



Press release

Swiss consumers of luxury beauty products and homeware to be hit hardest by inflation

- Price will have the biggest impact on purchasing decisions in the next 12 months
- Majority of Swiss consumers perceive quality as the most important product value
- Retailers of luxury beauty, homeware, clothing, and fine foods expected to be hit hardest by inflation followed by retailers of high-end electronics
- Half of consumers are willing to pay more for sustainable and ethical products

Zurich/Geneva, 06.07.2022 – A [new report](#) by global professional services firm [Alvarez & Marsal \(A&M\)](#), in partnership with [Retail Economics](#), reveals that almost 40% of consumers in Switzerland think that the cost-of-living will have the biggest impact on their purchasing decisions in the next 12 months. Compared to other major European countries, inflation in Switzerland has not risen as much as its neighbours. Against this backdrop, Swiss consumers continue to perceive good or superior quality as the most important value when purchasing products across all retail categories, electricals being the highest-ranking category. In the Switzerland, nearly half of the consumers also say they are willing to pay more for sustainable and ethical products.

A&M's report saw that a majority of Swiss consumers (40.6%) perceive a good or superior quality as the most important value when purchasing products, followed by sustainability & ethics (20.9%), convenient access to products (15.6%), low prices (14.4%), and a great shopping experience (8.6%). People who appreciate quality value ease and access to product information, which enables judgement on product sourcing, materials, and likely longevity. Since good quality usually comes with a higher price tag, the impact of the inflation will ask Swiss customers to sacrifice on quality when shopping in the near future. As of April 2022, when the survey was run, Swiss consumers were not yet making any changes in their shopping priorities. We believe this reflects a relatively affluent consumer population, with lower exposure to current economic pressures versus the other European countries surveyed in the study.

[Claudio Cervellati](#), Managing Director, Alvarez & Marsal Switzerland said: “Our analysis suggests that the Swiss consumer has a different set of priorities compared to the majority of its European peers. In our survey, Switzerland demonstrated a very high proportion of “quality appreciators”, while also having a keen focus on convenience and sustainability. If inflation in Switzerland continues to rise, Swiss consumers may reprioritise their values by becoming more cost-conscious when it comes to deciding which products, retailers and consumers brands they choose.”

Product type: Swiss consumers will buy electricals in the highest quality possible

In general, over 35% of people consider the high quality of products as the most important value to consumers across all retail categories: groceries, apparel, health and beauty, electrical products, and homeware. When shopping for groceries, about 40% of the respondents ranked the high quality of the

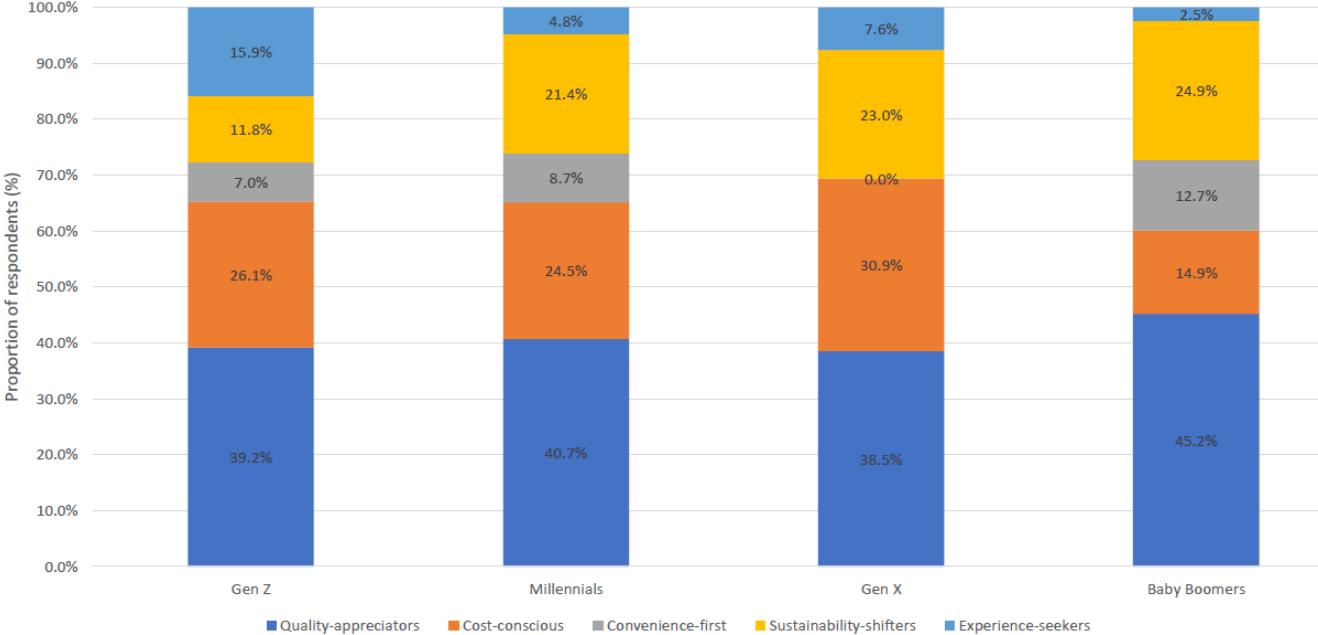
produce as most important. The values ‘convenient access to products’, ‘sustainability’, ‘shopping experience’, and ‘price’ have each reached only 20% or less respondents. When it comes to buying a product in the highest quality possible, nearly 50% of Swiss buyers prefer to do so with electrical products. People rank apparel (20.8%), groceries (17.7%), home-related products (8.5%), and health and beauty (5.4%) much lower. On top of that, Swiss customers who are generally very price sensitive, will preferably buy directly from the manufacturer to the detriment of retailers such department stores. Consequently, we expect that retailers of luxury clothes, homeware, and beauty products as well as fine food, will probably be hit harder by the inflation, than those who sell electrical products where demand is less price sensitive.

Online vs. in-store: Swiss customers value efficiency over shopping experience

Consumer efficiency and access to product information is for over 50% of the consumers the most important value when shopping in-store or online. Only 14% consider an enjoyable in-store or online environment as the most important value. As online shopping is becoming always more important, shopkeepers of bricks-and-mortar stores should be conscient that a majority of customers visit physical stores for either the possibility to touch and feel the products or the customer service, of which the latter matters the most (30.2%), when it comes to actually buying a retail product in-store.

Sustainability and ethical behavior

In the Switzerland, nearly half of the consumers say they are willing to pay more for sustainable and ethical products. The most important ethical values for Swiss consumers are fair wages to employees (31.4%) followed by sustainable means of sourcing (24.7%). Interestingly, across all age groups, it is the baby boomers who value sustainably the most (24.9%), followed by Gen X (23.0%), millennials (21.4%), and Gen Z (11.8%).



Claudio Cervellati, Managing Director, Alvarez & Marsal Switzerland also comments: “Our research shows that retailers in Switzerland will need to focus on strong value proposition, redefining customer experiences, evolving operating models, flexible supply chains and data, insights and personalization as they navigate through challenges posed by rising inflation and cost-of-living crisis.”

Full report and data on Switzerland

Under the following Dropbox you will find the full report and a document with all data on Switzerland:

https://www.dropbox.com/sh/rv9wybjf4495xja/AACIDZHb_JLswGYlai-8Y1P8a?dl=0

Methodology

A nationally representative consumer panel was undertaken by Retail Economics across seven countries including the U.K., Spain, Italy, France, Germany, Switzerland, and UAE. The sample comprised more than 5,250 consumers with survey data collected in April 2022.

The analysis of retailers' profitability covers a sample of 49 UK publicly listed companies. Average pre-tax profit margins are weighted by market capitalization using data from annual financial reports from 2012 to 2022. The sample covers companies with a combined market cap of over £100 billion.

About Alvarez & Marsal

Alvarez & Marsal (A&M) is an unlisted company owned by its two partners since its inception in 1983 and provides multidisciplinary services worldwide. A&M supports and assists private and public companies, creditors and stakeholders of distressed companies, boards of directors, private equity firms, law firms and government agencies facing complex challenges such as restructuring, due diligence, transformation and change management.

With more than 5,400 employees worldwide, A&M teams are comprised of experienced professionals who have held operational and financial leadership positions in leading corporations, supervisory and regulatory bodies. Since 2019, A&M is represented in Switzerland in Zurich and Geneva.

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Media contact

Cabinet Privé de Conseils s.a.

alvarezmarsal@cpc-pr.com