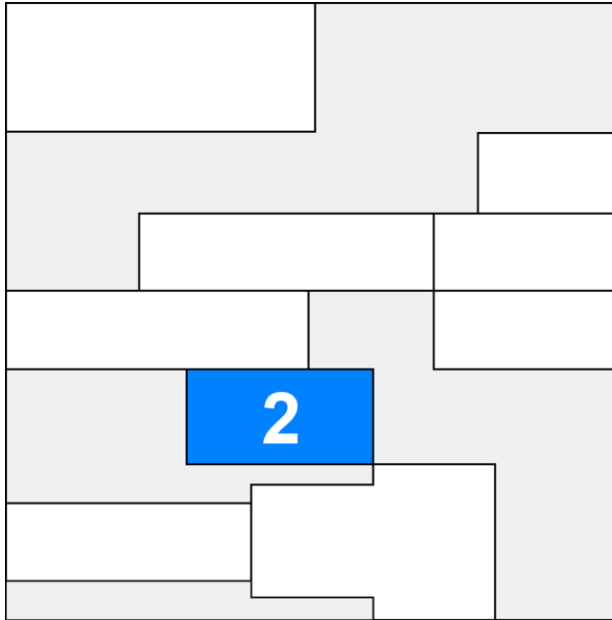# Segment 2:
Out-of-town shopping

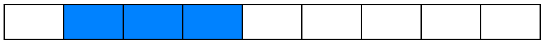**Segmentation of demand in the retail property market**

2.1 Out-of-town shopping: Introduction

Around 0.8 % of all Swiss businesses operating in the retail property market are out-of-town shops accounting for 5.2 % of those employed in the sector. This segment includes primarily branches of hypermarket and discounter chains that offer a wide selection of foodstuffs as well as a narrow non-food range. Typical examples of out-of-town shops are food discount stores and food hypermarkets. As providers of basic goods to those shopping by car they are located at busy transport axes, on the outskirts of cities, in commercial districts and increasingly in retail parks, but not in town centres.
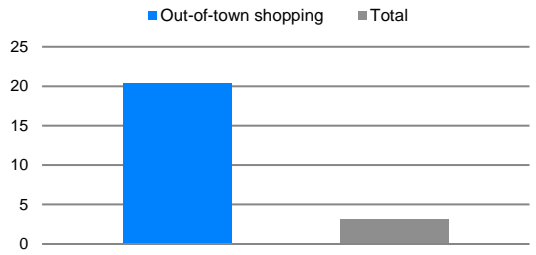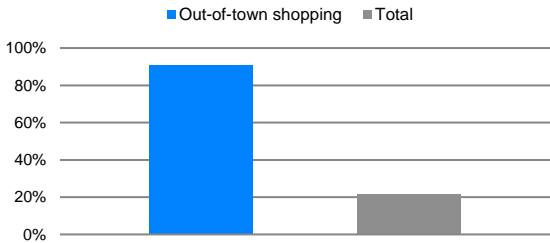

Out-of-town shops are key tenants in the sites they occupy and attract customers from a wide radius. As they sell their goods in a targeted way and in large quantities accessibility by individualised transport and plenty of parking space are the most important requirements. They occupy self-contained premises, usually covering one floor, with a sales area of over 2,500 m2, or in the case of discounters with an area of around 1,000 m2. Their standard of fittings is predominantly basic and space flexibility tends to be important. Easy delivery of goods and additional rooms, such as cool rooms, are also significant factors. The level of sales area productivity is fairly low and this results in an unwillingness to pay higher rents. The price structure ranges from low to greatly discounted.

Source: Fahrländer Partner & CSL Immobilien.

2.2 Who are the Out-of-town shopping?

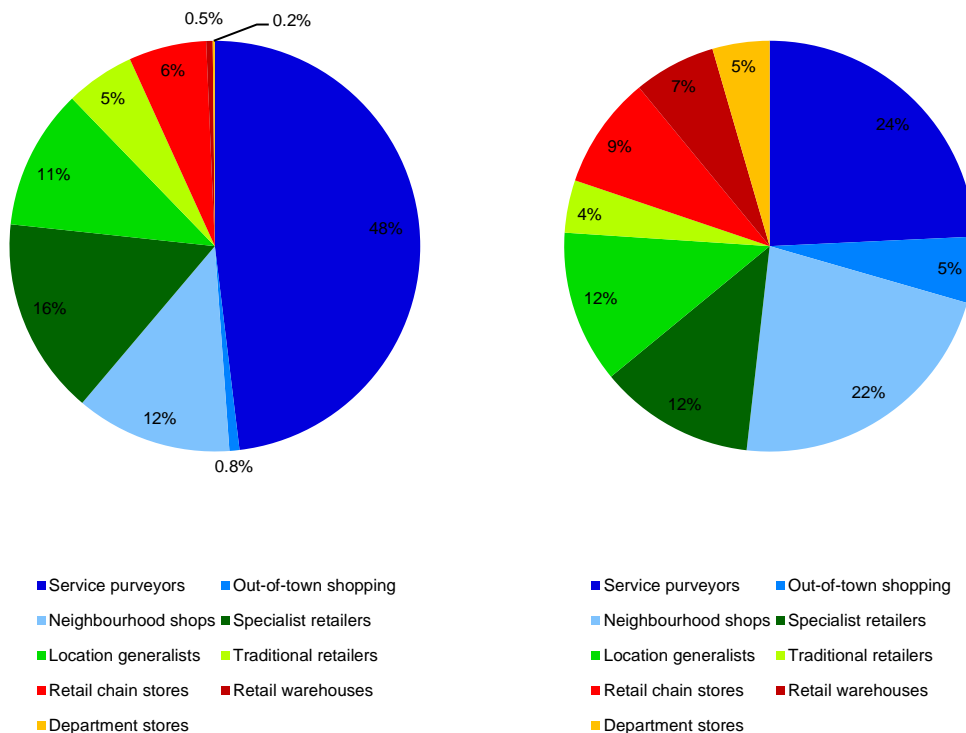| Characteristic	Typical features
Profitability per unit area (gross profit per m2 in CHF)	Low ▮▮▮ High
Typical businesses	Food hypermarket, food discounter
Business type	Hypermarket, discounter
New relevant formats / concepts	

Which types of goods are mainly sold by Out-of-town shopping ?

Food and beverages	■
Health and body care	■
Clothing/shoes	☐
Department stores/non-specialised stores	■
Optics/photography	☐
Watches/jewellery	☐
Books/stationery	☐
Sport	☐
Toys	☐
Consumer electronics	☐
DIY and garden supplies	☐
Furniture and furnishings	☐
Other goods and services	☐

Source: Fahrländer Partner & CSL Immobilien.

Characteristic	Typical features
Average number of employees per business (2017)	20.4 Full-time equivalents
Required surface area	2'500 - 8'000 m2 or around 1'000 m2 (discounter)
Catchment area	Medium-sized
Concentration of chain stores (2017)	90.7%

Average number of employees per business (2017) — 20.4 Full-time equivalents

Legend: Out-of-town shopping · Total

	Out-of-town shopping	Total
Value	~20.4	~3

(y-axis: 0, 5, 10, 15, 20, 25)

Concentration of chain stores (2017) — 90.7%

Legend: Out-of-town shopping · Total

	Out-of-town shopping	Total
Value	~90%	~22%

(y-axis: 0%, 20%, 40%, 60%, 80%, 100%)

2.3 Out-of-town shopping: Distribution

Distribution of Swiss businesses (left) and full-time positions (right) in the retail property market (2017)

- Service purveyors
- Out-of-town shopping
- Neighbourhood shops
- Specialist retailers
- Location generalists
- Traditional retailers
- Retail chain stores
- Retail warehouses
- Department stores

Development of number of businesses and of full-time positions 2012-2017 (Switzerland)

- Development of number of businesses 2012-2017
- Development of number of full-time positions 2012-2017

Source: Fahrländer Partner.
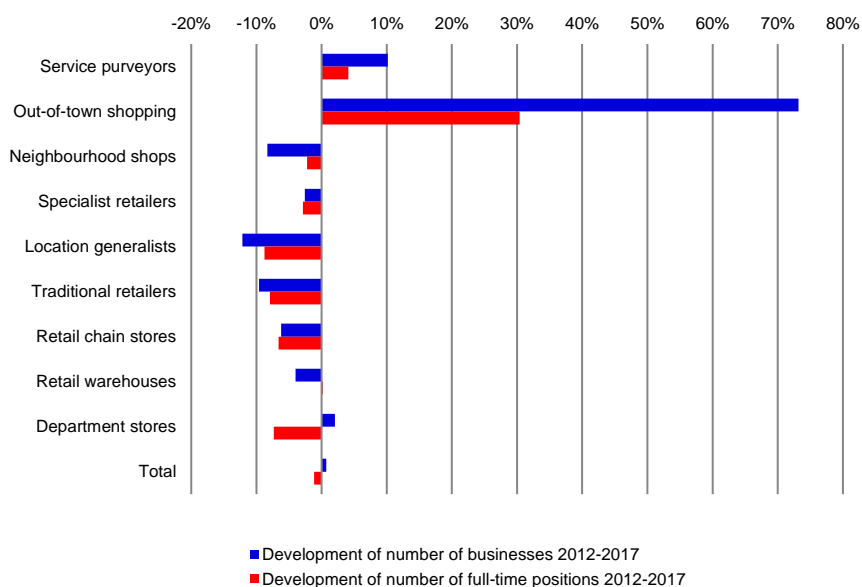
2.4 How do the Out-of-town shopping sell?
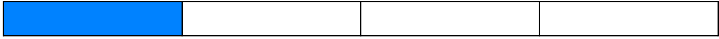
Characteristic	Typical features
Retail location	Orientated towards cars, busy transport axes, city districts, edge of town, retail parks, commercial districts of larger cities

Surface area layout	Rectangular, functional
Building/plot	Generally with own plot
Type of property	Stand-alone medium-sized retail business
Number of storeys	Generally single-floor
Architecture	Funcional, modern, single-floor
Access/connections	Access and deliveries important and complicated (loading ramp)
Retail space flexibility	Important
Standard of fittings	Predominantly basic
Requirements of property for sale	Deliveries must be possible (loading ramp), extra rooms and cool storage rooms needed

Source: Fahrländer Partner & CSL Immobilien.

2.5 Characteristics of goods and services

Characteristic	Typical features
Type of goods	Basic
Spontaneous purchase/planned purchase	Planned
Product selection (width)	Fairly wide
Product range (breadth)	Average
Potential for linked purchases	Fairly high
Duration of consumption	Short-term
Pricing	Generally lower price ranging to extreme discount

2.6 Out-of-town shopping: 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 (Not relevant for centres)
Accessibility by individual transport (incl. by foot)	Fairly important (Less important — Important)
Accessibility by public transport (incl. parking)	Fairly unimportant (Less important — Important)
Agglomeration benefit	Fairly unimportant (Less important — Important)
Passing trade	Average (Less important — Important)
Visibility	Fairly unimportant (Less important — Important)
Image of sales location	Secondary (Less important — Important)