non-grocery where applicable. Total sales are Net.

1. Grocery Retail Market Shares exclude cash & carry and wholesaling operations. TransGourmet is a 50:50 wholesale joint-venture operated between Coop Schweiz and Germany’s Rewe Group.
2. Migros includes Denner in its sales figures. However the above Total Sales and Grocery Sales for Migros exclude Denner. Store Numbers and Sales Area include all Denner outlets. Migros’ acquisition of a 70% stake in Denner was approved in Sept 2007.

Source: IGD Analysis, Country Presentation, Switzerland (2008)
Retail Market Overview

- Total retail market is worth over €81.5 billion (2008(e)) and the grocery retail market makes up almost €34 billion of that. Switzerland ranks Number 7 in the Top 10 Western European Markets and Number 21 in the Global Market list (IGD, 2008).

- Import quotas across many products restrict market entry for foreign retailers and suppliers. As a result the market is made up of mainly domestic operators.

- Grocery Retail Spend/Capita is increasing: €3,769.96 in 2004 vs €4,457.18 in 2008(e) (IGD, 2008.)

- Migros (41.9%) and COOP (37.3%) are the main players. Department stores are the leading retail supermarket players. Manor is a key department store and has increased its focus on food with the launch of “Manor Food” (IGD, 2008).
Retail Market Overview

• Discounters: Denner stores dominate (Migros now owns a 70% share in Denner). Denner’s market share is 9.7% (2007) (IGD, 2008).

• Aldi entered the market in 2005 and now Switzerland is one of its fastest growing European markets. They have adopted a more recent focus on premium products. Examples of this can be seen in recent sales of Plasma TV’s and laptops (IGD, 2008).

• Lidl plans to enter the market in 2009 with a target of 240 stores.

• COOP purchased Carrefour’s Swiss operations (12 stores) in March 2008.

• SPAR is looking to reinforce their position as the neighbourhood supermarket with EUROSPAR and Casino looking to expand from their current 13 stores by entering the German speaking areas of Switzerland.
Switzerland
Retail Market Share 2007

Note: Since this data was released, Carrefour Switzerland has been bought out by Coop and Migros own a 70% stake in Denner.

Source IGD Country Presentations 2008
Private Label Share % 2007

Very high private label share
- 53% of total retail products (2006)

Source: IGD Analysis, Country Presentation, Switzerland 2008
Foodservice

- Sophisticated consumers with high appreciation of food

- Strong domestic retail caterers e.g. Mövenpick and Bindella

- Limited influence of fast food restaurants

- Highly fragmented market with the top 10 foodservice operators controlling less than 9% of the market (Planet Retail, 2007).

- Contract catering has consolidated with the top 4 operators now controlling 90% of that market, but segment growth is difficult (Planet Retail, 2007).

- HoReCa Universe food sales in 2007 totalled over US$ 21 billion and net Foodservice sales accounted for US$ 19.8 Billion (Planet Retail, 2007).
Foodservice

• There are over 30,000 hotels and catering establishments in Switzerland (Planet Retail, 2007)

• The Fast Food sector lacks variety and is dominated by McDonald’s who have very little competition from international brands. Pizza Hut, Domino’s, Subway and KFC are either not present in the market or have very little significance (Planet Retail, 2007).
# Top 10 Foodservice Companies

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Area</th>
<th>Turnover 2006 (million euros)</th>
<th>No. of Outlets 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Migros Genenossenschafts Bund, Zurich</td>
<td>SB Restaurants</td>
<td>660.3</td>
<td>203</td>
</tr>
<tr>
<td>2</td>
<td>McDonald's Switzerland Crissier</td>
<td>McDonalds Take Aways</td>
<td>556.4</td>
<td>145</td>
</tr>
<tr>
<td>3</td>
<td>SV Switzerland AG</td>
<td>SV Business SV Event SV Care</td>
<td>365.6</td>
<td>264</td>
</tr>
<tr>
<td>4</td>
<td>Compass Group</td>
<td></td>
<td>260.0</td>
<td>305</td>
</tr>
<tr>
<td>5</td>
<td>Coop Switzerland</td>
<td>SB/ Full Service Restaurant</td>
<td>232.0</td>
<td>168</td>
</tr>
<tr>
<td>6</td>
<td>DSR Group</td>
<td>Canteens, Schools, Clinics</td>
<td>190.0</td>
<td>211</td>
</tr>
<tr>
<td>7</td>
<td>Movenpick Gastronomie</td>
<td>Marche International Bediente Restaurants</td>
<td>187.7</td>
<td>40</td>
</tr>
<tr>
<td>8</td>
<td>Gate Gourmet Switzerland GmbH</td>
<td>Travel Restaurants</td>
<td>165.0</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>Autogrill Switzerland AG</td>
<td>Travel Restaurants</td>
<td>154.0</td>
<td>110</td>
</tr>
<tr>
<td>10</td>
<td>Manor AG</td>
<td>Manora</td>
<td>130.2</td>
<td>53</td>
</tr>
</tbody>
</table>

Source: Food Service Magazine 09/07
Reasons for targeting Switzerland

• High GDP with high per capita disposable income
• High acceptance of premium products and top brands
• Strong economy with relatively stable currency
• High level of international tourism driving demand for high quality products
Barriers/challenges in supplying Swiss market

- Outside of EU
- High Import tariffs and quotas
- Concentration of retail market
  (almost 80% of retail share held by Migros and COOP Schweiz)
Bord Bia services 2009

- Bord Bia market visits to Switzerland March & November 2009
- Market queries handled by Bord Bia office in Frankfurt staffed by Liam MacHale & Fiona O’Toole

Services include: Itinerary Development, Category Analysis, Media review and translation services, Product Price auditing and tracking, Product retrieval, Buyer networking, Distributor searches

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