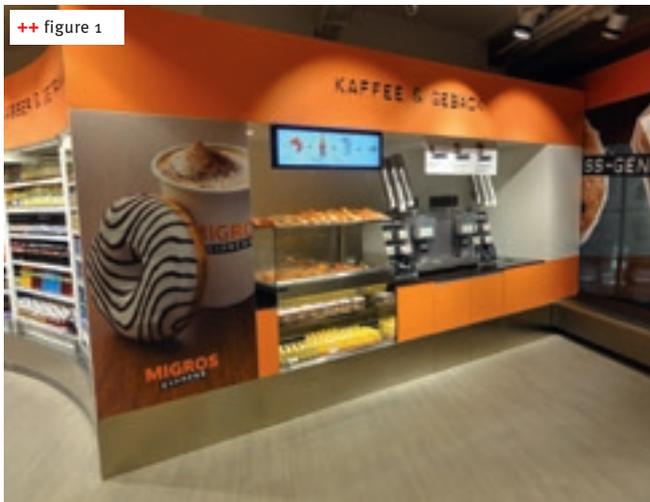


Only the retail is aggressive

THE SWISS BAKERY MARKET IN THE FOOD RETAIL IS DOMINATED BY THE COOPERATIVES MIGROS AND COOP. IN ADDITION TO AN OVERVIEW OF THE DISTRIBUTION, NEW CONCEPTS ARE ALSO PRESENTED HERE



++ figure 1



++ figure 2

++ figures 1+2

M-Express = Takeaway + supermarket, the new Migros concept in Zurich-Altstetten which opens seven days a week from 6 am to 11 pm

+ Artisan baking in Switzerland has lost almost a quarter (23.3 %) of its independent businesses in the past eight years, and even the “posh” colleagues in the confectioner sector were forced to relinquish one in five (20.1 %) of their active member businesses in the same period of time. The underlying reason is hard to determine from the industry figures (see the following article “Shrinking craft sector” on page 22). The market for bread products (bread, bread rolls and long-life breads) is stagnating in quantity terms, just like the fine baked goods market. Cost increases were apparent in the past few years mainly in wages – according to the association, production wages in artisan businesses as a proportion of turnover are 23.6 % – and in energy costs (4.6 % of turnover), but it was possible for these increases be passed on in prices. Even the two major distributors, the Migros Genossenschaft (cooperative) in Zurich and the Coop Genossenschaft in Basel, are not operating excessively cut-throat crowding-out competition.

Price-aggressive discounters

Presumably it's the same as in most central European countries: the small businesses are vanishing from the market because no successor can be found, and only a few muster the courage to meet the changed purchasing and consumption habits with new concepts. It is also true that despite the purchasing power of the local population still remaining high, the future prospects do not seem particularly rosy. The weak currency in the Euro zone has ignited a real shopping tourism industry among consumers in the border regions, and the Swiss consumer goods market, always well shielded in the past, has for several years experienced and suffered the invasion of aggressively priced discounters such as Aldi Suisse AG in

Schwarzenbach in the canton of St. Gallen, or Lidl Schweiz DL GmbH (Neckarsulm, Germany, and Weinfelden in the canton of Thurgau, Switzerland). Both now bake in their branches. And ICU Unternehmensberatung GmbH, owner of the neighbourhood store chain TAP dayli Vertriebs GmbH in Pucking, upper Austria, is still announcing its presence among the confederates. A short time ago they promised 100–200 dayli branches in Switzerland.

In the past the Rudolf Ölz Meisterbäcker GmbH & Co KG, Dornbirn, Vorarlberg, Austria, was the only company that could cut out for itself a significant slice of the bread products market in the Swiss retail. According to an analysis by “Bread & Bread products in Switzerland a snapshot, generated by Mintel Global Market Navigator 2012”, it achieved a market share of 9.6 % in terms of volume in 2011, and because it kept largely to the price level that is usual in Switzerland, its market share of 8.5 % in value terms was also not far below that. Mintel Group Ltd., London, Great Britain, attributes 82 % of the bread market in the retail to the own brands of the two big groups Migros and Coop, and in this respect is a few percentage points lower than the Nielsen Retail Panel from The Nielsen Company. The latter is based on actual point-of-sale data, and in the food retail bread goods product range 2012 it gave a figure of 48 % for the Migros market share and 39 % for that of the Coop, totalling an impressive 87 %. The dominance of own brands in fine baked goods turns out to be similar. Nielsen determined a market share of 51 % for Migros and 37 % for the Coop. The food discounter Denner AG, Zurich, together with Globus AG, Spreitenbach in the canton of Aargau, achieved a market share of around 5 %.

The two supermarket formats Denner and Globus belong to the market leader Migros, a cooperative union of 10 regional

cooperatives with a top-level central organization. The orange “M”, which stands for the classical Migros supermarket chain, held the above-mentioned market share of 48 % for bread goods, and thus had a turnover of CHF 493m (approx. EUR 404m) last year. Half of this turnover is accounted for by the 170 in-store bakeries, which produce on the spot throughout the whole day in the bigger stores, in addition to the range on the shelves, and thus still offer fresh produce even shortly before the supermarket closes.

Experimenting with new formats

According to Stefan Germann, Head of Category Management for bread, fine baked goods and convenience at MGB (Migros Genossenschaftsbund): “Of course here and there we also notice the competition from Lidl und Aldi in the baked goods range, but only to a rather small extent because on the one hand the bread prices at Migros are comparatively low, for example a simple 500 g loaf costs CHF 1.15 [approx. EUR 0.93], and on the other consumers here in Switzerland are quality-conscious first and foremost, and only after that are they price-conscious.” In collaboration with the regional cooperatives, Germann and his colleagues develop around 80 % of all the products that are to be found in all Migros stores throughout the country. The remaining 20 % are regional specialities of the individual cooperatives. In addition some experiment with their own display formats. For example in individual stores in eastern Switzerland Migros offers self-service counters with baked goods in front of the check-outs, and only in the Migros store in Lucerne will customers find a special takeaway product line.

For many years the cooperative union has experimented with new sales formats and forms of offering, and more recently is also entering the export market aggressively (see the following article “Swiss products abroad” on page 23). For example MGB with its subsidiary Migrolino AG, Suhr in the canton of Aargau, operates around 200 shops at filling

stations and railway stations throughout Switzerland offering packed sandwiches, among other things. However, a self-service concept that Migrolino tested at the Aargau railway station from August 2011 to March 2012 under the “bake away” brand was not rolled out in the whole country due to a lack of success.

Self-services are still at their beginning

Allegedly the Swiss do not particularly like self-service for baked goods. Incidentally this might also explain the rather slow spread of the German baked goods discounter Backwerk Service GmbH, Essen, which has been able to implement only two locations in Switzerland since it began in late 2010. (However, 18 of its total of 295 branches are in Austria.)

The franchise format VOI Migros Partner developed by Migros Aare in 2007 and which advertises itself on its own web site as “the attractive small shop with an astonishingly large product range” including, among other things, fresh baked goods from the bake-off station, is still rather in its infancy throughout the country. These VOI shops in neighbourhood store format are now represented 16 times in Switzerland. The otherwise so puritanical Migros even sells alcohol and cigarettes in them.

Migros has recently offered a new variant in the shape of its own convenience format, a blend of takeaway product range and a slimmed-down Migros supermarket aimed mainly at employees and others who are plagued by time-related stress. M-Express offers both a snack on the spot and a product range to take home – and does so seven days a week from 06:00 to 23:00 on an area of around 350 m². The first opened in mid-August 2012 in Zurich-Altstetten. In addition, stressed shoppers or couch potatoes can all buy their baked goods by mouse click online in LeShop.ch (Ecublens in the canton of Vaud) (MGB holds 90.5 % of the shares). 3.000 purchases per day are made at LeShop.ch, and if received before midnight they will be delivered next day. +++

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