

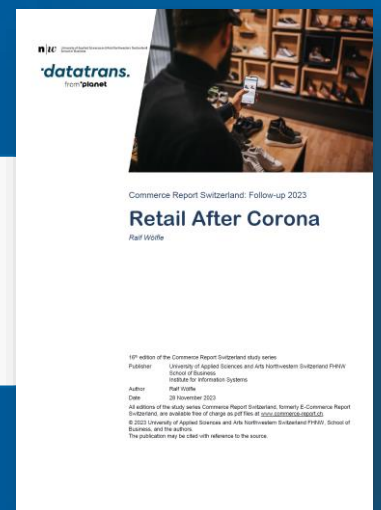
Online Retailer Survey 2023

E-Commerce After Corona: Skills Shortages, Overdistribution, and Artificial Intelligence

A Study by the E-Commerce Lab
at the Institute of Marketing Management

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Including “Commerce
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Management Summary

The **Online Retailer Survey 2023** (Chapters 2 to 5) was conducted for the sixth time in a row and involved 598 online shops in the business-to-consumer (B2C; 82 percent), business-to-business (B2B; 45 percent) and direct-to-manufacturer (D2C; 14 percent) sectors. Retailers can operate in B2B, B2C, and D2C at the same time. In addition to 441 Swiss online retailers (74 percent), 136 Austrian online retailers (23 percent) took part in the representative online survey.

In 2020 and 2021, online sales boomed due to the Corona crisis, with purchases shifting from offline to online. For almost half of the online shops, online growth continued, mostly at a slower pace, and online sales continued to grow in 2022. However, for the other half, online sales in 2022 decreased slightly since last year and it was back to business as usual. Nine out of ten retailers said that “the Corona e-commerce boom is over”. Two-thirds agreed that online competition had increased, resulting in a decline in sales. In addition, almost all retailers confirm that consumer sentiment has deteriorated since 2022, partly due to the war in the Ukraine. Three-quarters believe that inflation has eroded their clients' purchasing power, and that they are spending their money elsewhere, such as on travel. In addition, a quarter of respondents strongly agreed and half of them agreed that customers are returning to physical stores, and that this is the reason for the decline in online sales.

For the first time in this series of studies, applications of artificial intelligence (AI) in e-commerce have been examined in more detail. The most common use of AI – especially ChatGPT – is for content creation in the online shop, mostly texts but also images and graphics. Automated product and offer recommendations were the second most frequently mentioned. The personalization of content offers and ordering processes using AI is also an important issue for retailers. In addition, AI is playing an increasingly important role in digital sales and customer advice, as well as in customer service, for example by supporting customer queries in chatbots. When searching for products in an online shop, AI can help by improving search algorithms and results. For many online retailers, AI also plays an important role in generating and enriching product information, such as product descriptions. AI also has many applications in digital marketing, particularly in analyzing and optimizing advertising campaigns, for example on social media and search engines. ChatGPT helps retailers with search engine optimization by creating or optimizing text for Google and other search engines.

The biggest challenges in e-commerce today are competitive markets (e.g., increasing competition and price battles) and marketing (e.g., tight budgets, increasing complexity, and marketing costs). Procurement problems (e.g., long delivery times, import problems, and delivery costs) decreased for many retailers this year. However, with half of e-commerce companies lacking (skilled) staff, know-how, and knowledge, recruitment and staffing challenges have worsened. According to the retailers surveyed, the current skills shortage means that the front and back ends of online shops are not being developed as quickly as desired, product development and innovation are not being driven forward, projects are being cancelled, and customer acquisition and advice are being reduced due to understaffing.

In terms of payment methods, mobile payment continues to gain ground: For Swiss online retailers, TWINT has become more important than purchasing on account and has established itself as the second most important payment method after the credit card. TWINT can already be used at four out of five Swiss online shops. Every second online shop now offers debit card payment (e.g., Visa Debit or Master Debit). Apple Pay and Google Pay are growing rapidly at a low level: Every fourth online shop already accepts Apple Pay, and almost every fifth welcomes Google Pay. Payment by instalments and offers from solution providers are also growing.

As a guest contribution in Chapter 6, this edition of the study contains a **follow-up to the Commerce Report Switzerland study series** published by the University of Applied Sciences and Arts Northwestern Switzerland (FHNW) and Datatrans, now Planet. The article, written by Ralf Wölfle, is entitled “Commerce after Corona”. It is a reflection on the long-term effects of the Corona pandemic on the distribution of consumer goods. The results of

the ZHAW quantitative survey of online retailers also contain the findings from 18 structured interviews with members of the long-standing FHNW study panel.

The report begins with an assessment of the current situation and diagnoses a crisis in the consumption of physical products. This is due, on the one hand, to a backlash against the consumer goods boom during the pandemic and, on the other hand, to the current macroeconomic environment. The crisis affects both physical and online stores. In the opinion of the study participants, the jump in turnover in e-commerce triggered by Corona will probably balance itself out again in a multi-year view. The impact of the pandemic has been described as a tipping point for the industry. This involves the shift of trade functions from traditional retailers to online retailers. The two most important new aspects are the overcoming of the separation of the two channels, stationery and online, and the social impact of making daily routines more flexible. This has led to a greater diversity in the demand for shopping opportunities and services.

The Corona pandemic has caused over-distribution in the non-food sector. This means that it is becoming more and more difficult for suppliers to differentiate themselves from the competition, not least due to the mechanisms of digital platforms. A look ahead to the next five years concludes the guest article. It focuses on the tension between supplier concentration and supplier diversity. In a nutshell, there is more diversity from fewer, more powerful providers.

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Preface by Gerrit Heinemann

The last two years have undoubtedly been a turning point for online retail. For the first time in its history, it had to report a decline in sales in 2022. Understandably, a sense of panic has been spreading in the online retail business. The energy crisis, consumer reticence, competitive pressure, and persistent supply chain problems pose enormous challenges for an industry that was previously accustomed to growth. Accordingly, online retail must first understand that it is not immune to crises. The need to be proactive in building capacity was initially put out of action. Due to the decline in turnover, it mainly led to excess capacity and a tense situation in terms of liquidity. While the big online players reacted relatively quickly by reducing their surplus staff, many medium-sized online retailers slid into crisis, and in Germany even insolvency. In this respect, with increasing competition and price pressure, it is not surprising that budgets are becoming tighter. Against the background of increasing complexity, this presents many online retailers with unexpected difficulties. As this study shows, these are primarily driven by sustainability, competitive and price pressure, AI, and staff shortages.

The topic of sustainable e-commerce is undoubtedly an ongoing trend, according to consumer research. It is also one of the reasons for the reluctance to shop using e-commerce, as the current study shows. Teenagers, in particular, say that they pay more attention to ecologically and socially sound products when shopping than they did before the Corona crisis – especially for clothing and shoes. They increasingly attach importance to environmentally friendly production, climate-neutral shipping, and the avoidance of plastic. When it comes to consumers' own money, however, their buying behavior looks somewhat different. Experts are already talking about a sustainability paradox, which is particularly evident in the triumph of ultra-cheap platforms like Shein and Cider, and soon Temu. These Chinese ultra-fast fashion platforms work with a gigantic network of suppliers in the background that are not made transparent. They are encouraged to produce ever faster and at ever lower prices using materials that are the opposite of sustainable. It quickly becomes clear that ultra-fast fashion is exactly the opposite of environmental orientation. A look at the sales figures shows that far too few people (and companies) focus on sustainable and conscious consumption and are increasingly shopping these new ultra-fast fashion brands.

The Chinese ultra-cheap platforms not only cause a paradoxical buying behavior but also a new competitive and price pressure, which causes genuine problems for established suppliers. For example, the big international players "Shein" and "Cider" from China put an average of 6,000 new designs per day on their sales apps, while H&M, for example, only manages around 25,000 different items per year. And the prices of these new players make even Primark look too expensive. It is not uncommon for social platforms such as Instagram and Etsy to be searched with the purpose of copying the clothes of small designers and sell them as theirs. The circle closes with the collaboration of Gen Z influencers who promote the trendy and aggressively priced products on TikTok, Instagram, or YouTube. In the process, AI controls the market and has become a key success factor in the industry. In addition to the Chinese shopping apps Shein & Co., global platforms such as the GAFAs, are the main drivers of this development. Not only in the back office and in the supply chain, but also in the front end, enormous research investments are made to be able to use customer data more intelligently. To ensure that SME online retailers, in particular, do not lose out on intelligent customer advice, they must dedicate themselves to this topic. AI enables them to provide customer-data-based one-on-one marketing and intelligent customer service. With it, customer data can also be used for intelligent assortment and sales planning. However, it requires considerable investments as well as a reallocation of resources, including human resources. After all, for this approach to succeed appropriately qualified employees are crucial. The current staff shortage is particularly acute in these areas and represents the next major challenge. In this regard, attention should be paid above all to employer branding.

Prof Dr Gerrit Heinemann

Head of eWeb Research Center, Niederrhein University of Applied Sciences

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30 August 2023

Foreword by Worldline Switzerland

E-COMMERCE PAYMENT REMAINS DYNAMIC

How is online retail doing? This year's Online Retailer Survey focused on sales growth, payment in e-commerce, and AI. The interest was great, with almost 600 online retailers from Switzerland and Austria taking part. We are pleased that Worldline, as a research partner of the E-Commerce Lab, supported this study once again.

In 2020 and 2021, online commerce flourished due to the Corona crisis, which shifted the focus of purchases from physical shops to online platforms. For 42 percent of online shops, this boom continues, albeit at a slower pace. In contrast, 41 percent of retailers saw a (slight) decline in online sales in 2022.

Almost all retailers confirmed that consumer sentiment has deteriorated since 2022 due to the war in Ukraine and the energy crisis, among other things. Three quarters believe that their customers are spending their money on other things and that purchasing power has decreased due to inflation. As in other areas of the economy, the biggest challenges in e-commerce are growing competition, rising prices, and a shortage of skilled workers.

According to the online retailers surveyed, there are many promising AI solutions in e-commerce. For example, intelligent chatbots and search functions simplify the product search and selection processes. This improves the shopping experience for customers and increases sales for suppliers. Thanks to AI, costs can be reduced and processes optimized along the entire value chain.

There are also noteworthy developments in the payment sector. Payment by invoice, TWINT, and credit cards account for the largest share of the total turnover of online shops. TWINT was even able to gain in market share and is now the second most common payment method in Switzerland. But mobile payment methods and debit cards are also gaining ground and (for merchants) turnover. The use of debit cards with a credit card function has increased by 13 percent to 53 percent. Mobile payment methods such as Apple Pay or Google Pay are also gaining in popularity. In addition, cryptocurrencies have increased their importance as a payment method. Worldline enables the processing of crypto transactions. At the point of sale and in e-commerce, Worldline Crypto Payments can be easily integrated.

Overall, there is a trend towards more diverse payment methods in e-commerce, with mobile solutions and new technologies gaining in importance and supplementing or replacing traditional methods.

The current study is once again very exciting and provides insights into future developments in e-commerce. A big thank you to the participating retailers and especially to the authors Carmen Oswald, Claudia Brauer, and Darius Zumstein and to the Institute of Marketing Management for its professional support and cooperation.

We hope you will enjoy reading this report and gain valuable insights.

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One membership – many advantages

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- 👍 Free events
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1. Market Development & Sample

This year's Online Retailer Survey focusing on (negative) sales growth, artificial intelligence (AI) and payment in e-commerce was completed by 598 online retailers from Switzerland and Austria. The majority are active in the business-to-consumer (B2C) segment, followed by business-to-business (B2B). Omni-channel and pure online trade remain the dominant sales models. More than half of the respondents are in management positions. The "Food" and "Home and Living" sectors are most strongly represented. More than half of the online shops surveyed employ fewer than four people and generate sales of one million Swiss francs or less in 2022. The end of the Corona boom and the deteriorating mood among consumers were named as some of the reasons for the decline in sales.

1.1 INITIAL SITUATION: GROWTH CONTINUITY AND DECLINE

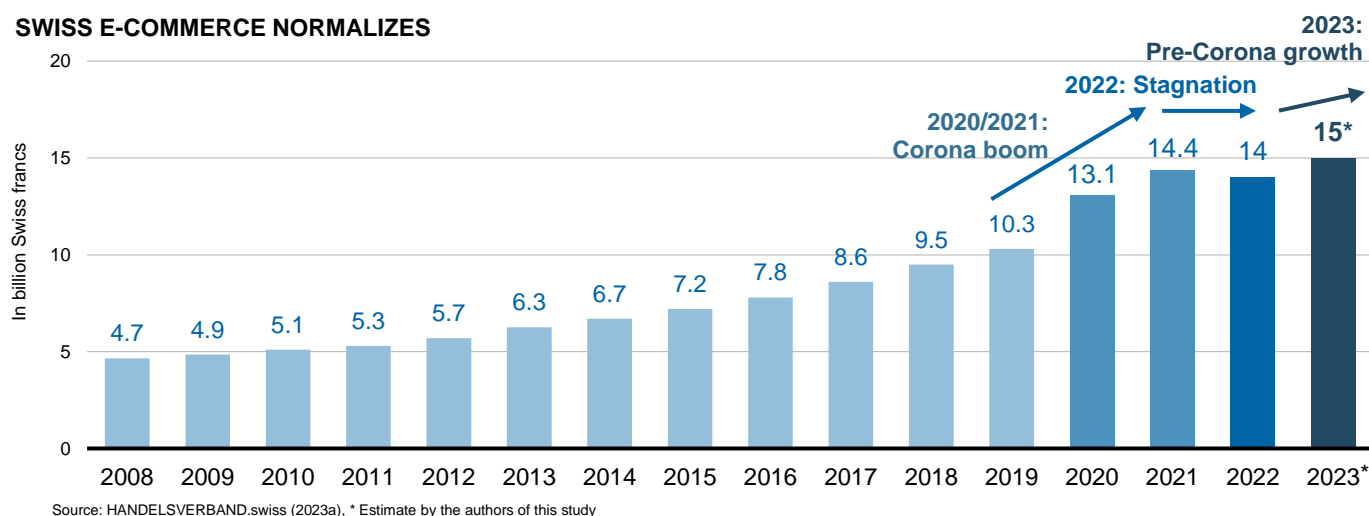
Digital commerce, also known as electronic commerce or **e-commerce**, experienced a **real boom** during the Corona crisis due to the lockdowns, the Swiss Federal Council's order to stay at home and changes in shopping, working, and leisure behavior. Consumer purchases shifted dramatically from offline to online. As a result, online shopping has gained in popularity in recent years with the Corona pandemic acting as an online sales accelerator (Gizycki & Pöhlmann, 2021; Zumstein et al., 2021, 2022).

Many online shops experienced strong sales growth within a very short time during the pandemic and expanded their product ranges. In addition, many new online shops were opened. Swiss online retail grew within two years from CHF 10 billion in 2019 to CHF 14.4 billion in 2021 (see Figure 1).

In 2022, according to a survey by HANDELSVERBAND.swiss in collaboration with Swiss Post and GfK, total sales of Swiss online shops fell slightly (i.e., by 2.8 percent) for the first time in history, amounting to 14 billion Swiss francs (HANDELSVERBAND.swiss, 2023a) (see Figure 1).

According to HANDELSVERBAND.swiss, Swiss e-commerce grew again slightly (i.e., by 2.8 percent) in the first half of 2023 compared to the previous year (Carpathia 2023b). According to estimates by the E-Commerce Lab at the Institute of Marketing Management (IMM) at the Zurich University of Applied Sciences (ZHAW), Swiss online sales will grow by between five and six percent in 2023 to around 15 billion Swiss francs (see right-hand side of Figure 1). This means that total growth will slow down compared to the record years of 2020 and 2021 and will return to the level prior to the Corona crisis.

Figure 1: E-commerce growth in Switzerland from 2008 to 2023



1.2 MOTIVATION AND SAMPLE

The online boom during the Corona crisis and the **consolidation of the e-commerce business** in 2022 and 2023 are important reasons for conducting this study for the sixth time (see Zumstein & Steigerwald 2018, 2019; Zumstein & Oswald 2020; Zumstein et al. 2021, 2022). The aim of this research is to analyze current developments in online retailing along the digital value chain.

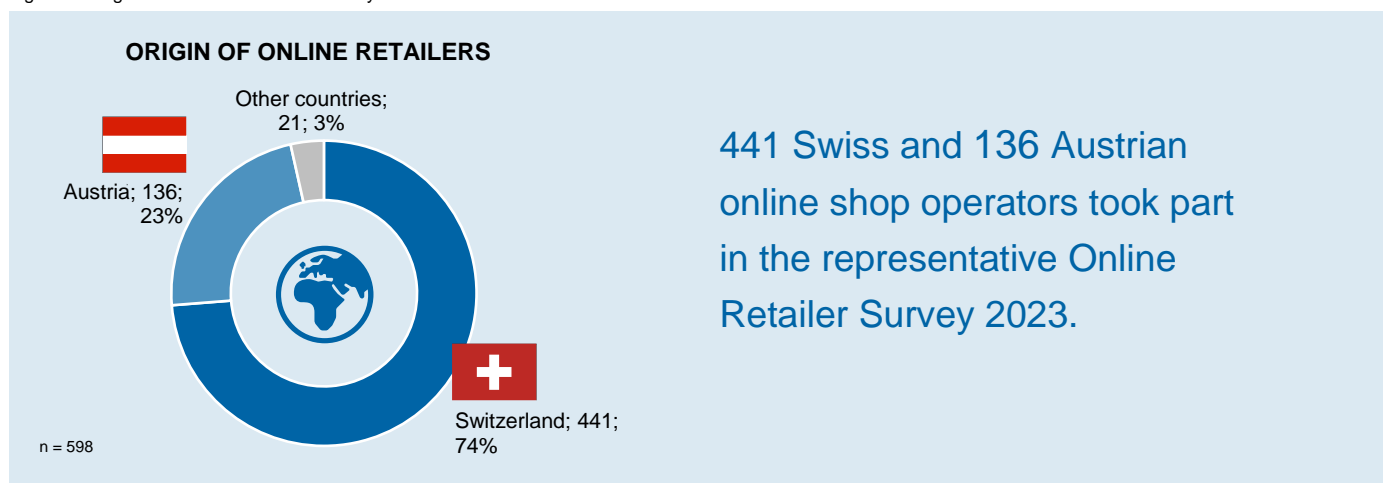
The **E-Commerce Lab** at the Institute of Marketing Management (IMM) of the Zurich University of Applied Sciences (ZHAW), together with the Management Center Innsbruck (MCI) and the University of Applied Sciences and Arts Northwestern Switzerland (FHNW), jointly explored the question of how e-commerce will develop in the various sectors in 2023 following the Corona boom.

From a management research perspective, the research project's objects of investigation are **all online retailers** in Switzerland and Austria with .com, .ch, or .at domains registered and selling in Switzerland or Austria. The focus is not only on the large online shops but also on smaller and medium-sized online shops or companies (SMEs). The data for the study was systematically collected between 4 May and 14 August 2023 as part of an **online survey** using the Qualtrics software.

Over 5,000 online retailers were contacted: **598 respondents** completed the questionnaire. The **sample size** (n) is 598, unless otherwise stated. The target group was approached via LinkedIn, newsletters, emails, specialist groups in social media and the contact forms of the online shops. The list of the 384 participants that did not wish to remain anonymous is shown in Table 12 (page 82) in the appendix. The research partners mentioned in the appendix (Worldline, Planet, CRIF, TWINT, JMC Software, Cembra-Pay, bob pay, Payrex, EOS, Swiss Post, PostFinance, and nets) and educational partners such as Carpathia, HANDELSVERBAND.swiss and the Austrian Trade Association actively supported the authors in promoting the online survey.

441 Swiss (74 percent) and **136 Austrian online shop operators** (23 percent) took part in the Online Retailer Survey 2023. Three percent of the respondents indicated another country as their country of origin (see Figure 2). This e-commerce study is representative for Switzerland.

Figure 2: Origin of the online retailers surveyed



1.3 E-COMMERCE BUSINESS RELATIONSHIPS AND DISTRIBUTION MODELS

Four out of five of the participants operate an online shop in the **B2C** business-to-consumer segment (in Figure 3). At 45 percent, almost half of the respondents sell in the **B2B** (business-to-business) segment. About one-third of online retailers sell both B2C and B2B. 14 percent operate a **manufacturer online shop** (D2C; direct-to-consumer). Five percent of the **B2G** (business-to-government) segment and one percent of the **C2C** (consumer-to-consumer) segment took part in the survey in 2023.

The online retailers were asked about their sales model or **type of business** based on Heinemann (2022, p. 170 et seq.). These results are summarized in Figure 4. This year, the omni-/multi-channel retailer category was divided into two subcategories: "primarily stationary with supplementary online shop" and "primarily online with complementary retail outlets". Of the online shops surveyed, 36 percent classify themselves as "**primarily stationary with supplementary online shop**". In Switzerland, these include Ochsner Sport, Manor, Revendo, JYSK, Fabrikant, Transa, CHRIST watches and jewelry, DIY stores, such as Do it + Garden (Migros and OBI), and some wine retailers, such as Schuler Weine. In Austria, these are Intersport, Interspar, Sonnentor, Hairtrader, BILLA AG and Wagner'sche.

Figure 3: What kind of business relationship does your online shop support? (Multiple answers are possible)

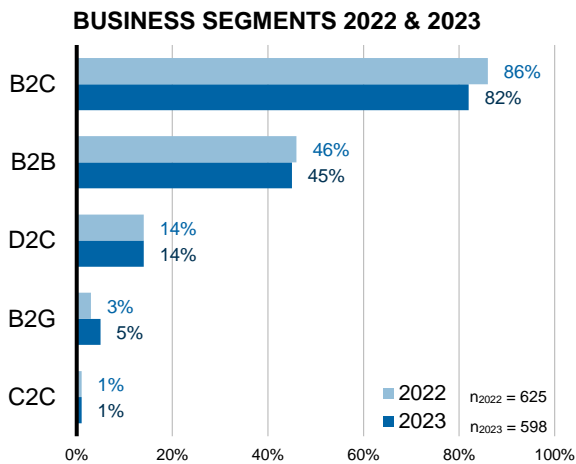
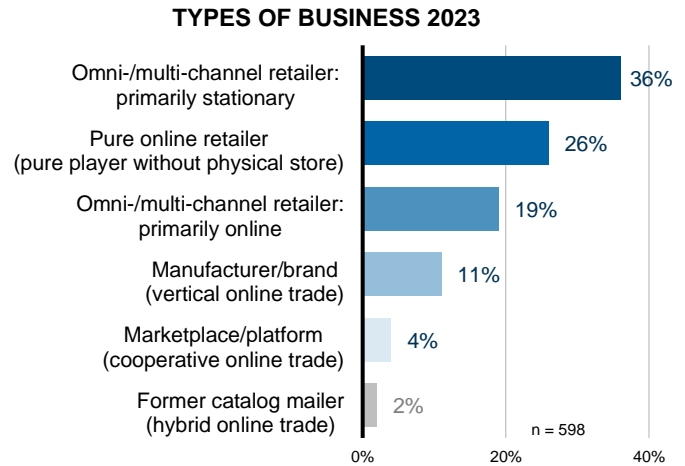


Figure 4: To which type of business (sales model) can your online shop most closely be assigned?



Retailers with the most important sales model, omni-channel retailing, often have a primarily stationary focus.



Of the omni-/multi-channel retailers, 19 percent chose the category "**primarily online with complementary retail outlets**", which includes Swiss online shops such as Digitec Galaxus, Ex Libris, McOffice, Keller Fahnen, Powerfood, Schäfer-Shop, and Smythtoys. Austrian examples are Tiroler Kräuterhof, Vinorama, and Papier Kerbl.

One-quarter of the respondents classify themselves as **pure players** which do not have any physical shops and, according to Heinemann's definition (2022, p. 171), generate more than 70 percent of their sales online. Zalando, BRACK.CH, Nettoshop, Saemereien, Blacksocks, QoQa, and Mahler & Co. are well-known pure players in Switzerland. In Austria, examples include SportOkay.com, Merken.at, and eWein.com.

Figures 3 and 4 show that one in 10 participants in the study is a **manufacturer** or brand that sells its products and services directly to end customers (D2C). This includes companies such as Gebana, IKEA, Namuk, and Victorinox.

Only four percent of the online retailers in the so-called cooperative online trade describe themselves as a **digital marketplace or digital platform** (see Figure 4 and Chapter 2.2). The Swiss marketplaces include Boutiquery, Galaxus, Farmy, Hogashop, Microspot, and Zur Rose.

Former mail order catalog companies, so-called hybrid online retailers, are rare at one percent. Ackermann, Angela Bruderer, Lehner Versand, Otto, Udo Bär, and Vedia are all examples of former mail order catalog companies that are now heavily involved in online retailing.

1.4 SECTOR AND POSITION OF PARTICIPANTS

This year, instead of product categories, specific industries were surveyed. This sector classification was based on the Commerce Report and HANDELSVERBAND.swiss (Wölfle & Leimstoll 2021, 2022) and allows comparisons to be made in further industry analyses.

As shown in Figure 6, **food and beverages** (16 percent), **home and living**, including do-it-yourself and garden (15 percent), and **leisure, hobby, and toys** (10 percent) are most strongly represented in this sample. **Sporting goods** or sports equipment are offered online by eight percent of the respondents. Six percent of online retailers in each of the **multimedia and IT**, **health, beauty**, and **fashion** sectors participated. Office and stationery as well as service providers are represented with four percent each, followed by construction and universal suppliers with three percent each. **Universal retailers** with broad, cross-product category assortments include marketplaces like Galaxus and Microspot.

Smaller percentages are found in watches and jewelry, and in books, music, and movies (media). Manufacturing, engineering, and raw materials are all under-represented as online retailers in the study, with one percent each. Given the history of the survey, this is normal for a sample in the e-commerce environment.

Figure 5: To which industry can your online shop most closely be assigned?



Table 1: Industries under "other"

| # | Other sectors | Number |
|----|---------------------------|--------|
| 1 | Electrical & electronics | 5 |
| 2 | Photography & accessories | 4 |
| 3 | Pets | 4 |
| 4 | Print | 3 |
| 5 | Luxury food | 3 |
| 6 | Agriculture | 2 |
| 7 | Art & design | 2 |
| 8 | Real estate | 2 |
| 9 | Cars | 1 |
| 10 | Research | 1 |
| 11 | Gaming | 1 |
| 12 | Government | 1 |
| 13 | Training | 1 |

Food & beverages, home & living, leisure, hobby & toys, and sports are most frequently represented in the study sample.

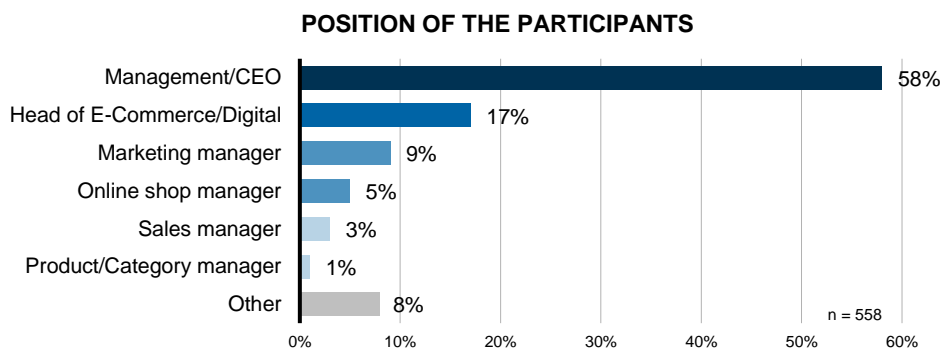


Table 1 lists **other industries** that were provided as individual entries in an open text field. These include electrical and electronics (five mentions), photography and pet supplies (four mentions each), printing, and arts and design.

This year, the survey also asked about the **position** of the participants. Figure 5 shows that 75 percent of the respondents are in management positions. Of these, 58 percent are members of the **executive board** or serve as **chief executive officer (CEO)**. These roles mostly involve the strategic direction and overall management of a company or the online shop. Therefore, the majority of the sample represents the assessments of decision-makers responsible for setting corporate goals and the overall development of the (online) business. Another 17 percent are **e-commerce or digital managers** who are responsible for both strategic planning and the implementation of online and sales strategies.

Nine percent work as **marketing managers**. They are responsible for planning and implementing marketing activities for customer acquisition and retention. Other participants in the survey are **online shop managers** (five percent), **sales managers** (three percent), or work in product or **category management** (one percent). Eight percent named other job titles.

Figure 6: In what position do you work in the company?



Most of the participants in this Online Retailer Survey are responsible for the online shop.



1.5 REVENUE AND NUMBER OF EMPLOYEES

Around 17 percent of the Swiss retailers surveyed operate a **very small online shop** with a turnover of less than 100,000 Swiss francs (see Figure 7). With a turnover of between 100,000 and 500,000 Swiss francs, almost one-quarter (23 percent) run a rather small business. Nine percent of the participating online shops have a turnover of between half a million and one million Swiss francs, which places them in the midfield. 21 percent of the online shops surveyed have a turnover of one to five million Swiss francs in 2022. Medium-sized shops in terms of revenue make up five percent of the respondents, generating a turnover of between five and ten million Swiss francs.

This year, seven percent of participants were **large companies** with a turnover of between ten and 25 million Swiss francs. Fewer shops (four percent) with a higher turnover of between 25 to 50 million Swiss francs took part than last year (12 percent). Seven percent had an even higher turnover of more than 50 million Swiss francs, placing them among the 45 B2C and B2B online shops with the highest turnover, according to the "Digital Commerce Switzerland 2023" poster by Carpathia (2023).

Figure 8 shows that more than half of the participating online shops are low in human resources: 55 percent have **one to four employees** working for the online shop, including marketing, logistics, and IT, which is slightly less compared to last year's survey with 62 percent. This high number of micro-enterprises is an indicator that Switzerland is a country of **hobby online shop operators** running an online shop on the side with very few financial and human resources (Kaufmann 2022). Almost one-quarter of respondents are medium-sized online shops with between five and 20 employees, which is similar to last year.

Larger online shops with 21 to 50 employees make up 10 percent of the sample (see Figure 8, in green). Five percent have 51 to 100 employees, and the last seven percent represent the largest online shops with over 100 employees.

Figure 7: What was the revenue of your online shop in 2022 (no answer was excluded)?

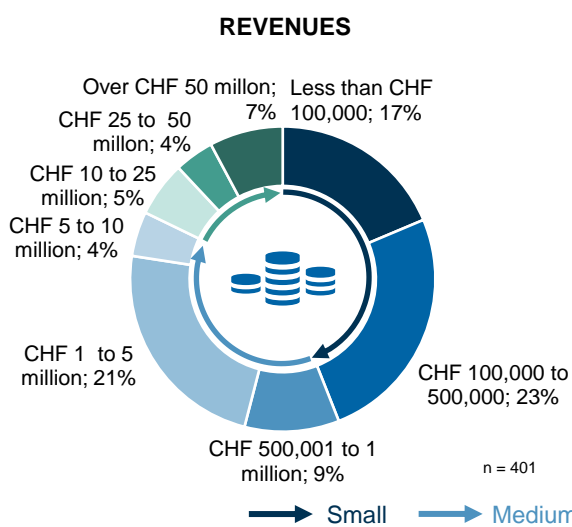
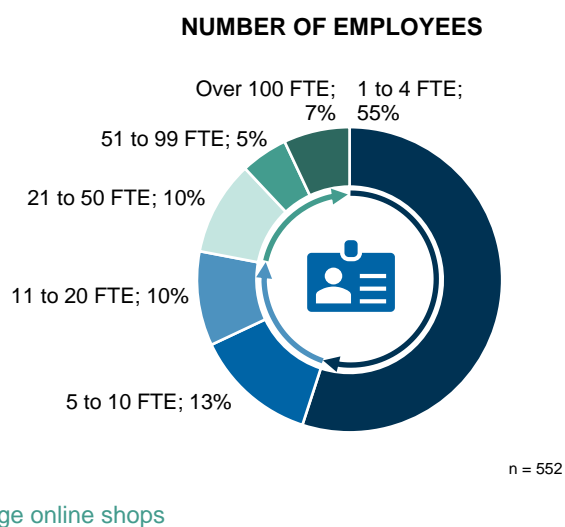


Figure 8: How many employees (FTE) work for your online shop (including marketing, logistics, and IT)?



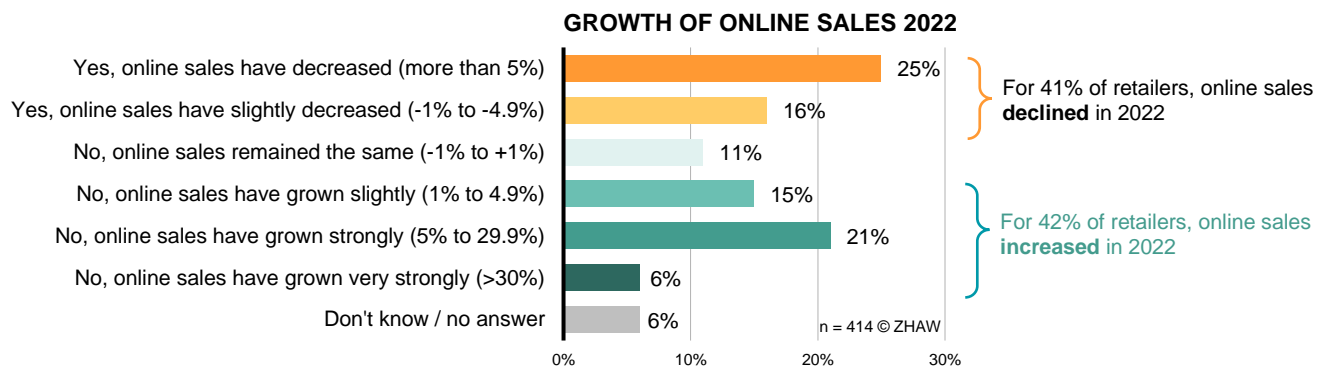
More than half of the online shops surveyed are small, with fewer than four employees and revenues of less than one million Swiss francs. The “small and hobby” online shop retailers are indicative of the many innovative entrepreneurs in this dynamic market.

1.6 REVENUE GROWTH AND DECLINE IN 2022

As discussed above as well as in the "Annual Survey of Online Retailing in Switzerland 2022" by GfK, HANDELSVERBAND.swiss, and Swiss Post, total revenues in Swiss online retailing declined for the first time in 2022 by 2.4 percent from 14.4 to 14 billion Swiss francs (see Figure 1). Therefore, the study participants were asked whether the **total revenues in their online shops** in 2022 had also decreased compared to the previous year.

For 25 percent of the 414 online retailers surveyed, online shop sales shrank by more than five percent in 2022 compared to the previous year (see Figure 9). In other words, they lost more in online sales than the overall market and – depending on the industry – they also lost in terms of market share. These retailers were strongly affected by the **consolidation** after the Corona boom. For 16 percent of the respondents, online sales declined slightly, by between one and 4.9 percent, which, according to HANDELSVERBAND.swiss, corresponds to the market average of 2.4 percent. For every 10th retailer, revenues remained the same plus/minus one percent in 2022. For 15 percent of the retailers, online sales in 2022 continued to grow by between 1 and 4.9 percent. For 21 percent, online sales grew strongly by between five and 29.9 percent, for six percent even more (by over 30 percent compared to the previous year).

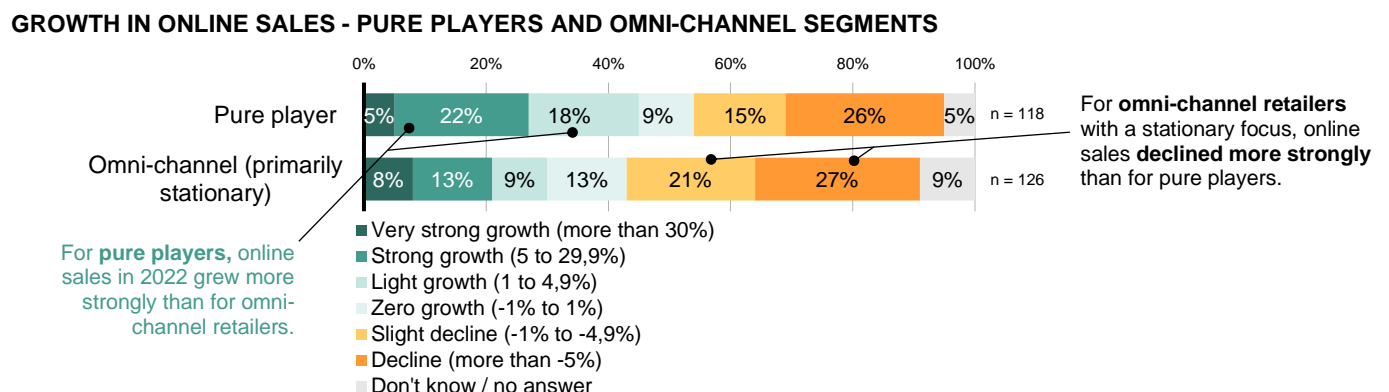
Figure 9: Did the total sales (revenues) in your online shop decrease in 2022 compared to the previous year?



For almost half of the retailers, online sales declined after the Corona boom. For the other half, online sales continued to grow (strongly) in 2022 and market consolidation was less obvious.

Analyzing the growth in 2022 by type of business (sales model), Figure 10 shows that the online sales of **omni-channel retailers** with a stationary focus declined more often and more strongly than those of pure players selling only via an online shop. For example, the online sales of omni-channel retailers declined slightly for 21 percent of the respondents (i.e., by between one and 4.9 percent), while for pure players it was only 15 percent. Among **pure players**, and also among digital marketplaces, online sales grew significantly more often and more strongly in 2022 than among omni-channel retailers with a stationary focus. While 22 percent of the pure players surveyed grew strongly (by between five and 29.9 percent), this was the case for only 13 percent of the omni-channel retailers (see Figure 10). This clear difference can also be explained by the fact that customers of omni-channel retailers shopped returned to shop in physical stores more frequently in 2022 and 2023. The turnover in the omni-channel segment shifted partly **from online to offline** due to the channel (behavior) change. This effect does not exist with pure players, which is why pure online retailers and marketplaces without physical shops continued to grow more strongly despite market consolidation.

Figure 10: Sales in online shops in 2022 by omni-channel retailers (primarily stationary) and pure players

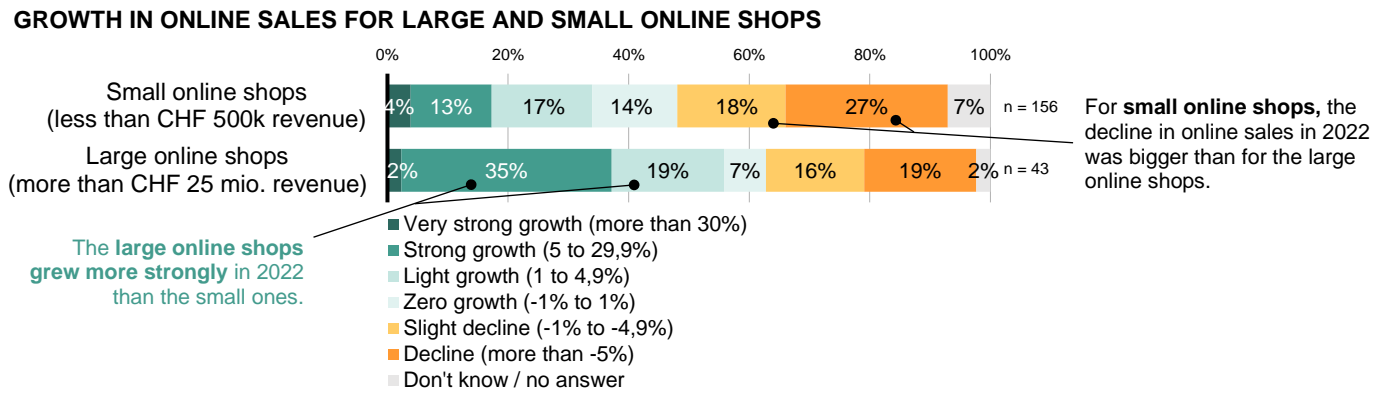


Omni-channel retailers had significantly lower online sales growth in 2022 than pure players and marketplaces.



Considering the growth of online sales in 2022 according to the **size** of the online shops, measured in terms of revenues, the differences can be seen in Figure 11: For **small online shops** with less than 500,000 Swiss francs in sales, revenues in 2022 were more likely to have declined than for the large online shops with over 25 million Swiss francs in sales. While only 19 percent of the large shops saw their revenues decline by more than five percent, 27 percent of the small shops did. **Large online shops**, on the other hand, grew significantly more often and more significantly than the small ones, even in the consolidation phase. A full 35 percent of large online retailers recorded strong online growth of between five and 29.9 percent in 2022, compared to just 13 percent of small online retailers. It can thus be concluded that small online retailers are more exposed to changes in the market and **fluctuations in demand** than the large ones due to limited resources (e.g., in terms of product range size, human resources, IT and digital marketing budget). As a result, small online retailers tended to lose sales and market share faster than larger ones in 2022 and 2023. Small and medium-sized online retailers therefore appear to be less resistant to crises.

Figure 11: Sales in online shops in 2022 – small and large online shops

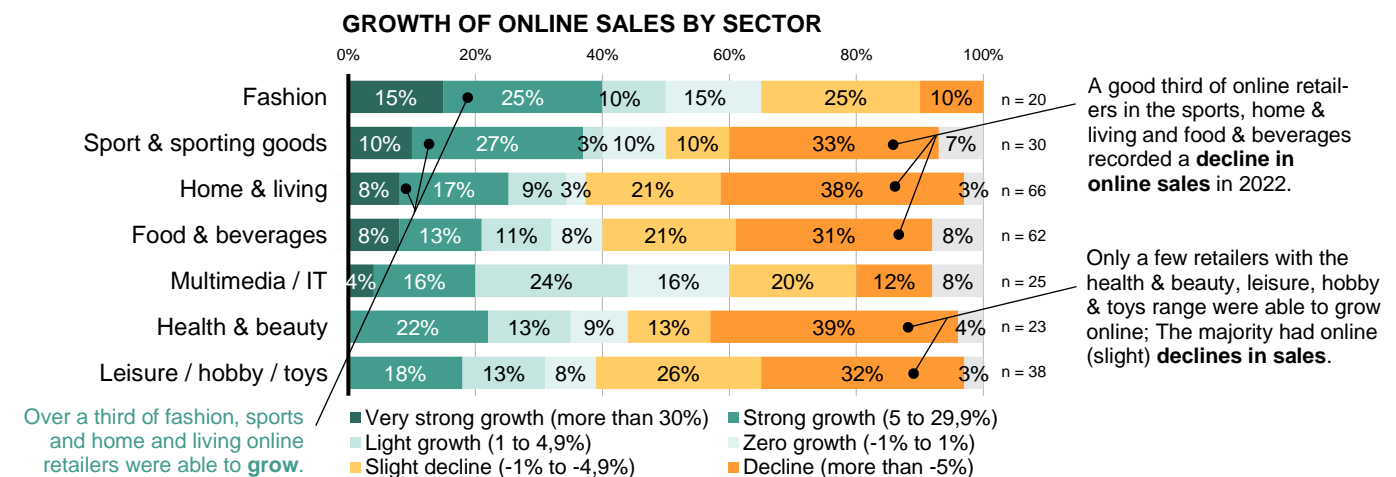


Small online shops often had a higher decline in online sales and less growth in 2022 than large ones.



Figure 12 shows that 40 per cent of **fashion** retailers continued to grow (very) strongly online in 2022. Thirty-seven per cent of online sporting goods retailers have also grown (very) strongly, but a third have seen a decline of more than five per cent. On the one hand, a third of retailers in the **home and living** and **food and beverage** sectors grew online, while on the other hand, over half of them recorded a decline in sales.

Figure 12: Sales growth of online shops in 2022 by sector



Almost half of retailers in the **multimedia and IT** sector grew online in the year under review. In the health and beauty sector, the proportion of retailers with a decline in online sales is significantly higher (52 percent) than those that have grown. The majority of retailers in the leisure, **hobby and toys** sector saw a decline in online sales in 2022, with only 31 percent experiencing (slight) growth.

1.7 REASONS FOR THE DECLINE IN REVENUES

The fascinating practical and research question was why 41 percent of the online retailers surveyed expected their online sales to decline by 2022. Therefore, all participants who recorded an online sales decline of one percent or higher were asked to provide a reason.

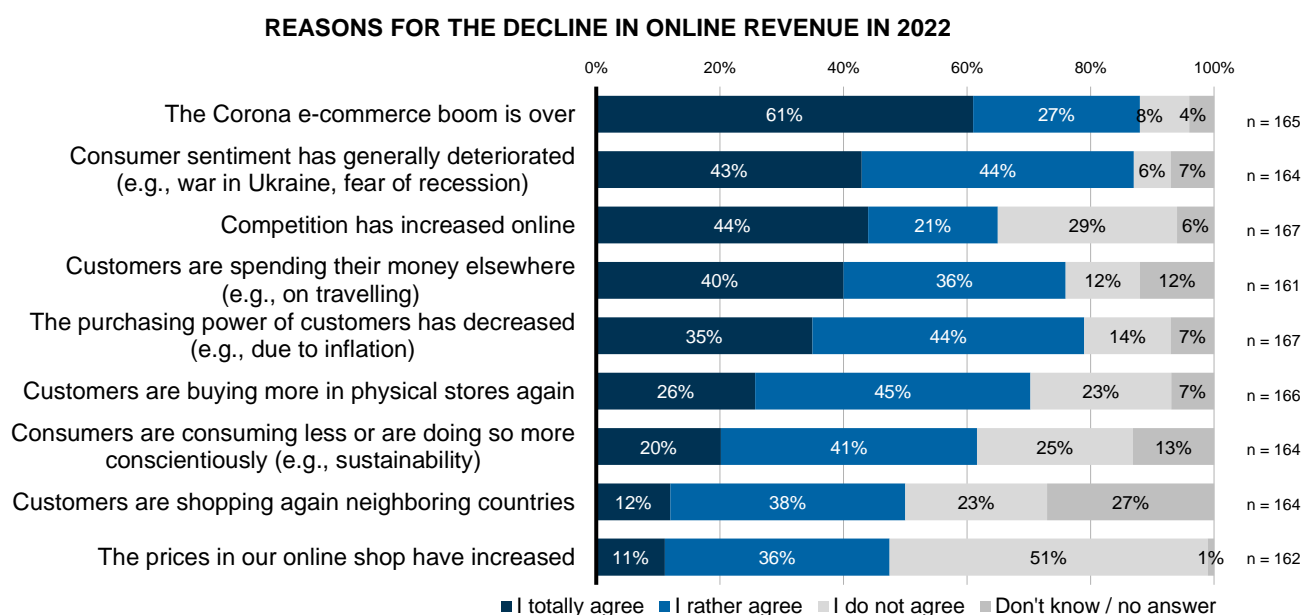
As shown in Figure 13, almost nine out of 10 online retailers fully agreed or somewhat agreed that the **Corona e-commerce boom is over**. Due to the lifting of Corona measures and a return to more familiar channel and shopping behavior, the extraordinary situation in online commerce has normalized for many. Only a minority of eight percent disagreed that the online boom caused by Corona is not over.

87 percent of those surveyed believe that **consumer sentiment** has deteriorated, among other things due to the war in Ukraine and the fear of a recession. Two-thirds are also of the opinion that online **competition** has increased further, among other things because the Corona crisis brought many new online shops onto the scene and many online retailers expanded their assortments. This has led to **over-distribution**, which is discussed in Chapter 6.

Three out of four retailers also agreed that customers are spending their money elsewhere or in **other ways**, for example, on travel, excursions, and events. Four out of five retailers also agreed that customers' **purchasing power** has decreased due to **inflation** and that they are therefore less likely to spend money in online shops. Seven out of 10 retailers are of the opinion that customers have returned to **shopping more** in physical **stores** and that sales are partly shifting back from online to offline.

Three out of five online retailers agreed (in Figure 13) that customers are **consuming less** or that they shop more conscientiously. The increasing importance of sustainability may be the reason why sales declined in 2022, at least for some companies and individual sectors. Half of the retailers also believe that their customers are once again shopping more frequently **across the border where prices are lower**. After Corona, Swiss shopping tourism in Germany, Austria, France, and Italy has apparently increased again and has, at least partly, caused a decline in the sales of Swiss online shops. As shown on the bottom of Figure 13, almost half of the retailers surveyed agreed that **rising prices** in online shops were a reason for the decline in sales.

Figure 13: Why do you think sales in your online shop have decreased in 2022?

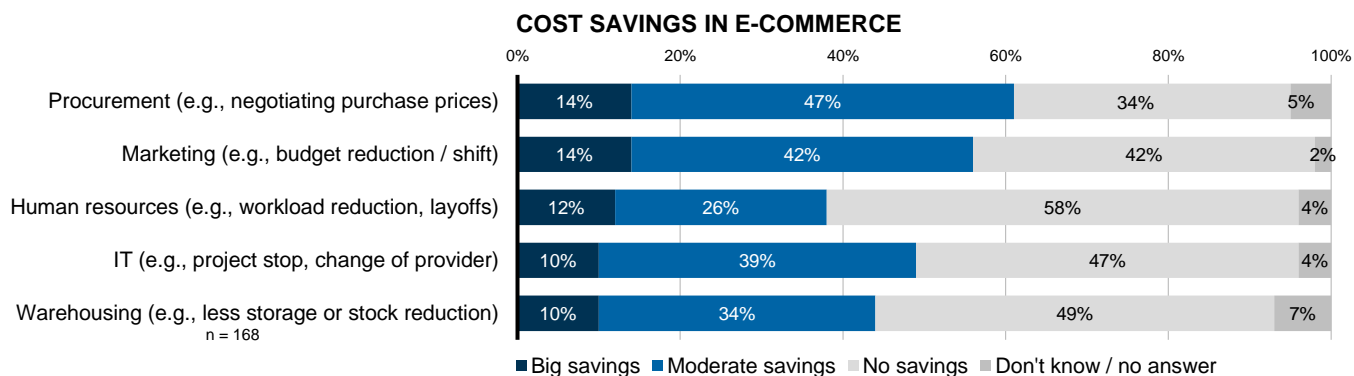


The Corona e-commerce boom is over for many, and consumer sentiment has deteriorated since 2022.



When sales are in decline, retailers are usually under pressure to cut costs. Therefore, the 168 retailers whose online sales declined in 2022 were asked where they are currently **cutting costs** in e-commerce (see Figure 14). The most common savings are made in **purchasing** by renegotiating and reducing purchase prices. More than half have reduced their **marketing** expenses, for example by reducing their budgets. Paradoxically, 38 percent have also been (partially) **cutting staff** by reducing their workload and laying off staff. This is in conflict to the measures being taken to address the skills shortage (see Chapter 3.2). Almost half are also cutting **IT** (e.g., project stop) and **warehousing** (e.g., stock reduction) costs.

Figure 14: Where are you currently cutting costs in e-commerce?



A good half of retailers with declining sales have to cut costs in purchasing, marketing, personnel, warehousing and IT.



2. Sales Channels & Marketplaces

This chapter examines the importance of the different distribution channels in retail, focusing on digital sales channels, their development, and digital marketplaces. It is shown that despite the diversity of sales channels, the online shop and the physical stores are the dominant sales channels. The implementation of an integrated omni-channel strategy is therefore becoming increasingly important for online retailers.

2.1 DISTRIBUTION CHANNELS

A key question in this study is which sales channels online retailers use to sell their products and services. Figure 15 clearly shows that, as in previous years, the majority of online retailers have a broad and diverse range of sales channels. The online retailers surveyed consider their **online shop** to be the most important sales channel; in 87 percent of all cases, it is considered (rather) sales-relevant. Despite the predicted decline in e-commerce sales, the importance of the online shop has not changed. Online retailers in Switzerland and Austria continue to rely on the online shop as their most important sales channel.

As in previous years, more than half (57 percent) of the online retailers sell their products and services through **physical stores** and classify them as relevant to sales (see Figure 15). This means that the importance of the physical stores has not changed since the Corona crisis. Omni-channel distribution is and remains an important strategic distribution concept for Swiss and Austrian retailers.

Personal on-site sales by sales representatives and sales staff, especially in the B2B sector, rank third (unchanged). For more than half of the companies (see Figure 15), this channel is (rather) relevant for sales. Following the Corona crisis, sales using digital communication channels such as Microsoft Teams, Zoom, Webex, Skype, or video telephony have become firmly established.

For many of the online retailers, **email** is an essential sales channel in their omni-channel strategy. In fact, 45 percent of online retailers, especially in the B2B sector, consider e(mail to be (rather) relevant to sales, making it the fourth most important sales channel (as in previous years).

Three-quarters of the online retailers surveyed in Switzerland and Austria offer their customers the option of **ordering by telephone**. It was found that 44 percent consider this ordering option to be (rather) relevant to sales. There is a tendency to order more frequently by telephone in the B2B sector than in the B2C sector (56 percent).

Next, 60 percent of online retailers also sell their products and services on **digital marketplaces**. For one-third of the respondents, digital marketplaces are (rather) relevant to sales, which illustrates the high importance of digital platforms for retailers. A detailed analysis of digital marketplaces is provided in Chapter 2.3.

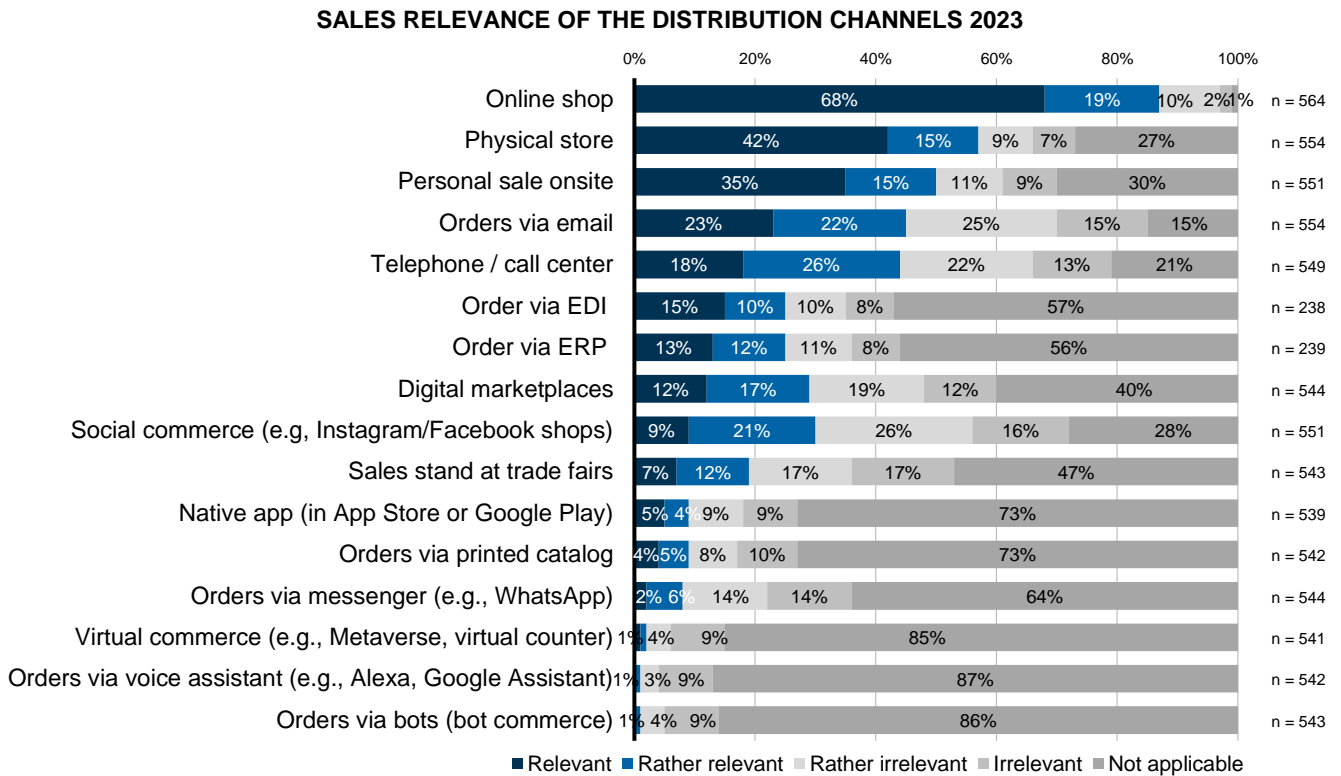
One-third of the online retailers surveyed are active in the B2B segment, which includes direct ordering via an enterprise resource planning (**ERP**) **system** or electronic data interchange (**EDI**). For 25 percent of the 238 B2B retailers surveyed, ordering via an ERP system or via EDI is (more likely) relevant to revenues.

As in the previous year, three-quarters of Swiss and Austrian online retailers sell via **social networks** such as Facebook Marketplace, Facebook shops, and/or Instagram shops, thereby continuing their commitment to social commerce. For three out of 10 online retailers, social commerce is now already (rather) relevant to sales. Overall, a positive development of **social commerce** can be assumed worldwide. Digital commerce via the various social networks and social media will become an increasingly important sales channel in the omni-channel concept of online retailers in the coming years (Heinemann 2022, p. 293).

Again as in the previous year, the sale of products and services at **trade fairs** is an important sales channel for more than half of the online retailers and (rather) relevant to sales for just under 20 percent. In view of their unchanged importance compared to the previous year, trade fairs seem to be recovering as a sales channel despite a drastic decline during the Corona crisis. According to the survey, trade fairs in the B2B sector have tended to become less relevant in terms of sales.

Native apps with an ordering function are offered by 27 percent of online retailers, although it is (rather) relevant to sales for only nine percent. Native apps are mainly used by larger online retailers. Smaller online retailers can usually not afford the development and operation of such an app.

Figure 15: How relevant to sales are the following sales channels (ordering channels)?



The online shop remains to be the most important sales channel.
Retailers continue to rely on a multi-faceted omni-channel strategy.

One-quarter of the online retailers surveyed use a **printed catalog with an order card** as a distance selling channel. For only nine percent, however, order cards in printed catalogs are relevant to sales, which is similar to the previous year. The various **messenger services**, primarily **WhatsApp**, are increasingly becoming an important component in the omni-channel strategy of online retailers. Like in the previous year, eight percent of online retailers currently classify orders via messenger services as (rather) relevant to sales. In general, however, a strong growth of conversational commerce or messenger commerce can be expected in the next three to five years due to the high user numbers and ease of handling.

Contrary to predictions, **virtual commerce** in the metaverse or virtual shop counters are not, or only slowly, becoming established among online retailers. As in the previous year, 14 percent of online retailers currently offer their customers virtual commerce as a sales channel in their omni-channel mix, with larger online shops being the most likely to do so. However, of the 14 percent, only two percent currently have virtual commerce as a major sales driver. Nevertheless, it can be assumed that virtual commerce will gain importance in the next few years due to increasing technological acceptance among customers and increasing experience among retailers (Peter et al. 2022).

Orders via voice assistants, such as Alexa or Google Assistant, are also very rare with one percent of mentions and are not yet sales-relevant for retailers. A growth of voice commerce is currently not yet discernible in Swiss and Austrian retail practice.

2.2 DEVELOPMENT OF SALES CHANNELS

A more detailed analysis of the development of the sales channels, as illustrated in Table 2, reveals a remarkably **stable development** in terms of sales relevance. In the past years, a continuous and constantly high importance of online shops, stationary shops, and personal sales on-site was shown. Ordering by e-mail and telephone also established themselves as significant sales channels for online retailers, even though they usually involve additional effort in terms of marketing, sales, or customer service. They have long formed an integral part of the omni-channel concept of online retailers. Likewise, the sale of goods and services via social

media and digital marketplaces has become anchored in the sales portfolio. Due to the introduction of Instagram shops and Facebook shops in 2020 by Meta, **social commerce** was rated slightly more frequently as relevant to sales (by 33 percent) in 2022 than in 2021. The authors suspect that a promising development can be expected for these sales channels in the coming years.

The sales resulting from orders via ERP or EDI are less relevant by comparison but remain an integral part of the sales strategy of online retailers. Interestingly, after the Corona crisis there was a slight increase in the sales relevance of **trade fairs**, from 10 percent to 25 percent, which reflects their renewed importance for online retailers.

Ordering products via **native apps** on smartphones has also increased compared to 2022. In contrast, the sales relevance of products and services offered via WhatsApp, SMS, or order cards in print catalogs remains rather low in an overall comparison of recent years.

Table 2: Comparison of sales-relevant channels in 2021, 2022, and 2023

| # | Sales Channels 2023 | % | Sales Channels 2022 | % | Sales Channels 2021 | % |
|----|---------------------------------|------|--------------------------------|----|----------------------------------|----|
| 1 | Online shop | 87 ⇨ | Online shop | 86 | Online shop | 84 |
| 2 | Physical stores | 57 ⇨ | Physical stores | 55 | Physical stores | 53 |
| 3 | Personal sales on-site | 50 ⇨ | Personal sales on-site | 49 | Telephone / call centers | 49 |
| 4 | Orders by email | 45 ⇨ | Orders by email | 48 | Orders by email | 47 |
| 5 | Telephone / call centers | 44 ⇨ | Telephone / call centers | 41 | Personal sales on-site | 37 |
| 6 | Social commerce | 30 ⇨ | Social commerce | 33 | Digital marketplaces | 35 |
| 7 | Digital marketplaces | 29 ⇨ | Digital marketplaces | 33 | Social commerce | 28 |
| 8 | Order via ERP / EDI | 25 ⇨ | Order via ERP / EDI | 24 | Order card in the print catalogs | 13 |
| 9 | Sales stand at trade fairs | 25 ↗ | Sales stand at trade fairs | 17 | Native app with order function | 13 |
| 10 | Native apps with order function | 19 ↗ | Order via WhatsApp / SMS | 12 | Order via WhatsApp / SMS | 10 |
| 11 | Order card in print catalogs | 9 ⇨ | Native app with order function | 10 | Sales stand at trade fairs | 10 |
| 12 | Order via WhatsApp / SMS | 9 ⇨ | Order card in print catalogs | 7 | Order via fax | 6 |

Legend: Change in sales channels relevant for turnover in 2023 compared to the previous year. ↗ Increased slightly ⇨ Remained the same

Compared to 2022, the sales relevance of the various sales channels has hardly changed. Only trade fairs and native apps were named more frequently as relevant to sales.



2.3 DIGITAL MARKETPLACES

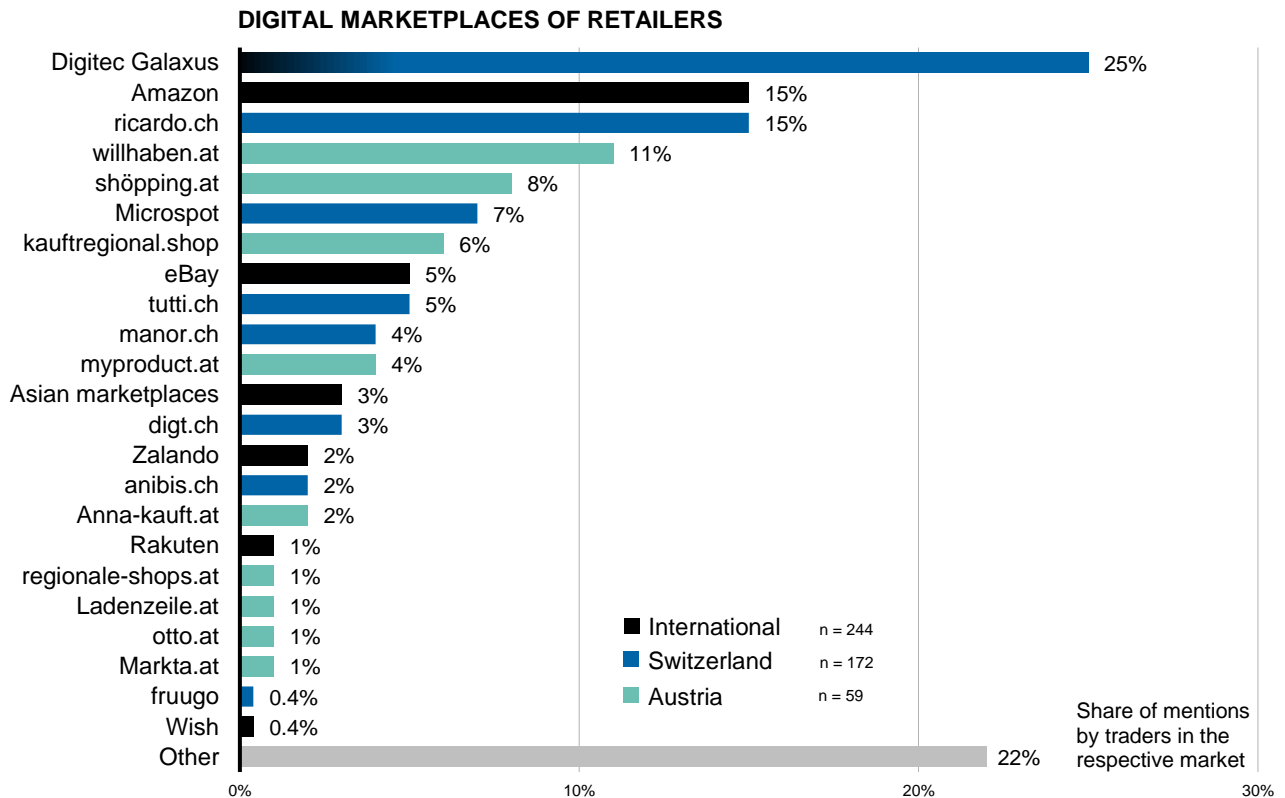
When online retailers were asked whether their company uses digital marketplaces or other digital platforms, 60 percent confirmed that they already do so (see Figure 15). This is the same number as last year and two-thirds more than before the Corona crisis (Zumstein & Steigerwald, 2019).

Galaxus, with 25 percent of mentions (see Figure 16), is by far the number one among Swiss retailers, ahead of Amazon and the C2C platform ricardo.ch (with 15 percent each). This is about the same as last year, even though Galaxus has now expanded into several European markets (Austria, Germany, Italy, France, and the Netherlands) and can now be described as an international marketplace.

The Coop subsidiary **Microspot** (with seven percent of mentions) and the Swiss classified ad platform **tutti.ch** (five percent) were able to maintain their market shares among retailers. Four percent of Swiss retailers sell via **Manor's** new marketplace. Two percent of Swiss traders sell via the **anibis.ch** platform, slightly less than in 2019 and 2021 (with five percent).

The international auction platform **eBay** did not exceed a five percent share among the surveyed retailers, primarily due to the fact that it is mainly used by private individuals.

Figure 16: On which digital marketplaces and platforms do you sell (your) products?



Galaxus remains by far the leading marketplace in Switzerland for customers and retailers and continues to expand.



With 11 percent, **willhaben.at** was the most frequently named marketplace by Austrian retailers. With **shöpping.at**, the new Austrian marketplace, another platform operator was able to gain ground among the retailers, with eight percent of mentions. Other Austrian digital marketplaces are myproduct.at (four percent mentions), Anna-kauf.at (two percent), regionale-shops.at, Ladenzeile.at, otto.at, and Markta.at (one percent each). Europe's leading fashion online retailer, **Zalando**, was mentioned less frequently by the retailers with two percent than last year with five percent. In other words, only a few fashion designers and retailers are using Connected Retail by Zalando to present their product ranges internationally and sell regionally at the same time. In particular during the Corona crisis, such online platforms helped mitigate falling sales in physical stores.

Unexpectedly few of the online retailers surveyed (only three percent) sell on Asian **marketplaces** such as Alibaba, AliExpress, Temu, Tmall, or jd.com. Conversely, more and more Asian platforms are selling to European markets. **Temu**, in particular, is pursuing the Swiss market aggressively. Foreign marketplaces and online retailers are likely to gain further market share among retailers and customers with the **reduction of Swiss industrial tariffs** as of 1 January 2024. With extremely low prices, free shipping owing to low shipping costs from China, and gamification approaches, Asian platforms such as Temu and Shein are trying to attract new customers and increase their market share in Europe. National or regional retailers must take this into account in their e-commerce strategies and differentiate themselves through appropriate product and service offerings. Increasing competition in highly competitive markets in many industries poses even greater challenges for national online retailers, which is discussed in the following chapter.

Chinese online giants such as Temu, Shein and AliExpress are moving into Europe with rock-bottom prices. National online retailers need to differentiate themselves and establish their position by offering additional services and other strategies.





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 App Store

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prime video

 NETFLIX

 XBOX

 PlayStation.

 sky

 Spotify

More information at swisscom.ch/pay

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**Whenever
and however
they want.**

Never miss a delivery with "My consignments".
Your customers decide when and where they want to receive
their parcels – with ease in the Post-App or at swisspost.ch.

3. Challenges in E-Commerce

Since 2018, the e-commerce worry barometer has been recording the industry's current challenges. The 2023 survey reveals that the market, marketing, and the staff situation are key challenges in e-commerce. In particular, the lack of skilled labor is a major problem for online retailers. In the following, the implications of this problem and possible measures to address it are considered.

3.1 CURRENT WORRY BAROMETER IN E-COMMERCE

As the e-commerce worry barometer 2023 (see Figure 17 below) shows, the main problem this year, as in 2022, is the **market**: 78 percent of retailers see increasing competition and price pressure as major or medium challenges. This pressure will increase further with the abolition of Swiss industrial tariffs on 1 January 2024, when foreign online retailers will be able to sell more cheaply and easily in Switzerland.

In second place, **marketing** is currently a major challenge for 30 percent and a medium challenge for 39 percent of retailers with a limited budget, increasing complexity, and rising marketing costs. Market and marketing challenges are bearing more heavily on retailers than in 2021 and 2022 (see Table 3).

The third main area of concern for online retailers is **staffing**: Attracting and retaining qualified employees is a medium or major challenge for almost every second online shop. The **shortage of skilled workers** has also been exacerbated in e-commerce and is making it more difficult for retailers to scale up and grow their business (see Chapter 3.2).

IT-related problems, such as shop system, interface, or server problems, affect 17 percent of the retailers surveyed, with one-third considering them a medium challenge. For an online shop, a stable and efficient IT infrastructure is essential to ensure smooth operation. In fifth place are, therefore, **logistics difficulties**, with rising fuel and logistics costs (potentially) squeezing profit margins.

Almost half of the retailers surveyed see **procurement** as a medium or big challenge due to supply difficulties, import problems, and delivery costs. This is, however, significantly less than in 2021 and 2022 (see Table 3).

Figure 17: In which areas do you currently see the biggest challenges for your online shop?



The main challenges in e-commerce today affect the market, marketing, human resources, and IT.



Since the Corona pandemic, the challenges have clearly shifted:
The problems with procurement, order processing, and customer service have eased.



In seventh place on the worry barometer is **management**: 40 percent of our online retailers see this as a medium to major challenge. To successfully operate an online shop, developing strategies, making the right decisions, and implementing measures are crucial.

Eighth on the list of concerns in 2023 is the topic of **data protection**, with 39 percent of respondents (see Table 3). In Switzerland, the introduction of the new Data Protection Act (nDSG) on 1 September 2023 is a major issue, as is the protection of customer data. The challenges of **fraud and cybercrime** were surveyed for the first time this year. The study shows that this is a challenge for one in three online retailers. **Storage** is a medium to major difficulty for 29 percent due to rising energy costs and insufficient storage capacity.

Distribution was mentioned as a challenge by slightly more than one-third of the retailers surveyed (see Figure 17). This especially concerns online shops involved in omni-channel commerce or concepts such as click and collect. Adjustments must be made to sales strategies and the seamless integration of different marketing and sales channels to ensure a positive customer experience.

Customer service ranked 10th on the worry barometer and was described as a challenge by 37 percent of participants. The situation has eased considerably since the Corona crisis in 2020 and 2021 when the high number of customer enquiries and complaints was a challenge for almost half of the respondents (see Table 3).

A similar picture emerges for **order processing**. In 2021, this was still a challenge for just under half of the respondents (see Table 3). In the current survey, order processing, including issues such as picking and shipping, ranks last with 27 percent of mentions (see Figure 17).

In the survey, the retailers were invited to add further challenges (open text box). There were a total of 20 responses. Among them were compliance and international regulations, data and interfaces, inefficient internal processes, and seasonal problems. Two participants are challenged by increasing customer demands. Zalando's service of free shipping and returns puts smaller retailers at a disadvantage.

Table 3: Development of the worry barometer in online retailing (medium and major challenges of 2021, 2022, and 2023 in percent)

| # | Challenges 2023 | Mentions in % | Challenges 2022 | Mentions in % | Challenges 2021 | Mentions in % |
|----|------------------|---------------|------------------|---------------|------------------|---------------|
| 1 | Market | 74 | Market | 69 | Procurement | 71 |
| 2 | Marketing | 69 | Procurement | 62 | Market | 70 |
| 3 | Staff | 64 | Marketing | 64 | Management | 60 |
| 4 | IT | 52 | Logistics | 52 | Marketing | 58 |
| 5 | Logistics | 48 | Staff | 44 | IT | 58 |
| 6 | Procurement | 46 | IT | 43 | Distribution | 57 |
| 7 | Management | 40 | Management | 40 | Customer service | 56 |
| 8 | Data protection | 39 | Customer service | 28 | Logistics | 54 |
| 9 | Fraud | 37 | Distribution | 28 | Order processing | 48 |
| 10 | Customer service | 37 | Storage | 25 | Storage | 41 |

Changes in the challenges in 2023 compared to previous year: Increased strongly Increased Remained the same Decreased slightly Decreased strongly

Problems related to a lack of staff and know-how are becoming increasingly more significant in e-commerce.



Difficulties in recruitment, speed and delays in product development are frequently mentioned effects of the current shortage of skilled workers.



To reduce the number of dismissals, the companies surveyed create **attractive working conditions**. This includes good salaries, flexible working conditions (e.g., flexible working hours and remote work), development opportunities, as well as internal and external training. A manager in a medium-sized Swiss online shop wrote: *"We avoid employees leaving by optimizing working conditions: a hybrid model allowing employees to work from home, flexible working hours, part-time employment, flat hierarchies, a lot of responsibility, and co-determination. We also use headhunters to fill vacant positions quickly and people who have the right qualifications."* Clear communication of attractive working conditions helps, as an Austrian fashion supplier writes: *"We respond with flexible working hours, higher salaries, more flexibility, and clear ideas from the start."*

To cope with the shortage of skilled workers, some companies increasingly focus on the **automation of processes**. This includes service, sales and marketing automation, but also automation and robotics in order processing and logistics.

Others **outsource** tasks to external service providers and freelancers, sometimes abroad. A manager at a smaller golf online shop mentioned the following measures: *"Training of employees and outsourcing of functions to other countries and regions in the medium term."* A large Swiss company relies on **immigration**: *"We import skilled workers from more distant countries."*

Companies are also investing in improving the **recruitment process** and **employer branding** to position themselves as attractive employers. This includes targeted employee offers, active application via various channels, headhunting, and broader recruitment that includes attracting employees from outside the industry. This is supported by the sales manager of a large Austrian online retailer: *"We offer simplified application processes (e.g., via barcode directly in the store), benefits, and poaching from competitors with corresponding development opportunities for employees."*

Some companies mentioned that they are adjusting their **employment conditions** to be more attractive for skilled workers. As stated already, this includes higher salaries, part-time employment, more flexible working hours, flat hierarchies, and considering high potentials also in junior positions. For example, a manager of a Swiss do-it-yourself online shop wrote that they *"hire junior profiles with potential and train them ourselves."*

In summary, companies are responding to the shortage of staff and skilled workers in different ways. The focus is on retaining and developing staff, improving employment conditions, automation, outsourcing, developing employer branding and recruiting processes (see Table 4).

Table 4: Common measures to mitigate staff and skills shortages

| # | Measure | Number |
|---|---------------------------------------------------------------------------------------------|--------|
| 1 | Staff retention and development (e.g., through training and development) | 18 |
| 2 | Creation of attractive employment and working conditions (e.g., working hours and location) | 11 |
| 3 | Automation of processes and outsourcing of tasks | 8 |
| 4 | Improving the recruiting process and employer branding | 7 |
| 5 | Adjustment of employment conditions | 7 |
| 6 | Recruitment of skilled workers abroad | 2 |

4. AI & Systems in E-Commerce

This chapter takes an in-depth look at artificial intelligence (AI) in e-commerce and the online shop systems and services used. It shows 15 areas in e-commerce in which, according to statements by online shop operators, promising AI solutions are being used. These include content creation, product information, customer advice, and customer service.

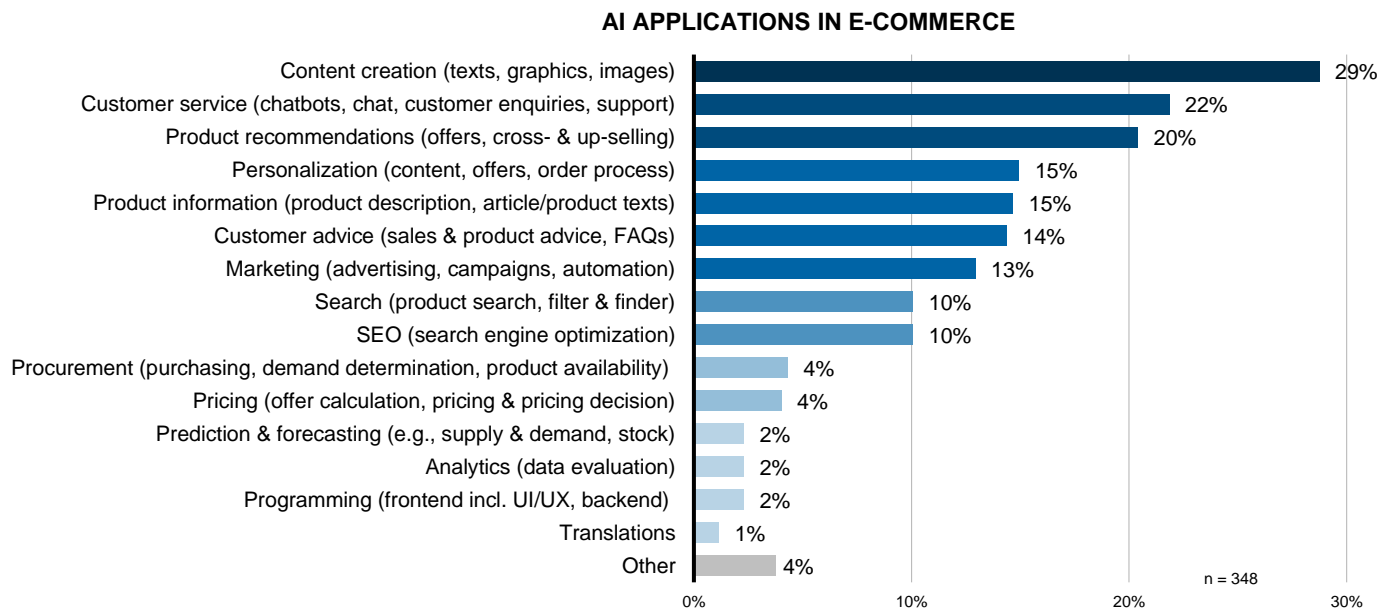
4.1 AI IN E-COMMERCE

The 549 online retailers were asked to estimate in what area of e-commerce AI would have the greatest impact. Of these, 348 provided open responses in the text box provided, which were grouped into the following 15 categories (see Figure 19).

1. **Content creation** was mentioned the most: 100 times (27 percent). Thanks to ChatGPT, it is now possible to generate **text** for a website or online shop without much effort. Graphics and images can also be created or edited with AI and then published.
2. Next, 22 percent of online retailers are of the opinion that AI will have the greatest impact on **customer services**. For example, intelligent **chatbots** already answer customer queries automatically, and customer communication and customer service are supported with AI solutions.

A best-practice example of the successful use of AI in e-commerce is the **JUMBot** used by the Swiss do-it-yourself company Jumbo. This chatbot answers the questions of customers in a sales-oriented manner. Figure 19 shows an application example of this innovative solution: To the question “How much paint do I need to paint 10 square meters of wall?” a language model with around 40 interlocking algorithms including **GPT-4** provides a target-oriented answer (Jumbo 2023). In addition, JUMBot immediately suggests the appropriate Jumbo products in the online shop with the answer, in this case wall and ceiling paints.

Figure 19: In what area of e-commerce will artificial intelligence (AI) have the greatest impact?



In content creation, product recommendation, personalization, search, and customer service, applications of artificial intelligence will have a significant impact.



Figure 20: Example of the intelligent sales advisor JUMBot, which is based on GPT-4 (JUMBot is available in German only).

The screenshot shows the JUMBO website's chatbot interface. At the top, there's a search bar and navigation links. The main content area features a blue banner with the text 'Lass dich von JUMBot, der ersten DIY-Intelligenz, beraten'. Below this, a chatbot window is open, displaying a question: 'Wie viel Farbe brauche ich, um 10 Quadratmeter Wand zu streichen?'. The chatbot's response is titled 'Berechnung des Farbbedarfs für das Streichen von Wänden' and explains that the amount of paint depends on factors like wall size, color, and surface texture. It provides a general rule: 'Im Allgemeinen gilt die Faustregel, dass du mit einem Liter Farbe etwa 5 bis 10 Quadratmeter Wand streichen kannst.' Below this, it offers specific advice for different scenarios, such as painting a dark wall light or a rough wall smooth. At the bottom of the chatbot window, there are three recommended paint products: 'Colodur Fassaden weiss seidenmatt 10L' (37.75 CHF), 'Meisterweiss Wand- und Deckenfarbe' (43.95 CHF), and 'Meisterweiss Wand- und Deckenfarbe' (12.50 CHF). The chatbot also includes a search bar for 'Stelle Fragen in jeder Sprache...'.

Source: www.jumbo.ch/de/service/jumbot.html (accessed on 17 August 2023)

Intelligent chatbots and search functions will simplify product search and selection. This will improve the customer experience on the customer side and increase sales on the supplier side.

- With 71 mentions, AI is also frequently used for **product recommendations** (20 percent, see Figure 19). Products and services are often presented on the product page and in the ordering process. Recommendations of alternative and additional products are very important for cross-, up-, and add-on selling by retailers to increase shopping cart values, sales, and profits in the online shop. In e-commerce, recommendation systems have been around for a long time, but recent developments in AI have improved the algorithms and software products and have increased the relevance of product recommendations for customers and shoppers. In newsletters, the (personalized) presentation and recommendation of products and services is also owed mainly to AI.
- A good 15 percent of the online retailers surveyed are convinced that AI will further improve **personalization** in online shops. This applies to the personalization of content, offers, and order processes which are dynamically adapted to the profile and behavior of the individual user.
- AI will also have a positive impact on the provision of product information, according to 51 respondents (15 percent, see Figure 19). Product descriptions, such as **article and product texts** in online shops, will increasingly be created, embellished, and corrected using AI applications such as ChatGPT. This will not only improve data and content quality (see Point 1) and search engine visibility (Point 9). It will also significantly reduce the daily workload of online shop product and category managers. AI can also improve the way products are displayed in online shops. For example, clothes or shoes can be tried on virtually thanks to AR (augmented reality) and digital products and services can be tested by consumers. AI can also be used to create and analyze **product reviews**.
- A good 14 percent of retailers are of the opinion that AI will change **digital customer advice** in the online shop, be it in interactive sales and product advice, solving problems, or answering frequently asked questions (FAQs). AI-based software will also actively support marketing and sales in **customer care**.

AI will further increase the effectiveness and efficiency of marketing off-site and improve the product presentation, selection, and ordering process of online shops.



7. The **marketing** of online retailers will also be influenced by AI in the future, according to 13 percent of the respondents. AI supports marketing in that the **advertising materials** (e.g., claims, logos, graphics, images, and videos) and **advertising texts** are partly or completely created by AI. **Advertising** on websites (e.g., banner/display ads and sponsored content), in social media (e.g., Instagram, Facebook, TikTok, or LinkedIn ads) and in search engines (e.g., Bing or Google ads) is booked, displayed, analyzed, reported, and optimized with the help of AI. Furthermore, AI supports the preparation, planning, execution, analysis, and adjustment of **marketing campaigns** to increase traffic, conversion rates, sales, and profit in online shops. Improved **customer segmentation** thanks to AI was also mentioned by some study participants. In **marketing automation** software, AI is used in B2C and especially in B2B e-commerce, for example, when it comes to lead generation, lead scoring, or lead nurturing.
8. The **search function** in online shops is being further developed by AI, as numerous online retailers have confirmed. Thanks to the further development of the algorithms, the results of **product searches, filter, and finder** are (even) better. As a result, the right products are found (faster) and purchase cancellations are reduced.
9. One in 10 study participants mentioned that AI will also have a strong impact on search engine optimization (**SEO**). With AI-generated content creation (see Point 1), content is not only optimized for customers but also for search engines. AI not only improves the ranking in search engines such as Google, but it also increases the visibility and awareness of the online retailers' offers and thus the number of online shop visitors and sales.
10. AI can also support retailers with their purchasing and **procurement**, such as in analyzing product availability and determining **order quantities** or requirements. Assortment adjustments and the **automated orders** in an auto-buy system, as already successfully used by large e-shops such as BRACK.CH or marketplaces like Galaxus, are based on self-learning algorithms.
11. AI is also finding its way into **pricing**, as 14 study participants explicitly mentioned. In dynamic pricing, for example, offers are calculated individually and in real time. On the one hand, AI facilitates the **pricing** and price decision-making of online retailers or automates this entirely, for example, by adjusting the prices in the online shop and on Google Shopping to those of competitors. AI is also used for the creation of **discounts** and couponing. On the other hand, AI supports the purchasing decisions of customers and buyers in B2B (e.g., through improved **price comparisons** and increased price transparency).
12. AI software also supports **predictions and forecasting**, such as concerning supply and demand, new and existing customers, purchase probabilities, purchase cycles, stock levels, and returns.
13. Eight participants mentioned that AI supports them with **analytics**. For example, it will evaluate data and relieve and support data engineers, data scientists, and analysts in the future.
14. In **order processing**, such as in merchandise management or fulfilment, AI also has positive effects for larger retailers. For example, warehouse processes can be automated, and goods can be packed in a space-saving way. This is already the case at BRACK.CH and Digitec Galaxus, for example.
15. AI solutions, such as GitHub Copilot, CodeGeex AI, and Tabnine, also supports the **programming** of online shops, information systems, and interfaces. AI-supported software development has a positive effect on the **front- and backend** of online shops, according to several retailers. For individual online shop operators, AI helps to improve the user interface (UI) and **user experience** (UX).

With the help of AI, it becomes possible to reduce costs and optimize processes along the entire value chain.



Four percent of the respondents mentioned **further areas** of e-commerce where artificial intelligence will have the greatest impact in their opinion:

- The development and adaptation of **strategies**
- **Product development**, such as the creation of new products and product maintenance

- **Comparing prices and products**
- The **order process** of online shops
- **Fraud detection** and prevention
- The **payment** process and automatic adjustment of payment options based on customers' creditworthiness
- The **billing** and processing of invoices
- **Personnel planning** and answering HR questions
- Automation and robotization in **warehouse management**
- **Logistics** and delivery

4.2 ONLINE SHOP SYSTEMS

When online retailers are asked which online shop system they currently use, Figure 21 shows a range of different online shop solutions. Changes can be seen in the use of **in-house development**: While almost 22 percent of respondents used in-house development in 2021, this figure fell to 15 percent in 2023. Smaller and medium-sized online shops tend to use standard software, while large online shops are more likely to develop their own. A large proportion of online retailers use **Wordpress/WooCommerce** (with 14.3 percent of mentions in Figure 21), **Magento** (Adobe Commerce; 11 percent), and **Shopware** (eight percent). **Shopify** has continued to gain market share in e-commerce with over eight percent, up from under five percent in previous years. Behind them are other solutions such as **SAP Commerce** (formerly Hybris) and **PrestaShop** (four percent each), **JTL** (three percent), and **PepperShop** (two percent). **MyCommerce** (Localsearch) and **Gambio** were named by 1.3 percent of the respondents. Pimcore, Salesforce (Commerce Cloud), ECWID (Lightspeed), Odoo, OXID eSales, Drupal Commerce, NopCommerce, Opacc, and Payrex Pages are used by around one percent of the online retailers surveyed.

WiX, OpenCart, Inware, and Cloudrexx (0.5 percent each in Figure 21), xt:Commerce, Joomla/MijoShop, Craft Commerce, Emporix, Hostpoint E-Page, Magnolia, Plentymarkets, Sana Commerce, Smartstore, Spryker, and Websales (0.4 percent each) are used only sporadically by the 501 online shop operators surveyed.



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Figure 21: Which online shop system do you use?

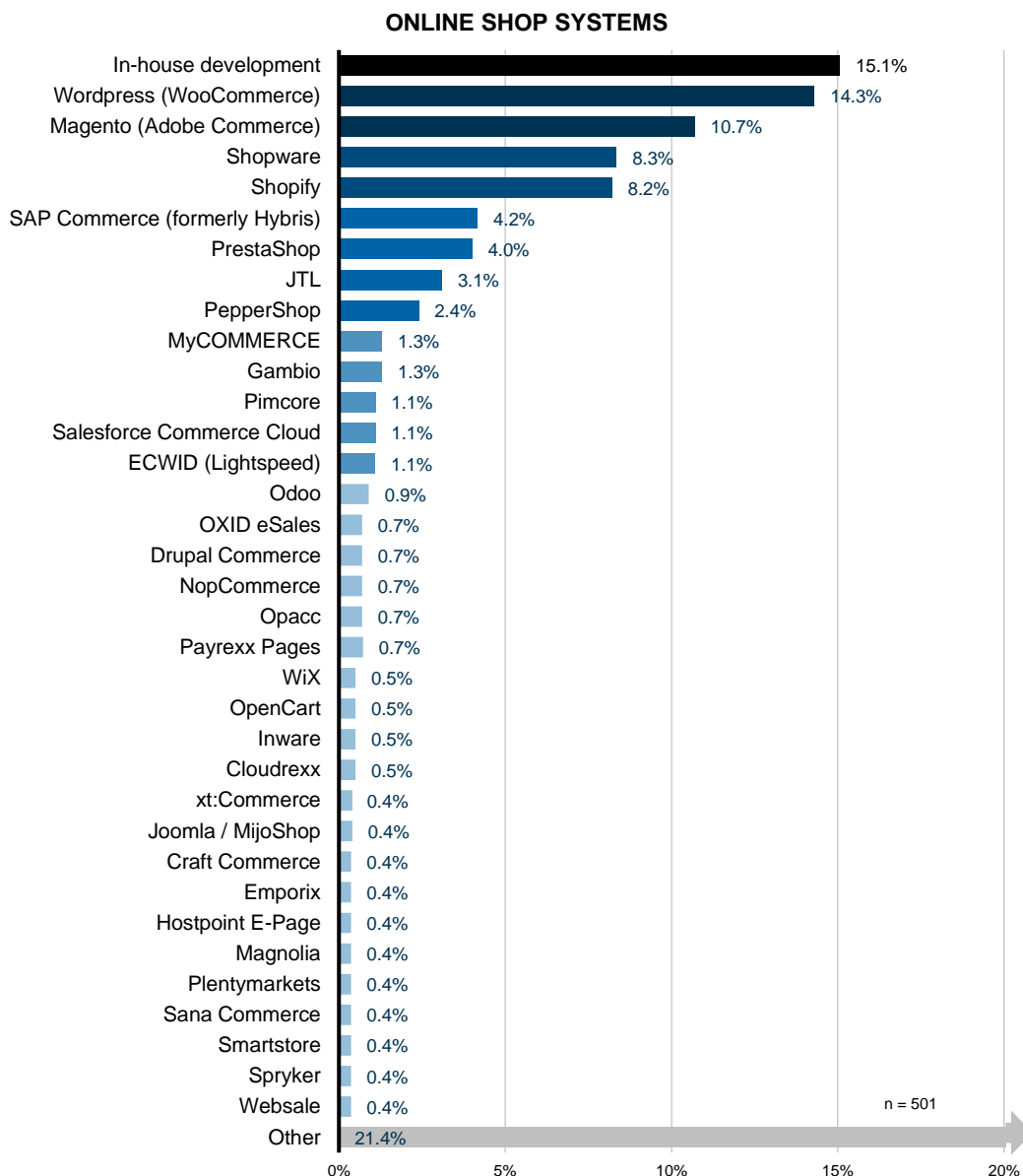


Table 5: Other online shop systems

| # | Name of system |
|----|--------------------|
| 1 | ABACUS (Abashop) |
| 2 | Aesu |
| 3 | Aimo's |
| 4 | BigCommerce |
| 5 | beeline web |
| 6 | Camaleo |
| 7 | CS-Cart |
| 8 | Commercetools |
| 9 | Dataforce |
| 10 | Denovo |
| 11 | Divlopped |
| 12 | ePages NOW |
| 13 | e-vendo |
| 14 | eNVenta |
| 15 | Eurosoft Flow |
| 16 | Ibexa |
| 17 | iconparc |
| 18 | Ingénie |
| 19 | Intershop |
| 20 | IceCube |
| 21 | iShop Novomind |
| 22 | JetTicket |
| 23 | modified eCommerce |
| 24 | Nelocom |
| 25 | Orlando Shop |
| 26 | OS Commerce |
| 27 | Paloma |
| 28 | Paymash |
| 29 | Pricenow |
| 30 | Simbiol |
| 31 | Simvoly |
| 32 | Siquando |
| 33 | Syreta |
| 33 | Strato/e-pages |
| 34 | virtuemart |
| 35 | werp |
| 36 | Xenario |
| 37 | Zynex |

Over one-fifth of the respondents use another online shop system, according to Table 5, which shows **individual responses**. The large number of 72 software solutions mentioned shows, as in previous and other studies, that the market for online shop systems is dynamic, competitive, demanding, and defragmented.

4.3 SERVICES AND FUNCTIONS OF ONLINE SHOPS

For many years, a key question in this survey has been what digital services and features online shops offer (see Figure 22). As in previous years, this year's results show that online retailers offer their customers a wide range of digital services and features, although their weighted importance has shifted (see Table 6). With 68 percent, **discount codes** were the most frequently mentioned service and are in first place. The high importance of discount codes, which reflects previous years, shows that discounts are a popular pricing tool that is used intensively by online retailers in the current market. The second most important service, **free shipping from a minimum order value**, was mentioned as a key service by almost 67 percent of online retailers.

In third place is **order tracking**, actively offered by 61 percent of the online retailers surveyed. At 51 percent (see Table 6), this figure is significantly higher than in 2022. Fast and uncomplicated delivery of products is an important success factor for online shops. It will become more and more significant as customers expect ever shorter delivery times. Shipment and order tracking is provided by various industries. As the survey shows, tracking is preferred in the food sector. It also tends to be used by high-turnover online shops in the leisure and hobby sector.

In fourth place, and with a significant gap to the previous services and features, is **express checkout** at 33 percent. Like fast delivery, customers also expect check out to be quick and easy. In the coming years, pressure from customers to guarantee fast and flexible order processes will increase. For 28 percent of online retailers, **product personalization** is another valuable digital service. Personalization offers online retailers an opportunity to differentiate themselves from the competition and retain customers. However, there is still a need for further development on the part of online retailers, and the potential has not yet been fully exploited. Notably, personalization is offered predominantly by large multichannel online shops in the service, construction, and food sector.

Free shipping is currently offered as a customer service by 21 percent of online retailers in Switzerland and Austria. This is a significant difference compared to the 66 percent of online retailers who offer free shipping for minimum order values, which shows that online retailers pass on some of the shipping costs to their customers indirectly and encourage more sustainable behavior among their customers.

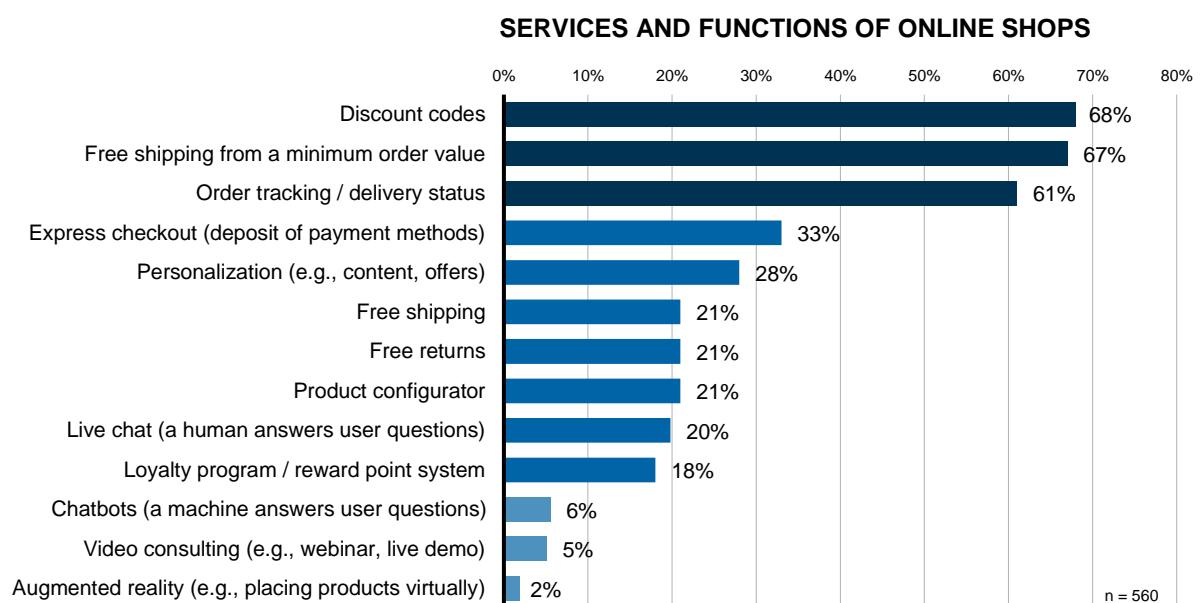
As in the previous year, **free returns** are considered an important service by only 21 percent of online retailers. Like free shipping, free returns increase the confidence and purchase intention of customers and reduce their risk of making a bad purchase. On the other hand, free returns lead to higher CO2 emissions, additional emissions, and higher costs for online retailers. Many retailers are working on different (digital) solutions to reduce returns (Wulms & Takkenkamp 2023).

Enabling customers to design products and services in a **product configurator**, which can increase customer satisfaction and purchase probability, is seen as a service tool by online retailers in Switzerland and Austria. However, only 21 percent of respondents offer their customers a product configurator, although this is slightly more than in 2021 (with 15 percent, see Table 6). Product configurators require more time from the customer, and user-friendliness and ease of use are crucial for success. Similar to recent years, 18 percent of respondents use **loyalty programs** to increase sales in the long term.

Live chat allows online retailers to improve the customer experience and facilitates customer acquisition through consultation. On the other hand, they can be available to their customers around the clock. Currently, 20 percent of all online retailers, especially large pure online retailers in B2C and B2B, offer this service to their customers. This is the same as in 2022 and slightly less than in 2021 (with 27 percent as shown in Table 6).

The use of **chatbots** in e-commerce has been developing at a low level. In 2022, they were only used by six percent of the online retailers surveyed, the same as in 2022 (i.e., at five percent). It can be assumed that chatbots will also develop positively in the coming years, given the increasing importance of WhatsApp as a sales channel and the rapid development of AI discussed above.

Figure 22: What digital services (functions) does your online shop offer? Multiple answers are possible.



Discount codes, free shipping from a minimum order value, and order tracking are services often offered by retailers.



Video counselling is used by five percent of online retailers and shows a slight decline compared to last year. Possible reasons for this can be seen in the lifting of the Corona measures, which have made it possible once again to provide various on-site services.

Augmented reality (AR), such as virtual product placement or virtual fitting applications, is still used very rarely in online retailing, at only two percent of mentions. The main reasons for the slow acceptance or implementation of AR in online retail are the still high development costs and the various technical challenges involved in the co-ordination of hardware and software.

The comparison with previous years clearly shows that online retailers are offering their customers a variety of different services to increase customer satisfaction. However, a clear service strategy is not apparent. On the one hand, as Table 6 shows, online retailers seem to be both willing to experiment with the variety of services offered and uncertain about the value of each service. On the other hand, it is clear that discount codes are one of the most important services offered by online merchants and, in view of the current economic situation, a key service.

Table 6: Comparison of services and functions in 2021, 2022, and 2023

| # | Services & functions 2023 | % | Services & functions 2022 | % | Services & functions 2021 | % |
|----|------------------------------------------|------|----------------------------------------|----|----------------------------------------|----|
| 1 | Discount codes | 68 ↗ | Product filter / Product finder | 77 | Guest order | 65 |
| 2 | Free shipping from a minimum order value | 67 ↗ | Recommendation of additional products | 70 | Discount codes | 64 |
| 3 | Shipment tracking | 61 ↗ | Discount codes | 67 | Recommendation of additional products | 63 |
| 4 | Express checkout | 33 ↗ | Guest order | 63 | Product filter / Product finder | 63 |
| 5 | Personalization | 28 ↗ | Free shipping | 55 | Wish lists | 54 |
| 6 | Free shipping | 21 ↘ | Wish lists | 54 | Free shipping | 53 |
| 7 | Free returns | 21 ↗ | Shipment tracking | 51 | Shipment tracking | 52 |
| 8 | Product configurator | 21 ↗ | Recommendation of alternative products | 50 | Recommendation of alternative products | 46 |
| 9 | Live chat | 20 ↗ | Digital product catalogues | 49 | Product reviews | 46 |
| 10 | Loyalty programs | 18 ↗ | Product reviews | 48 | Live chat | 27 |
| 11 | Video consulting | 7 ↗ | Personalization | 30 | Free returns | 20 |
| 12 | Chatbots | 6 ↗ | Product configurator | 23 | Personalization | 20 |
| 13 | Augmented reality | 2 ↗ | Live chat | 20 | Product configurator | 15 |

Change in services in 2023 compared to the previous year: ↗ Increased strongly ↗ Increased slightly ↗ Remained the same ↘ Decreased slightly ↘ Decreased strongly

4.4 OMNI-CHANNEL SERVICES

A holistic shopping experience is increasingly becoming a key motivator for customers. To achieve this, many online retailers are relying on an integrated omni-channel strategy. As part of this omni-channel strategy, retailers offer their customers a wide range of services, such as those shown in Figure 23, to increase customer satisfaction. Compared to the previous year, the omni-channel services offered differ both in terms of services offered and value.

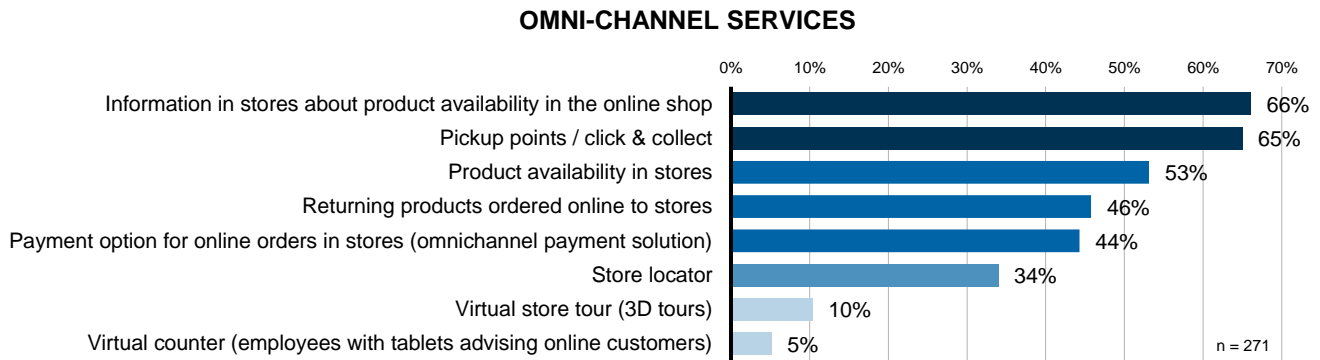
Information in physical stores about **product availability in the online shop** and **in-store pick-up points** (click and collect) are considered to be the most important omni-channel services, with two-thirds of mentions. This is the same as in 2022 (see Table 7).

Product availability in physical stores is the third most important omni-channel service in 2022, with 53 percent of mentions. Product availability has become a critical success factor as the current economic situation makes many products difficult to supply.

Returning products ordered online in-store and the ability to pay for online orders in-store are services to improve the customer experience used by 46 percent and 44 percent of online retailers, respectively. Compared to 2022 (at 63 percent as shown in Table 7), the number of mentions of the option of returning products ordered online in-store has decreased significantly. The importance of the **store locator** has also declined since last year. Currently, one-third of online retailers still offer this omni-channel service used by online retailers especially in the B2C sectors of sports, food, and home and living.

Product availability in online shops and in physical stores as well as pick-up points are the key omni-channel services.

Figure 23: What omni-channel services does your online shop offer? Multiple answers are possible.



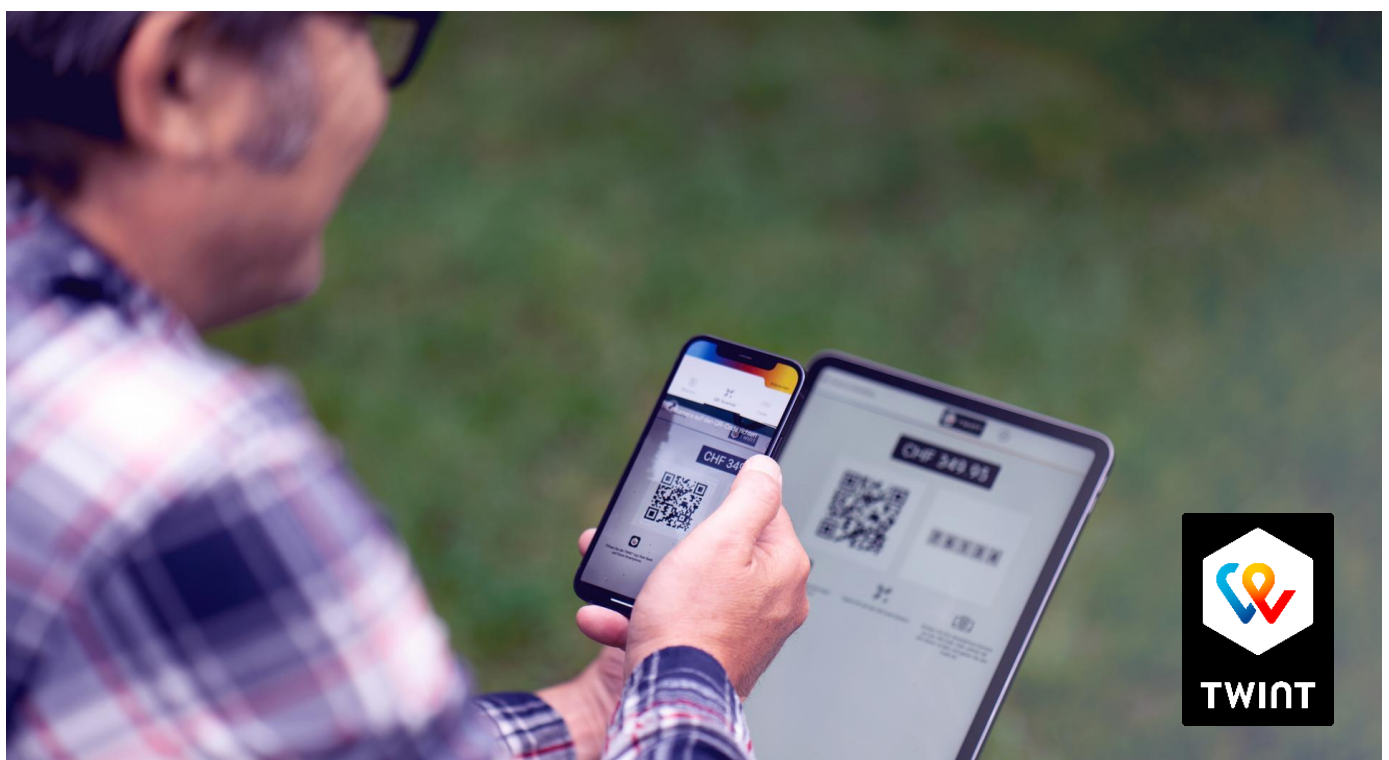
Virtual shop tours (360 degree tours) are currently offered by 10 percent of online retailers with stores, which is less than last year (17 percent as shown in Table 7). Virtual shop counters with customer advisors providing digital advice from a store or customer service center is used by five percent of retailers, mainly in B2B. This is the same as in 2022.

Table 7 illustrates the evolution of omni-channel concepts in online retailing. To provide added value to their customers, retailers are offering various omni-channel services. There are already signs that, as part of this omni-channel approach, physical shops are becoming strategic support points for online shops and contribute significantly to their growth in importance.

Table 7: Comparison of omni-channel services 2022 and 2023

| # | Omni-channel services 2023 | % | Omni-channel services 2022 | % |
|---|------------------------------------------------------|------|------------------------------------------------------|----|
| 1 | Product availability in the online shop | 66 | Returning products ordered online to physical stores | 63 |
| 2 | Click & collect | 65 ↗ | Click & collect | 62 |
| 3 | Product availability in stores | 53 ↗ | Store locator | 54 |
| 4 | Returning products ordered online to physical stores | 46 ↓ | Product availability in stores | 48 |
| 5 | Payment option for online orders in stores | 44 | Virtual shop tour (3D tours) | 17 |
| 6 | Store locator | 34 ↓ | Virtual counter | 6 |
| 7 | Virtual shop tour (3D tours) | 10 ↘ | | |
| 8 | Virtual counter | 5 ↗ | | |

Change in omni-channel services in 2023 compared to the previous year: ↑ Increased strongly ↗ Increased slightly → Remained the same ↘ Decreased slightly ↓ Decreased strongly - no data



5. Payment in E-Commerce

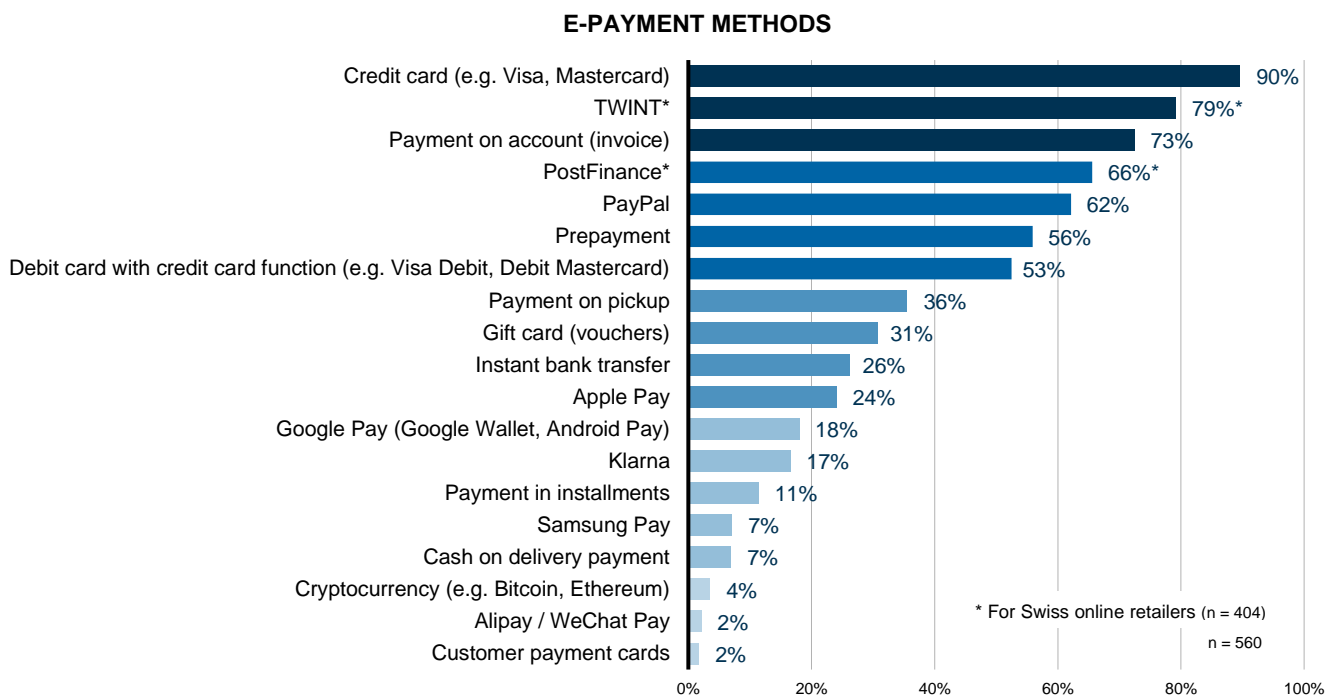
This chapter discusses current developments on the topic of e-payment. Payment on account and credit cards remain the standard methods of payment, but mobile payment methods and debit cards are gaining market and revenues shares among merchants. It is already possible to pay with TWINT in four out of five Swiss online shops, making it the second most important payment method in Switzerland.

5.1 PAYMENT METHODS IN E-COMMERCE

One section of the questionnaire for this year's study was dedicated to payment for purchases in online shops. As our findings show, credit cards remain the most frequently offered standard means of payment: 90 percent of the online retailers surveyed accept **credit cards** such as Mastercard, Visa, and American Express (see Figure 24). The proportion of online shops accepting credit cards increased during the Corona pandemic from 78 percent in 2019 to 89 percent in 2021 (see Figure 25) and has remained high for the past two years (86 to 90 percent).

The Swiss mobile payment provider **TWINT** continued to gain market share among online merchants in 2023. At 79 percent, it is the second most frequently used payment method (see Figure 24). The rapid growth of TWINT is impressive, as Figure 25 visualizes: Back in 2018, the TWINT app was only accepted by 24 percent of Swiss online shops, but during the pandemic, this number increased to 52 percent. In 2022, TWINT made another big jump to 74 percent although, currently, this growth is slowing down. With 73 percent of online merchants, payment can be made on **account** (by invoice). This payment method, however, has been losing popularity among online merchants for some years, as shown in Figure 25: In 2018, it was still possible to pay by invoice at 83 percent of online shops; by 2022, this number had gone down to 70 percent. Payment by invoice is more popular with Swiss online shops (75 percent) than with Austrians (61 percent) (see Table 8). Large online shops (92 percent) offer payment by invoice much more frequently than small ones (64 percent).

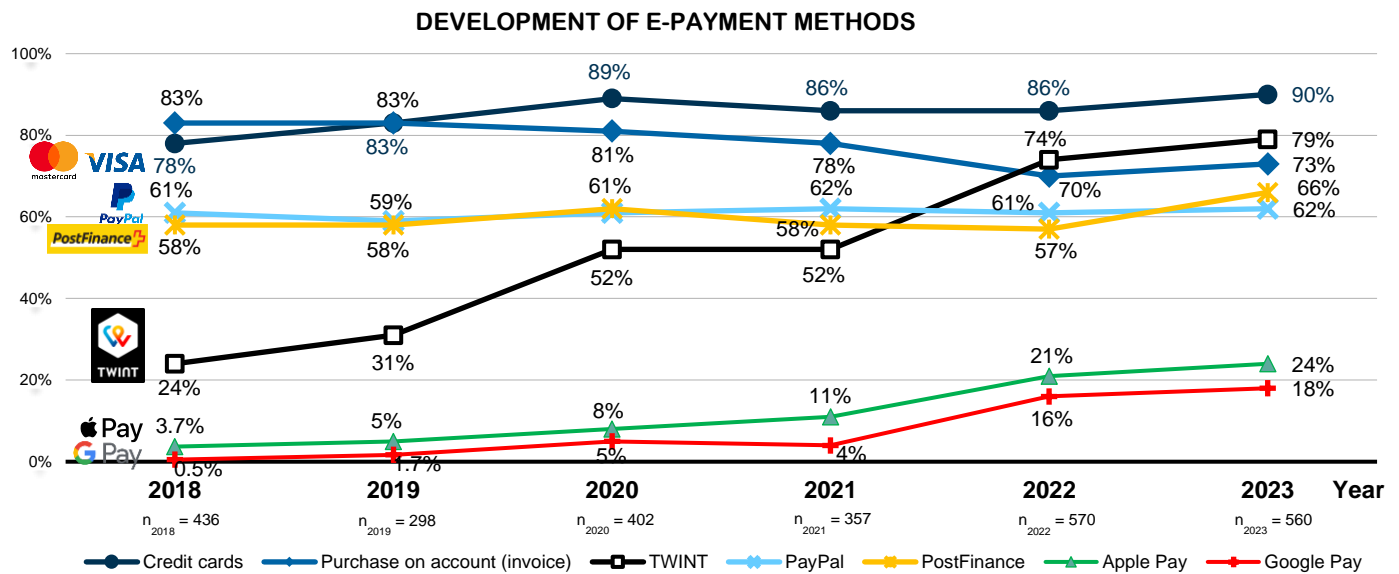
Figure 24: Which payment methods do you offer in your online shop? Multiple answers possible.



Mobile payment providers such as TWINT, Apple Pay, and Google Pay are gaining in market and revenue share among online merchants.



Figure 25: Development of payment methods offered by online retailers from 2018 to 2023



As the leading Swiss mobile payment solution, TWINT has tripled its share with online retailers in just four years.



PostFinance, a state-affiliated Swiss financial services provider, is also one of the five most important payment providers: At two-thirds of the Swiss online shops surveyed, it is possible to pay by Postcard or PostFinance app. This level has been stable for some years (between 57 and 61 percent as shown in Figure 25). Among the 2023 sample, PostFinance was able to increase its merchant share to 66 percent.

Among international online merchants, **PayPal** continues to be popular: 62 percent of the online retailers surveyed offer this electronic payment solution. PayPal's market share among online retailers has remained constant over the last five years at between 59 and 62 percent (see Figure 25). PayPal is significantly more popular with retailers and customers in Austria (with 83 percent of mentions in Table 8) than in Switzerland (with 55 percent).

More than half of the online retailers offer **prepayment** as a payment method, but this is rarely used by customers (HWZ, 2023). Prepayment is offered significantly more frequently by pure players (71 percent as shown in Table 8) than by omni-channel providers with a stationary focus (51 percent).

At 53 percent of online shops, it is possible to pay with a **debit card** that has a credit card function, such as Visa Debit or Mastercard Debit (see Figure 24). This is 13 percent more than in 2022, when it was 47 percent. As more and more banks issue debit cards, their market share is likely to continue to increase, both among merchants and customers. Swiss online shops offer debit cards slightly more often than Austrian ones, large ones more often than small ones, and pure players more often than omni-channel retailers with a stationary focus.

At almost every second omni-channel retailer, you can place your order in the online shop and pay when you **pick up your order in a physical store** or at a pick-up station. This is significantly more than last year and indicates that retailers are expanding and successfully implementing their omni-channel concepts. Some retailers (31 percent) offer **gift cards** or vouchers that can be bought in the online shop. **Instant bank transfer** is offered by one in four retailers, but it is rarely used by the customers.

The mobile payment method **Apple Pay** is already offered at every fourth online shop. Apple Pay has experienced rapid growth in the "iPhone country" of Switzerland: In 2018, Apple Pay was accepted by only 3.7 percent of all e-shops, but from 2020 to 2023, acceptance tripled to 24 percent (in Figure 25). Apple Pay is offered slightly more frequently by pure players (32 percent) than by omni-channel retailers with a stationary focus (22 percent, see Table 8).

Table 8: The 10 most common payment methods offered by online retailers by market, online shop size, and type of business

| Payment method | Total (n = 560) | Market | | Online shop size | | Type of business | |
|-------------------------------------------|--------------------|--------------------------|----------------------|----------------------------|-----------------------------|--------------------------|---------------------------------|
| | | Switzerland (n = 404) | Austria (n = 135) | Small (<4 E.) (n = 306) | Large (>21 E.) (n = 112) | Pure player (n = 143) | Stat. omni-channel (n = 210) |
| Credit card (e.g., Visa, Mastercard) | 90% | 90% | 88% | 88% | 91% | 91% | 91% |
| TWINT (only in Switzerland) | 79% | 79% | - | 78% | 75% | 76% | 76% |
| Payment on account | 73% | 75% | 61% | 64% | 92% | 71% | 72% |
| PostFinance debit card (Switzerland only) | 66% | 66% | - | 64% | 57% | 56% | 66% |
| PayPal | 62% | 55% | 83% | 61% | 63% | 69% | 64% |
| Prepayment | 56% | 56% | 59% | 60% | 47% | 71% | 51% |
| Debit card with credit card function | 53% | 53% | 48% | 50% | 58% | 67% | 59% |
| Payment on collection | 36% | 39% | 27% | 38% | 27% | 22% | 42% |
| Gift card (vouchers) | 31% | 32% | 27% | 25% | 37% | 28% | 36% |
| Apple Pay | 24% | 24% | 25% | 25% | 22% | 32% | 22% |
| Google Pay | 18% | 18% | 18% | 17% | 19% | 34% | 14% |
| Klarna | 17% | 6% | 47% | 16% | 20% | 17% | 20% |

Large, Swiss online shops most often offer purchase on account.
In Austria, PayPal and Klarna are popular solutions.



The picture for **Google Pay** is similar to that for Apple Pay: In 2018, Google Wallet was only accepted by 0.5 percent of online shops, by 2021 already four percent (see Figure 25). Within two years, Google Pay acceptance has leapt to currently 18 percent. Google Pay is particularly popular in e-commerce, where it is offered much more frequently by pure online retailers (34 percent as shown in Table 25) than by omni-channel retailers with a stationary focus (14 percent). The above-average growth of TWINT, Apple, and Google Pay illustrates the increasing importance of mobile payment methods on the part of customers in Switzerland.

Klarna is also gaining market share among online retailers (currently 17 percent). It is much more popular in Austria (47 percent) than in Switzerland (six percent, see Table 8).

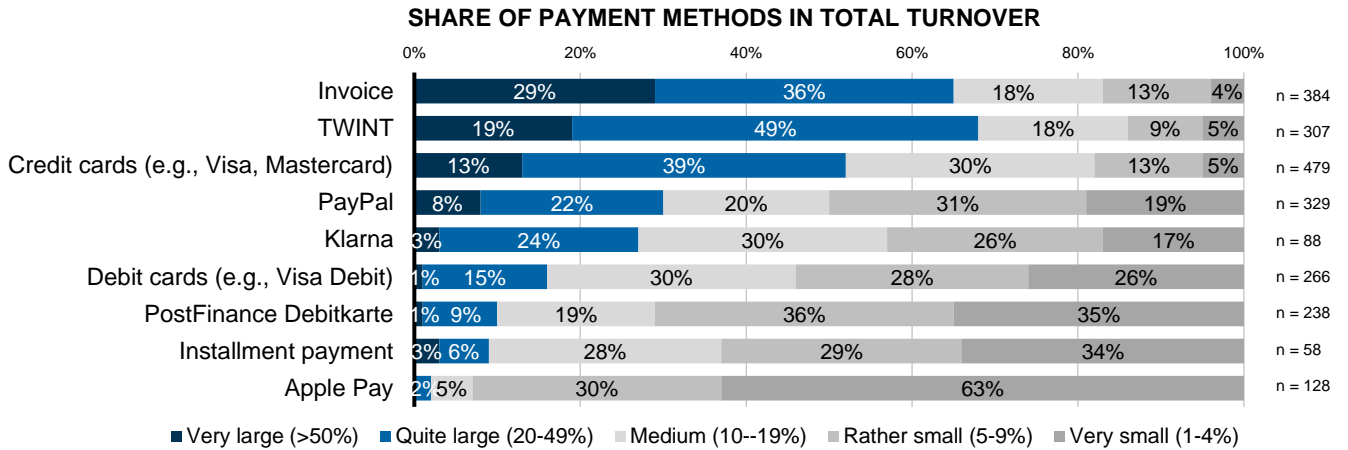
A further 11 percent offer **payment by instalments**, seven percent **payment by cash on delivery** and two percent payment by **customer card** (see Figure 24). **Cryptocurrencies** as a payment method have been able to attract the online retailer market at four percent.

Solutions by Asian payment providers such as **Samsung Pay** (seven percent), **Alipay**, and **WeChatPay** (two percent) are accepted at the same rate as in the previous year.

The largest **share of payment methods** in the total revenues of online shops is made up of payment on account; in Switzerland, this includes TWINT and credit cards such as Visa and Mastercard (see Figure 26). **Invoice payment** accounts for more than 50 percent of the share of turnover for 29 percent of online retailers, which is significantly less than in 2022 (44 percent). This means that the invoice share of total revenues is declining among online retailers and more transactions are being paid for with mobile payment methods such as TWINT. (v

For 19 percent of Swiss online retailers, the largest share of sales is paid for using **TWINT** (compare Figure 26). At 49 percent, this is a rather large share of total sales (between 20 and 49 percent). This is more than in 2022 and proves that mobile payment methods are continuing to hold their own against traditional payment methods. **Credit card** payments account for a very large share of sales for 13 percent of online retailers and a rather large share for 39 percent of them, significantly less than last year. In other words, the credit card as a payment method is losing relative market share in e-commerce. For 30 percent of online shops, **PayPal** accounts for a rather or very large share of total sales; for **Klarna**, this is 27 percent. **Debit cards** (including Visa/Master Debit and PostFinance), payment by instalments and Apple Pay have a low but growing share of turnover.

Figure 26: How high is the share of the following payment methods in the total turnover of your online shop?



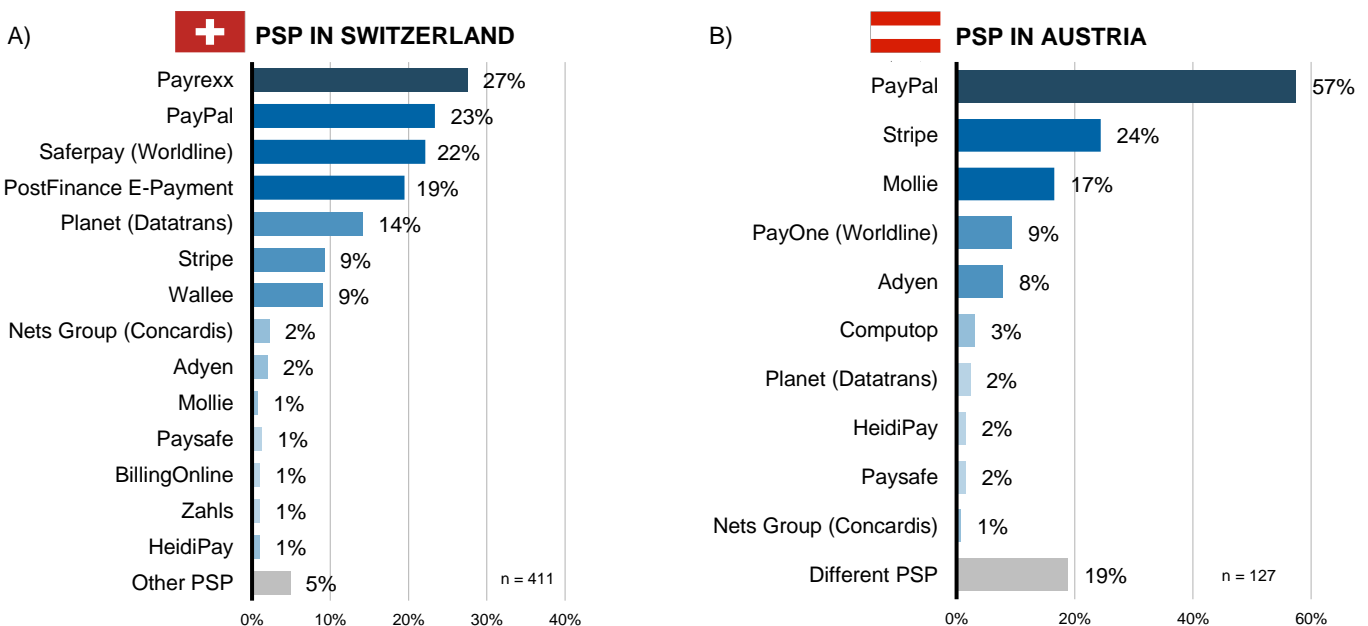
TWINT, Klarna, and debit cards are gaining ground in e-commerce at the expense of invoices and credit cards.



5.2 PAYMENT SERVICE PROVIDER

The 558 online shop operators surveyed were asked which payment service provider (PSP) they work with to process their online shop transactions. Figure 27 (A) shows that **Payrex** is very popular among Switzerland’s small online shops with 27 percent of mentions. In second place in Switzerland with 23 percent of mentions is **PayPal**, which is number one in Austria. **Saferpay by Worldline Payment Services** (formerly SIX Payment Services; 22 percent of mentions as shown in Figure 27A) and **PostFinance e-payment** (19 percent) rank in the top four in Switzerland. In Austria, popular providers include **Stripe** (24 percent of mentions as shown in Figure 27B), **Mollie** (17 percent), **PayOne** (Worldline; nine percent), and **Adyen** (eight percent). The payment provider **Planet**, which has taken over Datatrans, is mentioned by 14 percent of online merchants in Switzerland, and only by two percent in Austria.

Figure 27: Which payment service providers (PSPs) do you work with? (Multiple answers are possible)

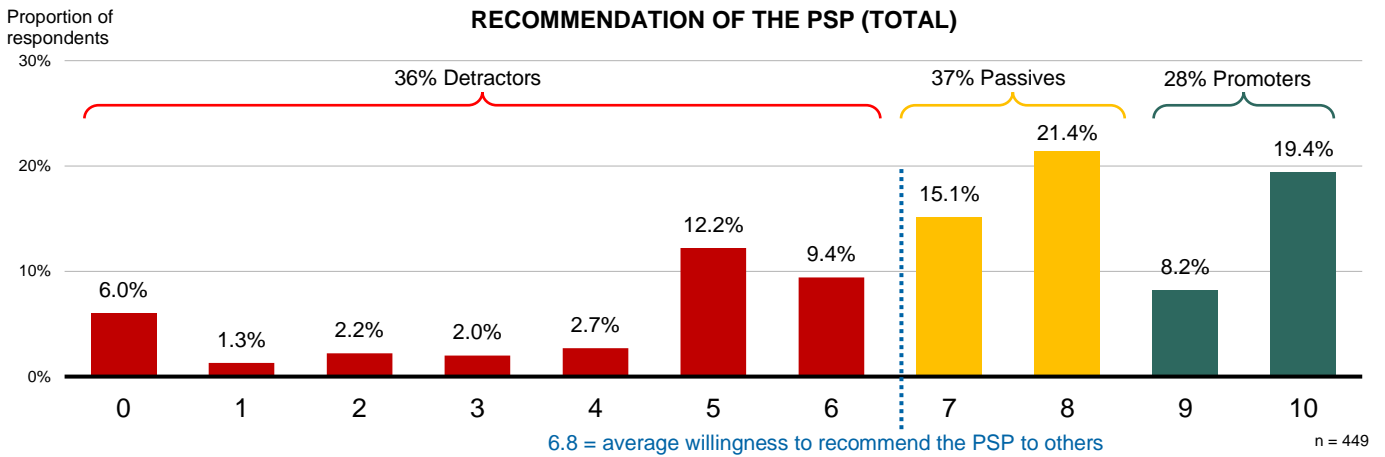


Payrex, PayPal, Saferpay by Worldline, PostFinance, and Planet are the five most popular PSPs in e-commerce in Switzerland.



A solution offered by **Nets Group** (Concardis), **Paysafe**, or **HeidiPay** is used by two and one percent of the online shops surveyed, respectively. In Switzerland, behind **Wallee** (at nine percent of the surveyed merchants), there are still smaller providers like **Billing Online** and **Zahls** with individual nominations. Five percent of the Swiss and 19 percent of the Austrian online shops also use another PSP. Calculating the **net promotor score** (NPS) by asking online merchants how likely they are to recommend their payment service provider (PSP) to a friend or colleague results in the picture shown in Figure 28: 28 percent are **Promoters** (with a score of 9 or 10), 37 percent are **Passives** (with a score of 7 or 8), and 36 are **Detractors** (with a score of 6 or lower). This results in an NPS of -8.2, which is relatively low. The likelihood of a retailer recommending their PSP to a friend or colleague is 6.8 (on a scale of 0 to 10 as shown in Figure 28). Some PSPs may still have to work on their customer satisfaction.

Figure 28: How likely would you be to recommend your payment service provider (PSP) to a friend or colleague?



At minus 8, the NPS of the PSPs is quite low.



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5.3 OMNI-CHANNEL PAYMENT SOLUTIONS

Omni-channel retailers were asked why they do not use an omni-channel payment solution. Of the 208 respondents, one in four stated that they use the **shop system's payment solution**. Cloud-based shop systems, above all the industry leader **Shopify**, are gaining strongly in importance in e-commerce. These already offer their customers a payment solution integrated into the online shop, so retailers do not need another payment solution for omni-channel.

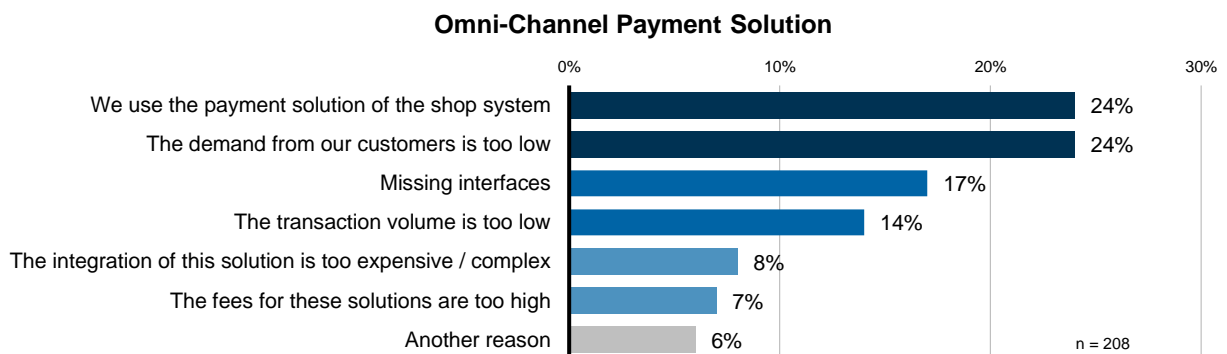
A quarter of the merchants also stated that the **demand** in the retail shop is too low to integrate an omni-channel payment solution. The **transaction volume** of 14 percent of omni-channel retailers is too low to make such a solution worthwhile (see Figure 29).

Furthermore, 17 percent of the merchants stated that they lack **technical interfaces** (application programming interfaces; API), for example, in their checkout or online shop systems. Eight percent also consider the integration of such a solution to be **too expensive** or time-consuming. Seven percent of the respondents find the **fees** for omni-channel solutions too high (compare Figure 29).

Some omni-channel merchants gave another reason why they do not use an omni-channel payment solution. The individual responses were as follows:

- No need for such a solution, among other things because customers pay on account.
- No internal competencies on payment solutions are available.
- The company is too small.
- The online retailer is "not ready yet".
- Such a solution is planned for the future.

Figure 29: Why don't you use an omni-channel payment solution? (A payment solution for omni-channel retailers; multiple answers are possible)



Due to low demand and transaction volumes as well as a lack of switching options and interfaces, merchants do not use any omni-channel payment solutions.



5.4 BUY NOW, PAY LATER

The online retailers were also asked whether they use a "Buy Now, Pay Later" (BNPL) solution allowing their customers to pay later (see Figure 30). Experience shows that payment by instalments is often offered by online shops with a shopping basket value of more than 500 Swiss francs. Here, 11 percent of the merchants surveyed stated that they offer such a solution to their customers. This is less than in the 2022 Online Retailer Survey, where 17 percent had a BNPL solution. Also, 89 percent said that they do not currently offer such a financial service in their online shop.

Of those online shops that offer BNPL solutions, 29 percent work with **Klarna (BillPay)**, followed by **MF Group** (with 24 percent of mentions as shown in Figure 31). The MF Group was able to further increase its market share in this sample compared to the previous year with 17 percent of mentions. The new BNPL provider **CembraPay** is now in third place among BNPL providers with 18 percent mentions (see Figure 31). CembraPay is the result of a merger of Byjuno and swissbilling.

Figure 31: Do you have a "buy now, pay later" solution?

"BUY NOW, PAY LATER" SOLUTIONS

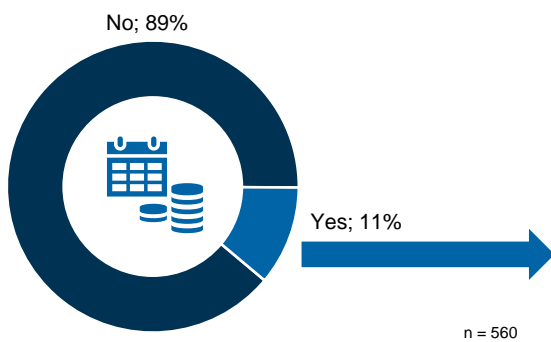
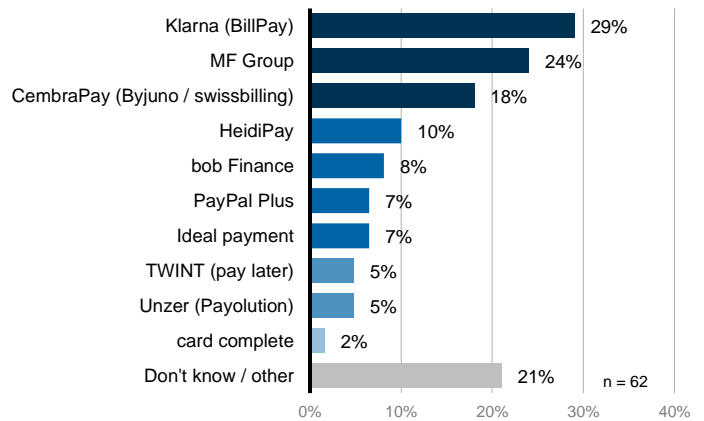


Figure 30: Which "buy now, pay later" partners do you work with? (Multiple answers are possible)

"BUY NOW, PAY LATER" PROVIDERS



One-tenth of online shops offer payment by instalments.
The market of "buy now, pay later" providers is growing.



**Buy Now.
Pay Later!**
cembrapay.ch

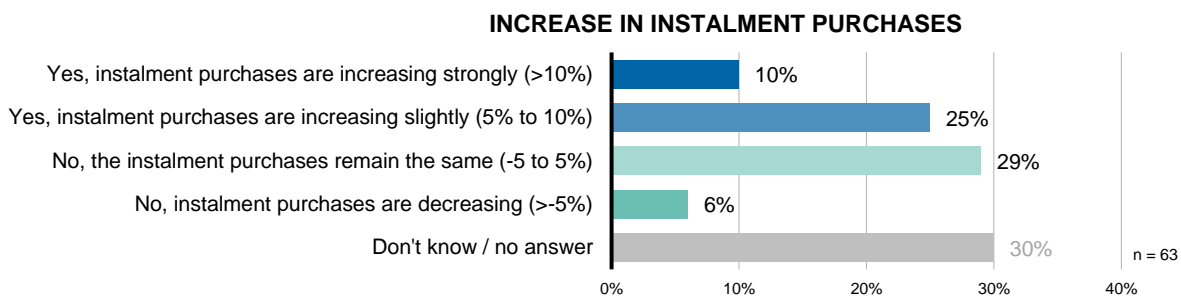


CembraPay is followed by **HeidiPay**, which has entered the Swiss BNPL market for the first time, and **bob Finance** with ten, and eight percent, respectively. Other providers are **PayPal Plus** and **Ideal payment**, each with seven percent of mentions.

Also new to the BNPL market is the **TWINT pay later** solution with five percent mentions, which is the same as **Unzer** (Payolution). The provider **card complete** ranks at the bottom with two percent (see Figure 31). Mollie, PowerPay, and individual BNPL solutions were named under "Other".

The 63 online retailers who offer their customers payment by instalments were asked whether they have noticed an **increase in instalment purchases** compared to one year ago. For one in 10 respondents, instalment purchases are increasing strongly (i.e., by more than ten percent in Figure 32). For one in four BNPL providers, instalment purchases increased slightly (five to 10 percent). For 29 percent, instalment purchases remained the same (minus five to plus five percent). Only six percent saw instalment purchases increase by more than five percent in 2022, with 30 percent indicating "don't know / no information".

Figure 32: Have you noticed an increase in instalment purchases over the past year?



Buying “on credit” is becoming increasingly popular in online retailing. one in three online shops increased their instalment purchases last year.



The **ALL-IN-ONE** payment solution



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5.5 COLLECTION

This year, for the first time, the online retailers in this study series were asked how they handle debt collection, meaning how they deal with open invoices or receivables from their customers. According to Figure 33, one-third have no outstanding debts or **do not need debt collection**.

Another third of the online retailers have their **own debt collection** or accounts receivable management. More than a quarter **outsource** their debt collection to a **debt collection agency**. Eleven percent have both: They have their own debt collection and also work with a debt collection partner. For example, the debt collection process is run internally, but the loss certificate management is outsourced.

When asked which external **debt collection partners** they work with, 62 online retailers named the debt collection companies in Figure 34. **Intrum AG** was mentioned most frequently at 24 percent, followed by **Creditreform** at 19 percent. **Infoscore AG** (Arvato; seven percent), **Inkassosolution AG** (five percent) and **EOS Schweiz AG** (three percent) ranked in the middle.

One company each named **Inkasso AG** and **Paycoach AG**. Almost half of the respondents work with different debt collection partners, which are listed alphabetically in Table 9.

The 119 online retailers who (partially) outsource their debt collection to a debt collection agency were asked why they do this. Figure 35 shows that a good two-thirds want to focus on their **core competencies**. Almost half of them lack the **personnel resources** to manage their own debt collection. A lack of internal expertise in receivables management is another reason why 29 percent outsource their debt collection. One in four retailers justifies the outsourcing of debt collection with the fact that they do not have **debt collection software**. For 22 percent, it is the high **internal costs**.

The 181 companies that operate their own debt collection were asked why. As shown in Figure 36, one-fourth argued that they have sufficient **personnel resources and expertise**. A higher level of **customer loyalty** or customer proximity (for 17 percent of the retailers surveyed) and **cost savings** (for 15 percent) are further reasons for managing debt collection in-house.

Nine percent **fear for their image** if their debt collection were to be managed by an external provider. Only seven percent do not want to outsource debt collection for reasons of **data security** and/or data protection. Having their own debt collection software or compliance are rarely mentioned reasons for doing debt collection internally.

Figure 34: How do you organize your debt collection?

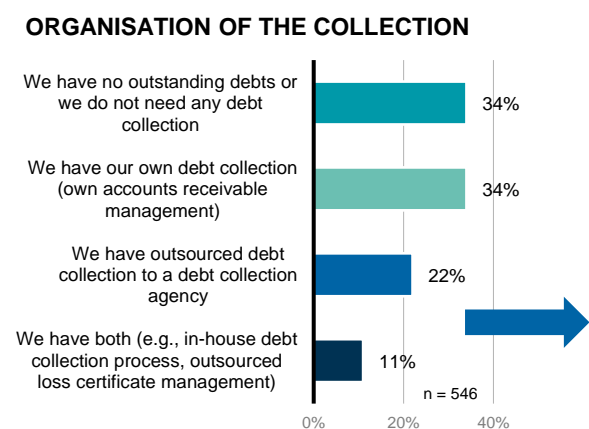


Figure 33: Which debt collection partner do you work with?

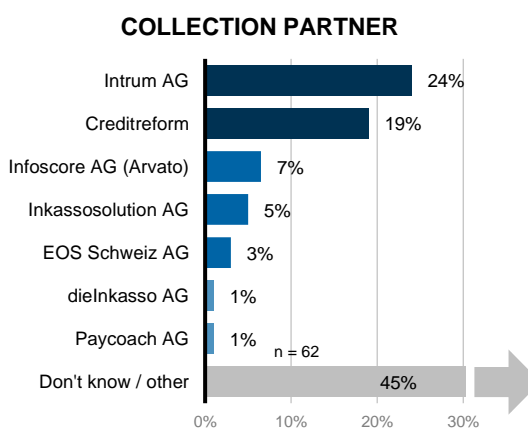


Table 9: Other collection partners (alphabetical)

| # | Other partners |
|----|-------------------|
| 1 | Availabil |
| 2 | Assets |
| 3 | CembraPay |
| 4 | D.A.S |
| 5 | Debitors Mgmt. SA |
| 6 | Encath |
| 7 | Ideal Payment |
| 8 | IS Collection |
| 9 | KSV |
| 10 | Klarna |
| 11 | LIXT |
| 12 | Markant |
| 13 | Mediafinanz |
| 14 | MF Group |
| 15 | Novalnet |
| 16 | Payolution |
| 17 | PowerPay |
| 18 | Unzer |

One-third of the online merchants surveyed have either no debt collection, their own debt collection management, or they have outsourced it to an external debt collection partner.



Figure 35: Why do you outsource debt collection?
(Multiple answers are possible)

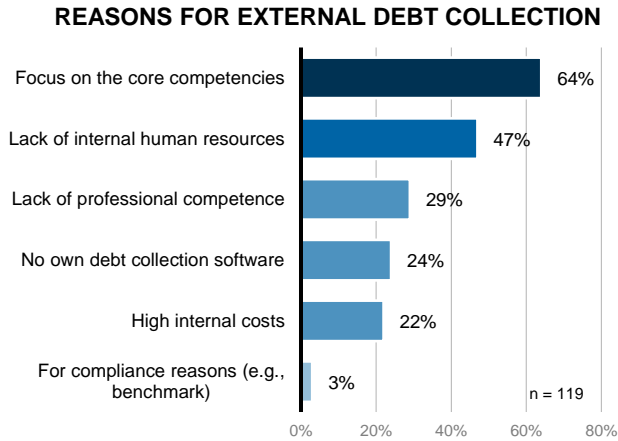
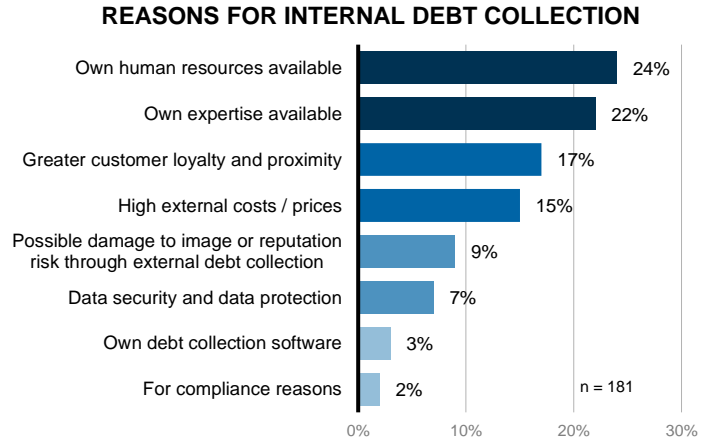


Figure 36: Why do you run your own debt collection?
(Multiple answers are possible)



Focusing on their own core competencies and a lack of internal personnel or technical resources were given as reasons to outsource debt collection to an external specialist.



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Commerce Report Switzerland: Follow-up 2023

Retail After Corona

Ralf Wölfle

16th edition of the Commerce Report Switzerland study series

Publisher University of Applied Sciences and Arts Northwestern Switzerland FHNW
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Author Ralf Wölfle

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6. Retail After Corona: Commerce Report Switzerland Study Series – Follow-Up Report

With its 15th edition, the Commerce Report Switzerland study series ended in 2022 with a comprehensive report. It reflected on the impact of the Corona pandemic and described expectations for the further development of consumer goods distribution (Wölfle & Leimstoll 2022). It was generally assumed that 2022 would be a transition year and that 2023 would represent a *new normal*. But that is not what happened. That was the reason for this follow-up report. In the following chapter, the set-up of the study is described to show how the new study results were obtained.

6.1 THE SPECIAL SET-UP OF THIS FOLLOW-UP REPORT

At the invitation of Darius Zumstein, this follow-up report was conceived as a **guest contribution to the ZHAW Online Retailer Survey 2023** – again sponsored by Datatrans, now Planet. The idea was intriguing in many ways. For example, the survey, which was only conceived as a small follow-up study, could thus more extensive in one dimension than the previous Commerce Report Switzerland studies, namely in the number of survey participants. Accordingly, the survey for this follow-up report was conducted using two complementary methods: 1) the primarily qualitative survey of members of the long-standing study panel of the FHNW in personal interviews lasting 30 to 45 minutes (the methodology is described in detail in the study report Commerce Report Switzerland 2022); 2) the primarily quantitative online survey for the *ZHAW Online Retailer Survey 2023*, into which some of the questions were also incorporated.

The two surveys make **different contributions** to the study results. The interviews provide in-depth insights into the personal assessment of market development by the decision-makers selected for this purpose from 18 participating companies (see Table 10 on page 67). The interviewees – experienced decision-makers from potentially market-shaping companies – were part of an existing study panel formed by FHNW, which conducted the structured interviews for the second time. They provided information on many details that are not publicly available. In addition to some facts, the interviews mainly provide the arguments for interpreting the market development. Through the quotations that have been included, the participants become recognizable contributors to the report. The ZHAW survey, on the other hand, generates a large number of spontaneous answers to primarily closed questions. Responses from around 360 participants in the open online survey were included in the evaluations for this follow-up. They primarily represent Swiss online providers with B2C customers. The large number allowed us to examine differences by industry and company size. Open text answers or comments from the online survey are significantly less numerous and mostly limited to keywords. If one compares the answers from the study panel and from the online survey for identical questions, **clear differences become apparent**. The members of the study panel answer the theses contained in the questions more concisely and more often clearly in the affirmative. The participants of the online survey answer more often with "rather" (e.g., "rather agree" than "fully agree"). The response pattern of companies with 11 or more employees is closer to that of the study panel than that of micro-enterprises. One reason for this could be the different characteristics of the samples. The members of the study panel are familiar with the previously developed understanding of market development and the terms used. For

I find the scientific perspective on what we do stimulating; it also helps me develop personally.

Jérôme Meyer, ALDI SUISSE

Why do you have to ask the question in such a complicated way? People buy less because they have less money.

Participants in the online survey

some participants in the online survey, on the other hand, the questions might be too demanding for a quick, spontaneous answer, which was also expressed by some.

In the **graphical representations** of the answers to closed questions, their origin can be recognized by the number of participants. For example, if it is $n=18$ or less, the answers come from the FHNW study panel. Information with $n=80$ or more refers to the ZHAW Online Retailer Survey 2023. If the results of the samples differ significantly on a question, several response images are shown accordingly.

6.2 TRANSITION YES, BUT NOT INTO A NEW NORMAL

The market dynamics are still too great to indicate a new normal.

Dominic Blaesi, Flaschenpost

The online boost resulting from closed branches and shortages of goods is over.

Dominique Metz, VELOPLUS

During Corona, there were also supply shortages in the sports industry. Then everyone bought stock, and now there is an over-supply of many product groups. That puts pressure on prices.

A. Barnetta, sportglobe.ch

During Corona, people ordered a lot of wine, and now their cellars are full.

Dominic Blaesi, Flaschenpost

During Corona, we sold five years' worth of our long lifecycle products in six months. Now we expect a lean period of several years.

Manuel Lafargue, tramatec.ch

I had expected online growth to continue after Corona.

Stephan Widmer, Beliani

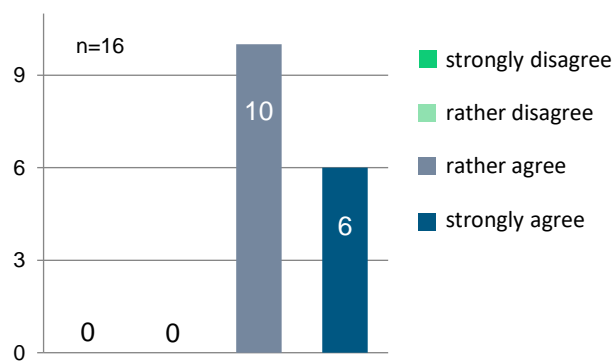
2022 turned out exactly as we had expected – we had budgeted for a 10% decline in revenues.

Daniel Röhlin, Ex Libris

2022 did **not go at all as expected** for suppliers in the consumer goods industry. Although the pandemic subsided in the first half of 2022 as expected, other difficulties arose: the Russian invasion of Ukraine in February 2022, abruptly rising energy prices, a doubling of inflation to 3.4 percent within six months, and an increase in key interest rates from -0.75 percent to +1.00 percent in the course of the year. Consumers saw their purchasing power dwindle, which had a negative impact on the demand for consumer goods: The **consumer sentiment** index published by SECO fell from a slightly above-average value in Q4 2021 to the lowest level in the 50-year time series in Q4 2022.

But that was not the only problem affecting the consumer goods industry. Secondly, there was a pent-up demand for travel, experiences, and consumption in the hospitality sector, which now wanted to be satisfied as a matter of priority. And thirdly, it became apparent that many product purchases had been brought forward during the pandemic – these sales were missing in the following years. No less than three factors came together in 2022 and caused a **crisis in consumption** (see Figure 37) affecting both stationary and digital channels.

Figure 37: The year 2022 brought a crisis of consumption



We don't have a crisis of e-commerce, after the boom we have a crisis of consumption.

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The study panel of the Commerce Report Switzerland discussed the thesis that **e-commerce could be affected by the crisis more strongly** than stationary trade. Reasons include sporadic purchases in the non-food sector, a considerable proportion of which are made online and which are affected more strongly by a lower willingness to spend than goods for daily needs. The latter are still largely purchased in bricks-and-mortar stores. Figure 37 shows that the panel was in broad agreement with this thesis.

The majority of e-commerce managers in the study panel were **caught on the wrong foot** by the development. Only two out of 18 had budgeted for a decline in online sales in 2022, while 14 had anticipated growth. However, only seven (39 percent) achieved growth (Figure 38) – and mostly below budget. Nevertheless, 11 out of 16 companies had grown so much in the previous two years that their online sales in 2022 were still 30 percent or more higher than in 2019.

coop.ch has arrived in a new era; we were able to take the momentum from Corona with us.

Philippe Huwyler, coop.ch

PKZ did very well in 2022; we are about 20% above 2019.

Reto Senti, PKZ Burger-Kehl

BLACKSOCKS had neither a Corona boom nor a slump in 2022.

Samy Liechti, BLACKSOCKS

We are in a difficult, post-pandemic period right now. The levelling off of sales will continue in 2024.

Peter W. Gygax, Carletto

By spring 2022, the Corona effects were over, including the disproportionate use of bicycles.

Dominique Metz, VELOPLUS

Expecting much higher growth, we had built up structures and resources whose costs are now a burden.

Participants in the study panel

For 2022, our forecasts in e-commerce were too optimistic, and we had underestimated the stationary business.

Sebastian Paul, Victorinox

The fact that our small branches are also doing well has to do with the fact that people have become accustomed to cross-channel services.

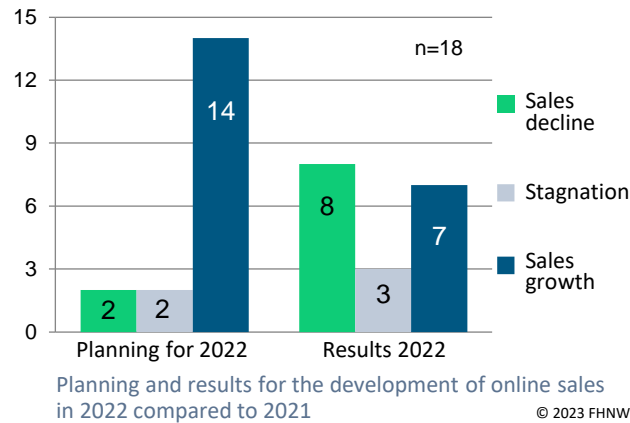
P. Schneebeli, Orell Füssli Thalia

Our omni-channel concept proved itself during the pandemic.

It is important that the online channel works well, even though our customers have a high affinity to specialist stores.

Reto Senti, PKZ Burger-Kehl

Figure 38: Comparison of planned online sales and results among the study panel in 2022



The small sample of the study panel would be an uncertain indicator of market development if its result did not match results from higher-numbered samples. Among the **members of HANDELSVERBAND.swiss** (2023a), only around 30 percent of 249 members achieved growth of more than one percent in 2022 – in contrast, 81 percent had planned for growth. Instead, 2022 brought a **decline in revenues** of more than one percent for a majority of 55 percent of the companies; the proportion is higher than in the study panel. Among the participants in the ZHAW Online Retailer Survey 2023, of which 332 are primarily Swiss-based and B2C, the distribution is very similar to that in the study panel: 42 percent are on the winning side, 41 percent on the losing side (see Figure 9). **Analyzed by industry**, this Online Retailer Survey 2023 shows a differentiated picture: In the watches and jewelry sector, which suffered particularly badly during the pandemic, there are no losers at all; two-thirds are on the winning side. In multimedia, IT, and fashion, the winners form a narrow majority. The home and living sector was hit the hardest, with two-thirds of the losers. The losers in the leisure, health and beauty, universal mail order, and food sectors also make up a majority.

This **decline in e-commerce sales**, which the majority of industries experienced for the first time in 2022, was new to online retailers. Before that, they had only ever had to cope with a growing market. Unlike in the two previous years, there was **suddenly too much merchandise**. For one thing, the order quantities had been increased in view of the growth expectations and supply problems of the two previous years. In addition, old orders that had been delayed ended up arriving earlier than anticipated. This put pressure on sales prices. In addition, the goods had been ordered at high prices during the supply shortage and had often incurred very high delivery costs. When the goods finally arrived, not only did the purchase prices fall, but at the same time demand fell and the interest costs for the capital tied up in the full warehouses rose. Even harder hit were those suppliers who had built up structures in premises, logistics, and personnel for sustained strong growth or, like four members in the study panel, suffered a drop in turnover of between 10 and 30 percent. One interviewer used the term **annus horribilis** (terrible year). These companies had to go through a great deal of uncertainty: Plans had to be completely revised to take into account what was needed in the short term. Ongoing projects had to be shelved, and there were staff redeployments and even selective staff reductions, as well as higher performance requirements. At least these four providers had extraordinarily good years in 2020 and 2021 and were able to overcome the crisis for the time being.

For some **omni-channel retailers** in the study panel, the **stationary channels were doing better** than the online ones. They noted with relief that the stores had "come back". In the study panel, the cross-channel business models of many omni-channel retailers are mature and well established. For most of them, their concepts are working.

However, the panel participants from the affected sectors do not believe that the better performance of bricks-and-mortar businesses indicates that the **channel shift to online has**

been completed for the time being (Figure 39). However, one participant each from the media and fashion industries noted that they are already approaching saturation point.

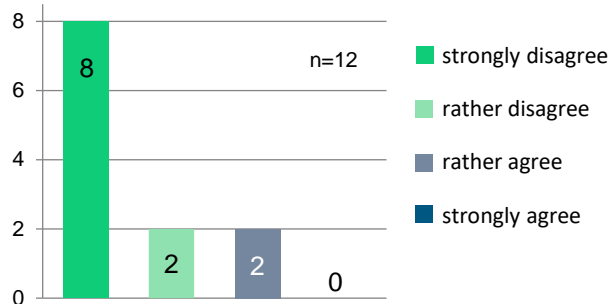
E-commerce has lost part of its revenue gains (back) to brick-and-mortar retail.

Stephan Widmer, Beliani

Corona accelerated the channel shift, but it is not yet complete.

P. Bundeli, INTERSPORT Switzerland

Figure 39: The channel shift to online is not considered complete



The fact that online sales in our industry have developed worse than stationary sales in 2022 shows that the channel shift to online has been completed for the time being.

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6.3 ANALYSIS OF QUANTITATIVE SECTOR DEVELOPMENT

After looking at the specifics of 2022, the focus now turns to the **development of the Swiss retail trade as a whole** and in particular to the shift from traditional retail channels to online channels. As in previous years, the Commerce Report Switzerland study series is based on the data collected annually by HANDELSVERBAND.swiss (2023a) in the annual survey of *Onlinehandel Schweiz*.

Obviously, we've done a good job: After Corona, the Swiss started to do less of their shopping at Aldi in Germany than before.

Jérôme Meyer, ALDI SUISSE

The **total revenues of the Swiss retail trade** for 2022 are CHF 102.6 billion. This figure is 0.3 percent above the CHF 102.3 billion of the previous year and marks another nominal sales record. However, prices in Swiss retail rose by 1.7 percent in 2022, so real demand declined by 1.3 percent (GfK Switzerland, 2023a, p.18). Contrary to expectations, **shopping tourism** to shops near the border, which had collapsed during the Corona pandemic, has not yet returned to pre-crisis levels (GfK Switzerland, 2023a, p.19). One reason given for this are the significantly higher price increases in neighboring countries.

The trend towards e-commerce has accelerated. Fashion, travel, and photography are currently growing strongly. The winning categories due to Corona (i.e., Home/Garden/Sport/IT), on the other hand, are declining.

Hendrik Blijdenstein, Galaxus

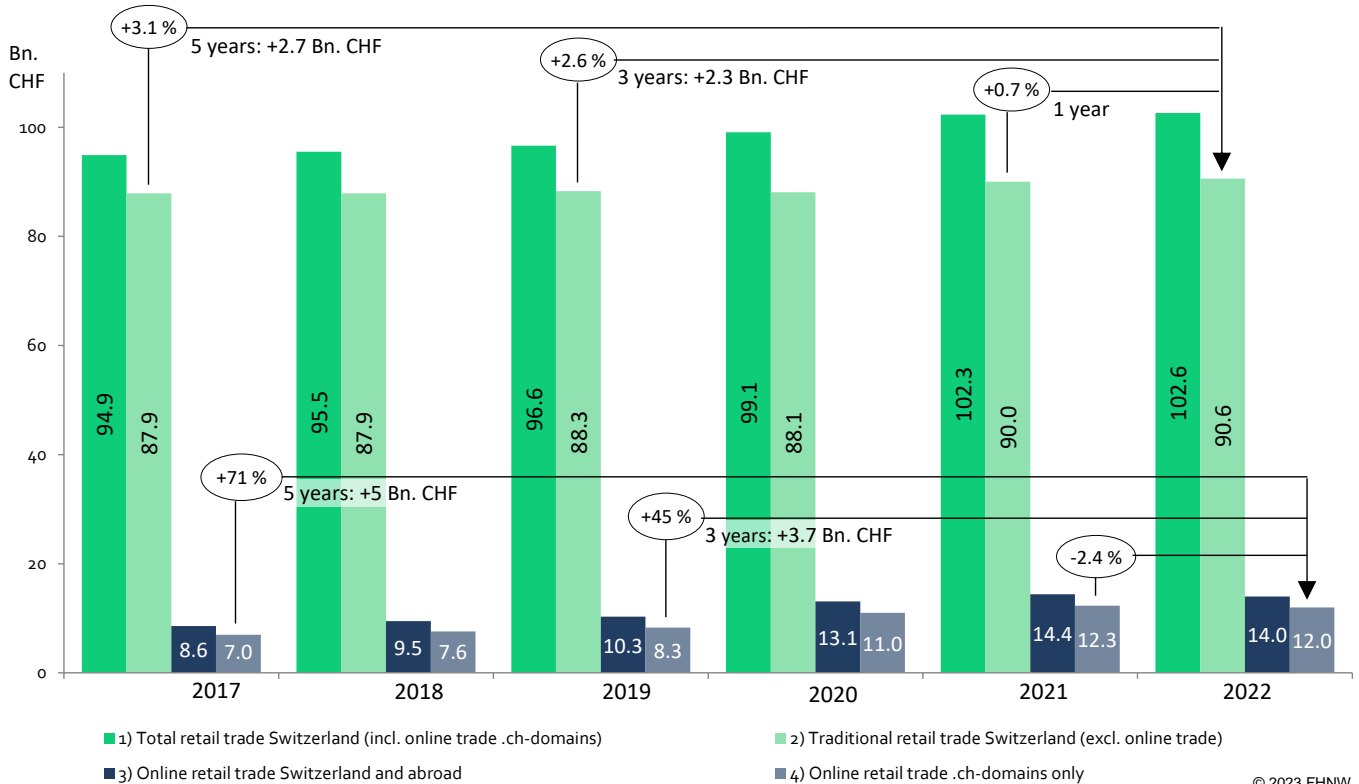
Online retail with private customers in Switzerland reported revenues in the amount of CHF 14.0 billion for 2022. This is 2.8 % less than in the record year of 2021, when CHF 14.4 billion were achieved. This number includes orders for CHF 2 billion delivered directly to Switzerland by foreign suppliers. The **market share of foreign online retailers** fell from 20 percent in 2018 to 14.3 percent last year. Orders placed at pick-up stations near the border which consumers then bring into Switzerland themselves, are not recorded.

Development from a multi-year perspective

To identify trends in sector development, studies of **multi-year developments** are useful. This is especially true when external factors distort long-term trends in the short term, as has happened in recent years. Figure 40 therefore sheds light on the past five-year period. The green columns represent retail trade with stationary trade at its core, the blue-grey columns exclusively online trade. Both areas are further divided so that the development of traditional Swiss retail trade without online trade can be directly compared with the online business of Swiss providers (not including orders placed abroad).

The chart clearly shows the **differences in growth between offline and online**. Traditional Swiss retail, which largely corresponds to stationary trade, grew by CHF 2.7 billion over the last five years, while Swiss e-commerce grew by CHF 5 billion. A similar picture emerges from the comparison of the last pre-Corona year of 2019 with 2022; here, too, the absolute sales growth of online retail was significantly higher than that of traditional retail.

Figure 40: Comparison of the development of retail trade in Switzerland with that of online trade over the past five years



Leap in e-commerce sales through Corona?

The new normal favors online and is a sustainably higher level than in 2019.

Daniel Röhlin, Ex Libris

The question of the future growth of e-commerce is more difficult to answer than it has been for a long time.

Marc Isler, BRACK.CH

When the first Corona year in 2020 triggered online growth of 27 percent, it was generally assumed that Corona acted as an e-commerce booster and brought about a lasting **jump in online sales**. When, contrary to expectations, online sales declined in 2022, this assumption is now being questioned. To find an answer, some **model calculations** for Swiss e-commerce including foreign orders were run through for the years 2023 and 2024. The basis for comparison was the five-year period from 2014 to 2019. In this pre-Corona period, e-commerce had a compound annual growth rate (CAGR) of 9.0 percent. Sales growth in the three years of 2020 to 2022 achieved a slightly higher CAGR of 10.8 percent. For the first half of 2023, the Distance Selling Market Monitor 2023 shows growth of only 2.8% for e-commerce (GfK Switzerland, 2023b). Retail trade in Switzerland as a whole increased by 1.7 percent in the same period (GfK Switzerland, 2023c). This shows that although e-commerce is again growing at an above-average rate, a CAGR of 9 percent is **unlikely to be achieved** in the period from 2020 to 2023. This would require growth of at least 3.8 percent this year. To achieve a CAGR of nine percent again in the five-year period of 2020 to 2024, e-commerce would have to grow by at least 6.3 percent in both 2023 and 2024. If the consumer climate does not improve quickly and significantly, this is rather unlikely.

In the multi-year view, the jump in revenues in e-commerce disappears. Corona caused a jump in turnover in online trade in 2020 and 2021, which was partially compensated for in 2022 and 2023. For the comparatively weak development of e-commerce beyond this, it can be assumed that it is also due to the **slump in the consumer climate** since the beginning of 2022.

Accelerated concentration on the supply side

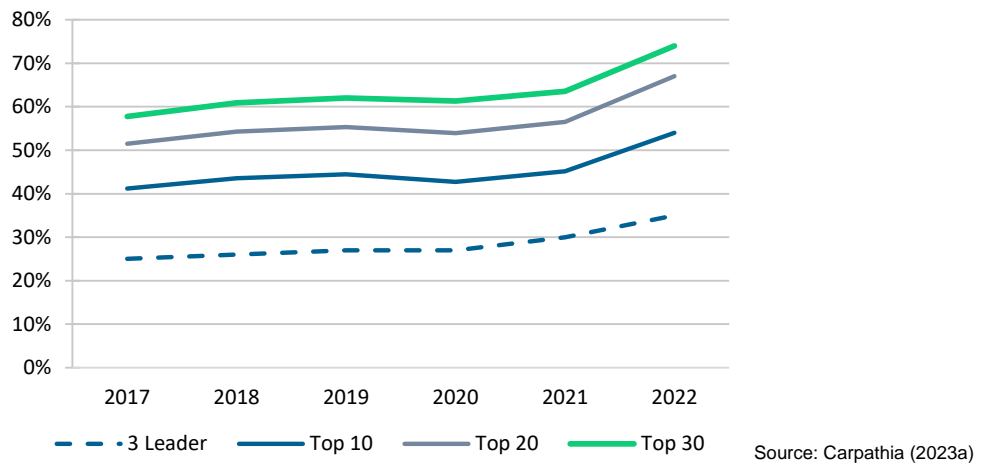
In addition to the growth development, another trend catches the eye: the concentration on the provider side. To investigate this further, the study series is based on the list of the **top 30 B2C online shops** in Switzerland published annually by the consulting firm Carpathia (Carpathia, 2023a). Even though some of the numbers shown are based on estimates, an

Galaxus is now playing in a league of its own in Swiss e-commerce.

Study panel participants

assessment of the development of the market shares of the **largest providers in e-commerce** can be derived from them. Figure 41 shows them for the past five years for the top 10, top 20, and top 30 online providers as well as for the three long-standing leaders. The leaders are Digitec Galaxus with a 15.6 percent market share, Zalando with 12.5 percent, and Amazon.de & Amazon.fr with 6.8 percent.

Figure 41: Development of the market share of the largest online retailers over the last five years



Big players are gaining disproportionately in e-commerce.

Dominique Metz, VELOPLUS

In the meantime, the **top 30 online providers** have achieved a **market share of 74 percent**, which is about three times as much as all other online providers included in the GfK surveys combined. Five years ago, the top 30, as reported by Carpathia at the time, had a market share of 58 percent. It can be said about all four groups: **The larger they already were in terms of revenues, the more they have grown since 2017**. The three leaders alone have increased their market share from 25 to 35 percent in the last five years.

6.4 ANALYSIS OF THE QUALITATIVE IMPACT OF CORONA

The new normal after Corona is the use of both stationary and online by the general population.

Caroline Villiger, Fell-shop.ch

How should Corona's influence on the consumer goods industry be assessed after the ups and downs that occurred? Whether Corona was an online booster or not, a tipping point for the industry, or even the start of a new era – the answer always also has to do with the person who gives it. The **task of a study** is quite explicitly to look for and point out differences, to question familiar paths of thought, and to open up new perspectives. These can help to discover new opportunities and risks.

Thanks to Corona, many new clients got to know us. And we were able to convince many of them of our special tools, information, and services.

R. Werthmueller, saemereien.ch

This **follow-up study** aims to review the assessments made in the two previous years on the impact of the Corona pandemic on the consumer goods industry. After it has already been shown that sales have developed differently than expected since 2022, the next chapters focus on the qualitative assumptions and facts about the impact of the Corona pandemic. The following sections show where these are confirmed, and where there are deviations.

The most important effect of the Corona period for many online providers was the **acquisition of new customers**. Many people bought from them for the first time and learned just how good they are at what they do. While this Corona effect was temporary, the aim of the study was to assess the **lasting effects**. In the following, six aspects are discussed in more detail in order to draw a final conclusion.

1) Consumers' digital literacy has taken a leap forward

The enormous **increase in consumer competence** in digitalization in general and specifically in online shopping, the use of apps, breaking old habits, and discovering new customer journeys can be seen as permanent. According to the study participants, **e-commerce has become a matter of course**. The smartphone has become part of everyday life with functions

Customers now know that e-commerce also works for food.

Philippe Huwyler, coop.ch

For us, the most important effect of Corona is that many new customers have come to stay.

Marc Isler, BRACK.CH

There has clearly been a change: When customers come to our bicycle shop, they have already informed themselves online.

Martin Wüthrich, rennshop.ch

Consumers have learned a lot in the pandemic and changed the way they shop.

Peter W. Gygax, Carletto

Before Corona, we weren't allowed to work from home, but today we are more flexible.

Study panel participants

Between 40 and 60 percent of the consultations that used to take place on-site are now conducted via video call.

Christian Budmiger, eta-glob.ch

Consumers know more options for shopping after Corona. They continue to use some of them.

Sebastian Paul, Victorinox

Corona has made the value of digitalization visible, as well as the enormous importance of usable data.

Peter W. Gygax, Carletto

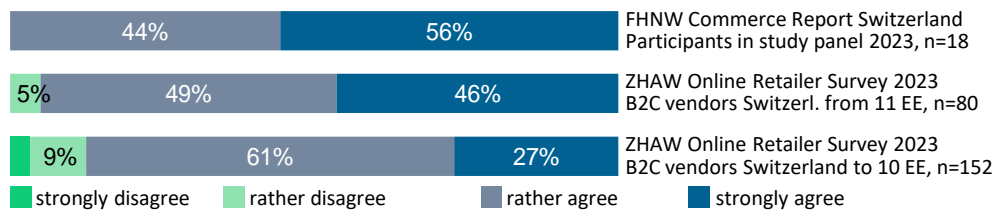
and services most people did not even know existed in 2019. QR codes, for example, after more than ten years of niche existence, became the perfect application for Corona certificates and have since become something common place, virtually overnight. As a side effect, digital followers become more practiced using apps and may now be among the many new users of the payment app TWINT. But it is not only the world of consumption that has been further digitized. In the workplace, video calls and online meetings have become an established practice that was unimaginable in 2019. Of course, this development also applies to the private domain, where there are many other examples of the increase in digital competence.

II) More diverse daily routines lead to more diverse shopping behavior

Also considered permanent is the **breaking up of rigid daily routines**, which organizations and individuals were forced to do due to the pandemic. Now people do not want to go back to rigid structures. The pandemic demanded flexibility, which is a skill people acquired and can now use in many situations and roles. It is about more than organizing one's work and working from home. People no longer want to disappear in the morning for the whole day by themselves in their professional role, five days in a row. They want to live a multi-faceted life and **overcome the strict separation of their professional, family, and other lives**. These needs are not new, but during the pandemic people realized how much more is possible through more flexible forms of organization. The time of relaxed remote work options may have come to an end in many companies, but one or two **flexible work days** per week (e.g., working from home) for those in suitable professions may soon be part of the new normal.

One consequence of more diverse daily routines is the **need for diverse shopping options and services**. The disadvantage of diversity is that it increases the complexity of life. The daily routine on different working days is no longer the same; on some days, the schedule is packed, on others there is a bit more time. The **places** to which people travel, the **distances** they cover, and the **means of transport** they use to get there are all different. Where they have **lunch** and what they eat are different. To cope with all this, there is a need for different types of shopping facilities and services. The consequence is: **Consumers shop differently and more diversely** (see Figure 42).

Figure 42: Consumers shop differently



Consumers have become more diverse in their shopping behavior, they shop differently depending on the situation (different locations, different channels, sometimes price-oriented, sometimes service-oriented).

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It is both **an obligation and an opportunity of commerce** to make itself useful in a suitable way in the changed life situations accelerated by Corona. For this reason, the title of the 2022 edition of the Commerce Report Switzerland was *“Werte und Services im Fokus des Handels”* (Values and services in the focus of commerce).

III) The providers are changing, the diversity of the supply is increasing slowly

The fall 2021 issue of the Commerce Report Switzerland describes not only the reorientation on the consumer side but also the lightning-fast **reorientation of providers** to the paradigm shift triggered by Corona: Suppliers have recognized across the board that brick-and-mortar retail and online retail are no longer separate worlds. They now know that brick-and-mortar shops are no longer the sole center of the consumer goods market but part of a complex

system – 'integrated world of products and services on offer. And they have realized that the old days are in the past.

Many bookshops are giving up because of succession problems. The business is no longer considered attractive.

Daniel Röthlin, Ex Libris

Expanding their forms of distribution is not easy for established providers. They need completely different competencies for that.

Peter W. Gygax, Carletto

Customers expect continuous, error-free processes. For providers, this means they have to digitalize and automate their processes.

Pierre Wenger,

Interdiscount | microspot.ch

In many farm shops, there is already a wide range of food products available.

Philippe Huwyler, coop.ch

As we can see, the cost pressure is causing some providers to refocus.

Marc Isler, BRACK.CH

Once customers have used the Scan & Go solution, they use it again and again because it saves them a lot of time. (2022)

A few organic products are no longer enough. The demand for diversity has increased enormously.

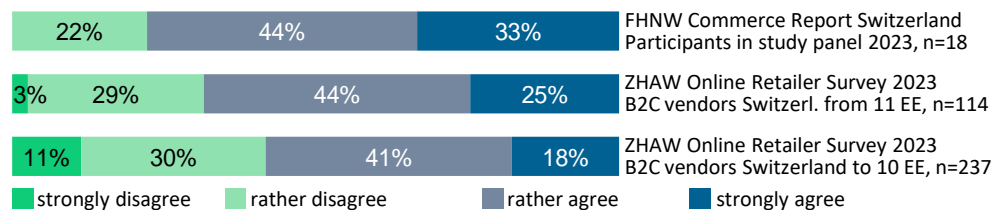
Organic and sustainable products are increasingly bought at discounters.

Jérôme Meyer, ALDI SUISSE

Most have also recognized the need for action for their company: the need to use **more than one channel**, the multi-layered requirements of digitalization, and the need to **readjust their business model**. Among the study participants, most have implemented appropriate measures. But there are also those for whom this is an impossible task and who have, therefore, failed to take the necessary steps in any serious way. The challenge seems too great or the pain of suffering too low, a generational change may be imminent or the company's management capacity and financial resources do not allow it. **Not all providers will survive. There will be a survival of the fittest**, is how one participant in the Online Retailer Survey concluded. In Chapter 6.5, this aspect is taken up again in the context of *overdistribution*.

This year's survey asked whether the study participants were already observing an increasing diversity of supply (Figure 43). This is because an expanded supply might be the answer to consumers' assumed need for more diverse shopping options and services.

Figure 43: Restrained confirmation of a more diverse supply



In our industry, the range has become more diverse (more diverse provider positioning, channels, ranges, services, values). © 2023 FHNW

In the FHNW study panel of 2022, 31 participants still expressed 85 percent agreement that they expect a very diverse world of products and services and how they are offered in 2030. There is still some time until then, but the current approval rates in Figure 43 are nevertheless rather restrained. The large differences in ratings between the three groups are striking: Only slightly more than half of the micro-enterprises in the ZHAW sample perceive an increasing diversity of products on offer. Nevertheless, a lot can happen behind closed doors, and unless one looks closely, even the obvious can be easily overlooked. To illustrate this with an example, the following is a summary of how Aldi Suisse has changed its product range since 2020.

The rapid further development of a discounter

Discounters are characterized above all by their focus. According to the motto "*less is more*", they avoid quick fixes, which is why they remained invisible in e-commerce for a long time. The extent to which **Aldi Suisse has been expanding its range** and focusing elsewhere is therefore all the more remarkable. A lot has changed since 2020: Before Corona, it only had the online shop **Aldi liefert**, which sold some bulky or expensive non-food items as a supplementary range which were less suitable for in-store sales. On 1 April 2021, for example, less than 20 items were available there; in August 2023, there are now 295 items. The online shop has become more attractive and is probably also a frequency driver for the Aldi Suisse website because people are curious about new offers. Parallel to this expansion, the range of more expensive non-food promotional items in the stores is being reduced. Apparently, according to Corona, customers are less willing to make impulse purchases in this product group. Nevertheless, the service for promotional items in the stores has been improved: Since the beginning of 2021, their current **availability** can be **checked online for each branch**.

Out of the blue, a second online shop, **aldi-now.ch**, separate from the first, started as a pilot project in the Zurich area in December 2021. The items can be selected in a store and delivered by external couriers in the area. Logistically, the concept is similar to that of **myMigros**,

Brands have taken their distribution to a new level: They are expanding their direct sales and are much more restrictive in the selection of their retail partners.

Patrick Bundeli, INTERSPORT Switzerland

For us, it was an advantage that our customers discovered during the lockdowns that they can order directly from us.

Sebastian Paul, Victorinox

Direct-to-consumer and marketplaces are gaining more and more market share in sports retail.

C. Luginbühl, chrissports.ch

Brands are increasingly selling directly, both bikes and accessories.

Dominique Metz, VELOPLUS

Most manufacturers do not have retail competence. Direct sales are rather opportunistic, there is a lot of trial and error.

Peter W. Gygax, Carletto

Retailers have long since accepted the fact that we have our own online shop. Today, there are more discussions about providing selective products.

Sebastian Paul, Victorinox

Among the professional players, channel conflicts between retailers and brands are no longer an issue.

Peter W. Gygax, Carletto

whose discontinuation was recently announced. For morning orders, delivery windows are offered in the afternoon and on subsequent days. Results have been promising. Many details still need to be fine-tuned, but just one year later this service is available in the nine largest cities in Switzerland. Digitalization is also progressing in the branches: A pilot with **scan and go** started in July 2021, another with **self-checkout counters** in November 2021 – both projects will be continued.

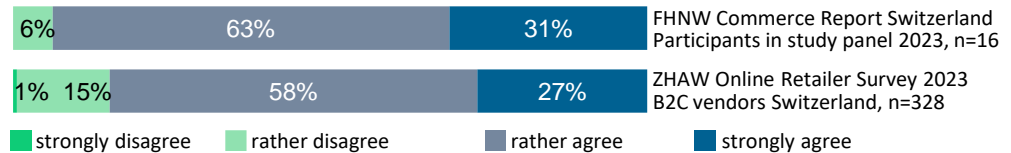
Digital services are, of course, only one aspect of a more **diverse offering**. There have also been major adjustments in the product range and in the layout and appearance of the stores. Aldi Suisse focuses strongly on the three trends of **freshness, regionality, and sustainability** – in line with the increased value orientation of consumers since Corona. The product range was expanded from 1,600 to 1,800 items, especially fresh products as well as organic and vegan foods. The share of organic products is already at 10 percent. Resources were saved elsewhere, and Aldi Suisse slowed down the pace of expansion for its branches.

It can be stated without exaggeration that Aldi Suisse has changed while maintaining its positioning as a discounter and that it has increased the diversity of its product range.

IV) Direct sales of manufacturers & brands are part of the new normal

The interaction between manufacturers/brands and retailers that are also competitors is an ongoing theme in the Commerce Report Switzerland study series. In the 2022 report, it was stated that brands can no longer be denied direct sales to end customers (direct-to-consumer, D2C). This year's survey was intended to establish whether the participants now regard direct sales by manufacturers and brands as a normal part of distribution (Figure 44).

Figure 44: Direct sales by manufacturers and brands are part of the new normal



Direct selling by brands and manufacturers has become a matter of course.

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In this case, the findings of the ZHAW Online Retailer Survey and the FHNW study panel are similar: Yes, direct sales by manufacturers and brands have become the norm – although this statement is limited to the **non-food segment**. When **food merchants or near-food brands** talk about their e-commerce sales, they usually mean sales via retailers specifically geared towards online, such as BRACK.CH, or via hybrid online marketplaces like Galaxus or Amazon. If such companies act as suppliers to the latter (vendor model) and not as marketplace providers (seller model), it is a B2B2C constellation rather than direct sales.

Christoph Luginbühl, CDO at CHRIS sports AG, pointed out the following in a commentary: The discussion about D2C is too much oriented towards a very **few top brands** like Nike, which strive for a high direct sales share with all the consequences. For all others, it is essential to secure the support of retail partners. **D2C will definitely gain in importance, but it is primarily a marketing instrument to get into direct customer contact**, says Luginbühl. **Even if you include outlets and monobrand stores, the share of sales hardly even reaches 20 percent.** This is an important classification: industry leaders such as NIKE, Lego, or Apple can largely determine their distribution as they see fit; at best, this also goes for brands with a unique selling proposition such as Victorinox. But that only applies to the top group of brands. Any company that wants to work for these brands as a retailer must assert itself in a selection process, strictly adhere to the brand's requirements, and be measured against predefined performance targets. **For dealers, the narrow specifications are problematic** because they can hardly draw on their own profile and are interchangeable as dealers. On the other hand, retailers also suffer if a brand does not strictly control its distribution,

because the result is often cut-throat price competition. In extreme cases, a retailer can differentiate itself with sought-after brands primarily by being able to offer certain products at all – this can by no means be taken for granted, for example, with luxury watches.

When people talk about direct sales as part of the new normal, they mean that **channel conflicts**, above all the accusation of inappropriate competition of a retailer from a brand, are no longer an issue under certain circumstances. **Consumers today demand direct access to brands** – to get information, to make a purchase, to get feedback or support, and also to make complaints. Attractive physical flagship stores, an online presence, and social media engagement can all **increase the brand value**. Retailers also benefit from this, as long as – and this is the critical point – the **brand does not take advantage of retailers** with attractive conditions which are impossible for retailers to offer. The direct-selling brand, in order to retain the support of the trade, must remain a **genuine partner for its dealers**.

V) Not much sustained growth in food e-commerce

In the food e-commerce sector, growth expectations have cooled significantly. After online food orders exploded from mid-March 2020 with the first lockdown, even though supermarkets remained open, euphoria emerged alongside the frenzy. For a long time, food e-commerce had led a niche existence. But during the 2021 interviews in the study panel, participants from the major distributors also spoke of the ice now being broken for food e-commerce or estimated that the starting signal had been given for a strongly growing market segment. In the meantime, these assessments are no longer shared by large providers, while niche providers tend to stick to them. This could be the reason why, as shown in Figure 45, the participants in the ZHAW Online Retailer Survey – many of whom are micro-enterprises – agree more often than those from the study panel.

Yes, Corona was a catalyst for food e-commerce, but I don't expect further disproportionate growth.

It will take another generation for that to become normal.

Philippe Huwyler, coop.ch

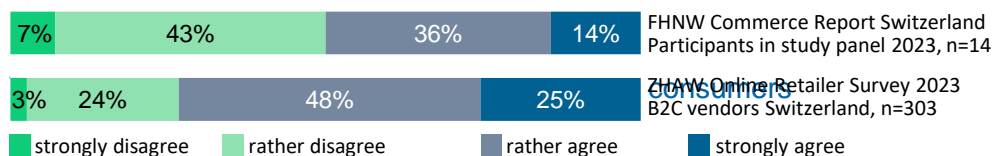
Corona was like KICKING a jukebox: It caused the coin to drop and the music to start.

Dominique Locher, Farmy

Corona was a flash in the pan in the online food trade, but I don't see that lasting yet.

Marc Isler, BRACK.CH

Figure 45: Doubts about the sustained acceleration of food e-commerce



Corona was the start for a sustained accelerated growth of e-commerce in the food and supermarket segment.

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Customers are paying more attention to prices again. Our Prix Garantie range has developed very positively.

Philippe Huwyler, coop.ch

In the current uncertainty, some of the sales of classic supermarkets are shifting to discounters.

We feel a certain reluctance to buy, with people buying six bottles instead of 12.

Dominic Blaesi, Flaschenpost

I have no doubt that the organic and sustainability trend will continue for the next five years.

Dominique Locher, Farmy

VI) Uncertainty regarding the value orientation of consumers

No change of heart, but increased doubts were expressed in the interviews about the importance of **consumer value orientation**. In 2020 and 2021, it was a hot topic; the pandemic seems to have contributed to a rethink here. The fact that this was only evident in some of the consumer decisions from the start and seemed to have faded out in others can be explained by **psychological factors** in purchasing decisions. These were explained in the Commerce Report Switzerland 2022.

The trigger for the doubts was the increased **price orientation of consumers** also noted by many participants in the ZHAW Online Retailer Survey. However, this is exactly the reaction to be expected in view of the current economic development. Many consumers have to save somewhere. This can be done by throwing sustainability resolutions overboard completely or that some exception are made. It can be solved by buying organic products from a discounter rather than a more expensive retail outlet – the bankruptcy of the health food store chain Müller at the beginning of 2023 suggests this. Consumers can also move to cheaper products – or maybe even sometimes do without. Presumably, all of these strategies are being used.

Price sensitivity is a good sign that consumers are mature. There is no indication that sustainability concerns have fundamentally lost importance. The majority of consumers want to live up to their values and at the same time manage their money wisely. **Suppliers must**

Today, sustainability is no longer a secondary aspect as it was before Corona but has become an indispensable requirement.

Francesco Vass, Ricardo

People are shopping more consciously, weighing low prices against their values.

Sebastian Paul, Victorinox

E-commerce gained wider acceptance after the pandemic.

Marc Isler, BRACK.CH

During Corona, clients acquired a new understanding of digital solutions. Now expectations have risen.

Mauro Battiston, vergani.ch

More and more suppliers have their own online shop.

Participants in the online survey

The wine industry is saturated with webshops.

Sebastian Vogel, Weinvogel.ch

Sales on online marketplaces in the seller model are good if you use marketing money in addition to the commission.

Beat Grüning, Tally Weijl (2022)

adapt to this, just as they must adapt to the fact that **hybrid behavior** is simply part of human nature.

Conclusion: The pandemic marks the beginning of a new era in sales

As mentioned in the introduction to this chapter on page 53, the aim of a study is to look for differences and open up new perspectives. That is why the title of the focus issue of the Commerce Report Switzerland in the fall 2021 was “*Epochenwechsel im Vertrieb an Konsumenten*” (*Epochal Change in Distribution to Consumers*). Already in the 2022 survey, this interpretation of the Corona impact was verified by the study panel, and this year's results also confirm a series of lasting changes. This does not conflict with the opinion of some study participants that Corona merely accelerated existing trends. The basis for the **longevity of trends** is, after all, that they are constantly renewed by new events and expanded by further dimensions. Within the structural change in consumer goods distribution triggered by the internet, the pandemic was a **tipping point**, an event symbolic of the beginning of a new phase, hence *epochal change*. Of course, it was not the first and will not remain the last tipping point. The following list shows the pandemic in a series of other events that have also had significant long-term effects:

- 1996: The launch of the first online shops in Switzerland, the beginning of the establishment of an entirely new sales channel – such as buch.ch (now part of Orell Füssli)
- 2000: The bursting of the dot.com bubble on the stock exchanges, orientation of the market towards economically viable business models, also in e-commerce
- 2002: The introduction of the CpC performance-based billing model at Google, the invention of the customer access service provider business model.
- 2007: The launch of the iPhone by Apple, which helped mobile internet use to make a breakthrough and make e-commerce ubiquitous as mobile commerce.
- 2015: The sales success of Instagram star Kylie Jenner's first self-launched cosmetic line, turning social media into marketing platforms
- 2020: The Corona pandemic makes the general population overcome the division between offline and online, resulting in an integrated world of supply

6.5 OVERDISTRIBUTION AND DIFFERENTIATION

With consumers becoming more competent, their **demands have also increased**. As many providers are now aligning their business models with the integrated world of supply, investing in processes, digital fitness, networking with suppliers, and new or better online shops, the level of performance in the market, the number of online providers and, as a result, the **competition among providers** are all on the rise.

Over-distribution – a consequence of efficiency gains through networking

How have the developments of the last few years turned into a **sad situation**, especially for the traditional non-food trade? In the following, this will be illustrated in a somewhat simplified and pointed summary of the chains of effects.

Direct sales of brands are chosen as the starting point here. In most industries, their share in terms of sales prices is likely to be only a few percent. But in the consumer goods market, a few percent can have a big impact. Brands, sometimes represented by importers or other agents, sell in their own stores, their own online shops, and on online marketplaces. **For retailers, the direct sales volume of brands is lost**. But not only that, they also have to do without the **shop spaces in A-locations** from which they are squeezed out by mono brand stores able to pay more rent. **For the brands, higher rents are not a problem**; after all, they save the margin of the intermediary trade. To compensate, and because its customers also use e-commerce, the traditional retailer now also sells its brand products online. However,

Reducing the product ranges of stationary retail conflicts with the expectations of customers.

Peter W. Gygax, Carletto

It is even more difficult for companies to differentiate themselves online than in the stationary sector.

Daniel Röthlin, Ex Libris

The more comparable the price of a product, the more the trade margin comes under pressure.

Pierre Wenger (2022), Interdiscount | microspot.ch

The competition is getting stronger. It will be difficult to stand out with merchandise alone.

Ruedi Giger, drogi.ch

Precisely because of over-distribution, Ricardo relies on a fundamentally different profile.

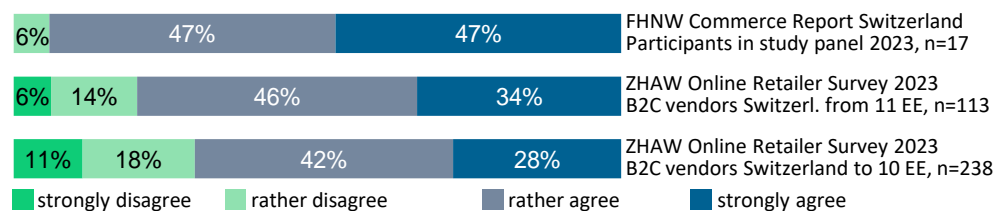
Francesco Vass, Ricardo

more qualified online suppliers are already well established there and ready to compete against the newcomer. This does not mean that the retailer cannot sell anything online but tends to sell too little to justify the **effort of a professional e-commerce business**. The use of Google Ads or Google Shopping Getting to reach more potential buyers for branded products turns out to be not easy at all. A lot of know-how is required and still costs a lot of margin. Are **online marketplaces** a solution for retailers? Rarely. As with rents, brands often pay higher commissions and advertising allowances than would be viable for retailers. Other traditional suppliers trying their hand at me-too online sales concepts fare the same way. Disillusioned, dyed-in-the-wool retailer will now look after their store business even more intensively. They will take advantage of fluctuations on the high street to move into a smaller store in a better location. To do this, the **on-site range of products will have to be reduced**. To compensate, the retailer will have upgraded digitally and can now access **stock from suppliers**. It can now also offer its customers items that are rarely in demand – virtually. Now the retailer just has to manage to make the products that are not available in the store palatable to shoppers.

This description is familiar to anyone who has worked in e-commerce. It is meant to illustrate what the term **overdistribution** stands for: Branded products, as an example of easily identifiable, industrial standard goods, are offered on many channels. There are many different suppliers selling the same thing. As stationary business, this makes sense because of the locally distributed purchasing power, but as online business it does not. Overdistribution means that there are too many purchase options for the same or, from the customer's point of view, equivalent offers. Overdistribution devalues each individual offer, which is referred to as *commoditization* in the Commerce Report Switzerland 2022. **With commodities, only availability and price count**. This is because the range of consumer goods in Central Europe today is largely based on the same industrial brand and standard products. In the integrated world of supply, there is simply no need for so many traders. **Overdistribution is a sign of the efficiency gains** that digital information and logistics networks bring to society.

In the survey, participants were asked whether they had perceived overdistribution in their industry. Figure 46 shows that the majority of them confirmed this. In the study panel of the FHNW, this is more pronounced, but the participants have dealt with the topic before. The smallest companies in the Online Retailer Survey are least likely to notice the phenomenon.

Figure 46: The respondents confirmed the phenomenon of *overdistribution* for their industry



There is overdistribution in our industry. This means that there are too many providers across all channels with offers that do not differ significantly from the customer's point of view. © 2023 FHNW

One explanation for this could be that many of them are active in comparatively narrow niches or service-intensive areas where the product-oriented phenomenon of overdistribution plays a less significant role.

A look at the various sectors shows that the participants from the **food sector** rate overdistribution as comparatively low. This is remarkable because there are so many grocery stores. On the other hand, it is plausible because these only have a local significance and e-commerce still plays a marginal role in food. Participants from the **home and living, multimedia, IT, and sports industries** confirmed most clearly that there is overdistribution. In these sectors, non-local online trade already has a very high weight, and stationary trade has been under pressure for years.

E-commerce still has the great potential in the food sector.

Reto Senti, PKZ Burger-Kehl

The big challenge in e-commerce is to create a need.

Daniel Röhlin, Ex Libris

I expect retail rents to continue to fall. There is simply too much space. Adwords costs are rising enormously.

Daniel Röhlin, Ex Libris

Competition has grown and differentiation on the internet is difficult.

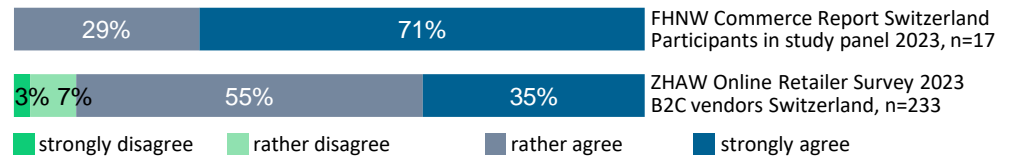
Participants in the online survey

Access to customers as a critical bottleneck

The consequence of overdistribution is that many providers are under-utilized and possibly **not very profitable** because they cannot access demand to the desired extent. In both the stationary and the online business, this is the biggest bottleneck in the integrated world of supply (Figure 47).

The agreement of the study participants concerning this bottleneck is high in all sectors. It is comparatively lowest in the leisure segment.

Figure 47: Access to customers is the biggest bottleneck in the integrated world of supply



The biggest bottleneck in overdistribution is access to customers: in brick-and-mortar retail, frequency in the store, in e-commerce, traffic in the online shop.

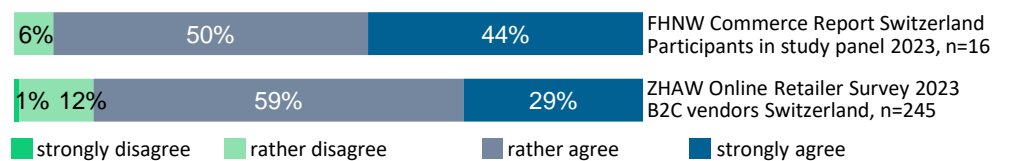
© 2023 FHNW

For the **stationary business**, the bottleneck – often as a result of the channel shift from stationary to online – means that demand in stores is falling. It can also have something to do with a location if the frequency or demand drops there. As a result, the value of the retail real estate there also falls. In many places, demand is now so low that many shops are empty. **Online**, the reason for the bottleneck is often that customer access costs (e.g., on Google), are too high for providers due to the competition for the best keywords.

Differentiation in overdistribution

The challenge for every supplier is to stand out from its competitors in positive ways. Since **industrial brand and standard products are** less and less differentiating as a result of market transparency and e-commerce, other aspects have to provide differentiation. The study participants who had confirmed overdistribution in their industry were asked whether they succeeded in differentiation and if so, how.

Figure 48: Vendors find ways to stand out vis-à-vis their target group



Despite overdistribution, we manage to differentiate ourselves positively from our competitors in the eyes of our target group.

© 2023 FHNW

Figure 48 shows a confident but not euphoric picture, which is also comparatively similar and homogeneous in the two samples. Even more interesting are the **free-text comments** on how providers differentiate themselves. Although most of these are cursory notes, it was still possible to identify focus points. The arguments from around 150 responses from Swiss non-food suppliers, most of which contain several statements, were classified and assigned to two market segments with different requirements. An allocation was possible, although **almost all suppliers serve both market segments**. The two segments presented in the Commerce Report Switzerland 2022 are:

Market Segment 1 stands for the larger part of the consumer goods market, which is **primarily functionally oriented towards the products themselves**. It covers the needs of consumers who only want to purchase the **product** and have no further concerns. Availability – in combination with convenience – and price are the most important supply features here. Although product sales are a core component of the offers of all suppliers, only about 60

Own-brand products are incredibly important for differentiation – forget about comparability!

Dominique Metz, VELOPLUS

Customers notice that we are genuinely interested in solutions for their sleep problems and do not just want to sell.

Jessica Weber, gutschlafen.ch

We have very loyal customers. The continuity of the brand and our product range are decisive for this.

Samy Liechti, BLACKSOCKS

The typical functions of retailers are our differentiating features.

Reto Senti, PKZ Burger-Kehl

The traditional success factors of product range, delivery speed, and UX are still extremely important. But they are becoming hygiene factors. The question of how to set oneself apart in the long term is becoming more important.

Dominic Blaesi, Flaschenpost

In the case of pure needs purchases, the big platforms benefit the most because they have everything.

Samy Liechti, BLACKSOCKS

Some niches in fashion retailing can escape overdistribution.

Reto Senti, PKZ Burger-Kehl

With good content and storytelling, you can differentiate yourself well, which also offers opportunities for smaller providers.

R. Senti, PKZ Burger-Kehl (2022)

respondents mentioned differentiating features in this segment. It is the supply aspects that carry **the most weight in overdistribution**:

- Availability in combination with low distribution of the items. Indicators for this are keywords such as *exclusive*, *unique*, or *special brands*. Approx. 30 mentions: Being the only supplier to have availability is a strong argument.
- High availability in general. Indicators for this are keywords such as *high availability* or *large assortment*. Approx. 20 mentions: High availability for large assortments can be very valuable for conversion but does not exclude a large number of competitors offering the same product
- Attractive price. Explicitly mentioned as an argument by eight providers: Having a very good price is a very strong argument.
- Attractive price and high availability. Three suppliers explicitly mentioned this combination: It has the best chances of success with standard products.

Market Segment 2 represents the smaller part of the consumer goods market that provides a **variety of services** not directly related to the product. These aspects develop value in needs where the product to be purchased is only one of several aspects of the service that consumers desire. Almost all of the 150 or so responses contain statements concerning this segment. The most important are:

- Personal advice. This service conveys solutions tailored to the respective customer situation. The products sold are only part of the solution offered.
- A strong brand identity of the company, products, or individuals. General trust is the decisive factor for customers' preference.
- A focus on specific topics. Products, services, know-how, and experiences are sold based on credible expertise in the topic area.
- Selection aids tailored to a product group or specific customer situations as well as supplementary services. Typical retail services.
- Long-lasting customer relationships. The ability to remain permanently interesting for customers and establish a relationship.

The distribution of the arguments supplied shows that many suppliers do not base their differentiation on arguments from Segment 1. For them, it is the **product add-on**, a supplier feature, or an additional service from Segment 2 with which they want to convince their customers.

The inadequate mechanisms of digital intermediaries

On the internet, the relevant intermediaries between supply and demand for consumer goods are online marketplaces and customer access service providers such as Google or Toppreise. If one compares the mechanisms of these platforms with the previously identified differentiating features, the following becomes apparent: The platforms are entirely focused on **Segment 1**, on product offers and their **objectively, systematically classifiable features**. The differentiating features in **Segment 2**, on the other hand, are at best presented as supplementary information: a provider's practical, **application-oriented solution competence**, **shared values**, interests or tastes, **local proximity**, or **services to be physically provided**. Fast-moving trends and specific characteristics of niche markets are less likely to be found on the platforms. Consequently, they cannot be filtered out or searched for. Also, services that are less standardizable than changing a car tire often remain undiscovered.

The differentiating features with which suppliers distinguish themselves in a climate of over-distribution can be presented on their websites. However, hurried search processes by potential customers will fail to detect them. There is no lack of **content**. Several participants in the study panel continuously create editorial content for their newsletters, videos, or even

The subjective perspectives are what make our blog. The posts rely on people and their opinions. (2020)

F. Teuteberg, Digitec Galaxus

Credible content is of course important. But whether social media create trustworthy references is becoming increasingly doubtful.

Francesco Vass, Ricardo

BookTok is a great example of credible, user-driven content.

Daniel Röhlin, Ex Libris

Book Circle is a Swiss community platform that focuses on readers' interests, not advertising revenue.

P. Schneebeli, Orell Füssli Thalia

With ChatGPT, there will be even more fake news, and the credibility of social media will be undermined further.

Daniel Röhlin, Ex Libris

There will be a concentration in the market. At the same time, there will be room for new, customer-oriented concepts.

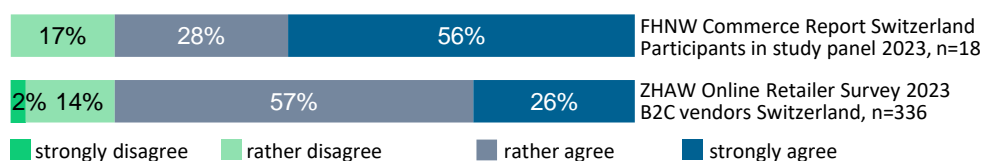
Hendrik Blijdenstein, Galaxus

print magazines. This reveals the **Achilles' heel of the differentiating strengths in Segment 2**: In order for these to unfold their potential, **access to potential customers must already have been made.**

The potential of social media

At this point, the question of the **potential of social media** arises. At its core, social media is about personal things: opinions, values, experiences, ratings, and recommendations. And social media have long since created opportunities for links to suppliers in social commerce. One question in the context of overdistribution and access to customers therefore aimed to explore the potential of content and trustworthy references in connection with social media in a perspective up to 2028 (Figure 49).

Figure 49: Social media for credible content and trustworthy references?



Credible content and trustworthy references are crucial for success, especially for providers with a focus on current trends or special services. Therefore, social media and messengers are gaining a key position for access to customers. © 2023 FHNW

In the ZHAW Online Retailer Survey, it is primarily the watch and jewelry, universal mail order, and health and beauty sectors that agree to a high degree with the thesis presented, while the media retail sector agrees least. The participants of the FHNW study panel stated in their interviews that they would prefer to evaluate the two aspects of the thesis separately. The fact that **credible content and trustworthy references** already have a high value and will continue to do so in the future was generally confirmed. Consumers want to hear honest opinions, and many also like to share them. Sometimes, like-minded people even create their own communities, as some participants explained. The wide customer engagement at Galaxus and the BookTok phenomenon (books being discussed on TikTok in German-speaking countries) were given as examples.

Concerns raised were the global social media platforms as they present themselves today. They enjoy only very limited trust, and the potential of AI in this contacts is also a cause for concern for the coming years. What is needed are platforms whose mission is a **credible exchange between real people**. Orell Füssli has launched an initiative in this direction with its Book Circle: an open community platform for bookworms.

6.6 CONSIDERATIONS FOR THE NEXT FIVE YEARS UNTIL 2028

The outlook for the next five years comprises three aspects:

- The importance of credible content in conjunction with social media for accessing customers – this was covered in the previous section.
- The expectations for the development of concentration and diversity in different sectors – this follows in the next section.
- The expectations for the quantitative development of the industry volume and the e-commerce share in various industries until 2028 – this forms the conclusion.

Concentration versus diversity

The preceding chapters have dealt with various aspects of market development one after the other. They are intended to help answer the **overarching question** as to the development of distribution in a **five-year perspective up to 2028**: What characterizes the future supply landscape compared to today's: **more concentration** – as is the current figures indicate – or

more diversity, which would meet consumer needs and provider goals. Concentration and diversity are meant here both in terms of providers and supply.

This is a summary of the previous findings:

Quantitative industry development has long shown a continuous shift in market volume from traditional retail trade to online trade.

In e-commerce, there will be an accelerated concentration of market shares among the largest providers from 2022 onwards.

The impact of the Corona pandemic on distribution includes:

Stationary trade and online trade are merging into the integrated world of supply.

Consumers have a need for more diverse shopping options.

In the integrated world of supply, the competitive pressure on suppliers is higher.

Some direct sales by both brands and manufacturers are accepted.

Providers are adapting their business models and ranges to the new situation.

In the integrated world of supply, there is overdistribution for comparable, product-oriented offers. Access to customers is the biggest bottleneck for providers.

Swiss providers differentiate themselves from competitors in many ways - as a whole, they provide an extremely broad range of services and are willing to adapt it to the changing needs of customers.

In the integrated world of supply, digital platforms have a key position in matching supply and demand – not only for online providers. Their matching mechanisms focus on systematically classifiable product offers.

The features that differentiate many providers and align them to different customer needs are diverse, complementary features. These are insufficiently represented in the mediating platforms.

The above list shows that the mechanisms in **Segment 1** are developing strongly. In this, **economies of scale** are among of the most important success factors, which is evident in the currently increasing provider concentration. Since the majority of providers cannot belong to the top group in this segment, they are involved with **add-on product services** for **Segment 2**, in which the integrated world of supply has not yet found efficient mediation mechanisms.

How will this **develop over the next few years**? Will the increasing concentration in Segment 1 lead to a **reduced provider landscape**, or does Segment 2 offer opportunities for a **new provider diversity**? In order to gain a better understanding of the assessments of the participants in both studies, several formulated theses were presented to them. They were asked to select the one that was most applicable to their industry.

The theses represent different constellations of the development of the provider landscape and the forms of distribution (Figure 50). In Figure 50 below, **supplier diversity refers to the** number of suppliers. Diversity of supply is understood as **diversity of distribution forms** rather than not a large number of products offered. **Forms of distribution** mean different supply characteristics in terms of purchase, subscription, limited use, second hand, sales channels, and delivery concepts. Many **business model innovations** of recent years are based on them.

The last few years have shown that both the stationary and the online business have their justification.

Sebastian Paul, Victorinox

Many providers are considering how to better differentiate themselves. However, they are still waiting for success to arrive.

Stationary retail is coming under pressure, especially in terms of price comparisons.

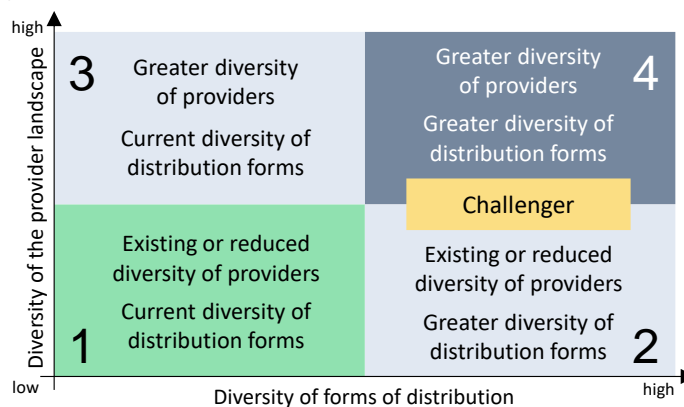
Sebastian Paul, Victorinox

It is difficult for new online shops to gain significance today.

Pierre Wenger,

Interdiscount | microspot.ch

Figure 50: Four constellations for the development of supplier and supply diversity



There are hardly any new suppliers in the wine trade.

Dominic Blaesi, Flaschenpost

In the stationary book trade, concentration is progressing, with the market leader taking over one store after another.

Daniel Röthlin, Ex Libris

There are always new players in the fashion industry. Most of them burn their venture capital and then are gone again.

Samy Liechti, BLACKSOCKS

It is easier for large providers to introduce new models such as leasing because they have weighty advantages in purchasing, for example.

Patrick Bundeli, INTERSPORT Switzerland

Constellation 1 stands for a situation with little qualitative change and at best reduced supplier diversity. In the Online Retailer Survey, the largest group of participants in the watch and jewelry and the sports sectors expects this constellation to happen.

Constellation 2 also refers to a concentration on the supplier side but assumes a larger spectrum of distribution forms. According to this, the expansion of the forms of distribution occurs through established providers. In the Online Retailer Survey, this constellation received the most votes in the universal supplier, fashion, and food sectors. In the FHNW study panel, half of the participants across all sectors expect this constellation to happen in the five-year perspective.

Constellation 3 is not expected to happen by any study participant.

Constellation 4 stands for increased diversity in both dimensions. According to at least half of the participants in the Online Retailer Survey, this is the expected constellation for the media, leisure, multimedia, and IT sectors.

The discussions during the FHNW study panel interviews led to the addition of a **superimposed field for challengers**. It stands for the observation that start-ups and other innovators enter the market and introduce new services or forms of distribution. Only after some time will it become clear whether these become relevant in the sense that the constellation of an industry changes. For example, there have been a number of initiatives and start-ups in the **Quick Commerce** sector in recent years. Of these, **Stash** alone has survived in mid-2023. During their trial phase, innovators are assigned to the challenger field. If they can establish themselves, it will become clear whether the constellation of the industry will change as a result. A success of the Quick Commerce concept could shift the food industry from Constellation 2 to Constellation 4. However, if Stash is bought by a major distributor, the industry will remain in Constellation 2.

Overall, the majority of participants rather expect a **reduction in diversity in the provider landscape**, meaning a further increase in concentration. At the same time, the majority expects a **greater variety of distribution forms**. This combination is represented by Constellation 2, which some interviewees associated with the fact that it is often start-ups that introduce innovations into a market, but established companies that bring the successful concepts to maturity and roll them out. To sum up, the overwhelming expectation for the development in the coming years is: **More diversity from fewer, more powerful providers**.

Quantitative expectations in a five-year perspective until 2028

In Chapter 6.3, it is shown that the study participants found it difficult to assess the further development of turnover in the short term in view of the unsteady market conditions. For the medium term, they have a clearer idea in which direction the current trends in **revenue de-**

development lead. Figure 51 shows the assessments for the industry as a whole **without taking inflation into account**. Figure 52 shows the expectations for the **development of the online share**.

Vital local sports shops continue to have good prospects for the future.

Patrick Bundeli, INTERSPORT Switzerland

The online share in the supermarket segment will at least double by 2028.

Dominique Locher, Farny

I think by 2028, the online share in the sports industry could reach 40 percent.

Patrick Bundeli, INTERSPORT Switzerland

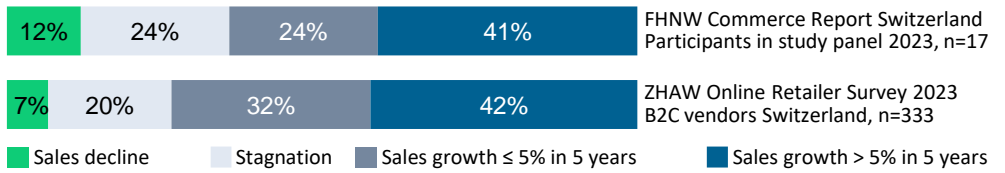
The increase in online business is a stable trend.

Jérôme Meyer, ALDI SUISSE

The Swiss e-commerce market for food has now also become interesting for foreign suppliers.

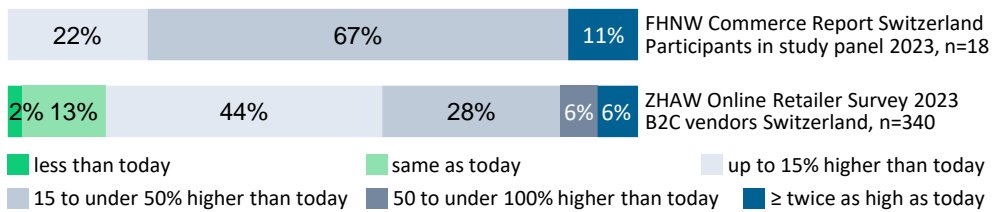
Benno Burkhardt, Stash

Figure 51: Expectations for the sales development of the industry as a whole up to 2028



What are your expectations for sales development in your industry across all sales channels up to 2028? (excluding inflation) © 2023 FHNW

Figure 52: Expectations for the development of the e-commerce share of the industry in five years



How high do you estimate the share of e-commerce in the total B2C turnover of your industry in five years (2028)? © 2023 FHNW

The results can certainly be considered as **optimistic**. For 10 years, from 2010 to 2019, retail sales in Switzerland stagnated. Each year from 2020 to 2022 brought new sales records, and at the end of 2022, sales were six percent higher than in 2019. Since the problem areas that are currently leading to the difficult macroeconomic conditions are unlikely to be resolved in the short term, the majority growth expectation cannot be taken for granted. The participants see **immigration** as an important, ongoing growth driver for trade.

The highest **growth expectations at sector level** are expressed in the universal mail order, watches and jewelry, and sports sectors. The lowest expectations are expressed by participants from the media trade, leisure and home and living sectors. The **biggest increases in e-commerce share** are expected by participants from the health and beauty, watches and jewelry, fashion, and sporting goods. At the other end of the scale are once again media trade and home and living, as well as food.

The members of the FHNW study panel were also asked what their expectations are regarding the development of the **market share of foreign providers until 2028**. Almost half expect a stagnation in their market share, the second largest group a small gain in market share. Only three out of 18 expect a significant market share gain of three percent or more in the next five years. It should be taken into account that Zalando and Amazon have already consistently occupied a place among the top three online providers in Switzerland for many years (see page 52 below). It is not expected that **Amazon will** significantly expand its commitment in Switzerland. With reference to the already very high level of performance of domestic providers in some segments, it is assumed that Amazon will limit itself to the low hanging fruits in the small Swiss market: It will further improve its customs clearance and logistics processes rather than build its own warehouse in Switzerland.

6.7 SUMMARY: CHANGES IN ASSESSMENTS SINCE CORONA

From its beginning in 2009, the aim of the study series (E-)Commerce Report Switzerland was to illuminate and reflect on the **changes in distribution** to consumers **brought about by the internet**. The focus was always on the question of **whether and how Swiss providers can hold their own**. With this follow-up, the effects of the Corona pandemic on the consumer goods industry could be dealt with in three successive study cycles.

The change in working patterns, some of which will persist even after the pandemic, brings with it a whole host of changes in consumption and trade.

Lars Feldmann, Betty Bossi (2022)

Corona confirmed the existing trend of **shifting trade functions** from traditional trade to online providers and gave it new impetus. Most important are the following two events: First, consumers were forced by the lockdowns to **overcome the separation of the two channel worlds**. The other is the social impact of the **flexibilization of daily routines**, which has led to a more diverse demand for shopping options and services.

Following the temporary surge in online demand, **Swiss providers invested** heavily in expanding their capacities and capabilities. They achieved a high level of performance. In the process, the **leaders** in e-commerce and in cross-channel business models are increasingly setting themselves apart from their pursuers, and **concentration is rising**.

Medium-sized suppliers have a hard time in the food trade. You are either very big or very small.

Jérôme Meyer, ALDI SUISSE

In addition to the increasing concentration of suppliers, the current situation is characterized by an increasing **diversity of consumer needs**. When asked how the integrated world of supply might develop in the next five years, the study participants in the non-food sectors predominantly painted the following picture: **Forms of distribution will become more diverse, but the landscape of providers will not**.

Innovators are hardly gaining any importance as new providers; established providers take up promising innovations and are expanding their range. In the **supermarket industry**, two important questions remain unanswered: *Will the e-commerce share of groceries now increase significantly more than before Corona?* and *Is there a chance in the supermarket segment for innovators to establish themselves alongside the industry giants?*

Fashion will remain a tough business in the years to come.

Reto Senti, PKZ Burger-Kehl

There is still no simple answer to the question of whether and how **Swiss providers** can hold their own. The increasing concentration in Segment 1, which is characterized by overdistribution and is primarily geared to the products themselves (see page 60), will cause the **number of suppliers** that can survive here to **continue to shrink**. For providers in the value- and service-oriented Segment 2, in which many providers with very specific services seek differentiation, **access to customers is the biggest bottleneck**. There is a lack of efficient digital platforms here that support the communication of their diverse offer features in line with demand.

It is not enough if the provider thinks he is customer-oriented. The customer must mean it.

Hendrik Blijdenstein, Galaxus

What does this mean for providers? Hendrik Blijdenstein of Digitec Galaxus sees the key to success in the **consumer's perception of competence** – which presupposes access to the customer. According to Blijdenstein, the development of competencies must be NPS-driven (net promoter score). The many new trends offer opportunities for this.

6.8 LIST OF PARTICIPANTS AND AUTHOR OF THIS CHAPTER

The personally invited members of the FHNW Study Panel 2023 listed in Table 10 took part in the survey in the form of personal interviews for this study. They represent 18 Swiss companies.

Table 10: Members of the study panel for the Commerce Report Switzerland 2023

| Company | Person, function |
|----------------------------------|------------------------------------------------------------------|
| ALDI SUISSE AG | Jérôme Meyer, CEO |
| Beliani GmbH | Stephan Widmer, CEO |
| BLACKSOCKS SA | Samy Liechti, CEO |
| BRACK.CH AG | Marc Isler, CEO |
| Carletto AG | Peter W. Gygax, CEO |
| Coop | Philippe Huwyler, Head of coop.ch |
| Ex Libris AG | Daniel Röthlin, CEO |
| Farmy AG | Dominique Locher, Board of Directors |
| Flaschenpost Services AG | Dominic Blaesi, CEO and co-founder |
| Interdiscount (Coop Cooperative) | Pierre Wenger, Corporate Manager Interdiscount microspot.ch |
| INTERSPORT (Switzerland) Ltd | Patrick Bundeli, CEO |
| microspot.ch (Coop Cooperative) | Pierre Wenger, Corporate Manager Interdiscount microspot.ch |
| Orell Füssli Thalia Ltd | Pascal Schneebeli, CEO and Delegate of the Board of Directors |
| PKZ Burger-Kehl & Co. AG | Reto Senti, Chief Digital Officer PKZ Group |
| Ricardo AG | Francesco Vass, CEO |
| Stash AG | Benno Burkhardt, Chairman of the Board of Directors |
| VELOPLUS AG | Dominique Metz, CEO |
| Victorinox AG | Sebastian Paul, Head of Digital Commerce |

Author profile

Prof. Ralf Wölfle is head of the e-business area of expertise at the Institute of Information Systems, which is part of the School of Business and Economics at the University of Applied Sciences Northwestern Switzerland FHNW. His area of competence meets the requirements for the performance mandates of applied research and services in this subject area. He focuses on concept development and the management of e-business projects. Ralf Wölfle is co-editor and co-author of 12 books on e-business and author of numerous other publications. He was a long-time juror at the industry competition "Best of Swiss Web" and a board member of simsa, the Swiss industry association of the internet economy, from 2004 to 2017.

7. Conclusion

7.1 SUMMARY

The aim of this study was to examine the developments in e-commerce since the lifting of the Corona measures. The survey of 598 online shop operators created a representative, quantitative data base that provides detailed information on the current situation in the e-commerce market. In addition, the Commerce Report 2023 is based on qualitative methods in the form of 18 interviews with Swiss online retailers providing greater depth.

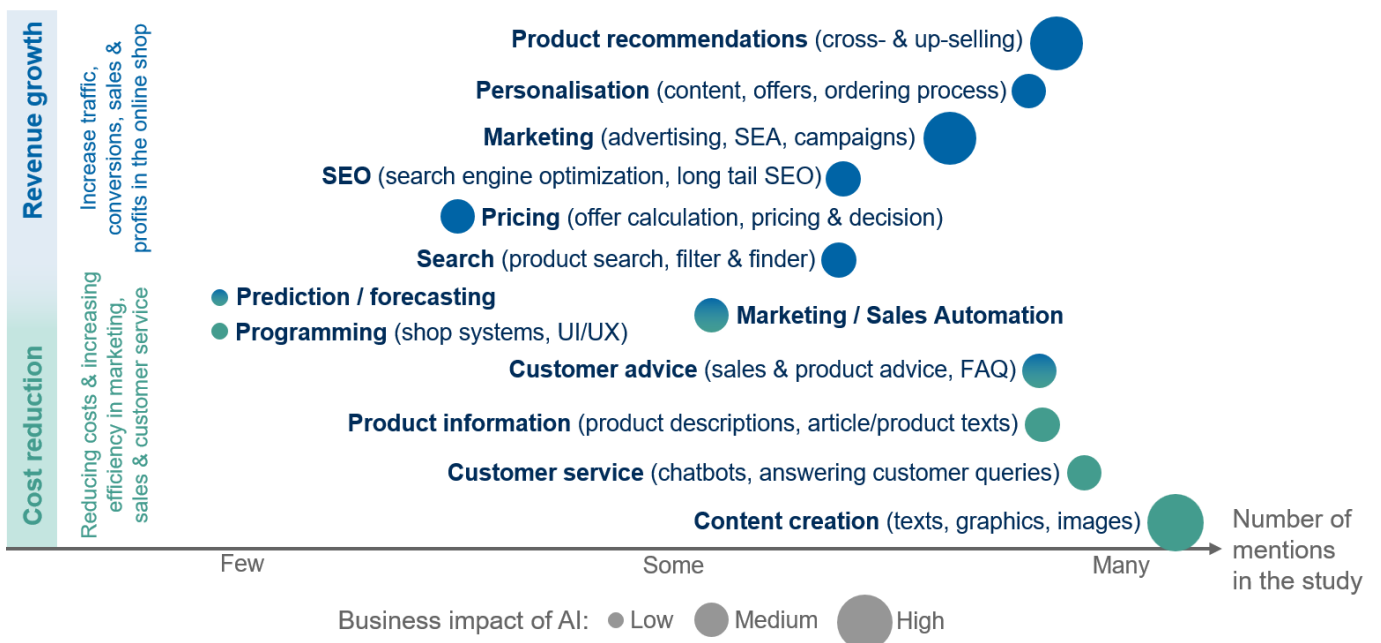
Digital sales channels: Large digital marketplaces and platforms such as Galaxus and Amazon have grown strongly in recent years and continue to expand. Already 60 percent of the online retailers surveyed use marketplaces as an additional sales channel. Marketplaces are the second most important digital sales channel behind their own online shop, followed by social commerce. Since their introduction in 2020 by Meta, 72 percent of online retailers already operate Instagram shops and Facebook shops, which are relevant to sales for 30 percent of respondents.

Challenges: In the sixth edition of the e-commerce worry barometer, the market, marketing and personnel are in the top three concerns this year. Increasing competition and price pressure are major challenges for online shop operators. In marketing, it is above all tight budgets and increasing complexity. Almost half of the participants also see the personnel situation, with the current shortage of skilled workers, as a medium or major challenge.

Artificial intelligence: The developments in AI are rapid and influence all areas of the digital value chain. On the one hand, AI-based solutions increase visits, conversions, sales, and revenues in online shops. On the other hand, they reduce costs in marketing, sales, and customer service and increase the efficiency of processes (see Figure 54). Chapter 4.1 shows that AI will have the greatest impact on content and **text creation** in the online shop, especially in terms of product descriptions. In addition, AI will actively support marketers, sales staff, and customer advisors in their activities and responsibilities, reduce costs, and increase efficiency. Through personalization, intelligent search functions, and relevant **product recommendations**, AI will further increase the conversion rates and sales in online shops.

How high the **business impact** of AI in the various e-commerce areas will be in the future is likely to become apparent in practice and in the ongoing research projects of the E-Commerce Lab.

Figure 53: Relevance of AI applications in e-commerce



A **key conclusion** is that e-commerce growth in 2023 will be lower than during the Corona crisis, but higher than in 2022. Developments remain dynamic in a challenging market with a tendency towards overdistribution: Retailers should continue to monitor this and anticipate changes.

The authors see **success criteria** for differentiation in the market as ensuring the quality and exclusivity of the products and services offered, as well as openness to examining and testing new ideas, services, and concepts.

1. **Marketing and AI:** The current rapid developments in AI affect e-commerce and omni-channel management in various ways. Openness and a willingness to experiment with new tools, as well as investments in the training and further education of staff are recommended to ensure that employees have the skills to deal efficiently with new AI technologies. This can also increase the acceptance of AI. In addition to the focus on AI, special attention should be paid to top product and service quality and a strong customer orientation. The rapid developments in AI of the last few months offer online shops great opportunities, especially in the areas of content creation, customer service, and product recommendations. Intelligent chatbots and search functions should simplify the search and selection of products and improve the customer experience.
2. **Organization and employees:** In view of the current shortage of skilled workers in e-commerce, it is advisable to focus on strategic measures, such as employee recruitment and retention through targeted training and attractive employment and working conditions. By automating processes and outsourcing tasks, resources can be used more efficiently. Optimized recruiting and employer profiles can attract qualified professionals. Adjusting employment conditions and promoting training and development can promote job satisfaction. Consideration should also be given to skilled workers from abroad to contribute specialized skills. A strategic approach to addressing the skills shortage can increase overall competitiveness.
3. **Online shop and payment systems:** The study shows that the majority of retailers use WooCommerce (Wordpress), Magento (including Adobe Commerce), Shopware, and, increasingly, cloud-based solutions such as Shopify; some also use customized solutions. The wide range of software solutions used shows that the market for online shop systems remains very dynamic, competitive, and complex. It is advisable to constantly develop the systems, content, and processes of one's online shop and adapt them to changing customer needs (Chapter 4.2). The payment sector in e-commerce remains dynamic. Mobile payment providers such as TWINT and Klarna are gaining strong market and revenue shares.

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Other mobile payment methods such as Apple Pay and Google Pay have gained in importance compared to the previous year, albeit at a low level. These payment methods should be investigated and implemented in online shops (see Chapter 5). Online retailers planning to offer a "buy now, pay later" payment option should consider carefully if this is suitable for the products or services offered.

4. **Warehousing and logistics:** Flexibility should always be considered when procuring warehousing and staffing to be able to respond efficiently to market changes in incoming and outgoing goods. It is also advisable to maintain a balanced mix of specialized and multi-functional staff and pay attention to careful handling. Accurately measuring and then reducing both the number of returns and the return rate are important processes.

7.2 CHECKLIST: ONLINE BUSINESS AND AI MANAGEMENT

The following checklist in Table 11 shows what online retailers should pay attention to in order to ensure that their online business continues to be well positioned. These **36 recommendations for action** are based on the study results from 2022 and 2023 for the practice of online retailing and are not to be regarded as conclusive. The E-Commerce Lab Framework in Chapter 7.4 helps to systematize and implement recommendations for action and initiatives in e-commerce in a structured way. The authors wish online retailers every success in implementing their measures and developing their online business. They would be delighted to receive feedback, additions, and criticism on the results of this research. The authors will also be happy to answer any questions and are open to suggestions for the Online Retailer Survey 2024.



We optimize your risk management

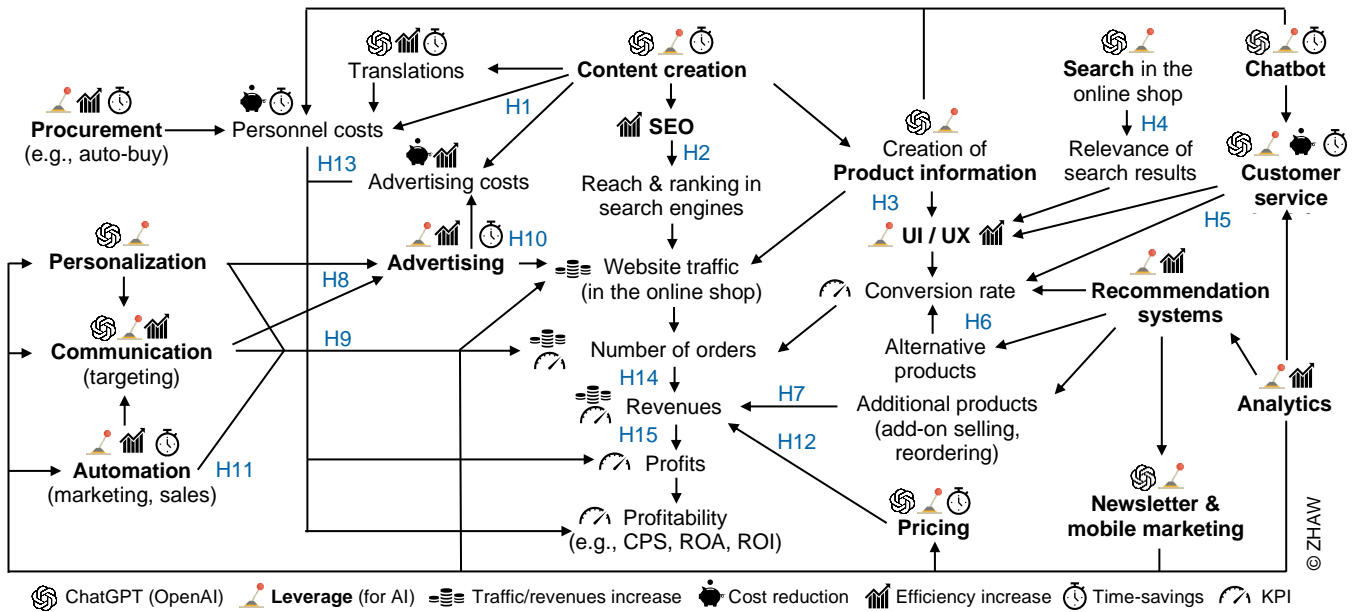
Your partner for purchase on account

- Identification
- Age verification
- Credit rating
- Fraud prevention
- Risk management
- Payment

Table 11 - Checklist: How to set up your online business (based on Zumstein et al. 2021, 2022)

| Area | Recommendations for online retailers |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management | <ol style="list-style-type: none"> 1. Monitor market demand closely and ensure a high level of customer focus. 2. Budget sales and turnover conservatively in times of overdistribution (oversupply), rising prices, and consumer crisis. 3. Review the breadth and depth of the product range and consistently adapt it to demand. |
| Purchasing & Distribution | <ol style="list-style-type: none"> 4. In purchasing, renegotiate prices to counter price pressures. 5. Evaluate and introduce new, cheaper suppliers or manufacturers. 6. Buy restrictively to avoid overstocking (see Point 31). 7. Use an omni-channel approach by selling through multiple, coordinated sales channels that take into account the new, flexible, and changing shopping behavior of customers. 8. Evaluate social commerce (e.g., Instagram shops and Facebook shops), digital marketplaces, and possibly native apps and integrate, develop, or promote them where appropriate. 9. In order to withstand the increasing (price) pressure from foreign providers, focus on differentiated product and service quality. |
| Customer Management & Services | <ol style="list-style-type: none"> 10. Evaluate and continually develop a range of digital services to attract and retain customers. 11. Discount codes, free shipping from minimum order value, and tracking are now standard e-commerce practices. 12. Exploit the potential of personalization, product configurators, loyalty programs, and live chat. 13. If you use an omni-channel approach, provide information on product availability in your online shop and physical stores and provide pick-up points using click & collect. |
| AI in Marketing & Sales | <ol style="list-style-type: none"> 14. Invest in research and development to use AI-based applications effectively and efficiently in as many business areas as possible. 15. Be open and willing to experiment with new developments, such as AI tools. 16. Explore and use AI-based tools in marketing, sales, and customer service. 17. Launch new projects related to AI-based customer advice/service (such as chatbots). 18. Content creation, customer service, and product recommendations offer great potential for AI applications (e.g., using AI to generate product texts). 19. Plan, execute, adapt, and optimize marketing campaigns with the help of AI tools to ultimately increase traffic, sales, and profits. 20. Adapt marketing campaigns, the product range, and prices to current developments in the market through automated monitoring. |
| Organization & HR | <ol style="list-style-type: none"> 21. Retain and develop staff through internal and external training, workshops, and career planning. 22. Pay industry-competitive wages to attract and retain skilled workers. 23. Create attractive working conditions and working hours (e.g., flexible working hours, part-time, remote work, and working from home). 24. Train and develop staff in AI to increase the acceptance, experience, and use of AI in your company. 25. Facilitate the understanding and use of AI tools. 26. Invest in improving and simplifying recruitment processes. 27. Establish and extend employer branding internally and externally. 28. Train more apprentices in the professional fields of e-commerce and digital marketing. |
| Online shop & payment systems | <ol style="list-style-type: none"> 29. Select and operate a flexible and expandable online shop system. 30. Continuously develop your online shop (systems, content, and processes). 31. Monitor software solutions available with all their (new) functionalities. 32. Offer mobile payment methods and debit cards via payment service providers. 33. Consider if the "buy now, pay later" payment option is suitable for the products and services offered in your online shop and for your customers. |
| Warehousing & Logistics | <ol style="list-style-type: none"> 34. Reduce overstocking and overcapacity. 35. Keep inventory levels low, thereby reducing costs and capital employed. 36. Have an efficient returns management strategy by targeting products and reducing shipping and packaging materials. |

Figure 54: Levers and business impact of AI in online retailing



As discussed in Chapter 4.1 and shown in Figure 53, **content creation** is an important lever where AI has or will have a major impact. ChatGPT-assisted content creation not only reduces labor and advertising costs (**Hypothesis H1** in Figure 54), but it also speeds up the content creation process. **SEO-optimized** web pages increase findability and search engine ranking (**H2**), and thus traffic and the number of orders in the online shop. Automatically generated **product information** improves both website traffic and user interaction (UI) or user experience (UX; **H3**), and thus the conversion rate and number of orders in the online shop.

The use of AI in the **search function** in the online shop improves the relevance of the search results (**H4**), and thus (in-)directly also UX and the conversion rate. In the area of **customer service and advice**, AI, for example in the form of chatbots, tends to increase the conversion rate and thus the number of orders in the online shop (**H5**).

Further improvements to the **recommendation systems** suggesting alternative and/or additional products to the online customer will increase the conversion rate (**H6**) and the turnover (**H7**).

An automated and personalized **customer approach** with relevant content and offers increases the efficiency of advertising (**H8**) and the number of visitors to the online shop (**H9**). **Advertising costs** can be reduced thanks to AI (**H10**) and their profitability, (e.g., measured by cost-per-sale (CPS), return on advertising (ROA), or investment (ROI)) can be increased.

Thanks to automated data evaluation and use in analytics, for example, in the context of sales and **marketing automation**, AI will tend to increase the number of orders in online shops (**H11**). Intelligent and dynamic **pricing** in online shops is also likely to have a positive impact on sales (**H12**).

To sum up, it can be hypothesized that thanks to **AI in e-commerce**, process, personnel, marketing, and sales costs will be reduced (**H13**), and both the number of orders (**H14**) and the profits or profitability (**H15**) of online retailers will be increased.

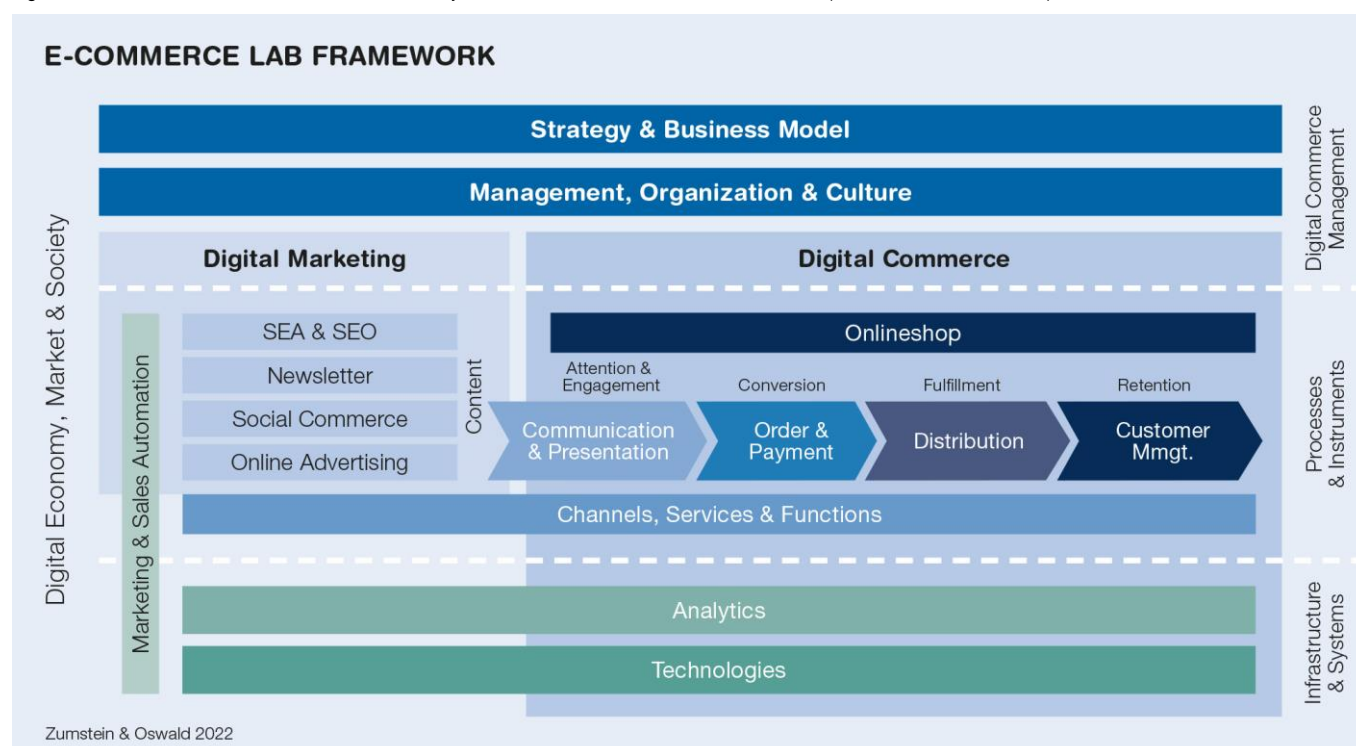
These 15 and other hypotheses on the positive and negative effects of AI in digital marketing and sales will be empirically tested in a future **research project** by the ZHAW E-Commerce Lab. All interested online retailers are cordially invited to participate in this innovative research project. This will allow them to learn from each other and expand or optimize their online business thanks to AI.

7.3 E-COMMERCE LAB FRAMEWORK

The E-Commerce Lab Framework is an analysis, structuring, and procedure model that clearly divides all relevant elements and aspects of digital commerce into the three dimensions "**Digital Commerce Management**", "**Processes & Instruments**", and "**Infrastructure & Systems**" (see Figure 55). A further differentiation is made vertically between the two pillars "Digital Marketing" and "Digital Commerce".

The E-Commerce Lab Framework is used for the structured analysis of complex issues in dynamic online commerce and is a key working tool for the E-Commerce Lab's activities in teaching, research, executive education, and consulting (Zumstein & Oswald, 2022).

Figure 55: Classification of the online merchant survey in the ZHAW E-Commerce Lab Framework (Zumstein & Oswald, 2022)



The above chapters discuss current research findings on the different elements of the e-commerce lab framework:

First, in **Chapter 2**, the developments of all relevant *sales channels* (Chapter 2.1) and *digital marketplaces* (Chapter 2.2) are discussed.

Chapter 3 deals with all relevant *challenges* along the digital value chain. These were compared over the years in the so-called e-commerce worry barometer (Chapter 3.1), and the current shortage of skilled workers and possible solutions are explained (in Chapter 3.2).

Chapter 4 delves into the highly topical and relevant subject of *AI in e-commerce* (Chapter 4.1) and the *online shop systems* used (Chapter 4.2), as well as *services and functions of online shops* (Chapter 4.3) and *omni-channel retailers* (Chapter 4.4). This chapter covers "Technology" and "Channels, Services & Functions" in the e-commerce framework.

Chapter 5 is dedicated to e-payment with a focus on *payment methods* and their revenue growth for online retailers (Chapter 5.1), *omni-channel payment solutions* (Chapter 5.2), the *payment service provider* (Chapter 5.3), "*buy now, pay later*" solutions (Chapter 5.4), and *debt collection* (Chapter 5.5).

Chapter 6 concludes the Online Retailer Survey 2023 with a guest article by Ralf Wölfe on the *Commerce Report Switzerland Follow-Up*. This last short edition of the longstanding and popular Commerce Report Switzerland series can largely be assigned to the framework conditions of "digital economy, markets, and society".

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Further studies in the field of digital commerce and digital marketing:

- The **Bernet ZHAW study** examines the engagement of Swiss companies, authorities, and non-profit organizations on social media, including social media advertising (Bernet ZHAW study, 2022).
- The annually published "**E-Commerce Report**" of FHNW is qualitative in nature and based on interviews with e-commerce managers of market-shaping Swiss companies (Wölfe & Leimstoll, 2021, 2022).
- Various studies are published on **eCommerce Europe** and Euro Commerce, including the European E-Commerce Report 2022, in which HANDELSVERBAND.swiss was involved (Lone & Weltevreden, 2022).
- The **Retail Institute** in Cologne (EHI Retail Institute) publishes various studies, including "E-Commerce Market Germany" (EHI, 2021) and "E-Commerce Market Austria/Switzerland 2018" (EHI, 2022).
- **IBI Research at the University of Regensburg** publishes the "eCommerce Guide" and further e-commerce studies
- The **Institute of Retailing in Cologne** (IFH) publishes various studies on digital business, such as the Online Trade Industry Report (IFH, 2022).
- The **Internet Study of the University of St. Gallen** (HSG) surveys consumers on online shopping (Rudolph et al. 2019, 2020, 2021).
- The **mood barometer of Zurich University of Applied Sciences** (HWZ) analyses consumer demand on behalf of Post CH Ltd every year.
- The **HANDELSVERBAND.swiss**, together with GfK and Swiss Post, regularly surveys e-commerce growth (HANDELSVERBAND.swiss, 2022). With Google and mindtake, the Omni-channel Readiness Index, the association also determines the maturity level of Swiss omni-channel providers (ORI, 2022).
- In collaboration with a panel of experts, the management consultancy **Carpathia** determines the turnover of the largest Swiss online shops and the B2B Monitor every year and publishes them on its [blog](#).
- **Wunderman Thompson** publishes an annual e-commerce study from the point of view of consumers, surveying 2,000 people from Switzerland (Wunderman Thompson 2022).

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Carmen Oswald, E-Commerce Lab Researcher

Carmen Oswald was a Research Associate at the ZHAW Institute of Marketing Management (IMM) from December 2019 to September 2023. She was assigned to the Strategic Customer Management & E-Commerce Unit and worked on research and consulting projects with a focus on e-commerce. She also taught marketing fundamentals exercises in Bachelor's degree programs, supervised Bachelor's theses, and was the Program Manager of the CAS in Digital Commerce.

Previously, Carmen Oswald worked in marketing and accounting at a trust company and as a consultant for the marketing agency GLA United. In 2022, she also worked temporarily as a Strategic Marketing Advisor for the start-up Steasy®. She graduated from ZHAW Zurich University of Applied Sciences with a Bachelor of Science (BSc) in General Management and a Master of Science (MSc) with a Major in Marketing.



Claudia Brauer

Prof. Dr Claudia Brauer is Professor of Business and Management at the Management Center Innsbruck (MCI) in Austria. For more than 13 years, she has been researching in the areas of internet technologies and measuring the success of internet-based business models (web analytics, social media analytics, and mobile analytics). In this context, she teaches at various national and international universities. In addition to her research activities, Claudia Brauer has gained extensive practical experience and advises various companies from different industries in the areas of performance measurement of internet-based activities and internet strategy development.

Contact: claudia.brauer@mci.edu



Study Participants

Table 12: Logos and domains of the surveyed online retailers (A-E)

| | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
|  3d-printerstore.ch |  3w-motoshop.ch |  acanthus-music.ch |  actionspielzeug.ch |  we integrate. active. active-shop.ch |  airmoving.at |
|  WÜRZEN, SO SCHARF WIE AFRIKA akabanga.de |  www.alcom.ch alcom.ch |  all4dogs.ch |  alpenrind.at |  alpensepp.com |  ANJA LAUERMANN fleur & argence anjalaueermann.com |
|  ansalia.ch |  anti-interception.com |  APPENZELLER GURT SWISS HANDMADE BELTS appenzeller-gurt.com |  archetti.ch |  ASANDRI STUDIO asandri.com |  AUTOBTRONIC.CH autotronic-shop.ch |
|  backyard-racing.ch |  BallonBox Shop ballonbox-shop.ch |  banholzer.ch |  bauwolf.at bauwolf.at |  Brühwiler BB Balterswil bb-shop.ch |  bb trading bbtrading.ch |
|  beeindrucken.ch |  Belfuma Alpiger belfuma.ch |  beliani.ch |  Berghäuser ASCHWANDEN AUS TRADITION NATÜRLICH! berqkaese.ch |  BERGLANDHOF ERNEN berglandhof.ch |  Betty Bossi bettybossi.ch |
|  betz-designmoebel.ch |  Bich Dans Ses Papattes Education canine & félins - Dog sitting - Cat sitting - Pension canine biendanssespapattes.ch |  Big Belly Bank biobellybank.swiss |  BIKE-EXPLORER bike-explorer.ch |  Andermatt Biogarten biogarten.ch |  bioMat ONLINE SHOP biomat-shop.com |
|  biomondo.ch |  Black Diamond blackdiamondequipment.com |  BLASERCAFÉ 1922 blasercafe.ch |  B M bm-agrotech.ch |  BOEHLI-APPENZELL boehli-appenzell.ch |  boesner.ch |
|  bookfactory.ch |  BOUTIQUEURY der Online Outlet boutiquery.ch |  BRACK.CH brack.ch |  St. Johann BRAUEREI brauerleistjohann.ch |  BRISTER Online Eatery brister.ch |  Brühlgut Shop bruehlgut-shop.ch |
|  Trinkgenuss seit 1953 brunnergetraenke.ch |  bruno wickart Büro- und Wohndesign bruno-wickart.ch |  SCHREINEREI M&K ITEN Design & Innovation - recidant mit Passion. budget-schrank.ch |  TSCHUDI Büromaschinen buerotschudi.ch |  Café-Bäckerei-Konditorei ABDERHALDEN cafe-abderhalden.ch |  CAFFÈ del GIANNI Stile VENEZIANO caffedelgianni.at |
|  Körper in Evolution cantinica.com |  CAR CARE carcareking.ch |  CAREVALLO carevallo.com |  CASA del VINO casadelvino.ch |  CHEESEFOOD.ch Swiss Premium Selection cheesefood.ch |  CHRIST UHREN & SCHMUCK christ-swiss.ch |
|  chrueterhuesli.ch |  THE SUSTAINABLE SHOP CIRCLE circleshop.ch |  CLASSICGAMESTORE.ch Classic Game Store classicgamestore.ch |  AS www.as.at coinoperatorshop.com |  CondomShop Die größte Kondom-Auswahl! condomshop.ch |  COOCO cooco.at |
|  Glas Perlen Macherie crea-arte.ch |  FLEISCHHANDEL DANKO AG by Swaffo Group danko-shop.ch |  Professional Dart Equipment DART shop24.ch dartshop24.ch |  Erwin Müller WOHLFÜHLEN ZU HAUSE. erwinmueller.com |  DEIN DEAL deindeal.ch |  DERMANENCE dermanence.com |
|  der-weck-glas-shop.ch |  DESIGNOBJEKT designobjekt.ch |  DOG DAYS VINTAGE dogdaysofsummer.at |  DO IT+ GARDEN MIGROS doitgarden.ch |  Don Cigarro doodah.ch |  doodah doodah.ch |
|  DOROTHEUM juwelier dorotheum-juwelier.com |  DOSENBACH dosenbach.ch |  DRINKDIRECT.ch drinkdirect.ch |  drogi.ch Ihre Online Drogerie drogi.ch |  duftoase.ch Duft-Oase-Shop-Home.ch |  earline earline.ch |

Table 12: Logos and domains of the surveyed online retailers (cont. E-K)

| | | | | | |
|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
|  e-bikes4you.com |  edelweiss.ch |  e-framer.ch |  ehs.ch |  endress.com |  ersatzteilshop24.ch |
|  eta-glob.ch |  europa.tierones-ports.com |  europumpen.ch |  evelia.at |  exaclairshop.eu |  exlibris.ch |
|  expert.at |  fabrikat.ch |  fahnenwelt.ch |  farmy.ch |  faserplast.ch |  fashiondreams.ch |
|  fcz.ch/shop |  fell-shop.ch |  fibim.ch |  firstaustria.com |  first-responder.ch |  fishen.ch |
|  fit-und-warm.ch |  fledbag.com |  flipbelt.ch |  frohkost.ch |  fumar.ch |  galaxus.ch |
|  galli.ch/uhren |  gans.ch |  gaumenheld.at |  gebana.com |  gebetsroither.at |  genevieve.at |
|  gerstaecker.ch |  getraenkezug.ch |  golfersparadise.ch |  golfimport.ch |  gottstein.at |  govertical.ch |
|  gps-online.ch |  granreserva.ch |  greenfinity.ch |  grill24.ch |  grossartig-decostyle.ch |  gesund-und-schoen.at |
|  gutschlafen.ch |  hagan-ski.com |  hairinspo.me |  hairtrader.at |  buchkatalog.at |  hasler.com |
|  haushalts-paradies.at |  haushalt-und-genuss.at |  hbt-ag.ch |  heinemann-shop.com |  hellovegan.ch |  helvecy.com |
|  heuundstroh.ch |  highlife.at |  hobbyshop.com |  hofer-kerzen.at |  hogashop.ch |  hollu.shop |
|  holzmodelle.at |  honegger-philatelie.ch |  honler-kerzen.ch |  federicatabarretti.com |  hubacherhifi.ch |  iamcreative.ch |
|  IKEA.ch |  immerag.ch |  immomailing.ch |  insider-sportshop.com |  interspar.at |  ipet.ch |
|  isufisch.ch |  itsteatime.ch |  jjpostcards.com |  JYSK.ch |  kaercher.com |  kambly.com |
|  kanela.ch |  kappeler.ch |  kaspar-allenbach.ch |  keller-ancient-art.ch |  kellerfahnen.ch |  kirchert.at |
|  kleandrop.ch |  kleich.at |  knuffel.ch |  kosmetikon.ch |  kraeutermax.com |  kreativartikel.ch |

Table 12: Logos and domains of the surveyed online retailers (cont. K-Q)

| | | | | | |
|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
|  kreidetafel24.ch |  kshop.ch |  kreando.ch |  kumitzberg.at |  kuratlejaecker.ch |  la-belle-vie.ch |
|  laeckerli-huus.ch |  laredoute.ch |  lazia.at/shop |  lecarrousel.ch |  led.ch |  lehner-versand.ch |
|  leitold.at |  lensvision.ch |  lesestoff.ch |  lets-doit.at |  libero-webshop.ch |  lichterkette.ch |
|  lidewo.at |  lifestylefood.ch |  lineandart.ch |  linzertorte.at |  livingdreams.ch |  livique.ch |
|  lola.ch |  lolipop.ch |  luftballonwelt.at |  luftkuss.ch |  macrofocus.com |  maehshop.ch |
|  magnat-suisse.ch |  mahlerundco.ch |  manor.ch |  mass-voll.ch |  mcofficeshop.ch |  meat4you.ch |
|  meine-haare.ch |  meinlamgraben.eu |  mein-messer.shop |  merchfox.at |  microspot.ch |  migros.ch |
|  militaershop.ch |  miminko.ch |  missio.at |  mobile-universe.ch |  mobilezone.ch |  moevenpick-wein.com |
|  monarch.ch |  mootes.ch |  mpreis.at |  multiframe.ch |  mundartstempel.ch |  m-way.ch |
|  myChapter.ch |  mydarts.ch |  myuniktas.ch |  naehfox.ch |  namuk.com |  natapura.ch |
|  natasharihaphtography.com |  nativrikot.ch |  naturtrends.ch |  neogard.ch |  neomat.ch |  newbalance.ch |
|  nif.ch |  nueni.ch |  numscout.ch |  obi.ch |  ochsnersport.ch |  opfelfarm.ch |
|  ol-events.ch |  onlineapo.at |  outdoorchef.com |  ox-huelle-fuelle.ch |  pandakindermobel.ch |  papierama.ch |
|  papier-kerbl.at |  partyshop.at |  pekashop.ch |  peterhans-hwz.ch |  pilgrim.ch |  pilzessin.at |
|  pinzgauer- techshop.ch |  pkz.ch |  platinum-swiss.ch |  pmphotomedia.ch |  ponchocompany.com |  powerfood.ch |
|  printzessin printzessin.ch |  pro-digital.at |  prospiel.ch |  puag.ch |  purpur-shop.at |  QoQa.ch |

Table 12: Logos and domains of the surveyed online retailers (cont. R-W)

| | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  NEVER WALK ALONE racoon.swiss |  radtke-messtechnik.com |  Willkommen im RARITAETEN-SHOP Der Ort um Geschichte zu leben... raritaeten-shop.com |  Elektronik. Voller Service. redzac.at |  enjoy the game reftools.ch |  reifen.com |
|  rennshop.ch |  revendo.ch |  Designer Furniture Rezzoli rezzoli.ch |  rothirsch.com |  für Haut & Haar sabineseifen.com |  sacom.com |
|  BOTANIK SAEMEREIEN saemereien.ch |  salomon.com |  Individuelle Mischung - Erfolgreiche Begrünung samen-schwarzenberger.at |  samsung.com |  sarys.ch |  sasto.ch |
|  schachversand.at |  schaefer-shop.ch |  Das Fachgeschäft im Internet schlafshop.ch |  schlitten.ch |  schmuck.ch |  Korbwaren und mehr. schneider-korbwaren.ch |
|  ST. JAKOBS KELLEREI 1694 schuler.ch |  schweiz-autoteile-shop.ch |  scott-sports.com |  selection-widmer.ch |  sfs.ch |  sharkfitness.ch |
|  bibelsebund.ch |  shop.billa.at |  shop.caritas.ch |  degussa-goldhandel.ch |  19 Jahre DITH-Shop VIDEOGAMESKONSOLEN + GAMES BLURAY + DVD dith-software.de |  1879 FGS SALZBURG fcsq.ch |
|  goethesgalerie.com |  jetticket.net |  TÖPFEREI & CERAMIK shop.keramik.at |  shop.lightbyte.ch |  shop.loacker.cc |  shop.lubio.ch |
|  pestalozzi.com |  The cleanest solution you'll ever find! shop.stofftaschentuch.ch |  ENGLISCH shop.titlis.ch |  tombotto.ch |  shopcom.ch |  shopping-trolley.ch |
|  silberwuerfel.ch |  smythstoys.com |  sol-id.ch |  sonnentor.com |  spillegge.ch |  SPORT FOOD OFFICIAL ONLINE SHOP sponser.ch |
|  sportliquidation.ch |  sportshop-soelden.com |  spruengli.ch |  sq-vape.ch |  stadlerform.com |  star-piercing.ch |
|  Regine Weber steindesign-online-shop.at |  Online-Shop für Stoff und mehr stoffbelle.com |  struuss.ch |  sunrise.ch |  superfinkli.ch |  20 JAHRE supermagnete.ch |
|  swarovskioptik.com |  swissdesignmarket.ch |  swisslos.ch |  swiss-paracord.ch |  swisswetter.shop |  tb-tools.ch |
|  tee-kaffee-shop.com |  thalia.at |  ticketplus.ch |  timbershop.ch |  NATURKOSMETIK Tiroler Kräuterhof tiroler-kraeuterhof.com |  tomflowers.ch |
|  tool.tirol |  total-shop.ch |  tramatec-shop.ch |  TRAVEL & OUTDOOR transa.ch |  u-blox.com |  uhrenkauf-auf-raten.ch |
|  vedia.ch |  dal 1892 vergani.ch |  victorinox.com |  vietnam4u.ch |  NATUR villgraternatur.at |  WELT DES WEINES vinorama.at |
|  ARGENTINOS vinos-argentinos.ch |  seit 1994 vinoersum.ch |  vkf-renzel.at |  vonmattag.ch |  Online-Shop vonrotz-shop.ch |  BECHER SEIT 1629 wagnersche.at |

Table 12: Logos and domains of the surveyed online retailers (cont. W-Z)

| | | | | | |
|---------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
|  waldundwiese.at |  weinonline.ch |  weinvogel.ch |  weisbrod.ch |  wellvida.ch |  fraisalogo.com |
|  WOOD4PROS.COM |  workment.ch |  wyhuus-am-rhy.ch |  ychnautica.ch |  zante-oel.at |  zendoo.ch |
|  zigarren-online.ch |  zollinger.bio |  zooplus.ch |  zubi.swiss |  zurrose-shop.ch |  zvv.ch |
| The remaining 174 online shops prefer to remain anonymous. | | | | | |

Research Partners

Worldline Switzerland Ltd

Worldline supports companies of all types and sizes in their growth plans - quickly, easily, and securely. With state-of-the-art payment technology, local expertise, and tailor-made solutions for hundreds of markets and industries, Worldline supports the business development of more than one million companies worldwide. In 2022, Worldline generated a turnover of 4.4 billion euros.

As a Platinum Partner of the ZHAW Institute for Marketing Management and a provider of payment solutions, Worldline actively supports the change in e-payment.

More information at: www.worldline.com/merchant-services



Planet Group (formerly Datatrans)

A single payment platform that helps you grow your business.

Discover an all-in-one payment platform for merchants that combines payment acceptance and processing, currency conversion, and tax refund solutions in a single terminal, supported by a comprehensive range of value-added services.

Whether you own a business, run a restaurant, or manage a hotel, our payment solutions can help you increase your sales.

More information at: <https://www.planetpayment.com>



CRIF Ltd

CRIF Ltd is a leading provider of business information in Switzerland and Austria. As a Silver Partner of the IMM, it offers its customers reliable data on individuals and companies and optimizes check-out processes by means of identification, age and creditworthiness checks, means of payment control, and fraud prevention.

Online traders can integrate the modular products directly into their web shops and expand them into a total solution as desired. In addition, CRIF offers solutions in address management and risk management, in particular, solutions and consulting.

More information at: www.crif.ch



TWINT Ltd

Pay conveniently and securely with your smartphone using TWINT: at the supermarket checkout, in the online shop, when shopping in a farm shop, among friends, on public transport, or when parking. With more than four million active users, TWINT is the leading payment app in Switzerland. In September 2016, the merger of the two Swiss payment apps Paymit (UBS, Six, and various banks) and TWINT (Postfinance) was registered officially.

Today's TWINT Ltd has been in existence since September 2016 and has grown in popularity throughout Switzerland in recent years. More and more new merchants, acceptance points, and a steadily growing number of users have made the company one of the most popular payment brands in Switzerland and a highly used app within just five years.

More information at: www.twint.ch



JMC Software Ltd

JMC Software Ltd is a 360° IT service provider that supports its customers in all technical aspects of business operations, hosting, security, and e-commerce. Since it was established in 1996, JMC Software Ltd has built a reputation as the Swiss market leader for the implementation and operation of digital platforms.

More information at: www.jmc-software.ch



0% financing bobpay

As a business unit of Valora Switzerland Ltd, bob Finance offers innovative financing solutions for private customers and retailers. bob pay is a unique all-in-one payment solution that combines “purchase on account” and “pay by instalment for up to 48 months” in both e-commerce and stationary retail. bob Finance handle the entire installment payment processing, including real-time solvency checks and contract document mailing, and cover the debtor default risk 100%.

More information at: www.bobpay.ch



CembraPay

CembraPay is active in payment processing and offers consumers and companies the purchase of goods and services on account or in instalments. CembraPay works similarly to a credit card, with the difference that you purchase with your good name by providing your contact details and do not have to provide any other details such as a credit card number, expiry date, CVC code, or 3D Secure code. You conveniently shop at the retailer of your choice and select Byjuno as your means of payment. You then receive the invoice from CembraPay and can pay it either immediately or in several instalments, depending on the product you have chosen.

More information at: www.cembrapay.ch



Swiss Post

Swiss Post has been connecting people for 175 years and is an integral part of Switzerland and the Swiss identity. As a professional partner for online commerce, we connect retailers with their customers, offering tailored solutions for e-commerce logistics. Our broad range of nationwide and cross-border services includes delivery of letters, newspapers, and parcels as well as courier, express, and goods logistics services. In the advertising segment, we continually develop new digital and cross-media services, in addition to direct marketing. Recipients of consignments benefit from convenient solutions, ranging from consignment information and management through to returns. We also actively advise our business customers on how to leverage their e-commerce potential.

More information at: www.digital-commerce.post.ch



PostFinance

PostFinance is a diversified, innovation-driven financial services provider. We offer our customers fresh solutions and smart innovations for everything to do with money. In doing so, we rely on forward-looking tools and technologies that we develop or adapt specifically for the Swiss market..

More information at: www.postfinance.ch



EOS Switzerland Ltd

EOS, a company of the Otto Group Hamburg, is the joint umbrella of 60 operating companies in the financial services sector. With more than 6,000 employees, EOS is an international company with a global presence and is undergoing a dynamic growth process. As part of the EOS Group, EOS Switzerland combines supra-regional competence with specific know-how in the Swiss market. Decades of experience in national and international credit and receivables management make EOS Schweiz a competent partner for companies in the areas ranging from dunning to the collection of receivables and the purchase of receivables packages.

More information at: <https://ch.eos-solutions.com>



Nets Switzerland Ltd

We work tirelessly to simplify and improve our digital platforms – driving new opportunities in the digital payment ecosystem while always ensuring the highest levels of security and stability. Our goal is to create simple, intuitive, and customer-focused solutions from a complex reality and ensure that we stand out as a trusted payments industry hub, delivering connectivity. Driving a tomorrow that is simpler than today. That is our motivation.

More information at: www.nets.eu



Payrex Ltd

We simplify selling across all online channels so that everyone has the opportunity to trade online, regardless of their knowledge and capital.

We achieve this with the most advanced technologies of our time and by merging current payment and e-commerce processes into simple and customer-oriented sales tools.

Whether selling products, services, online tickets, or vouchers, including membership fees or running fundraising projects, our practical solution enables businesses, foundations, individuals, and public institutions to get started and accept credit card payments straight away.

More information at: www.payrex.ch



Swisscom (Switzerland) Ltd

Swisscom is the leading telecommunications company and one of the leading IT companies in Switzerland, headquartered in Ittigen near Bern, the Swiss capital. In Switzerland, Swisscom offers broadband services, TV, mobile telephony, and comprehensive services to residential customers. For business customers, the offering includes network, cloud, and ICT services. The subsidiary Fastweb has established a strong market position in Italy. Swisscom is uncompromisingly oriented towards customer needs, focuses on service and quality, and invests heavily in the networks of the future.

Swisscom also has its own payment solution. With **Swisscom Pay**, customers pay simply, quickly, and securely with their next Swisscom bill or their prepaid credit. The largest online stores and third-party providers such as Netflix, Spotify, Apple, and Google Play all accept Swisscom Pay as a means of payment for your films, music, apps, or games.

More information at: www.swisscom.ch/pay



HANDELSVERBAND.swiss

HANDELSVERBAND.swiss unites over 400 retailers who generate around CHF 21 billion in sales in Switzerland, of which CHF 11 billion is online and CHF 10 billion stationary business. The members operate around 440 online shops and send 80 million parcels in Switzerland every year. The association brings together traders from a wide range of sectors and works on common, overarching themes. It regularly organizes events, webinars, and exchanges of experience, sends out newsletters with the latest information on trade, and provides standard templates (general terms and conditions, data protection) for online shop operators. Furthermore, HANDELSVERBAND.swiss is involved in professional and executive education and in legislative processes. Small as well as large traders but also manufacturers are united with the aim of committing themselves to the new, digital world of trade in Switzerland and to perceiving this change as an opportunity.

More information at: www.handelsverband.swiss



Austrian Trade Association

The Austrian Trade Association has been active since 1921 as a free representation of interests and an innovation platform to support its more than 4,000 members in the best possible way. In addition to the members, who achieve an annual turnover of more than 65 billion euros in Austria with approx. 300,000 employees at 25,000 locations and together cover 80 percent of the market, numerous companies of diverse specializations are associated with the trade association as partners.

The association's portfolio includes, among other things, four innovative industry congresses, the discussion format [handels]zone, the trade magazine retail, the multimedia site [retail.at](https://www.retail.at), the publication of studies and the Handelsverband Akademie. The online platform KMU RETAIL offers know-how, retail data, and legal security to all Austrian retail companies.

More information at: www.handelsverband.at



The digital shopping mall

In order to make online shopping in Austria easier, the **Austrian Retail Association** and the **Kronen Zeitung** offer the largest directory for domestic webshops: eCommerce Austria

More than **5,000 Austrian webshops** are already listed in 15 different categories, and more are being added every day.

Take the chance and become part of the largest national community for webshop operators.

www.kaufsregional.at



E-Commerce Best Practice Day

Free of charge
for you

Event Details

The E-Commerce Best Practice Day will take place on Thursday, 11st of July 2024, from 1.30 to 7 p.m. in the ZHAW auditorium, Campus St.-Georgen-Platz (SW Volkartgebäude), 8400 Winterthur, Switzerland.

Participants and research partners of the Online Retailer Survey 2023 are entitled to free admission (otherwise CHF 200).

Target Group

- Employees of omni-channel retailers, online shops, digital marketplaces, and platforms
- Service providers in the field of e-commerce (e.g., payment, fulfilment, logistics, consulting, agencies, IT)
- Current and future students (Bachelor's, Master's & CAS/MAS programs)
- Alumni of the ZHAW / Marketing Management Community

Program on Thursday, 11th of July 2024

- 1.30 – 2.00 p.m. Welcome & opening
- 2.00 – 7.00 p.m. Speakers (main stage) & 4 break-out sessions (parallel tracks)
- From 7.00 p.m. Reception, networking, and fun

zh School of
aw Management and Law

Save the Date

E-Commerce Best Practice Day

Donnerstag, 11. Juli 2024, 13.30 Uhr
ZHAW, Aula SW-Gebäude
St.-Georgen-Platz 2, Winterthur



E-Commerce Lab @zhaw

The E-Commerce Lab is the leading Swiss competence center for digital sales and online commerce. We conduct interdisciplinary, applied research and are involved in education and training in the field of e-commerce.

Research Focus

The E-Commerce Lab conducts research on current topics in digital marketing and sales with a focus on the following areas:

- E-commerce / digital commerce
- Cross- and omni-channel sales in B2C, B2B, and D2C
- Services (e.g., virtual consulting, configurators, live chat, chatbots, and payment)
- Social commerce and live shopping
- Cross-border e-commerce
- Technologies and tools in e-commerce
- Customer acquisition and retention in e-commerce
- Sustainability in e-commerce (e.g., re-commerce, sharing commerce, and circular economy)
- Challenges and success factors in e-commerce

Consulting & Projects

The E-Commerce Lab provides support at all levels to take e-commerce to the next level:

- **Contract research:** You place an order with us to work on your company-specific problem.
- **Bachelor's & Master's theses:** Let our students work on a question from e-commerce as their final thesis.
- **Innovation projects:** We support you in designing and implementing a product, process, or service innovation.
- **Studies:** Together with companies, associations, and societies, we carry out (qualitative and quantitative) studies on specific or general issues of online trade and digital marketing.
- **Next-level e-commerce:** Together, we take your e-commerce business to the next level.
- **Audits & consulting:** We analyze the usability of your online shop and the markets in your industry with you.
- **Second opinion:** We provide an independent second opinion on your current business issue (e.g., marketplace integration, expansion, and positioning).
- **In-house training:** We impart sound know-how for your employees within the framework of topic-specific training courses.

Contact

We will be happy to answer any questions you may have - also about the **E-Commerce Lab Framework** - and look forward to hearing from you.



Dr. Darius Zumstein, Head of E-Commerce Lab
darius.zumstein@zhaw.ch, +41 (0) 58 934 66 08
www.zhaw.ch/e-commerce-lab



Fabian Oehninger, research associate
fabian.oehninger@zhaw.ch

E-Commerce Lab Framework



E-Commerce Lab Framework @zhaw



Analyzing, developing, optimizing, and scaling online stores

1 Strategy & Business Model

- 1.1 E-commerce **strategy** (incl. vision, mission, values, and purpose)
- 1.2 E-commerce **concept**
- 1.3 E-commerce **business & revenue models**

2 Management, Organisation & Culture

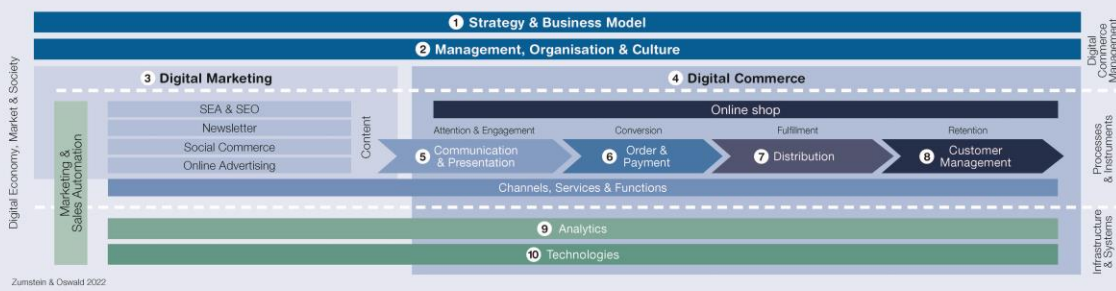
- 2.1 **Management and leadership principles**
- 2.2 **E-commerce organization** (incl. marketing, sales, order fulfillment, warehousing, logistics, customer service, etc.)
- 2.3 **Financial resources** (budgets)
- 2.4 **Human resources** (Staff: roles, qualifications, competence, etc.)
- 2.5 **Technical resources** (e.g., infrastructure)
- 2.6 **Partnerships** with consultants, agencies, and implementation partners
- 2.7 **Culture** (values, code of conduct, behaviors)

3 Digital Marketing in E-Commerce

- 3.1 **3.1 Search engine optimization (SEO)**
 - Onsite optimization (e.g., keywords)
 - Offsite optimization (e.g., backlinks)
 - Google Shopping
 - Google MyBusiness
- 3.2 **Search engine advertising (SEA)**
- 3.3 **Email & newsletter marketing**
- 3.4 **Social media & social commerce**
 - Facebook marketplace
 - Facebook account, ads & shops
 - Instagram account, ads & shops
 - LinkedIn account & sales navigator
 - YouTube account & ads
 - TikTok, Snapchat, Pinterest, etc.
- 3.5 **Influencer marketing**
- 3.6 **Online advertising** (e.g., display ads)
- 3.7 **Affiliate & partner programs**
- 3.8 **Mobile marketing** (e.g., geolocalization)
- 3.9 **Content marketing** in e-commerce
- 3.10 **Community management**

4 Digital Commerce & Online Stores

- 4.1 **Sales channels**
 - **Own online shop** & partner shops
 - **Native app** with order feature
 - **Digital marketplaces** (e.g., Galaxus)
 - **Omnichannel**
 - Physical stores (e.g., new concepts)
 - Personal sales on-site
 - Sales stands at trade fairs
 - Order card in a printed catalog
 - **Orders via email**
 - **Orders via EDI & ERP**
 - **Social & livestream commerce**
 - **Messenger commerce** (e.g., WhatsApp)
 - **Voice commerce** (e.g., voice assistants)
 - **Virtual commerce** (e.g., Metaverse, AR, and VR)
- 4.2 **Online stores**
 - **Products & brands**
 - **Category management**
 - **Pricing**
 - **Assortment width**
 - **Assortment depth**
 - **Sales and business processes**
 - Functions & services (see 5 to 8)



5 Communication & Presentation

- 5.1 **Navigation**
- 5.2 **Search**
- 5.3 **Product filter** & product finder
- 5.4 **Product list** & reminder list
- 5.5 **Quick links** & product access
- 5.6 **Product detail page**
- 5.7 **Product images** (Zoom, 3D) & product videos
- 5.8 **Configurator**
- 5.9 **Recommending alternative products**
- 5.10 **Recommending additional products**
- 5.11 **Product comparison**
- 5.12 **Product assessment**
- 5.13 **Product availability** (in an online or physical store)
- 5.14 **Personalization** (e.g., offers, prices)
- 5.15 **Quality seal** & store certification
- 5.16 **Virtual tours**
- 5.17 **Video consulting** (e.g., webinars and live demonstrations)
- 5.18 **Live chat** & live consulting
- 5.19 **Chatbots**
- 5.20 **Augmented & Virtual Reality (AR/VR)**

6 Order Placement & Payment

- 6.1 **Customer account & guest order**
- 6.2 **Shopping cart & checkout**
- 6.3 **Payment methods**
 - Payment on invoice
 - Credit card, debit card, & PayPal
 - Mobile payment (e.g., TWINT)
 - Buy now, pay later (e.g., installment payment)
- 6.4 **Credit assessment**

7 Order Fulfillment & Distribution

- 7.1 **Warehousing & logistics** management
- 7.2 **Delivery speed** & delivery date
- 7.3 **Delivery costs** (e.g., free delivery)
- 7.4 **Shipment tracking** and delivery status
- 7.5 **Click & collect** and click & reserve
- 7.6 **Returns management** (e.g., free return)

8 Customer Management

- 8.1 **Customer Service** (e.g., call centers)
- 8.2 **After sales & complaint management**
- 8.3 **Loyalty programs** & customer cards

9 Analytics & Automation

- 9.1 **Campaign analytics**
- 9.2 **Digital analytics** (e.g., Google Analytics)
- 9.3 **Social media analytics** (e.g., web monitoring)
- 9.4 **Shop analytics** (e.g., ERP, Shopsystem)
- 9.5 **Customer analytics** (e.g., CRM, BI, and DWH)
- 9.6 **Testing** (e.g., A/B & multivariate testing)
- 9.7 **Marketing & sales automation**

10 Technologies & Architecture

- 10.1 **Online store systems**
- 10.2 **Payment systems (PSP)**
- 10.3 **ERP** (enterprise resource planning)
- 10.4 **CMS** (content management system)
- 10.5 **PIM** (product information management)
- 10.6 **CRM** (customer relationship management)
- 10.7 **Newsletter and campaign tools**
- 10.8 **Inventory management systems**
- 10.9 **MAM** (multimedia asset management)
- 10.10 **Native apps** (Apple & Android)
- 10.11 **Other ancillary systems** of online stores



#EcommerceLab

Further Education

CAS in Digital Commerce

Practice-oriented, scientifically based specialist training in the field of digital sales. The content is taught in two modules.

Module 1 - Digital Commerce:

- Development of online trade and (inter)national markets
- Technological developments and AI in e-commerce
- Strategy development and business models in digital business
- E-commerce strategies and concepts
- Social commerce, voice commerce, and IoT
- Omni-channel and shop management
- Mobile commerce, social commerce, and digital services

Module 2 - Online Shops:

- Creation and presentation of product information
- Optimization of the shopping basket and ordering process
- E-payment and payment methods
- Usability and UX of online shops
- Logistics and distribution
- Shop and digital analytics
- E-Commerce Best Practice Day (conference with 26 speakers)

Program starts in August 2024. More information and registration at: www.zhaw.ch/imm/casdc

CAS in Digital Sales & Marketing in B2B

Finally, a suitable further training course just for employees in B2B: The contents are taught in two modules.

Module 1 - Omni-Channel Sales in B2B:

- Trends and AI in B2B
- B2B infrastructures
- Omni-channel sales in B2B
- E-commerce in B2B
- Conception of online shops
- Organization and change management

Module 2 - Marketing in B2B:

- Communication and social media in B2B
- Marketing and digital marketing in B2B
- Products and services in B2B
- Customer management and services
- Analytics in B2B and marketing automation
- B2B Digital Best Practices Day with 13 presentations by experienced professionals

Program starts on 1 March 2024. Information and registration at: www.zhaw.ch/imm/casb2b



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