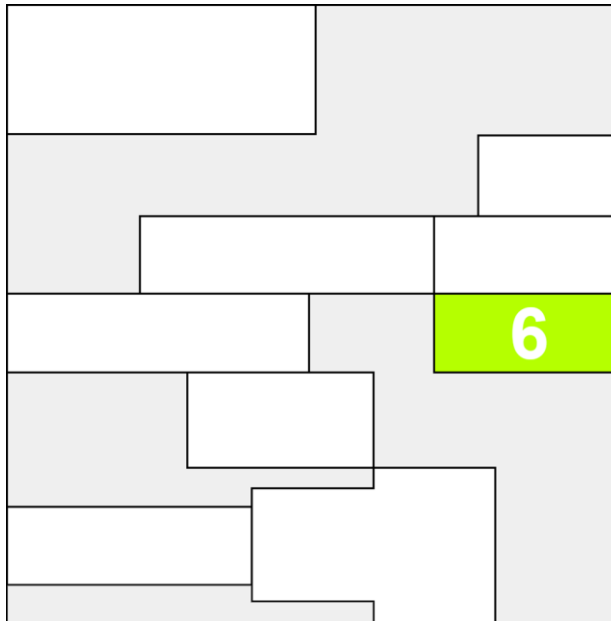


Segment 6: Traditional retailers

Segmentation of demand in the retail property market



6.1 Traditional retailers: Introduction

Around 5 % of all Swiss businesses operating in the retail property market are traditional retailers accounting for 4 % of those employed in the sector. This segment comprises exclusively independent stores sited at A and B locations in centres of medium to large towns and selling clothes, shoes, cosmetics, eyewear and jewellery/watches. Typical examples are independent watch shops, shoe shops and men's clothing shops. As secondary attractions and sellers of retail goods they are important for centres, raise the quality of the visit and may generate impulse buys.



These businesses whose private owners tend to live in the area are (exclusively) local and require small sales areas. As their products are similar to many other retail goods and are often bought together, they benefit not only from a site with high visibility and a retail location with the right image, but also from a high concentration of shops in the neighbourhood. These traditional retail businesses rent in mixed-use buildings and generally sell their goods at floor level in one-story shops. Their level of fittings ranges from basic to refined with a sales area profitability of average to high, with a tendency to higher sales margins than those of chain store competitors. Due to the high requirements of the site these businesses tend to be willing to pay more in rent. However, for financial reasons they are increasingly less able to afford the most expensive sites. There are few demands regarding access and deliveries. Accessibility by public transport and on foot is more important than access for individualised transport and dedicated parking.

6.2 Who are the Traditional retailers?

Characteristic Typical features

Profitability per unit area (gross profit per m2 in CHF)




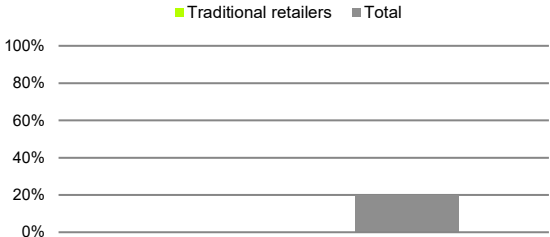
Typical businesses Shoe shop, women's and men's clothing store, opticians, jewellers, cosmetics shop

Business type Traditional retail store

New relevant formats / concepts Pop-up-store

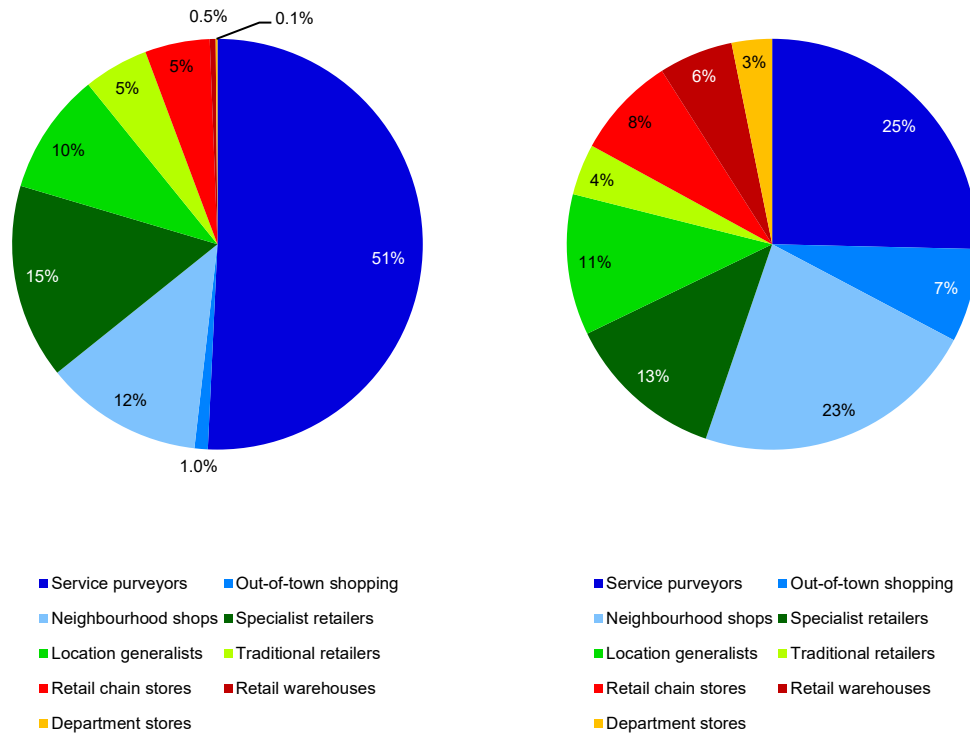
Which types of goods are mainly sold by Traditional retailers ?

| | |
|--|-------------------------------------|
| Food and beverages | <input type="checkbox"/> |
| Health and body care | <input checked="" type="checkbox"/> |
| Clothing/shoes | <input checked="" type="checkbox"/> |
| Department stores/non-specialised stores | <input type="checkbox"/> |
| Optics/photography | <input checked="" type="checkbox"/> |
| Watches/jewellery | <input checked="" type="checkbox"/> |
| Books/stationery | <input type="checkbox"/> |
| Sport | <input type="checkbox"/> |
| Toys | <input type="checkbox"/> |
| Consumer electronics | <input type="checkbox"/> |
| DIY and garden supplies | <input type="checkbox"/> |
| Furniture and furnishings | <input type="checkbox"/> |
| Other goods and services | <input type="checkbox"/> |

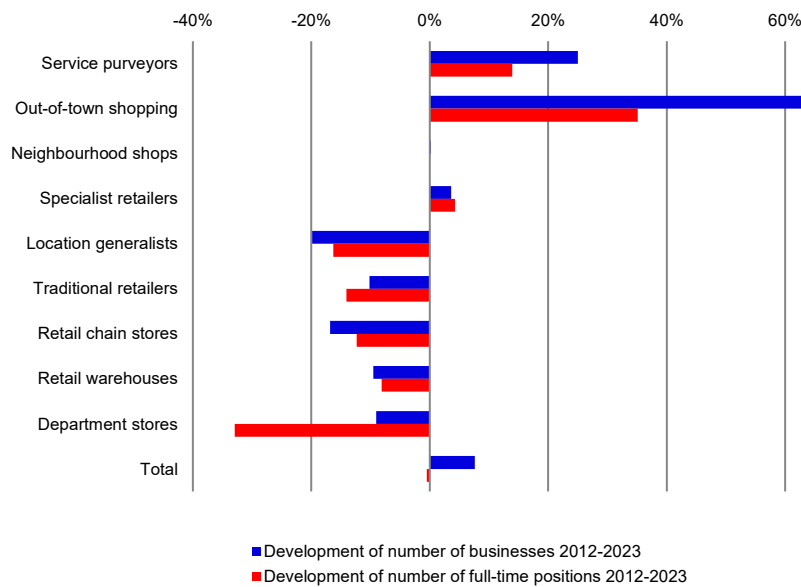
| Characteristic | Typical features | | | | | | |
|---|---|----------|-------|-----------------------|-----|-------|-----|
| Average number of employees per business (2023) | 2.3 Full-time equivalents <div style="text-align: right;">  <table border="1"> <caption>Average number of employees per business (2023)</caption> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Traditional retailers</td> <td>2.3</td> </tr> <tr> <td>Total</td> <td>3.0</td> </tr> </tbody> </table> </div> | Category | Value | Traditional retailers | 2.3 | Total | 3.0 |
| Category | Value | | | | | | |
| Traditional retailers | 2.3 | | | | | | |
| Total | 3.0 | | | | | | |
| Required surface area | Mainly 50 - 400 m2, but also till 800 m2 possible | | | | | | |
| Catchment area | Medium-sized | | | | | | |
| Concentration of chain stores (2023) | 0% <div style="text-align: right;">  <table border="1"> <caption>Concentration of chain stores (2023)</caption> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Traditional retailers</td> <td>0%</td> </tr> <tr> <td>Total</td> <td>0%</td> </tr> </tbody> </table> </div> | Category | Value | Traditional retailers | 0% | Total | 0% |
| Category | Value | | | | | | |
| Traditional retailers | 0% | | | | | | |
| Total | 0% | | | | | | |

6.3 Traditional retailers: Distribution

Distribution of Swiss businesses (left) and full-time positions (right) in the retail property market (2023)

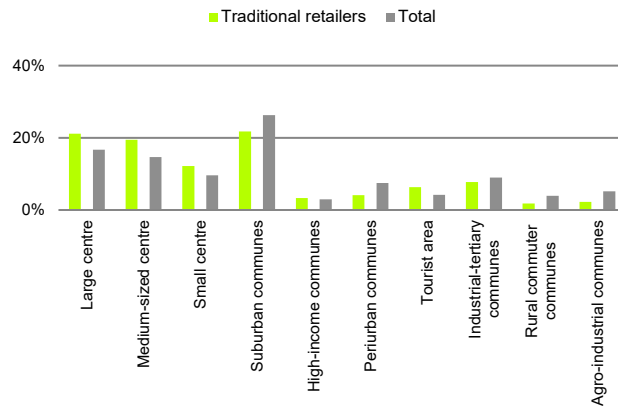


Development of number of businesses and of full-time positions 2012-2023 (Switzerland)



6.4 How do the Traditional retailers sell?

| Characteristic | Typical features |
|-----------------|---|
| Retail location | Inner cities, all larger localities, shopping streets, pedestrian zones |



| | |
|---------------------|-----------------------------------|
| Surface area layout | Rectangular, small rooms possible |
|---------------------|-----------------------------------|

| | |
|---------------|------------------|
| Building/plot | Without own plot |
|---------------|------------------|

| | |
|------------------|--------------------|
| Type of property | Mixed-use building |
|------------------|--------------------|

| | |
|-------------------|------------------------|
| Number of storeys | Generally single-floor |
|-------------------|------------------------|

| | |
|--------------|--------------------------------------|
| Architecture | Modern, classic, historical building |
|--------------|--------------------------------------|

| | |
|--------------------|-----------------------------------|
| Access/connections | Access and deliveries fairly easy |
|--------------------|-----------------------------------|

| | |
|--------------------------|--------------------|
| Retail space flexibility | Fairly unimportant |
|--------------------------|--------------------|

| | |
|----------------------|-------------------|
| Standard of fittings | Basic to superior |
|----------------------|-------------------|

| | |
|-----------------------------------|--|
| Requirements of property for sale | Deliveries are fairly easy, storage rooms needed |
|-----------------------------------|--|

6.5 Characteristics of goods and services

| Characteristic | Typical features | |
|---------------------------------------|--------------------------|--|
| Type of goods | Basic and non-essentials | |
| Spontaneous purchase/planned purchase | Generally | <p>Planned Spontaneous</p> |
| Product selection (width) | Fairly narrow | <p>Narrow Wide</p> |
| Product range (breadth) | Fairly deep | <p>Flat Deep</p> |
| Potential for linked purchases | High | <p>Low High</p> |
| Duration of consumption | Generally shorter-term | <p>Short-term Long-term</p> |
| Pricing | Normal to high price | |

6.6 Traditional retailers: Point of sale

The search for retail space is influenced by the preferences and restrictions affecting demand. The following details relate to the final results of the process.

| Characteristic | Typical features | | | |
|---|---|-------------------------------|-------------------------------------|-------------------------------------|
| Retail trade function | Not relevant for centres | Appropriate for neighbourhood | Relevant for centres | Centre generating |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Accessibility by individual transport (incl. by foot) | Fairly unimportant | | | |
| | Less important Important | | | |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Accessibility by public transport (incl. parking) | Fairly important | | | |
| | Less important Important | | | |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Agglomeration benefit | Fairly important | | | |
| | Less important Important | | | |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Passing trade | Very important | | | |
| | Less important Important | | | |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Visibility | Important | | | |
| | Less important Important | | | |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Image of sales location | Fairly important | | | |
| | Less important Important | | | |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |