zhaw School of Management and Law

Swiss Online Retailer Survey 2020

The Sustainable Growth of E-Commerce and Challenges in Times of Crisis

A Study by the Institute of Marketing Management

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Worldline

SIX Payment Services

Gold Partners:

ASENDIA BY LA POSTE & SWISS POST

DIE POST ✚

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SWISS ONLINE GARANTIE

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Management Summary

The Swiss Online Retailer Survey was created in 2018 and has now been conducted three times. A total of 330 Swiss online shops participated in the 2020 study, which encompasses business-to-consumer (B2C; 87 percent), business-to-business (B2B; 40 percent), and direct-to-consumer (D2C; 10 percent) companies. One-third of the online shops surveyed are active in B2C and B2B.

Since March 2020, Swiss online trading has been experiencing an unexpected boom as a direct result of the coronavirus pandemic: In half of the online shops, product orders have grown by more than 20 percent compared with the previous year. The e-commerce boom is continuing: 82 percent of online retailers expect sustainable growth in the future. Since the corona crisis, an unusually high proportion of home and living products, food, sports goods, multimedia, electronic equipment, and computers have been ordered online. The reasons for this lie in the closure of physical stores, an increased tendency to stay at home, avoidance of going into stores, and changes in free-time and work behavior. During the corona crisis, those companies broadly positioned in digital buying and selling benefited. With online shops and selling through digital marketplaces, email, WhatsApp, or another app, omnichannel retailers could compensate for the decline in sales from physical stores.

Since March 2020, online shops have faced various challenges: The run on online orders led initially to procurement and delivery problems, delays in order processing, capacity bottlenecks in stockpiling, logistics, and customer service, and also to difficult management decisions such as how to implement home office working and corona protection concepts. The short and medium-term measures taken by online retailers at the time of the lockdown were related to the extension of their product ranges, staffing levels, capacities in warehouse logistics, and marketing and communications adjustments. To prepare for the future, retailers are now planning further investments in online shops (systems), product ranges, order processing, storage capacities, further education and training, digitization, and digital marketing.

In terms of cross-border e-commerce, it was confirmed that only one in four Swiss online retailers sells products abroad, mostly directly from Switzerland. The biggest challenges here concern customs clearance (customs documentation, costs, and the handling of returns) and international logistics.

Regarding payment in online shops, little has changed. Credit cards and invoicing remain the most popular payment methods for retailers and customers. However, the use of mobile payment methods such as TWINT has increased enormously; at every second Swiss online shop, you can now pay by TWINT. Payments are typically processed by the four payment providers PayPal, PostFinance, Saferpay (Worldline/SIX Payment Services), and Datatrans.

The questionnaire relating to B2B e-commerce revealed that online shops often offer B2B-specific functions, such as displaying customer-specific prices, user self-administration, and current stock levels – and that many different systems are well integrated into the online shop. These include search and filtering, digital analytics, content management, product information, recommendations, customer relationship management, and enterprise resource planning.

In B2B, the vast majority of Swiss retailers differentiate themselves through an extensive product range, exclusive services, or unique products.

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Foreword by Worldline

E-COMMERCE IN TIMES OF CRISIS

Since March 2020, the corona crisis has given the majority of Swiss online retailers an intense growth spurt of over 20 percent. Eighty-two percent of the online retailers surveyed expect this growth to continue. However, with a substantial increase in orders, Swiss online retailers also face new challenges.

The Zurich University of Applied Sciences (ZHAW) surveyed 330 Swiss online retailers on behalf of Worldline/SIX Payment Services, Asendia Switzerland, Garaio, and CRIF. This study analyzes the views of Swiss online retailers and their assessment of digital commerce. This year's research focuses on exploring the challenges facing digital businesses in times of crisis and those surrounding e-payment.

The survey findings confirm the importance of the omnichannel approach: The corona crisis was handled comparatively well, especially by those retailers who were broadly positioned in digital sales. This enabled them to compensate in part for the declining in-store sales that affected many sectors. However, given the flexible changeover and rapid growth in e-commerce, logistical challenges in the areas of procurement, order processing, delivery, and customer service should not be underestimated.

There is no doubt that omnichannel distribution has become the central topic for the majority of retailers in 2020 and continues to have an impact beyond the current crisis. With corporate online shops and sales via digital marketplaces, email, WhatsApp, etc. – supported by uniform payment solutions across all points of sale – customers can be offered a seamlessly integrated shopping experience. Regional retailers, in particular, can build a bridge between personal customer relationships and new user habits, thereby catching up with international online shops.

The most popular payment methods in e-commerce are still the credit card and purchase on account. However, TWINT, the mobile payment solution in Switzerland, is rapidly gaining ground, with every second Swiss online store offering this payment option. When choosing the payment provider, transaction and integration costs are the decisive criteria for Swiss merchants.

Without the support of the participating retailers together with Dr. Darius Zumstein, lecturer and researcher at ZHAW, this study would not have been possible. Therefore, we would like to thank all participants for their cooperation, especially Carmen Oswald, Darius Zumstein, and the Institute of Marketing Management team, for their outstanding commitment.

We hope this publication will be a stimulating and informative read.

Adrian Elmiger

Country Head, Merchant Services Switzerland

Worldline/SIX Payment Services

Foreword by Asendia Switzerland

CROSS BORDER E-COMMERCE AS A GROWTH OPPORTUNITY

The world is currently experiencing a digital push that will change consumer purchasing behavior in the long term. More and more consumers are shopping online at home and abroad. This intensive shift from offline to online consumption opens up promising business opportunities for Swiss companies and poses many challenges.

For several years now, international e-commerce trade, in particular, has known only one direction: strong growth. Beyond our national borders, a huge market is waiting to be discovered, and thanks to digitalization, it is easier than ever to access it. With an international online shop, you can suddenly address customer groups you hitherto only dreamed of, regardless of whether you are active in the B2C or B2B market environment. This trend towards cross-border business will intensify even more in the future. Therefore, it is of great importance to take a closer look at this topic.

As tempting and promising as cross-border e-commerce may sound, it is not an unobstructed path. Suddenly, you face issues that are unfamiliar in a domestic market – customs duties, foreign tax regulations, international law, foreign payment methods, and cross-border logistics. Acquiring this type of expertise is both time-consuming and expensive.

Before the international online expansion journey can begin, it makes sense to select the right partners carefully. With the right specialists on board, accessing the world of cross-border e-commerce is much easier.

Asendia Switzerland is a specialist in cross-border e-commerce logistics, enabling Swiss retailers to ship their goods abroad quickly, efficiently, and easily.

Fabian Baumberger
International E-Commerce Specialist, Asendia Switzerland

Acknowledgments

1. Introduction

This year's study was conducted with a particular focus on the coronavirus crisis and its impact on Swiss online commerce. Based on the current situation and the trend of a move from physical to digital business – which could be seen before the crisis – a database for the Swiss e-commerce market using 330 online retailers was created. The vast majority of the participating retailers are active in the business-to-consumer (B2C) sector, followed by business-to-business (B2B) and a small but growing proportion of online manufacturer-retailers (D2C). A third of the participants run small online shops and generated less than CHF 500,000 in sales last year, and more than 50 percent have between one and four employees.

1.1.   INITIAL SITUATION

Physical retail suffered during the coronavirus crisis, partly due to the federally enforced lockdown, and in some cases, very high losses were recorded. Many stores remained closed for two months, local customers stayed away, and there was a lack of revenue.

In contrast, Swiss digital commerce, also known as electronic commerce or shortly e-commerce, underwent a **boom** during the coronavirus crisis. Many online retailers experienced strong and sudden growth of up to 1,500 percent compared with the previous year. In addition, new online shops were created at short notice, and digital supermarkets (such as leshop.ch and coop.ch) and numerous other online retailers experienced capacity bottlenecks and significant order processing and delivery problems due to the explosion in demand.

Digital marketplaces also multiplied their revenues in the spring of 2020: Galaxus hired 200 new employees in March 2020 alone (Hämmerli 2020) and Brack.ch 50 new employees (Minetti 2020). Compared with 2018, sales at Swiss online shops grew by 8.4 percent to over CHF 10.3 billion in 2019 (Swiss Trade Association, 2020). Optimistic estimates by the Institute of Marketing Management (IMM) at ZHAW predict that Swiss online trade will grow by over 50 percent to **CHF 16 billion** in 2020 (see Fig. 1). This forecast is based on its sales data from 330 Swiss online retailers in Chapters 1.4 and 2.2 and on comparisons with "U.S. Ecommerce Penetration" from the Bank of America & U.S. Department of Commerce (Khusainova, 2020).

Fig.1: E-commerce growth in Switzerland from 2008 to 2020

STRONG E-COMMERCE GROWTH DURING THE CORONA CRISIS

Source: Swiss Trade Association (2020), * Estimate by the authors of this ZHAW study
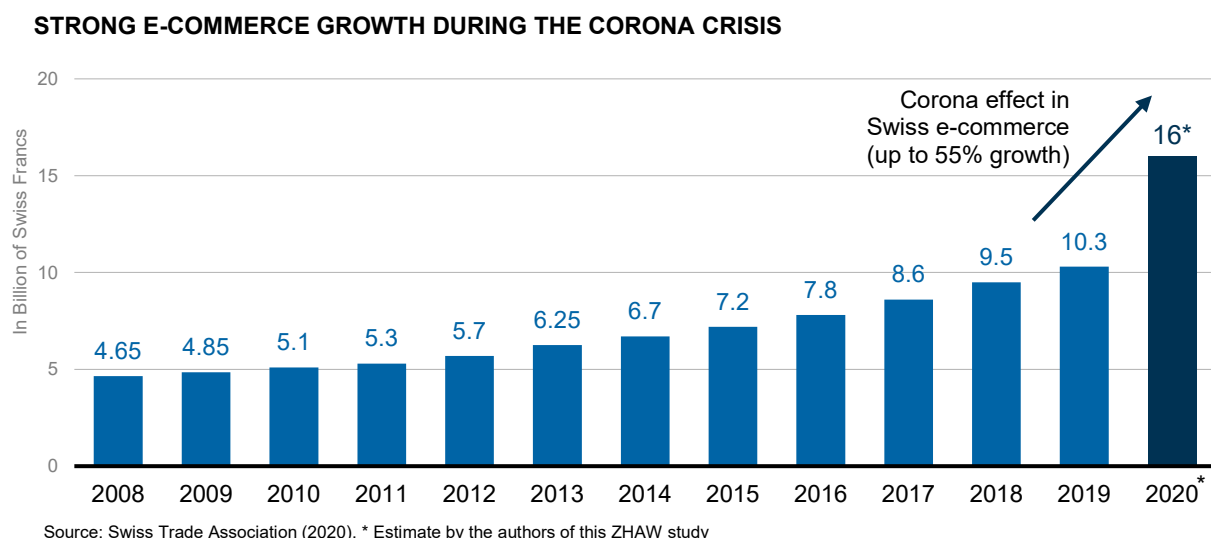
1.2. SAMPLE

The rapid change in e-commerce over recent years and the boom in recent months is an important reason to conduct this study for the third time in so many years (Zumstein & Steigerwald 2018, 2019). The aim of the research is to find out more about the current developments in Swiss online commerce. At the same time, the Institute for Marketing Management (IMM) at ZHAW has been investigating how Swiss digital commerce evolves in times of crisis.

From the perspective of **management research,** the objects of investigation of the research project are all online traders in German-speaking Switzerland with a .com or .ch domain, registered and doing business in Switzerland. As in the most recent project, the focus here is not only on large online shops but also on small and medium-sized online shops and companies (SMEs). The study data were collected over three months, from 6 May to 13 August 2020, in a quantitative online survey using Qualtrics software.

Of the Swiss online retailers contacted, 330 participants filled out the majority of the form. Unless otherwise stated, the **sample size** (n) is 330. The survey was able to address the target group via LinkedIn, newsletters, emails, specialist groups in social media, and via the online shops' contact forms. The research and educational partners mentioned in the Appendix have actively supported the authors in the application process.

> Most online shops were fully utilized in spring 2020. Nevertheless, 330 respondents participated in this representative online retailer survey.

1.3. BUSINESS RELATIONS OF ONLINE RETAILERS

Over 87 percent of the participants run an online shop in the **B2C** (business-to-consumer) sector. This is proportionately more than in 2019 (see Fig. 2). At 40 percent, two out of five retailers operate in the **B2B** (business-to-business) segment. One-third of online retailers sell both B2C and B2B, and 10 percent operate a manufacturer's shop or direct-to-consumer online shop (**D2C**). In 2019 and 2020, only a few e-shops in the **B2G** (business-to-government) and **C2C** (consumer-to-consumer) sectors participated.

Fig. 2: What kind of business relationships does your online shop support? (Multiple answers possible)

BUSINESS RELATIONSHIPS 2019 & 2020

	2019	2020
B2C	75%	87%
B2B	45%	40%
D2C	10%	10%
B2G	4%	4%
C2C	1%	2%
G2C	0.7%	0.0%

n = 403
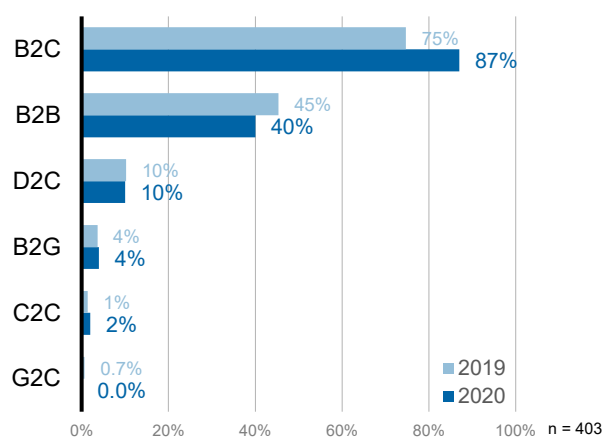
> 87 percent of the online retailers surveyed are B2C, 40 percent are B2B, and 10 percent direct-to-consumer.

1.4.   TURNOVER AND SIZE OF THE ONLINE STORES

More than one-third of the respondents operated an online store with less than CHF 500,000 sales in 2019 and almost two thirds with less than CHF 5 million **sales** (see Fig. 3). More than one-fifth posted sales figures between CHF 5 and 25 million; these online shops can be described as medium-sized in terms of revenue. Another 20 percent of the online shops surveyed generated more than CHF 25 million in sales, making them the largest 70 online shops in Switzerland. Of these, 12 percent (27 online shops) had sales exceeding CHF 50 million, making them one of the top 45 B2C and B2B online shops in terms of sales according to "Digital Commerce Switzerland 2020" by Carpathia (2020).

The **majority of the Swiss online shops** and digital sales platforms with the **highest turnover** took part in the latest survey with 330 participants, both in the top 30 B2C, top 15 B2B, and top 10 travel, ticket, and horizontal platforms in the poster of Carpathia (2020). This makes the study representative and the largest in the field of digital commerce in Switzerland.

Fig. 3: What was the turnover of your online shop in 2019? (no answer returns were excluded)
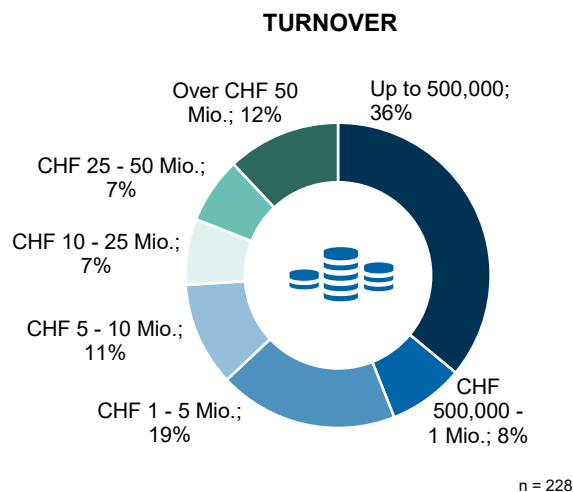
Fig. 4: How many employees (in full-time positions) work for your online shop (incl. marketing, logistics, IT)?

TURNOVER

Over CHF 50 Mio.; 12%
Up to 500,000; 36%
CHF 25 - 50 Mio.; 7%
CHF 10 - 25 Mio.; 7%
CHF 5 - 10 Mio.; 11%
CHF 1 - 5 Mio.; 19%
CHF 500,000 - 1 Mio.; 8%

n = 228

EMPLOYEES

Over 100 employees; 8%
1 to 4 employees; 49%
51 to 100 employees; 6%
21 to 50 employees; 10%
11 to 20 employees; 11%
5 to 10 employees; 16%

n = 293
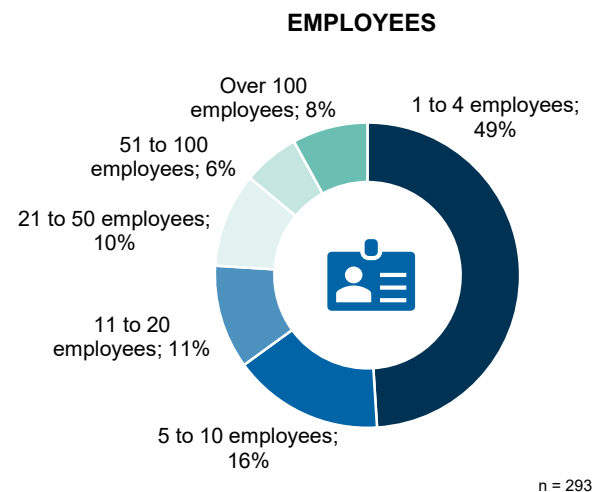
Fig. 4 shows that almost half of the Swiss online retailers surveyed have only one to four **employees**. Most teams responsible for the online shop have relatively little in terms of human resources. A quarter of the respondents are medium-sized stores with 5 to 20 employees.

The relatively large online shops in Fig. 4, with 21 - 50 employees, account for 10 percent of the sample. Six percent of the large online stores surveyed have between 51 and 100 employees Carpathia (2020) and a further 8 percent (including digital marketplaces and online supermarkets) are very large, with over 100 employees.

> Around half of the Swiss online retailers surveyed are small, with fewer than four employees and sales of CHF 1 million. One quarter are medium-sized, and one quarter are large online shops with more than 21 employees and turnovers of CHF 10 million.

2. E-Commerce in Times of Crisis

This chapter takes a close look at the impact of the coronavirus crisis on Swiss online retailers. The short-term reactions and long-term measures of the respondents show that Swiss online trading has reached a new high level because of the crisis. Details on the distribution channels used, the extraordinary increase in orders, delivery problems, challenges, and long-term e-commerce growth are discussed in the following subchapters.

2.1. DISTRIBUTION CHANNELS

The first question in the survey asked how Swiss online retailers are positioned in distribution, i.e., through which possible sales or **distribution channels** do they distribute their products and services. Fig. 5 clearly shows that the vast majority of sales are broadly based and that customers can order via several channels. In 89 percent of cases, online retailers operate their **online shops** themselves, while only 6 percent have outsourced them. Seventy-seven percent of online retailers accept orders via **email**. Even though relatively few orders are received by email, it is surprising that so many retailers offer this option since it usually involves manual order processing. At seven out of ten online retailers, orders can also be placed by **phone** – for example, to customer service departments or call centers.

Two-thirds of the dealers also maintain **physical stores** with sales areas they operate themselves. Omnichannel distribution remained an essential topic for most Swiss retailers in 2020 because sales in physical stores are lower than in previous years owing to the coronavirus crisis. Around 59 percent of online retailers generally trade locally **in person** – for example, through sales representatives or sales assistants. This channel has been particularly hard hit by the crisis. Compared to the online shop, this form of distribution has lost ground since spring 2020, with personal purchases increasingly being made through **digital media**. Many sales conversations, especially in B2B, were or are still conducted via video conferencing – for example, using Microsoft teams, Zoom, or Skype.

More than half the Swiss online retailers sell not only via their own online shop but also through **digital market-places** such as Galaxus and Amazon or classified ad formats such as Tutti.ch or Anibis.ch. They often do this in cooperation with partners. Forty-five percent of online retailers trade in **social commerce** via platforms such as Facebook Marketplace or Instagram. According to one study, Facebook is used daily by 28 percent, and Instagram by 22 percent of the Swiss population aged 15 and over (IGEM, 2020). This broad reach of social media platforms makes social selling an attractive, additional form of marketing and sales.

Sales at **trade fairs** are still common, especially in B2B, with 37 percent of dealers, even though this sales channel had to be discontinued in many cases with the onset of the coronavirus crisis. Since trade fairs have not been held in 2020 (or only with strict limitations), many companies have successfully offered **webinars** and online consulting services to compensate for losing this traditional sales channel.

> During the coronavirus crisis, those retailers who are well-positioned in digital sales and can compensate for the decline in physical sales in stores or personal sales will profit.

Fig. 5: Which sales channels (order channels) do you use?

DISTRIBUTION CHANNELS

	We operate ourselves	Operated in cooperation with partner	We do not operate	Not mentioned	
Online shop	89%	6%		4%	n = 389
Orders via email	75%	2%	22%	1%	n = 356
Telephone / call center	63%	5%	30%	1%	n = 353
Personal sale onsite	56%	3%	38%	3%	n = 334
Stores	52%	11%	36%	1%	n = 356
Social commerce (e.g. Facebook Marketplace)	41%	4%	52%	3%	n = 347
Sales stand at trade fairs	35%	2%	62%	2%	n = 333
Orders via fax	28%		70%	2%	n = 332
Digital marketplaces	26%	28%	45%	1%	n = 346
Order card in print catalog	26%	1%	71%	1%	n = 334
Orders via SMS / WhatsApp	21%	1%	75%	3%	n = 334
Native app with order function	19%	2%	76%	3%	n = 332

Every third online retailer still accepts orders via **fax**, which are still widespread, especially in the B2B sector. A similar number, around 27 percent, continue to send **printed catalogs** with an order form. More and more companies are now using **messenger services**, especially WhatsApp, as a sales channel. One in five online retailers accepts orders directly or via a link in SMS or **WhatsApp messages** – six percent more than in the previous year. Since autumn 2020, Facebook provides an application programming interface (API) for direct order transactions in WhatsApp. Therefore, the number of sales in messenger services will increase in the next few years.

Over a fifth of the retailers surveyed – mostly larger companies – offer a **native app** with ordering function through the app stores of Google and Apple. This is eight percent less than in the previous year. This study did not ask whether the number of orders placed via native apps on smartphones had increased during the coronavirus crisis. However, the following chapter clearly shows that more orders were placed in most of the online shops.

2.2.   GROWTH IN ORDERS DURING THE CORONA CRISIS

The fourth question in the study focused on how the **number of orders** for the product ranges or product groups in Swiss online shops developed at the time of the lockdown. Figures 6 and 7 show clearly that online orders for most product groups in spring 2020 increased slightly or strongly (more than 20 percent) compared with the previous year's figures. In short, **e-commerce has experienced a boom during the coronavirus crisis**. In the first half of 2020, Swiss e-commerce grew more vigorously and faster in most product ranges than was assumed by other scientific studies, projections by associations and consultancies, and estimates by experts.

At the time of the lockdown, the number of orders increased most in the **garden and do-it-yourself** (DIY) sector overall. Only two percent of the shops surveyed saw a sharp decline (greater than 20 percent), one percent saw a slight decline in this product range, and five percent reported no change. Orders for garden and DIY products rose slightly in 19 percent of the stores surveyed, while garden and DIY products rose sharply by more than 20 percent year-on-year in 73 percent of those surveyed. The closure of home, garden, and DIY stores could explain this sharp rise in orders, as can changes in working and leisure behavior (see Chapter 2.3). Many home and garden products were ordered in spring 2020, particularly as people stayed at home and paid more attention to their apartments, balconies, gardens, or terraces, and were increasingly involved in home improvement activities.

Sixty-seven percent reported strong growth and 19 percent reported moderate growth in **computers and accessories,** with only a few online retailers (six percent) reporting a decline in orders.

Fig. 6: How did the number of orders in these product groups at the time of the coronavirus crisis (lockdown) in the online shop change compared with the previous year?

ORDER GROWTH BY PRODUCT RANGE

Product	Increased strongly (>20%)	Grew moderately	Stayed the same	Fell slightly	Decreased sharply (>20%)	n
Garden / DIY	73%	19%	5%	1%	2%	n = 81
Computers & accessoirs	67%	19%	8%	3%	3%	n = 36
Sporting goods	58%	25%	7%	1%	8%	n = 84
Food	56%	19%	11%	4%	10%	n = 80
Electrical devices	53%	23%	15%		9%	n = 74
Toys	51%	36%	10%		3%	n = 69
Furniture	50%	28%	7%	11%	4%	n = 54
Cosmetics	50%	27%	14%	5%	5%	n = 64
Fashion	31%	21%	25%	9%	14%	n = 107
Books, music, movies	26%	29%	29%	11%	5%	n = 38

Online orders in the home and living, computer, sports, and food sectors increased most strongly during the lockdown.

The increase in orders for computers and accessories such as monitors, keyboards, mice, webcams, microphones, and so on can be explained by home office activities. Online retailers of **sports goods** experienced a similarly steep increase in orders. Fifty-eight percent reported strong growth and 25 percent reported moderate growth. Bicycles, electric bikes, home trainers, sports equipment, fitness or outdoor equipment, and other sporting goods, in particular, were sold online more often than ever before, both in absolute and relative terms.

Since the coronavirus crisis, there has also been a sharp rise in online orders for **food**: 56 percent reported strong growth and 19 percent moderate growth. Only 14 percent reported a decline in food sales, mostly in the B2B segment serving the restaurant and catering industry. Even though the food trade was not affected by store closures, consumer food purchases shifted from the physical (e.g., supermarkets, markets, and convenience stores) to online (e.g., online supermarkets, online food retailers, online sales by food producers or farmers). There are several factors behind this strong growth in online orders since March 2020, as Chapter 2.3 shows, and these include the Swiss Federal Government's order to stay at home, the avoidance of other customers when out shopping, changes in work, leisure, or eating habits, and general insecurity or fear among the population.

Even for product groups such as **multimedia and electrical appliances,** which were already popular online purchases before the crisis, growth in spring 2020 was reported to be strong by 53 percent and moderate by 23 percent. Sales of **toys** grew strongly for over half the respondents and moderately for over a third; this can be explained by the closure of schools and kindergartens during the lockdown. **Online furniture** sales also grew strongly for 50 percent and moderately for 28 percent.

Online cosmetic sales also grew strongly for half the respondents and moderately for a quarter; only in rare individual cases (10 percent) did sales fall. The **online fashion** situation was broadly positive, although a few online clothing and online shoe retailers recorded a drop in orders (sharply for 14 percent of retailers and slightly for 9 percent), partly due to changes in spending and leisure habits. The number of orders remained the same year-on-year for a quarter of respondents, increased slightly for 21 percent, and strongly for 31 percent. Orders for products such as **books, music, and movies** (including downloads) rose for 55 percent of respondents compared with the previous year, although 16 percent reported a drop in orders. Table 1 summarizes a further 13 product groups for which online orders in the first half of 2020 rose sharply year-on-year.

Table 1: Number of other named products and product groups with strong (>20%) growth during the lockdown

#	Further product groups	Quantity
1	Household appliances & goods	10
2	Wine & luxury food	8
3	Watches & jewelry	6
4	Drugstore & health products	6
5	Stationery & packaging	6
6	Home textiles	3
7	Car accessories	3
8	Operating & office supplies	2
9	Masks & disinfectants	2
10	Building materials & tools	2
11	Contact lenses	2
12	Erotic	2
13	Pet supplies	1

Fig. 7: Order growth of all requested assortments (incl. others) for Swiss online shops during the lockdown

GROWTH OF ONLINE ORDERS

Decreased strongly (more than -20%); 11%

Increased strongly (more than +20%); 50%

Fell slightly, 5%

Remained the same; 12%

Grew moderately, 22%

n = 316
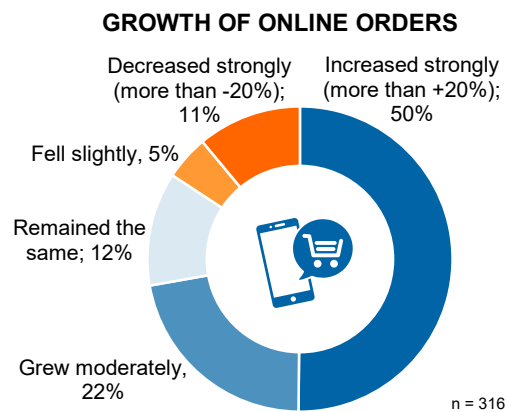
For half the online shops, orders increased strongly during lockdown. For nearly one quarter, growth was moderate.

2.3.   REASONS FOR ORDER GROWTH

The main reason why online shops received more orders during the coronavirus crisis was the **closure of physical stores** from mid-March to mid-May 2020. Almost eight out of ten respondents agreed (Fig. 8) that store closure was a reason for the growth in orders. In addition, 60 percent fully and 26 percent partially agreed that the **Swiss Federal Council** and the Federal Office of Public Health (FOPH) instruction to stay at home was another reason for order growth in online shops. Because people stayed at home, many tasks were completed online from there.
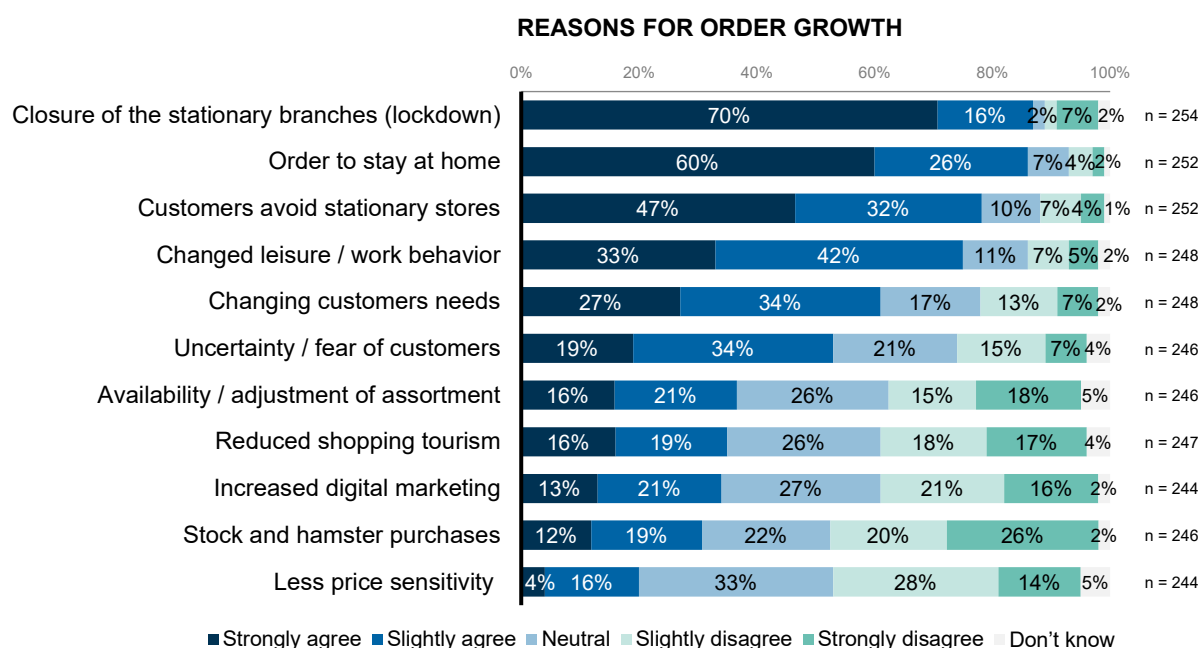
Four out of five online retailers also believed that their customers were shopping online to **avoid physical stores**. Three out of four also attributed the huge increase in online orders to changes in **leisure and work behavior**. Because a large proportion of the population worked or studied from home, significantly more orders were placed online. More than half agreed that customer **insecurity and fear** led to more online shopping and less physical shopping. A similar number of online retailers also attribute a **change in customer needs** to the sharp rise in online orders.

Around one-third of retailers suggest one reason for an increase in orders was the scarce **availability** of individual products and ranges – and the fact that they were adjusting their product ranges to meet changing demands during the crisis. For some products such as masks, disinfectants, toilet paper, canned food, and dry goods, there were instances of **stockpiling and panic buying**, which is why orders grew by at least one third.

While offline marketing tools such as printed ads, trade fairs, and poster advertising were scaled back during the crisis, some retailers increased their **online marketing activities** (see Chapter 2.7). One-third attributed the growth to increased use of digital marketing instruments, especially social media, newsletter, and search engine marketing. Temporary border closures led to a decline in **shopping tourism** by Swiss residents in countries close to the border (Germany, Austria, France, and Italy). According to 35 percent of Swiss retailers, this resulted in more orders for their online shops.

The closure of branches and borders, coupled with Swiss Federal Council instructions to stay at home, temporarily led to a huge increase in online orders.

Fig. 8: Why has your online shop had more orders during the coronavirus crisis?

REASONS FOR ORDER GROWTH

Category	Strongly agree	Slightly agree	Neutral	Slightly disagree	Strongly disagree	Don't know	n
Closure of the stationary branches (lockdown)	70%	16%	2%	7%	2%		n = 254
Order to stay at home	60%	26%	7%	4%	2%		n = 252
Customers avoid stationary stores	47%	32%	10%	7%	4%	1%	n = 252
Changed leisure / work behavior	33%	42%	11%	7%	5%	2%	n = 248
Changing customers needs	27%	34%	17%	13%	7%	2%	n = 248
Uncertainty / fear of customers	19%	34%	21%	15%	7%	4%	n = 246
Availability / adjustment of assortment	16%	21%	26%	15%	18%	5%	n = 246
Reduced shopping tourism	16%	19%	26%	18%	17%	4%	n = 247
Increased digital marketing	13%	21%	27%	21%	16%	2%	n = 244
Stock and hamster purchases	12%	19%	22%	20%	26%	2%	n = 246
Less price sensitivity	4%	16%	33%	28%	14%	5%	n = 244

■ Strongly agree ■ Slightly agree ■ Neutral ■ Slightly disagree ■ Strongly disagree ■ Don't know

Swiss e-commerce benefited from the fact that customers were avoiding physical stores. Three out of four e-stores attributed the current online boom to changes in people's leisure and purchasing behavior.
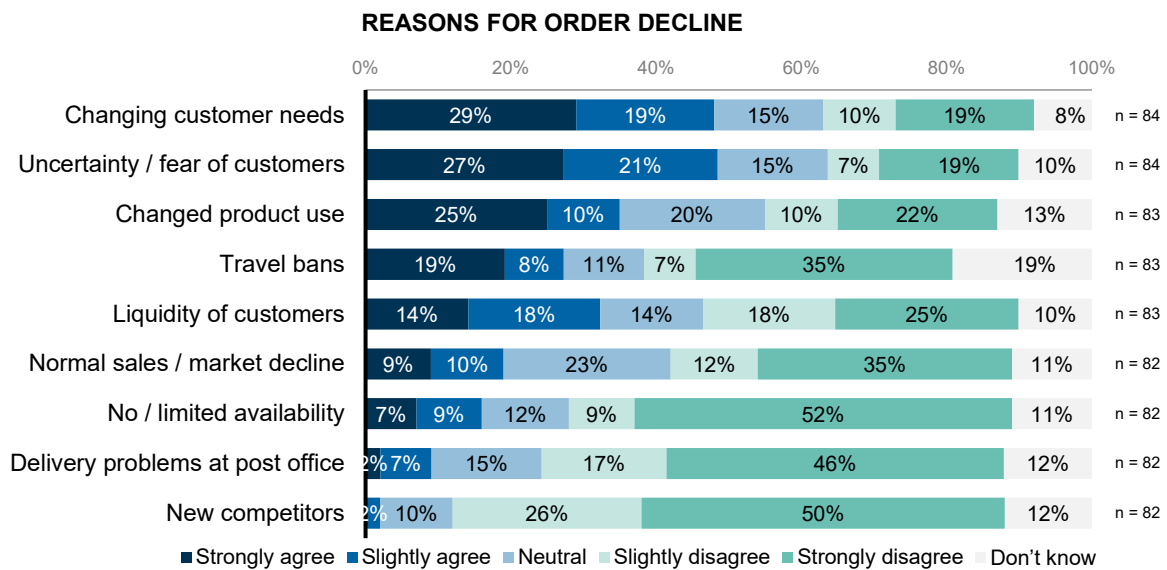
2.4. REASONS FOR THE DECLINE IN ONLINE ORDERS

As seen above, orders for some product ranges fell for a few retailers, so we asked those 84 respondents why they believed online orders had decreased during the coronavirus crisis. Almost half cited **changing customer needs** and **customer uncertainty and fear** as the two most frequently given reasons (see Fig. 9). Changes in **product use** and **travel bans** were further reasons for the 35 and 27 percent (respectively) of those surveyed. Temporary travel bans were the main reason for the decline in individual sectors, such as ticketing, tour operators, tourism, or online shops with vacation essentials. The fourth most cited reason (14 percent fully agreed and a further 18 percent partly agreed) was **reduced spending power** by customers, leading to fewer orders. This was particularly notice-able among B2B online retailers and suppliers.

Only 19 percent fully or partly agreed that the decrease in orders was the result of a normal sales or **market decline**, and 16 percent attributed this to the lack of or limited **availability of products**; many purchasing and order chains for imported goods were interrupted or limited – or still are in some cases. Nine percent blamed **delivery difficulties** at Swiss Post or private logistics providers for the decline in orders. Some retailers quickly set up online shops during the lockdown. However, respondents stated that **new competitors** in the market did not lead to a drop in sales in their online shops, as the vast majority confirmed (Fig. 9).

Changing consumer needs and product use, uncertainties, and fear also led to declining orders at online shops for in-dividual product groups.

Fig. 9: Why has your online shop had fewer orders than usual during the coronavirus crisis?

REASONS FOR ORDER DECLINE

	Strongly agree	Slightly agree	Neutral	Slightly disagree	Strongly disagree	Don't know	
Changing customer needs	29%	19%	15%	10%	19%	8%	n = 84
Uncertainty / fear of customers	27%	21%	15%	7%	19%	10%	n = 84
Changed product use	25%	10%	20%	10%	22%	13%	n = 83
Travel bans	19%	8%	11%	7%	35%	19%	n = 83
Liquidity of customers	14%	18%	14%	18%	25%	10%	n = 83
Normal sales / market decline	9%	10%	23%	12%	35%	11%	n = 82
No / limited availability	7%	9%	12%	9%	52%	11%	n = 82
Delivery problems at post office	2%	7%	15%	17%	46%	12%	n = 82
New competitors	2%	10%	26%		50%	12%	n = 82

2.5. DELIVERY PROBLEMS DURING THE CORONA CRISIS

The great rush to online shops in Switzerland led to delivery problems for some online retailers, with some orders delayed or unfulfilled. Every eighth online retailer struggled with **significant delivery problems** (see Fig. 10), while half of all online retailers experienced some minor difficulties. Two out of five online retailers experienced no delivery problems.

Fig. 10: Did you have delivery problems due to an increase in orders?

DELIVERY PROBLEMS

No delivery problems; 38%

Yes, major delivery problems; 12%

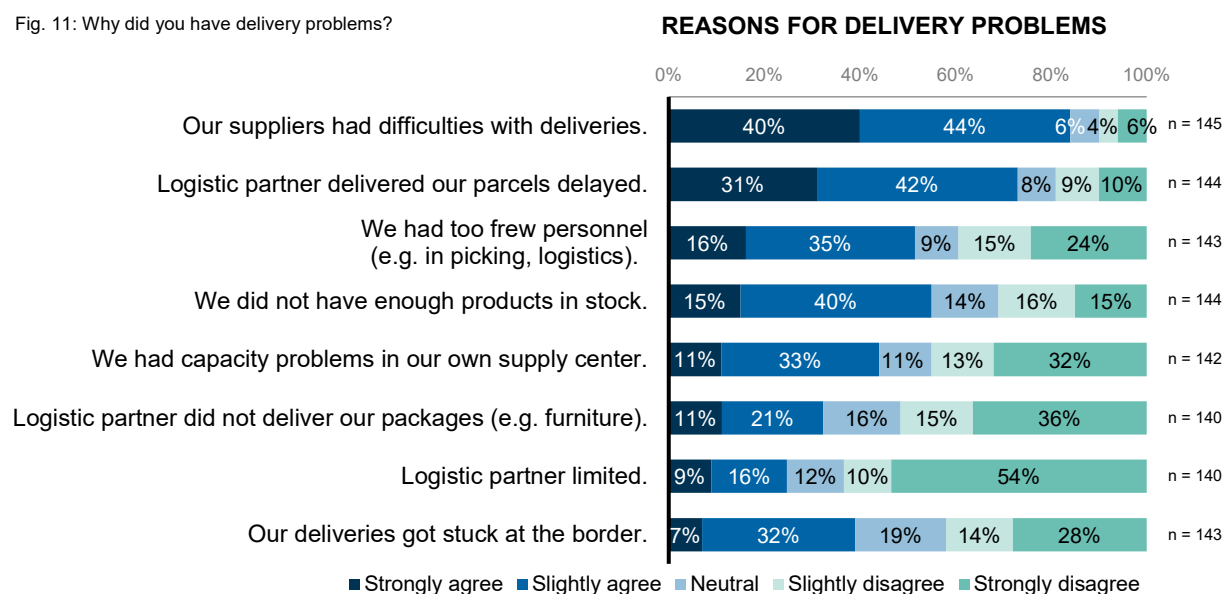Yes, some delivery problems; 50%

n = 254
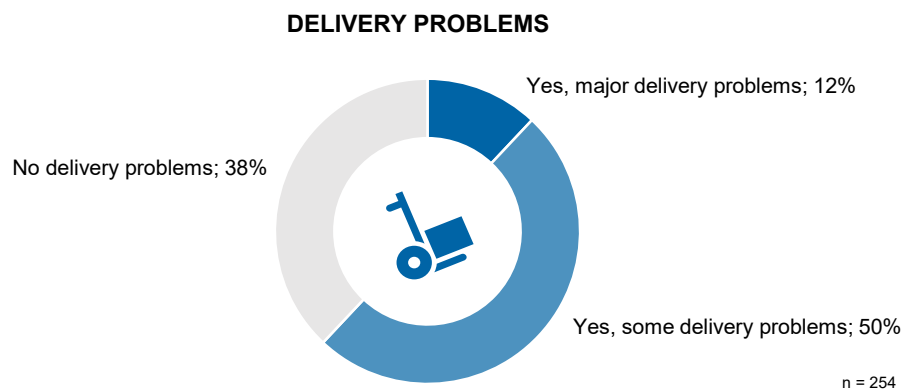
Sixty-two percent of online retailers had delivery problems and gave various reasons for this (see Fig. 11). Almost nine out of ten said that their **suppliers or manufacturers** had difficulties delivering products, which led to their own delivery backlogs.

Seventy-three percent of those surveyed blamed the **parcel service providers** for the delays, i.e., Swiss Post or private service providers such as UPS, DHL, DPD, Planzer, etc. More than half the retailers strongly or slightly agreed that they did not have enough products in **stock** or that they did not have enough **staff** for manual tasks.

According to 25 percent of those surveyed, parcel service providers **did not deliver parcels**, delivered them very late, or used alternative channels. This was aggravated by quotas, maximum parcel numbers, or because the handling of bulky items had been temporarily suspended. Only nine percent of retailers strongly agreed that they had experienced delivery problems due to **capacity issues** in their own delivery centers, while a further 16 percent slightly agreed. For 39 percent of the importing retailers, shipments were held up at the **border**, with knock-on effects for deliveries.

Fig. 11: Why did you have delivery problems?

REASONS FOR DELIVERY PROBLEMS

Statement	Strongly agree	Slightly agree	Neutral	Slightly disagree	Strongly disagree	n
Our suppliers had difficulties with deliveries.	40%	44%	6%	4%	6%	n = 145
Logistic partner delivered our parcels delayed.	31%	42%	8%	9%	10%	n = 144
We had too frew personnel (e.g. in picking, logistics).	16%	35%	9%	15%	24%	n = 143
We did not have enough products in stock.	15%	40%	14%	16%	15%	n = 144
We had capacity problems in our own supply center.	11%	33%	11%	13%	32%	n = 142
Logistic partner did not deliver our packages (e.g. furniture).	11%	21%	16%	15%	36%	n = 140
Logistic partner limited.	9%	16%	12%	10%	54%	n = 140
Our deliveries got stuck at the border.	7%	32%	19%	14%	28%	n = 143

■ Strongly agree ■ Slightly agree ■ Neutral ■ Slightly disagree ■ Strongly disagree
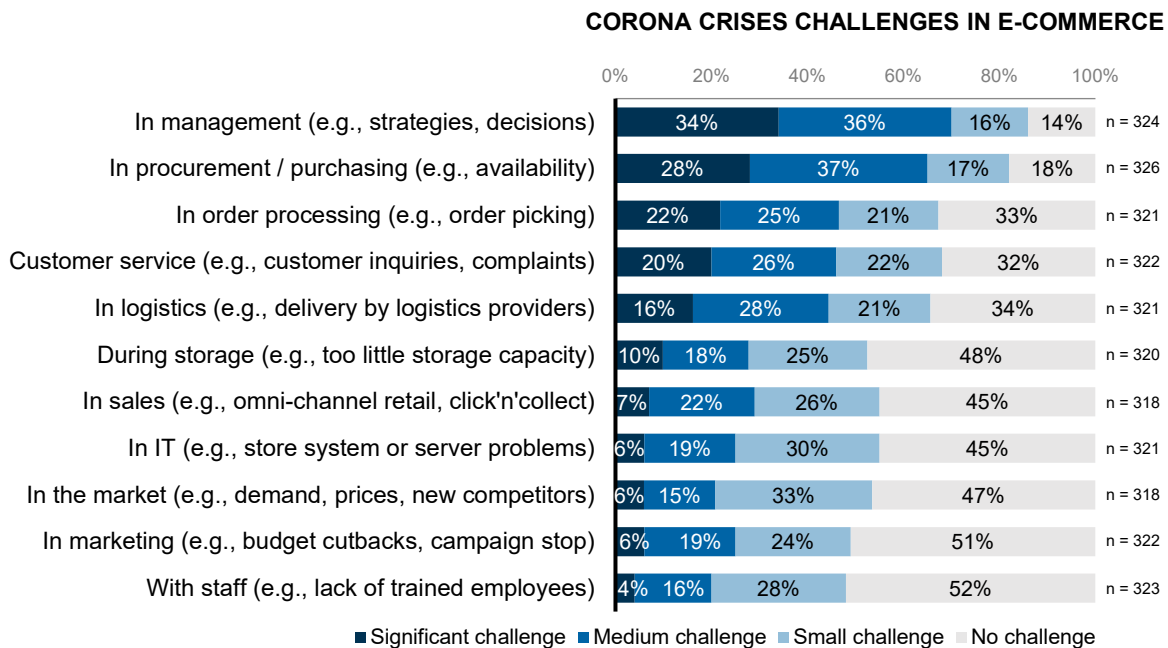
2.6. CHALLENGES DURING THE CORONA CRISIS

How and in what areas has the coronavirus crisis challenged online retailers in Switzerland in 2020? Figure 12 shows that the most significant challenges lay in the **management** of online shops. Seven out of ten boards or operational managers of online shops faced major strategic and operational business-critical decisions on a daily basis. As Chapter 2.6.1 will explain in more detail, the management boards were confronted with various economic, operational, political, and staffing **uncertainties and insecurities** that had to be overcome. Many of these affected employees, including home office working, reduced hours, information, communication, collaboration, digital leadership, and new roles but also different market conditions and finances (such as liquidity, budget adjustments, cost savings, and investments). During the crisis, an extraordinary number of **measures** had to be discussed, decided, decreed, and reviewed at management level.

Procurement came next, with two-thirds of online retailers stating that they had faced significant procurement challenges. Many products were (or still are) no longer available owing to interrupted supply chains, delivery problems, excessive demand, or scarcity. Only 18 percent of online retailers reported no issues whatsoever with procurement. During the crisis, the considerable dependence of traders on their (international) suppliers became apparent. Those dealers with one or just a few suppliers were disproportionately affected when they could not obtain goods or were given long lead times on orders (see Chapter 2.6.2).

Two-thirds of the retailers in our survey had specific problems with **order processing** during the corona crisis, with one in five facing significant challenges and one in four having moderate challenges when assembling (picking) or shipping orders. The main problems in order processing were the large **order quantities** and the high volumes that had to be processed in a short time. In other words, most online retailers were overwhelmed by the large, two to four-digit growth in orders and were unprepared for this onslaught (see Chapter 2.6.2). During the crisis, **customer service** was also under heavy strain in online stores. Many respondents were overwhelmed by **customer inquiries and complaints** about products, availability, and the delivery status of orders. Delivery delays, often related to procurement and capacities issues, led to an extraordinary number of customer service inquiries. Lack of trained staff and capacity bottlenecks in customer support further aggravated the problem (see Chapter 2.6.3).

Two-thirds of online retailers reported few or no problems with **logistics** in 2020. However, the rapidly increasing volume of parcels shipped in a very short time presented challenges for most Swiss logistics providers. Since 80 percent of Swiss online retailers sent their consignments via **Swiss Post** (Zumstein & Steigerwald 2019), the logistics problems often affected Swiss, state-owned companies, but also private providers such as DPD, DHL, UPS, Planzer, etc.

Fig. 12: In which area(s) does the corona crisis challenge you, especially?

CORONA CRISES CHALLENGES IN E-COMMERCE

Area	Significant challenge	Medium challenge	Small challenge	No challenge	n
In management (e.g., strategies, decisions)	34%	36%	16%	14%	n = 324
In procurement / purchasing (e.g., availability)	28%	37%	17%	18%	n = 326
In order processing (e.g., order picking)	22%	25%	21%	33%	n = 321
Customer service (e.g., customer inquiries, complaints)	20%	26%	22%	32%	n = 322
In logistics (e.g., delivery by logistics providers)	16%	28%	21%	34%	n = 321
During storage (e.g., too little storage capacity)	10%	18%	25%	48%	n = 320
In sales (e.g., omni-channel retail, click'n'collect)	7%	22%	26%	45%	n = 318
In IT (e.g., store system or server problems)	6%	19%	30%	45%	n = 321
In the market (e.g., demand, prices, new competitors)	6%	15%	33%	47%	n = 318
In marketing (e.g., budget cutbacks, campaign stop)	6%	19%	24%	51%	n = 322
With staff (e.g., lack of trained employees)	4%	16%	28%	52%	n = 323

■ Significant challenge ■ Medium challenge ■ Small challenge □ No challenge

Two-thirds of managers have been significantly challenged during the crisis. Online retailers have experienced most of their problems in procurement, order processing, and customer service.

2.6.1 Challenges in management

Those online retailers facing management challenges were asked in an open text field what concerned them in particular, and the answers are depicted in Fig. 13. The terms **uncertainty or insecurity** about future prospects are cited most often. Some board members explicitly mentioned uncertainties regarding the course of business, the market, the purchasing behavior of customers, and the economic situation. There was also talk of **existential fears** among individuals and smaller online shops.

For many in management, the implementation of **regulatory requirements**, especially the security or **protection concepts** in place to tackle COVID-19, presented a significant challenge. The development of adapted pandemic and protection concepts and the concrete implementation of the measures, including in the office, picking, warehouse, or logistics, meant additional work for managers.

Regular and intensive employee **information** also occupied a lot of time for online shop management teams. In addition to increased information, **communication** also challenged some management teams. Some retailers also referred to employee motivation as an issue. According to several interviewees, the **coordination and planning** of various meetings, activities, and processes have been a major organizational challenge in recent months.

Making quick, flexible, and agile **decisions** is a success factor, especially in times of crisis, but also a major challenge. The CEO of one of the largest Swiss online shops wrote: *"The daily changing situation has forced us to alter many decisions quickly."*

The issue of **home office** was a challenge for managers – the issuing of the instruction to work from home, the fast changeover, organization, and coordination.

Fig. 13: Word cloud for answers to the question: What has been the most challenging aspect of managing your business?

n = 65
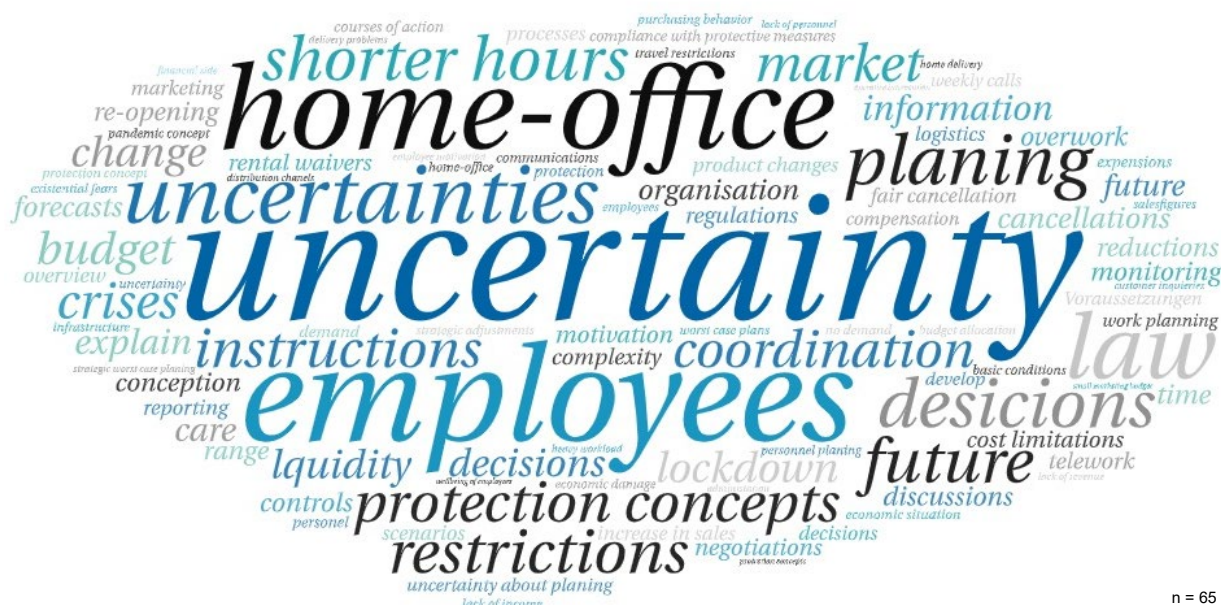
During the crisis, **finance** also demanded the attention of many board members, especially in SMEs, with regard to securing and monitoring liquidity. Several online shop managers mentioned challenging discussions and decisions regarding **budgets**. Some decision-makers also cited the control and reduction of costs. For example, the CEO of one of the leading 30 Swiss online shops wrote: *"We had to limit costs. Every marketing franc invested had to be profitable."*

Reduced working hours had to be registered and introduced at individual dealers, mainly omnichannel retailers and in B2B. Here, the managers decided who was to have shorter hours, under what conditions, and for how long. Making such decisions and communicating them to those affected was a major challenge for some. Other challenges included adjustments to strategy, product ranges, and the products themselves.

2.6.2 Problems during order processing

The biggest problem in order processing has been the **high volume of orders** received by Swiss online shops since March 2020 (see Fig. 14). The huge volume of orders pushed many online retailers to their **capacity limit** simply because they were unprepared for the surge in demand. One online footwear retailer wrote: *"The biggest problem was the volume of orders. All our work processes, i.e., human resources, storage capacity, picking, etc., were not scalable in such a short time."* Two other respondents commented: *"We were overwhelmed by demand,"* and *"we had a large number of orders in a short time."* A Swiss online spice retailer reported a new **order record**: *"We received as many orders in one weekend as we usually get during the whole of December, including Christmas. This led to capacity problems with packaging and shipping."*

Large order volume also challenged the online retailers' ability to **assemble orders.** A leading DIY retailer explicitly mentioned the *"large volumes in the order picking centers, which in some cases were 15 times the number of items"*. Small online retailers also reported picking problems: *"The bottlenecks occurred in picking, packing and ordering packing materials."*

Many lacked the **staff** to process the large volume of orders, as one of the large online sports goods retailers wrote: *"We had too few personnel for picking and order picking."* A large online gift retailer lacked the staff to process orders in the **warehouse**. Many hired new employees on a permanent and/or temporary basis, including one organic grocery retailer: *"At the beginning, the large volume of orders could not be handled quickly enough by the logistics department. We had to hire new staff temporarily."* One retailer added that *"new employees first had to be trained to do the job."*

Fig. 14: Word cloud for the answers to the question: What problems have you had with processing orders?

n = 55
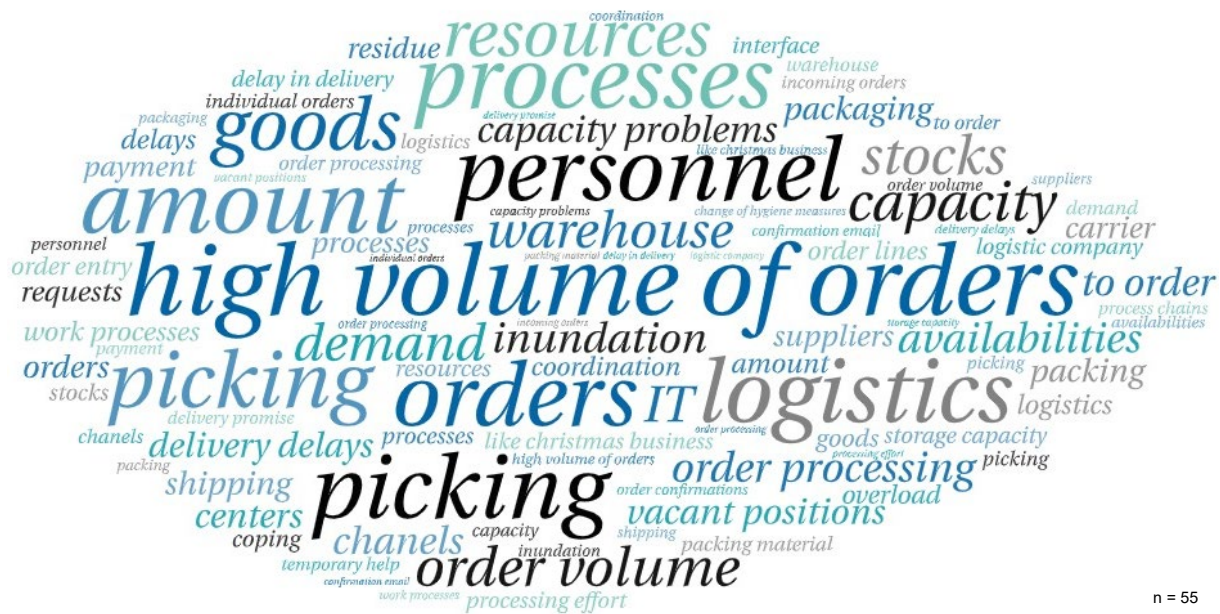
The high volume of orders made demands on the **logistics** and shipping of many online retailers. One respondent concluded: "*We are a retail business, not a logistics company. Accordingly, the processes had to be defined and learned first due to the increased volume.*" As mentioned in Chapter 2.5, many online shops had delivery problems owing to the high number of orders. A leading supplier of home and household products said: "*There was a delay in delivery due to high pressure on the logistics.*"

The huge increase in orders – especially small, individual orders – led to **processes** at several online retailers being undermined, resulting in administration and **coordination problems**. Some online retailers mentioned, for example, that not all orders were logged, inventories were no longer recorded correctly, and confirmation emails could no longer be triggered. Even the processes at large, well-organized online shops came to a standstill. One of the largest do-it-yourself online shops summed it up: "*The large volume challenged the entire process chain.*" Many online retailers had to adapt the business processes of their entire digital value chain to the "**new normal**" in e-commerce. The growth in orders also led to high **costs** for B2B online stores, as one person mentioned: "*The order volume via non-EDI channels increased massively. This led to high processing costs per order.*"

Most online stores were unable to process a large number of orders within a reasonable time owing to capacity bottlenecks.

2.6.3   Challenges in customer service

As with orders, there was a large increase in **inquiries and complaints** to customer service departments at two-thirds of the online shops surveyed. Inquiries often related to the delivery problems mentioned above, and one of Switzerland's leading three online shops also reported: "*The problem was the volume of inquiries due to the high demand and constant questions about delivery delays by our partners or us.*" Another pure player, which sells online only, reported a "*large number of open customer service tickets owing to significantly more orders and delivery delays.*"

As with order processing and picking, scaling in customer service was impossible for many online shops, and there was a lack of **trained staff**. As one leading online florist wrote: "*With five times the number of orders, there are also*

five times as many customers to write about something. We simply had a capacity bottleneck because you can't train that many new people in such a short time."

A large number of customer inquiries were received by **email and telephone.** As one of the largest electronics retailers mentioned: *"We had too many inquiries; sometimes more than 20,000 emails pending."* In many companies, there were **late replies** to many customer inquiries. One B2B retailer said: *"Customer inquiries were answered but with a delay. In some cases, answers were only possible after 2-3 days due to the enormous increase in inquiries."* In individual cases, customer service had to be limited or even discontinued, as one watch online retailer noted: *"We had to suspend the telephone service and only offer contact via email. There was an incredible number of emails to process."* One survey participant reported daily **conflicts** in operational customer service departments: *"Some customers showed no understanding of the extraordinary situation whatsoever. They demanded discounts and extensions of product validity."*

The number of inquiries to customer service departments at online stores grew in proportion to the burgeoning orders. Many calls and emails from customers were subject to delays.

2.6.4 Problems in marketing

Around a quarter of the online shops surveyed reported significant or moderate challenges regarding marketing. For the majority, the question of where the problems in marketing lay came down to the budget. Several marketing managers at online shops had their budgets adjusted or reduced, and a few said their budgets were insufficient. In some cases, even in e-commerce, **marketing campaigns** were suspended. One large B2B retailer, for example, wrote: *"Planned marketing campaigns had to be stopped; coronavirus communication took up a lot of capacity."* Many online retailers also adjusted their campaigns and launched **coronavirus campaigns**. This is confirmed by a study conducted by the Swiss Advertisers Association SWA/ASA, according to whom almost half of all advertisers launched coronavirus campaigns (SWA, 2020). Many online retailers also considered which marketing measures still made sense and which activities needed to be intensified.

Various responses and sources indicated that digital advertising marketing measures, especially ads in search engines and social media, were intensified, and offline marketing, such as printed ads, billboards, and outdoor advertising, was scaled back (see Chapter 6). As many retailers increased their **digital marketing** activity, **competition** in e-commerce intensified for online reach and visibility and for the perception and favor of customers. As one online marketing manager wrote: *"The problem lay with the visibility of campaigns in the face of numerous competitors."*

Social media and search engine marketing measures were often intensified; the budget for traditional advertising, such as printed copy, posters, radio, and TV was scaled back.

2.7. MEASURES DURING THE CORONA CRISIS

A central question of the Online Retailer Survey 2020 was what measures were implemented in online commerce during the coronavirus crisis in the short and medium-term. Answers from the 273 online shop managers are visualized in Fig. 15 in the form of a word cloud. The most common measures were related to the growth in orders discussed above and are HR-related: **additional staff** were hired by over 80 of the online shops surveyed. The

most frequent measure mentioned was an increase in warehouse operatives. However, additional staff were also employed for order processing, picking, and logistics – in many cases permanently. Some online shops introduced **shift operations**, holiday and weekend **shifts**, and longer working hours.

One of the largest furniture retailers hired *"more personnel in the picking (shipping) and contact center,"* and a leading Swiss online trader reported: *"There were numerous measures in incoming goods management, assortment adjustments, communication adjustments, special sales to create space, and the hiring of temporary employees."* At another of Switzerland's leading online shops, they said: *"We hired staff, made more storage space available, and created higher capacities."* A large DIY store mentioned a **staff transfer** measure: *"Sales employees have been working in communications for the online shop, additional infrastructure has been set up, and a shift operation has been introduced."* One of the largest consumer electronics suppliers implemented the following three measures: *"Relocation of personnel, reduction of inventories, and introduction of new processes."* A large stationery store with an online shop responded: *"Sales assistants were assigned to assembling orders, additional staff were employed in shipping, and the budget was adjusted."*

The issue of **budget adjustment** was mentioned by a large number of respondents. As discussed above, while the budget for marketing and advertising was cut by some retailers, it was increased by many online retailers. Thus, a spice retailer wrote: *"The advertising budget was increased and personnel shifted internally."* In the short and medium-term, it came down to staff retraining and **further training**. For example, an omnichannel retailer reported: *"The measures concerned personnel. In the future, other skills will be required, such as IT, online, social media, and online customer service."*

Many online retailers adjusted their **marketing** policies following lockdown, with many mentioning that they intensified **digital marketing** and increased its budget. One leading shoe retailer wrote: *"First, we increased the online marketing budget; second, we increased staff and retrained sales personnel; third, we pushed Saturday and holiday shifts; and fourth, we introduced multi-shift operation."*

Fig. 15: Word cloud for answers to the question: What measures did you implement in the short/medium-term during the coronavirus crisis (e.g., budget, warehouse, HR, distribution)?

n = 273

Both large and small Swiss online retailers have increased or redeployed their staff since March 2020, many of them in shipping and logistics.

A supplier of hair products implemented two essential measures: *"The marketing budget was increased, and staff from the closed salons were deployed in logistics."* A large furniture retailer used **digital marketing** to strengthen e-commerce: *"The online budget was increased and more was invested in SEA. There was additional support on the phone and by email from offline consultants."* Several online retailers reported that they placed more **search engine advertising** (Google Ads) and pushed Google shopping.

Online pharmacies needed less online advertising due to high demand, reported two small drugstores: *"We did less Google advertising, but hired temporary staff"* and *"we reduced our online advertising to limit orders."* Some companies have been expanding their **marketing tools** and communication formats since the corona crisis. For example, a leading garden furniture retailer revealed: *"We have successfully offered video live consulting, a chat in the online shop, and a linked 360-degree recording of the showroom."* A leading bicycle dealer implemented the following measures: *"We introduced live video calls, boosted customer service, and improved logistics processes."*

Some online retailers not only invested more money but also more **time in marketing**. For example, one online retailer of shaving products noted: *"I personally invested more time in the product range and marketing activities, which resulted in increased sales. I was able to invest more time because I had more time during the lockdown."* An online shop for refereeing equipment took advantage of the coronavirus break and introduced a new CD/CI and a **new web presence**. Two traders reported that they had introduced **additional discounts** to increase conversion rates in the online shop.

Several respondents took various measures to optimize their online shops. Frequently, the **product ranges** and corresponding content and product information were expanded. A medium-sized retailer wrote: *"Due to changing needs, the portfolio was adapted."* Some shops added new products and ranges. One retailer, like so many others, got wind of where the real money lay: *"The range was extended with disinfectants, face masks, and latex gloves."*

There were also additions to product ranges in B2B: *"The print budget was cut, the sales force was on reduced hours, the office staff worked from home, and corona-specific products were added to the range."* In a few cases – such as at one of the large wine dealers – the online shop was taken offline, or a delivery slot system was introduced because the demand was simply too great. Some retailers used the time to push ahead with **digitalization,** and more services and processes were digitized or automated. A small retailer wrote: *"We immediately adapted some manual order processes."*

Moreover, many retailers again mentioned the complex implementation of **protective measures** in response to the COVID-19 pandemic, explicitly noting assembly of orders, warehousing, and physical stores. At several B2B online shops and omnichannel retailers with physical stores, employees had to accept **reduced working hours.** As one leading Swiss department store commented: *"There were shorter working hours for staff (cost-cutting owing to the collapse of offline sales), investments were reduced, the online marketing budget was slightly increased, and staffing levels in the warehouse increased significantly."*

A manufacturer and distributor of leading sports brands noted the following: *"There were cost savings, reduced hours for our stores, and a sizable shift to e-commerce."* At omnichannel retailers, staff were moved from offline to online, as was the case at a large Swiss furniture retailer: *"Shop-floor staff were taken off reduced hours to assist the online shop."*

As mentioned above, many office-based employees **worked from home**, one of the most frequent organizational and HR measures (see Table 2). One manufacturer of household appliances noted: *"Regarding staff, everyone was working from home, communication was digitized, access to IT from home was set up, and the marketing budget temporarily reduced."* Some manufacturer-stores have outsourced **fulfillment** as a measure of order growth. One sports goods retailer said that **drop shipping** had been expanded. In this form of retailing, an intermediary offers the goods online without having them in stock.

The majority of retailers expanded their product ranges at short notice, building up their online stores and digital marketing.

In the **warehouses** of many online retailers, the *"goods were ramped up."* As one small, online sports equipment retailer wrote: *"We have pushed ahead with process optimization, requested collective invoices from suppliers, and increased marketing budgets and stock levels."* A dealer in gardening equipment supplied a typical answer for smaller online shops: *"We filled the warehouses, created emergency plans, expanded the web store, and hired staff."* At several online retailers with strong order growth, warehouses were expanded, or the **storage capacity** increased. The optimization of **warehouse processes** was explicitly mentioned several times, for example, by an online shop operator of fitness products: *"We hired more warehouse staff, introduced longer working hours, and designed shorter storage routes."*

Numerous organizational and HR measures were also taken in **logistics.** For example, a leading home improvement retailer wrote: *"There was an investment freeze and home offices were set up, while logistics were split into two teams and reinforced with temporary staff."* In **distribution**, there were various changes in the form of implementation and cooperation, as one florist noted: *"The marketing budget was adjusted, staff were hired, new distribution channels were introduced, the range of products was restricted, and delivery times were temporarily adjusted."* Some traders took over the delivery function themselves, as one smaller automotive engineering online shop reported: *"The stock of critical products was greatly increased, and we delivered these ourselves instead of overburdening our distribution partners."*

Details of the most frequently mentioned measures taken by online retailers during the crisis are summarized below in Table 2.

Table 2: The ten most important short- and medium-term e-commerce measures in the area of 1) online shop & management, 2) organization & HR, and 3) warehouse & logistics during the coronavirus crisis (in number of entries; n = 273)

#	1) Online Shop & Management		2) Organization & HR		3) Warehouse & Distribution	
1	Budget adjusted	33	Staff employed	81	Stock increased	31
2	Online expanded	27	Short-time work introduced	42	Logistics expanded	20
3	Online shop adapted	22	Home office introduced	31	Staff moved to the warehouse	14
4	Marketing adapted	20	Working hours extended	9	Generally expanded	12
5	Range extended	17	Protective measures implemented	9	Offline reduced	8
6	Digitization brought forward	13	Protection concept developed	8	Sales adjusted	5
7	Marketing budget adjusted	10	Multi-shift operation introduced	8	Sales channels adapted	4
8	Cost savings	8	Working at weekends	6	Shipping adapted	3
9	Communication adapted	7	Team restructured	5	Distribution adapted	3
10	Processes optimized	7	Sales staff retrained	3	Optimized warehousing	3

Concerning inventory management and logistics, the majority of online retailers had to react quickly and increase capacity.

2.8.   STRATEGIC INSIGHTS FROM THE CORONA CRISIS

A central question in this study is what online retailers have learned strategically from the crisis and in which areas they are now investing in the long-term. Answers given by the 253 respondents in the free text field are depicted in Fig. 16 in a word cloud. The most frequently mentioned aspect was that from now on, there would be more **investment in online business.** For example, two retailers wrote: *"We are investing in independent and digital sales channels,"* and *"we have learned that we can react very quickly to changes, even if it is tough. We will invest even more in the online side of the business."* By investing in digital business, you are adapting to your customers.

As one retailer pointed out: *"Online behavior is changing, so we will invest more in online business."* Several mentioned investing more in **e-commerce** and customer fulfillment. A sporting goods manufacturer stressed the growth of **digital direct sales**: *"The strategy has not changed, but the shift from B2B to D2C will happen even faster."*

In addition, **online shopping** has been further developed by many vendors. One online tobacco retailer, for example, wrote: *"Probably, shopping behavior will return to normal after the corona crisis. But we will definitely invest in the optimization of the online shop"*. Some online shops are investing in a new online **shop system** and **IT infrastructure**: *"We will invest in a new cloud solution. On the one hand with regard to security (cyber-attacks) and on the other hand, to be able to work more flexibly"*. A sports goods retailer recorded: *"We are investing in IT, in e-commerce, and in logistics capacities."* Individual online shops are expanding their technical interfaces too. Many online retailers will expand their **product ranges** in the future and further extend their services. One stationery supplier observed: *"We will carry regional products at least to supplement global products in the range, drive forward the professionalization of click'n'collect, and accelerate the process of assembling web-shop orders."* A home textiles retailer wrote: *"We will organize procurement markets more regionally... easier said than done, though"*. Several respondents mentioned changing or expanding their supply chains to be less vulnerable to supply bottlenecks.

Over 17 online retailers said they would be investing more in **marketing** in the future, 14 of them explicitly in **digital marketing**. One mail-order group noted: *"We are investing in online marketing and expanding our product range."* A Swiss bicycle retailer is taking advantage of the opportunity: *"We are continuing to invest in omnichannel and will continue to push digital marketing, in particular."* Depending on their situation, B2B companies are also investing more in *"digital customer contact."* However, digital marketing requires not only a bigger budget but also agility and **speed**. As one D2C online retailer wrote: *"We are trialing more in online marketing and reacting quickly, within hours or days. It used to take weeks"*. An online cosmetics retailer is fully committed to **scalability**: *"We can continue to upscale in digital marketing."*

Fig. 16: Word cloud with answers to the question: What have you strategically learned from the coronavirus crisis? In which areas are you making long-term investments now?

n = 253

Swiss e-commerce is currently investing heavily in online operations: in infrastructure, systems, and digital marketing. Most Swiss retailers will continue to develop their online businesses, product ranges, and warehousing in the future.

Several retailers are increasingly using the digital marketing instruments of **online advertising**, **SEO** (search engine optimization), and **social media**. Some online retailers explicitly mentioned that they want to increase **customer proximity** and invest more in customer services. The **digitization** of individual business areas and processes is also being driven forward by some companies. One online optician also mentioned **automation**: "*We will optimize or automate even more workflows.*"

In the area of organization and human resources, the **home office** will remain a feature in the future (see Table 3). Two B2B retailers wrote: "*We have seen that employees can also work from home. In IT, we are going to use laptops, and the hygiene regulations in the office have been tightened,*" and "*we are increasingly holding digital meetings, digital training, and webinars, using digital tools for the field service and making more use of working from home.*"

The education sector and the private sector are increasingly relying on **digital training** and continuing education; more and more companies are conducting **webinars** and online consultations. These are particularly interesting formats for knowledge transfer and corporate communication for B2B companies, consultancies, and agencies.

In particular, there will be more investment in **logistics** in the future, as one online shoe retailer stated: "*We have to expand logistics capacities and increase HR resources. We also foresee redundancies (technical, staff, etc.)*".

For a dozen of those surveyed, investment in **warehousing** is crucial, with special mention made of the warehouse itself, storage space, storage quantities, and storage capacities:

- "*We offer a larger online range and hold larger stock quantities.*"
- "*We will make storage space highly scalable.*"
- "*We are investing in further process optimization and warehouse staffing levels.*"
- "*We are expanding our warehouses and setting-up processes as well as our delivery logistics.*"

To save on transport and storage costs in the future, a globally active sports goods retailer has been increasingly relying on "*drop shipments*" and "*shipping from store.*" An online retailer of hair products summarized the three areas of action in Table 3 in one statement: "*We are continuing to invest in marketing with a focus on online advertising, and internally we are increasingly investing in home office working and scalable logistics systems.*"

Table 3: The ten most frequently cited long-term investments in the area of 1) online shop & management, 2) organization & HR, and 3) warehouse & logistics (in number of entries; n = 253)
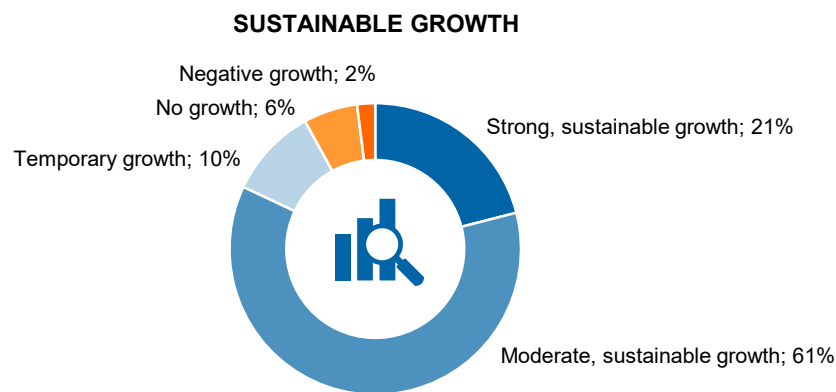
#	1) Online Shop & Management		2) Organization & HR		3) Warehouse & Distribution	
1	Online services / online shop	25	Home office working	13	Logistics	13
2	Range / offer	19	Staff	8	Stock	13
3	(Online) marketing	19	Training	5	Stock quantities	6
4	Online shop / system	18	Change management	4	Supply chains	5
5	Digitization	14	Automation	5	Storage capacity	4
6	Digital	13	Processes	4	Omnichannel	4
7	E-commerce	10	IT / infrastructure	4	Distribution	3
8	Advertising / social media	7	Webinars	2	Dropshipping	3
9	Customer proximity / customer service	5	Partnerships	2	Distribution	2
10	Search engine optimization	3	Working time models	1	Click & collect	2

2.9.   SUSTAINABILITY OF INCREASED ORDERS

After the extraordinary increase in Swiss e-commerce orders in spring 2020, the question naturally arises as to how sustainable this growth will be in the long term. When asked whether online retailers *"will have a long-term or sustainable higher share of online orders overall after the coronavirus crisis,"* one in five responded with **"strong, sustainable growth"** (see Fig. 17). A significant 21 percent of online shop operators believe that the current e-commerce boom will continue to be strong, while a sizable 61 percent also expect **moderate, sustainable growth**. Overall, 82 percent expect e-commerce to grow sustainably.

Conversely, one in ten respondents expect only temporary growth, and 6 percent anticipate no growth. Just two percent predicted negative growth. These results are also reflected in the consumer perspective, with over half stating that they would continue to shop online in the future (Randler, 2020). Detailed analyses and evaluations of the long-term growth in e-commerce (e.g., segmented by industry, product range, online shop size, business relationship, etc.) can be obtained from the ZHAW Institute of Marketing Management, on request.

Fig. 17: After the corona crisis, do you expect a long-term or sustainable increase in the proportion of online orders?

SUSTAINABLE GROWTH

Negative growth; 2%
No growth; 6%
Temporary growth; 10%
Strong, sustainable growth; 21%
Moderate, sustainable growth; 61%

n = 322

The e-commerce boom, which began during the first half of 2020, is not over yet. Eighty-two percent of Swiss online shops are anticipating long-term, sustainable growth.

3. Cross Border E-Commerce

Export, expansion, and market growth go hand in hand with cross-border, online shipping. But three-quarters of Swiss online retailers do not ship their goods abroad. Those who post their goods abroad do so mainly by direct consignment from Switzerland and not from external premises outside the country. This chapter discusses the challenges and solutions, as well as the reasons behind low levels of cross-border e-commerce.

3.1.   SHIPPING TO FOREIGN COUNTRIES

When asked whether Swiss online retailers exported goods, just over a quarter of respondents said they shipped their products abroad (see Fig. 18). This is confirmed by the results of last year's survey, which showed that around 75 percent supply the domestic market only (Zumstein & Steigerwald 2019, p. 9).

Concerning **how** exporters ship their goods to their foreign customers, the findings (see Fig. 19) are clear – almost two-thirds ship **directly from Switzerland**.

Fig. 18: Do you ship e-shop products abroad?
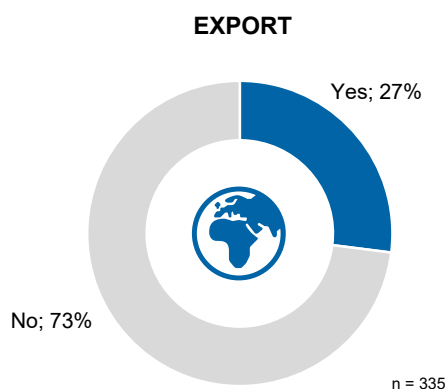
Fig. 19: How do you ship your goods to foreign customers?
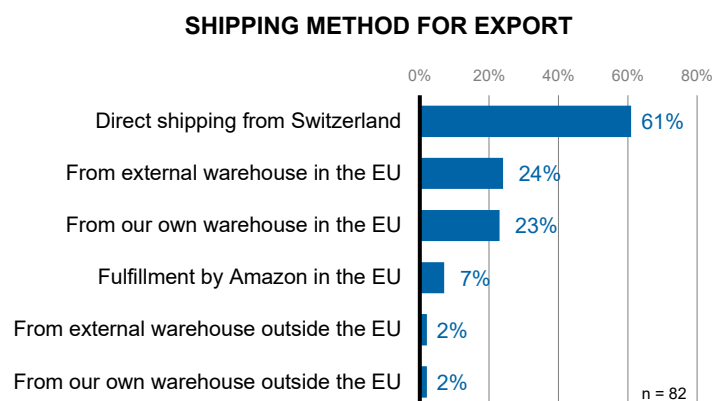
EXPORT

SHIPPING METHOD FOR EXPORT

Yes; 27%

No; 73%

n = 335

Direct shipping from Switzerland	61%
From external warehouse in the EU	24%
From our own warehouse in the EU	23%
Fulfillment by Amazon in the EU	7%
From external warehouse outside the EU	2%
From our own warehouse outside the EU	2%

n = 82

Just under one quarter have their **own warehouse** in the European Union (EU), and another 23 percent ship from a **third-party warehouse** in the EU. Only seven percent of Swiss online retailers use "Fulfillment by Amazon" in the EU. The online retailers surveyed very rarely have their own or third-party warehouses outside the EU. When asked from which EU country Swiss online retailers ship their goods, exporters gave a clear answer: Practically all respondents (90 percent) ship from **Germany**, with only one citing the Netherlands and one Austria.

3.2. CHALLENGES IN CROSS-BORDER E-COMMERCE

The export hurdles identified in the Online Retailer Survey 2019 (Zumstein & Steigerwald 2019, p. 9) were confirmed when exporters were asked what the greatest challenges in cross-border e-commerce were. As expected, **customs clearance** is the biggest challenge when exporting goods (see Fig. 20): 14 percent of exporters saw this as a significant challenge, 34 percent a moderate challenge, and 24 percent a minor challenge.

The answers to the follow-up question of what precisely slows down customs clearance for exporting online retailers can be categorized into five **customs-related issues:**

1. Compilation of the correct **customs documentation** (24 percent of mentions)
2. Unknown customs duties and **costs incurred** (24 percent of mentions)
3. Complicated **customs procedures for returns** (20 percent of mentions)
4. Complicated **customs declaration processes** (17 percent of mentions)
5. Identifying different **customs tariff codes** (15 percent of mentions).

In addition to customs-related issues, four out of six retailers view **logistics** abroad as a challenge, and a similar number see **parcel services** as a challenge. Challenges in international logistics include administration between Switzerland and the EU and the long **processing time**, which, according to one retailer, *"often takes over 20 days."* One international online retailer was annoyed: *"Timely delivery at reasonable prices is practically impossible."*
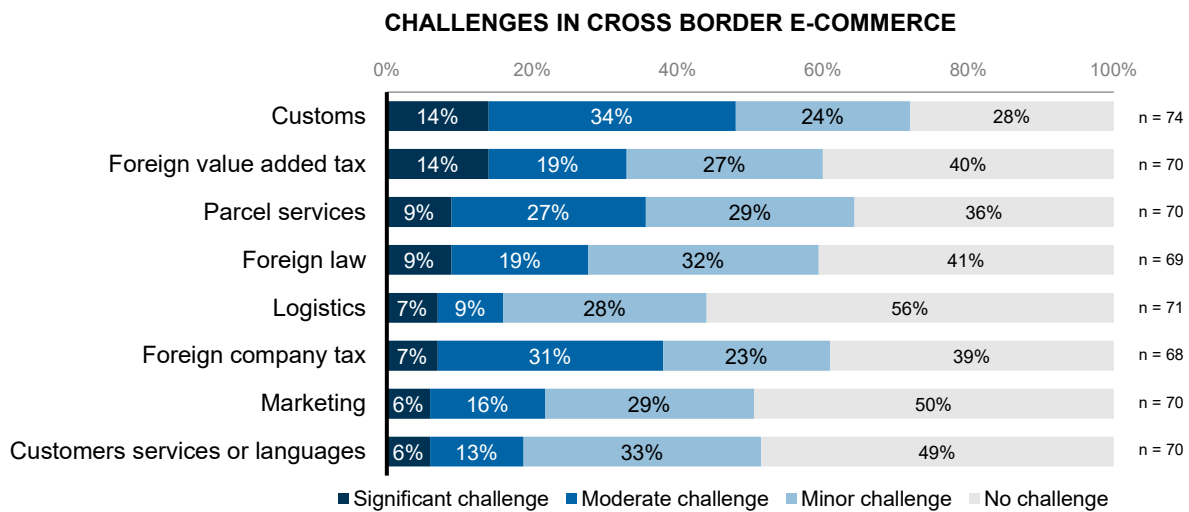
Several online retailers mentioned that **returns and high costs** were a significant problem in international logistics. One survey participant commented: *"When returning goods from abroad, the parcel service provider has to pay administration fees in addition to handling and customs fees, VAT, shipping, and return costs. For a standard item with a shopping cart value of 180 francs, we make a loss of 120 francs."* In addition to long waiting times and **delivery times,** another retailer mentioned the complicated **processes** involved: *"The specifications and proce-dures at different providers are not uniform. Deliveries to private individuals are only possible with some of them. Besides, there are long waiting times because corporate customers in the EU rarely already have an EORI number."* Two-thirds consider the processing of **foreign VAT** (value-added tax) to be laborious. Answers to the follow-up question of what exactly hinders traders concerning foreign taxes can be summarized as follows:

1. The **settlement** of foreign VAT itself (30 percent of mentions)
2. The **reclaiming** of foreign taxes for returns (22 percent of mentions)
3. Tax **registrations** abroad (22 percent of mentions)
4. Identifying the correct **tax rates** (13 percent of mentions)
5. **Mapping** the correct tax rates in the online shop (13 percent of mentions).

More than half the exporters also have to navigate **foreign laws** and are challenged by this when marketing goods abroad. The fact that one in five sees **international marketing** as a significant or moderate challenge has various reasons, depending on the individual case:

1. There is fierce competition and a tougher price war abroad.
2. There is a lack of understanding of the market; customer needs are different in every market.
3. Effective marketing and target-group-specific control are more demanding internationally.
4. Except for online marketing, measures are more difficult to plan, especially in the print sector.

Fig. 20: What challenges do you face in cross-border e-commerce?

CHALLENGES IN CROSS BORDER E-COMMERCE

	Significant challenge	Moderate challenge	Minor challenge	No challenge	
Customs	14%	34%	24%	28%	n = 74
Foreign value added tax	14%	19%	27%	40%	n = 70
Parcel services	9%	27%	29%	36%	n = 70
Foreign law	9%	19%	32%	41%	n = 69
Logistics	7%	9%	28%	56%	n = 71
Foreign company tax	7%	31%	23%	39%	n = 68
Marketing	6%	16%	29%	50%	n = 70
Customers services or languages	6%	13%	33%	49%	n = 70

■ Significant challenge ■ Moderate challenge ■ Minor challenge ☐ No challenge

In international e-commerce, moreover, **customer services** must be offered in the languages of the respective countries, which presented some issues for 50 percent of the respondents. Three out of five respondents saw **foreign corporate taxation** as a challenge, in varying degrees, because this was generally lower in Switzerland.

3.3.   SOLUTIONS IN CROSS-BORDER E-COMMERCE

The open question of which **export solution** online merchants in cross-border e-commerce would like to see or what they would change in their situation can be summarized as follows:

1. Equal treatment between Switzerland and the EU.
2. Standardized rules.
3. More straightforward customs clearance for individual shipments.
4. Automated customs clearance.
5. Bonded warehouses.
6. A reduction in bureaucracy.
7. No customs clearance processes between Switzerland and the EU.
8. Free parcel traffic without customs clearance for values up to CHF 1,000.
9. EU membership by Switzerland for easy export.
10. More straightforward processing and simplified customs declaration.
11. Better interfaces to the Swiss Post Office.
12. Faster deliveries to customers.
13. Transparent costs for customers abroad.
14. Cost-effective solutions from a single source for shipping (parcel and general cargo).
15. A logistics provider for export to a large number of European countries.
16. Change from postal services to courier services.

To the specific question of whether exporting traders are prepared for the **2021** change in **European VAT** affecting e-commerce (MOSS and IOSS), over a third of them answered in the affirmative. One in eight is well prepared and one in four at least partially prepared. By contrast, 18 percent are slightly prepared and 15 percent are unprepared.
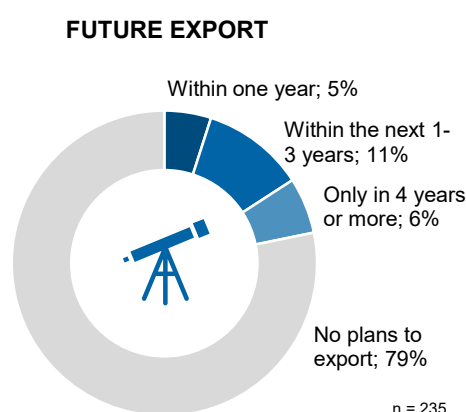
3.4.   REASONS BEHIND LOW LEVELS OF CROSS-BORDER E-COMMERCE

Those Swiss online retailers who do not export to foreign countries were asked why they did not do so, and the most frequent answer (42 percent – see Fig. 21) was the challenging **competitive situation abroad**. One in four respondents lacks **exporting know-how,** and one in five lacks a suitable solution for handling returns. Frequently, products are not suitable for export. A **lack of understanding of foreign markets** was cited by 12 percent as the reason for focusing only on the domestic market. However, lack of financial resources (cited by 9 percent) and no demand abroad (cited by just 7 percent) suggest these factors are not significant reasons why Swiss online retailers do not export more often. Language barriers, for example, in customer services, are not a significant issue either. Other reasons for not entering the export market are depicted in the word cloud in Fig. 23 below.

Fig. 21: Why do you not ship your products abroad?

Fig. 22: Do you plan to sell abroad?

REASONS FOR NOT EXPORTING

Competitive situation abroad	42%
Other reason	40%
Too little know-how for export	25%
No returns solution available	21%
Products are unsuitable for export	20%
Too little know-how about foreign markets	12%
Too few financial resources	9%
No demand abroad	7%
Language barriers (e.g. in customer service)	3%

n = 234

FUTURE EXPORT

Within one year; 5%

Within the next 1-3 years; 11%

Only in 4 years or more; 6%

No plans to export; 79%

n = 235

As Fig. 23 also shows, not only are export costs too high and shipping too costly for Swiss online retailers but, for many companies, their **strategy** does not involve the export of goods.

When asked whether they would be changing their sales strategy and whether they planned to **export abroad** in the future, three-quarters of online retailers said they had no plans to export. Only five percent planned to export abroad within one year, 11 percent in 1-3 years, and six percent only in four years or more (see Fig. 22).

Fig. 23: Word cloud for free-text answers to the question: Why do you **not** ship your products abroad?

n = 82

The final cross-border question was posed just to the 21 percent of online retailers who plan to export abroad: "If one day you sold abroad through your online shop, **how would you ship your goods**?" Individual answers are shown in the word cloud below (Fig. 24), and this suggests many would ship via the postal service or use private delivery services such as DPD, UPS, or DHL. Other individual responses included *"direct," "freight forwarding," "courier services," "suburban production and delivery," "via the subsidiary," "suppliers,"* or *"suburban logistics part-ners."*

Fig. 24: Word cloud in response to the question: If one day you sold abroad through your online shop, how would you ship your goods?
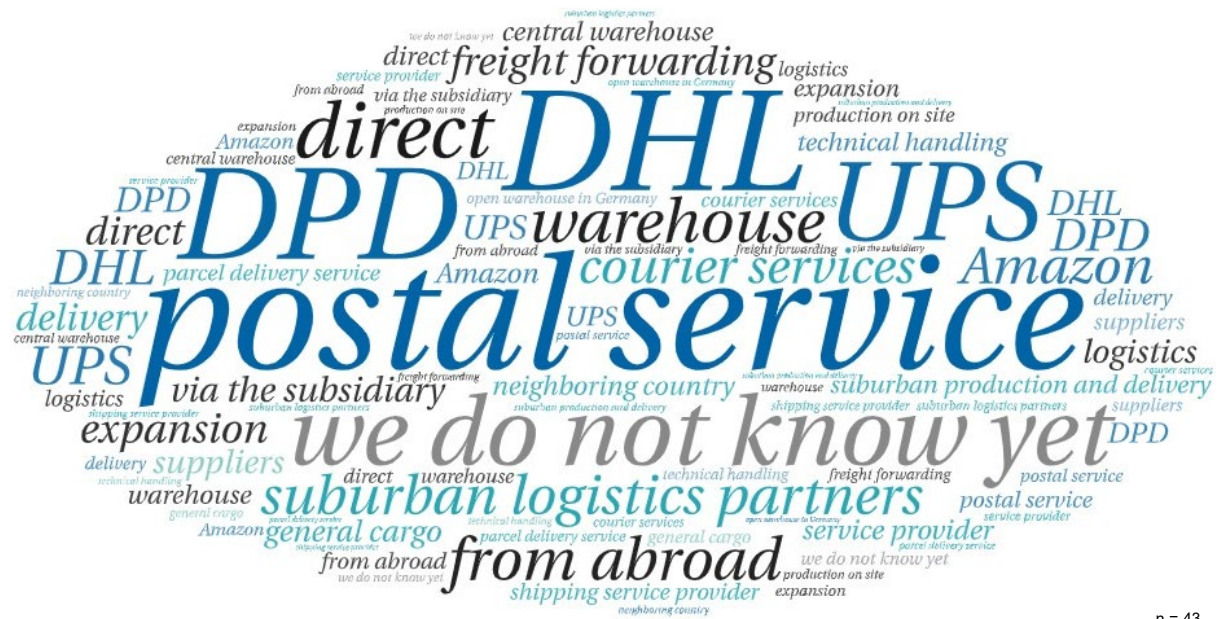
n = 43

4. E-Payment in E-Commerce

This chapter discusses current developments in making payments at Swiss online shops. An analysis of payment methods shows that payment by invoice and credit card is still the most common, but mobile payment methods are catching up. For example, sales using the cashless payment service TWINT have increased strongly. The results show that half the online retailers work with billing partners and that the number of payment service providers is growing. Criteria for the selection of payment providers were also recorded in this study.

4.1. PAYMENT METHODS IN E-COMMERCE

The third survey block focused on the means of payment in Swiss online shops. **Invoices and credit cards** remain the two standard payment options: In 89 percent of cases, credit cards such as Mastercard, Visa, or American Express can be used, and in 81 percent of cases, payment is made following invoicing (see Fig. 25). Sixty-three percent of retailers offer a **prepayment option**, but this is seldom used by customers (Swiss Post, 2019).

The provider **PayPal** has become well-established among Swiss online retailers: 61 percent offer this electronic payment solution. The **PostFinance** debit card payment option is offered just as frequently by retailers. In 2020, Swiss mobile payment provider **TWINT** increased its market share strongly both among customers and online merchants. Every second online shop is already TWINT capable.

At 42 percent of the retailers surveyed, customers can place an order at the online shop and then pay when they **pick up their goods in-store** or at a pick-up center – an increase of 62 percent on the previous year. **Apple Pay** (8 percent), **Google Pay**, and **Samsung Pay** (5 percent each) are still rarely offered by Swiss online retailers, even though the market shares of these providers are growing significantly, albeit at a low level. With a few online stores, it is possible to pay with cryptocurrencies such as Bitcoins.

When paying on account, 55 percent of all merchants work with a **payment provider** (billing partner) that conducts background credit checks, invoicing, and debt collection. The MF Group is the market leader for purchasing on account in Swiss billing and was mentioned by 28 percent of the respondents. This is followed by Byjuno with 11 percent and Klarna (Billpay), with 8 percent of online retailers. Other payment providers include Swissbilling (6 percent), Availabill and Ideal Payment (3 percent each), Paysafe (4 percent), and Ratepay (1 percent). Forty-six percent did not provide any details or have other providers, such as the credit rating agency CRIF.

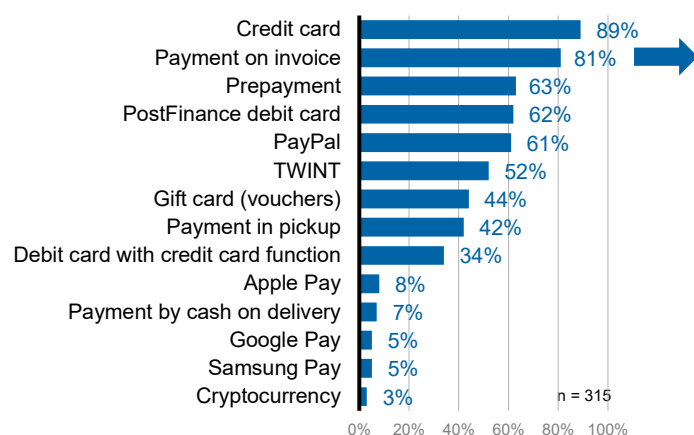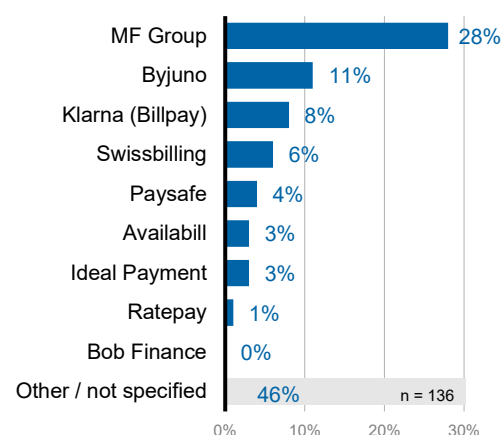Fig.25: Which payment methods does your online store offer?

Fig.26: Which payment providers do you work with?

E-PAYMENT METHODS

Payment method	%
Credit card	89%
Payment on invoice	81%
Prepayment	63%
PostFinance debit card	62%
PayPal	61%
TWINT	52%
Gift card (vouchers)	44%
Payment in pickup	42%
Debit card with credit card function	34%
Apple Pay	8%
Payment by cash on delivery	7%
Google Pay	5%
Samsung Pay	5%
Cryptocurrency	3%

n = 315

PAYMENT PROVIDER (BILLING PARTNER)

Payment provider	%
MF Group	28%
Byjuno	11%
Klarna (Billpay)	8%
Swissbilling	6%
Paysafe	4%
Availabill	3%
Ideal Payment	3%
Ratepay	1%
Bob Finance	0%
Other / not specified	46%

n = 136

TWINT is increasingly in demand by Swiss online retailers.
In 2020, you can use TWINT at one in two online stores.
In 2019 this was only possible at every third online store
and in 2018 in every fourth store.

4.2.   SALES GROWTH OF PAYMENT METHODS

Concerning payment methods, online retailers were asked how strongly individual payment methods were growing in terms of sales. Fig. 27 shows that the **proportion of sales accounted for by invoice** fell slightly overall in 2019; five percent reported a sharp fall and 21 percent a slight fall. Other respondents reported invoice sales had grown slightly (15 percent) or strongly (7 percent). A completely different picture is presented by the mobile payment provider **TWINT**, where the share of sales grew weakly at 41 percent of online retailers and strongly at 42 percent. Only one percent reported a decline.

In Switzerland, the invoice accounts for a large **proportion of transactions** in online shops – a good half, as Fig. 29 shows. This means that every second order in a Swiss online shop is paid on account by **invoice.** This high figure is somewhat distorted upwards by the 42 percent of B2B online shops in the sample, where payment is normally made by invoice. The credit card accounts for almost a third of the transactions, i.e., every third order at an online retailer is paid using a major credit card. Mobile payment accounts for nine percent of transactions, and the remaining payment methods account for 10 percent.

Fig.27: How did the revenue share of invoiced orders change in 2019?
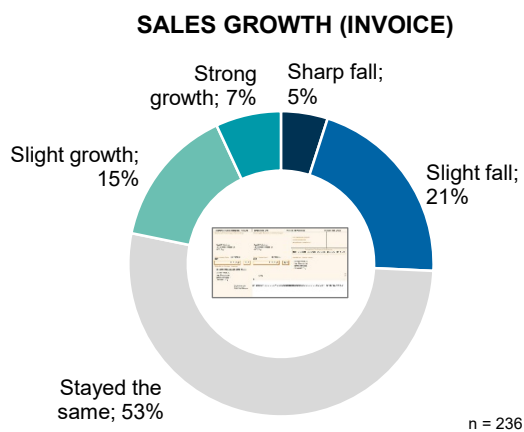
Fig.28: How did TWINT's share of sales change in 2019?

SALES GROWTH (INVOICE)

Strong growth; 7%
Sharp fall; 5%
Slight growth; 15%
Slight fall; 21%
Stayed the same; 53%

n = 236

SALES GROWTH (TWINT)

Sharp fall; 1%
Slight fall; 1%
Strong growth; 42%
Stayed the same; 15%
Slight growth; 41%

n = 148
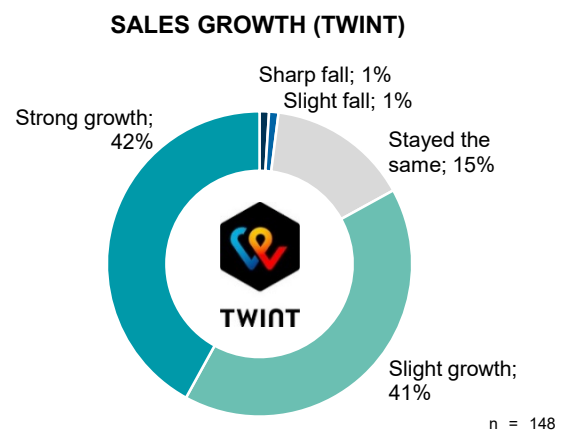
Fig.29: What is the transaction share by means of payment?

TRANSACTIONS BY MEANS OF PAYMENT

Others; 10%
Mobile payment; 9%
Invoice; 49%
Credit card; 32%

n = 312
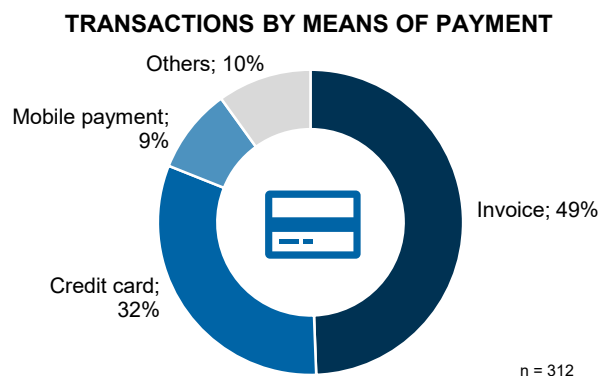
In most Swiss online stores, invoicing accounts for the largest share of all transactions, followed by the credit card.

4.3. PAYMENT SERVICE PROVIDERS

287 Swiss online shops were asked which **payment service provider** (PSP) they used. Fig. 30 shows that PayPal is the leading payment provider at 47 percent, especially among small and medium-sized online merchants. The PostFinance e-payment solution came second for payment processing (40 percent), and the Saferpay solution from Worldline/SIX Payment Services (27 percent) was the third most common. Datatrans was named by 25 percent of the online merchants surveyed and Stripe by 11 percent.

Fig.30: Which payment service providers do you use?
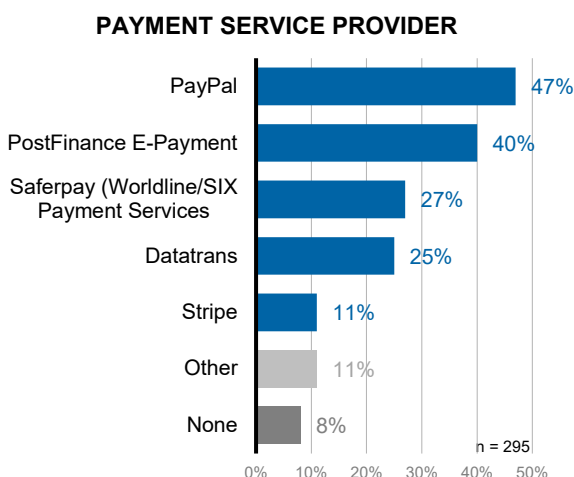
Fig.31: What are your main criteria for selecting a payment provider?

PAYMENT SERVICE PROVIDER

Provider	%
PayPal	47%
PostFinance E-Payment	40%
Saferpay (Worldline/SIX Payment Services	27%
Datatrans	25%
Stripe	11%
Other	11%
None	8%

n = 295

CRITERIA FOR PROVIDER SELECTION

Criteria	%
Price / transaction costs	73%
Integration effort	59%
Customer Service	32%
Innovative payment solutions	31%
Full service provider (PSP & Acquiring)	22%
Flexibility for adjustments (customization)	13%
Third party recommendation	10%

n = 274

As Fig. 30 shows, 11 percent of respondents named an alternative **payment service provider** in the open text field. Cited were wallee (four mentions), Adyen (three mentions), Concardis, Clearhouse, Mollie, Payone (formerly Innocard), Payrexx, sumup, and TWINT (two mentions each) as well as Heidelpay, KPS Payment, myPOS, Worldpay, and Wirecard (one mention each). Obviously, there are numerous payment providers in a competitive market, both nationally and internationally, used by Swiss online retailers.

A further question to the online retailers included the criteria they use when choosing a PSP (see Fig. 31). Nearly three-quarters consider the price and/or **transaction costs,** while the cost of **integration** is a factor for 59 percent of respondents. Good **customer service** and innovative payment solutions are important for one third.

Twenty-two percent require a **full-service provider** with solutions from a single source, for example, in terms of PSP or acquiring. For another 13 percent, **flexible adaptation** of the solution to their online shop (customization) is essential, while ten percent follow the **recommendations** of third parties, such as a consulting firm or e-commerce agency.

PayPal, PostFinance, Saferpay from Worldline/SIX Payment Services, and Datatrans are the four leading payment service providers in Swiss e-commerce.
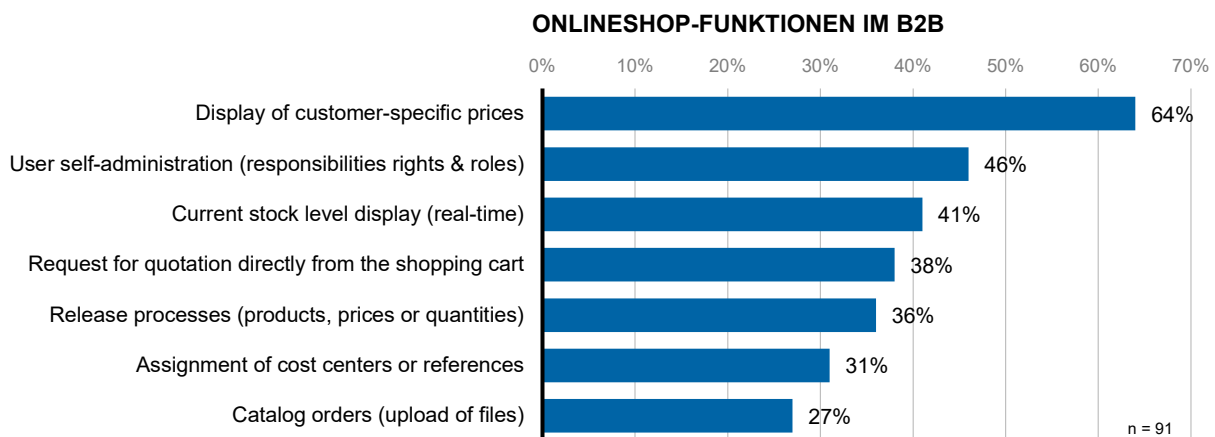
5. E-Commerce in B2B

This chapter provides an insight into business-to-business (B2B) e-commerce in Switzerland. B2B providers provided answers regarding the specific functions in the online shop, the various integrated systems, the objectives of online commerce, and environmental sustainability. The B2B online retailers also provided insights into their differentiation strategy.

5.1. B2B FUNCTIONS

The fourth and last block of questions in the online retailer survey covered the area of B2B trade. One question addressed the B2B-specific functions of an online shop. Fig. 32 shows that two-thirds of the B2B online shops surveyed display **customer-specific prices.** User **self-administration**, in which, for example, individual responsibilities, rights, and roles are defined, is also offered by half the online shops.

Another notable feature in B2B is that two out of five online shops display **current stock levels** in real-time and that requests for quotations are made directly from the shopping cart. In 36 percent of cases, the order is accompanied by an **approval process** that requires the approval of a third party, depending on the product, price, and/or quantity. In 31 percent of online shops, the order is **assigned** to a cost center or reference. Around 27 percent offer their B2B customers the function of placing entire **catalog orders**, where Excel or other files can be uploaded into the online shop system.

Fig.32: What specific B2B functions do you offer customers in your online store?

ONLINESHOP-FUNKTIONEN IM B2B

Function	%
Display of customer-specific prices	64%
User self-administration (responsibilities rights & roles)	46%
Current stock level display (real-time)	41%
Request for quotation directly from the shopping cart	38%
Release processes (products, prices or quantities)	36%
Assignment of cost centers or references	31%
Catalog orders (upload of files)	27%

n = 91

In two out of three online shores in the B2B sector,
the customer can see individual prices.

5.2. SYSTEMS IN B2B

A technical question probed which systems are used in B2B digital commerce (see Fig. 33). It transpired that almost all use a **search and filter system**, with nine out of ten having an integrated search and filter system.

A **digital analytics system**, mostly Google Analytics but sometimes Adobe Analytics or Matomo, is used by 87 percent and is integrated by a tag management system or data layer in 72 percent of cases.

Fig. 33: Which systems do you use - and which are integrated into the online store?

SYSTEMS IN B2B E-COMMERCE

System	In use and integrated	In use, but not integrated	Not in use	Don't know / No answer	n
Search / filter system	90%	3%	3%	3%	n = 115
Digital analytics	72%	15%	7%	6%	n = 116
Content management system	71%	6%	14%	9%	n = 116
Product information system	54%	8%	26%	12%	n = 113
Recommendation system	46%	9%	37%	8%	n = 114
Customer relationship management	43%	17%	32%	8%	n = 116
Enterprise resource planning	38%	11%	31%	20%	n = 112
Product configurator	38%	7%	48%	7%	n = 114
Digital asset management	15%	6%	54%	25%	n = 109
Augmented / virtual reality	1%	4%	84%	11%	n = 109

■ In use and integrated ■ In use, but not integrated Not in use Don't know / No answer

Three-quarters of the online retailers surveyed operate a **content management system** (CMS) in addition to the online shop, although this is usually integrated. This means that most online shops put product information online as well as other content and information about the company and its activities.

Product information is stored in a **product information system** (PIM) by almost two-thirds of online retailers. However, this is typically fully integrated into the online shop (54 percent of respondents).

More than half the B2B online retailers surveyed use a **recommender system** to suggest additional and/or supplementary products or services to users. An integrated recommender system pays for itself relatively quickly once a specific size of the product range is reached, and this has been proven to increase the conversion rate and shopping cart value in an online store (see Zumstein & Kotowski, 2020).

A much-discussed topic in e-commerce is the connection of **customer relationship management** (CRM) to the online shop. A good third of online retailers - mostly small companies - do not have a CRM system. For 43 percent of the B2B retailers surveyed, CRM is fully integrated into the online shop, while for 17 percent, it is pending. The connection of an **enterprise resource planning** system (ERP) is also critical to success; half of those surveyed have an ERP in place, and 38 percent have it integrated.

Product configurators are becoming increasingly popular both in B2C and B2B marketing and sales and are already used by almost every second online store. In mass customization, they offer customers individualized, personalized, and unique configured products or services at individual prices. This generates lead data and allows (potential) customers to identify according to their interests and needs. More than 38 percent of companies have recognized the added value of configurators and integrated them into their online stores.

With the growing number and complexity of content and products, many companies are using a **digital asset management system** (DAM). Typically, a large number of texts, images, audio, and video files are stored in the DAM, and these are directly imported into a CMS or online shop system. In the current survey, 21 percent of retailers use such a DAM, with 15 percent having it integrated. With the growing importance of good content and corresponding media formats in the digital business, this user share is likely to increase further in the coming years.

In B2B digital commerce, **augmented reality** (AR) or **virtual reality** (VR) applications have not yet established themselves. Only five percent of those surveyed use an AR or VR solution, while one percent have it integrated into their online shop system. Examples of this include apps from furniture dealers, where product images can be projected into the living room and then ordered online.

A large proportion of B2B online stores already have numerous fully integrated systems such as CMS, PIM, CRM, and ERP. Integration is the most common and straightforward for search function and analytics systems.
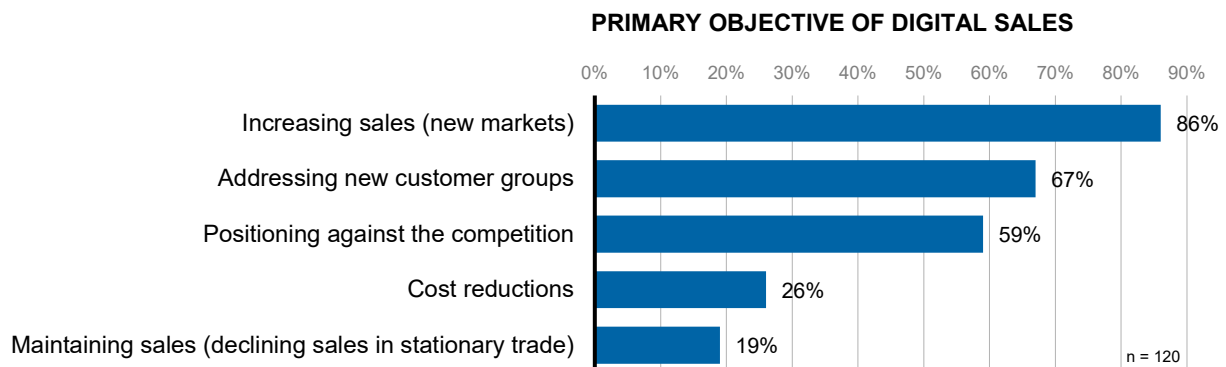
5.3.   OBJECTIVES OF ONLINE SALES

Online retailers were asked what their primary objective was when using digital sales channels. The data in Fig. 34 speaks for itself: for example, 86 percent want to increase their **sales** primarily by entering new markets. Therefore, online shops are a means to an end - selling products and services online and generating revenue. Two-thirds wish to target **new customer groups** with digital sales channels. With these answers to customer approach, it is also evident that digital communication, digital marketing, and digital sales are increasingly being merged.

Likewise, 60 percent of online retailers (still) agree that they can differentiate themselves from the **competition** by having an online shop. However, the more manufacturers and online retailers who set up online shops in the coming months and years, the more difficult it will be to position, differentiate, or stand out with digital sales channels.

Twenty-six percent of those surveyed agree that digital sales channels can **reduce costs**. Although many processes can be automated and scaled through digital sales and order processing, this is not a primary objective.

A good 19 percent of the omnichannel retailers surveyed try to compensate for declining sales in physical retail through an online store. This trend has been intensifying since the coronavirus crisis and affects B2C, B2B, and D2C retailers equally. Every manufacturer and retailer in most industries should rely on digital distribution channels when trade through physical stores is in decline.

Fig.34: What is your primary objective for using digital sales channels?

PRIMARY OBJECTIVE OF DIGITAL SALES

Objective	Percentage
Increasing sales (new markets)	86%
Addressing new customer groups	67%
Positioning against the competition	59%
Cost reductions	26%
Maintaining sales (declining sales in stationary trade)	19%

n = 120

The primary purpose of an online store is to increase sales and attract new customer groups.

5.4. SUSTAINABILITY IN B2B

When asked whether **sustainability** in the ecological sense is an issue within the company, 88 percent of online retailers in B2B answered "yes" and only 12 percent "no." In response to the follow-up question about whether sustainability is relevant to them, Fig. 35 reveals the following: The most frequently mentioned area (76 percent) is a **sustainable product range** and an online store's products, for example, in terms of raw materials and processing.

For more than two thirds, sustainability is an issue in **shipping and delivery**, in terms of packaging or delivery services. In addition, 57 percent of the B2B companies surveyed attached importance to business relationships with **suppliers** who also care about sustainability, whether in special agreements or proof of sustainable structures, value chains, and/or products. Surprisingly, 52 percent of those surveyed agree with promoting **sustainable warehousing** (solar technology on the roof or electronic aids) and **ecologically sound logistics**.

For **sustainable programs,** for example, against food waste or for online donations, 36 percent of those surveyed support sustainable programs, and 42 percent are in favor of **CO^2 compensation**.

Fig.35: In what areas is sustainability an issue?

ECOLOGICAL SUSTAINABILITY IN B2B E-COMMERCE

Area	Percentage
Assortment / products (e.g., raw materials, processing)	76%
Shipping & delivery (e.g., packaging, delivery services)	65%
Suppliers (e.g., special agreements, proofs)	57%
Warehouse / logistics (e.g., solar technology, electrical equipment)	52%
CO2 compensation	42%
Sustainable programs (e.g. food waste, donations)	36%

n = 107
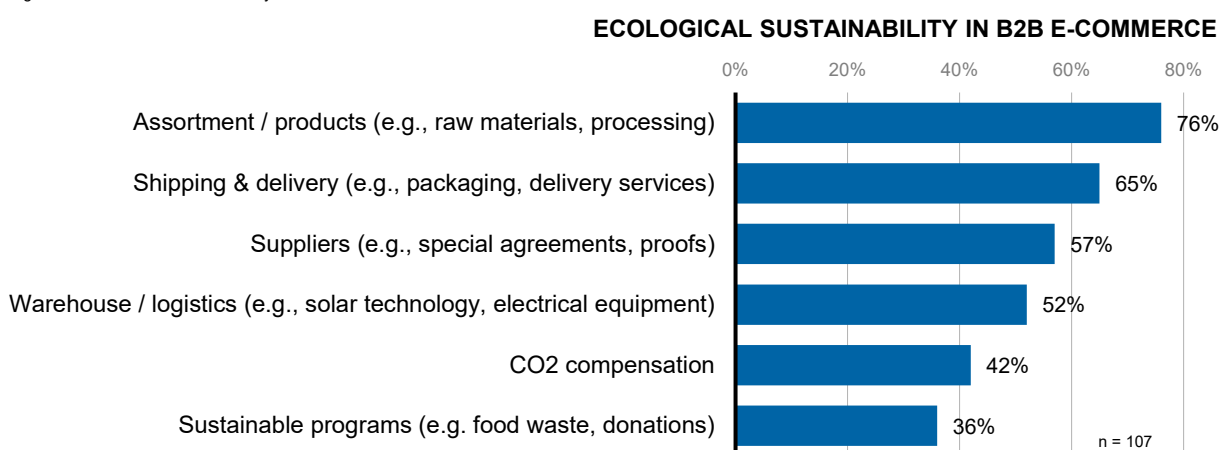
> The sustainability trend has also arrived in B2B. The majority of online retailers attach importance to the ecological design of product ranges, packaging, delivery to the end customer, sustainable supplier relationships, sustainable warehousing, and logistics solutions.

5.5. DIFFERENTIATION IN B2B

The last topic focuses on the question of how B2B online retailers **differentiate** themselves from their **competitors,** and two-thirds said this was by offering an extensive **product range** (see Fig. 36). By offering and marketing assortments (product groups and products) that are relevant to customers, the majority of B2B online retailers can develop a unique selling proposition (USP). However, this requires consistent customer orientation as well as constant further development and adaptation of their product range in terms of both depth and breadth.

A good two-thirds of online shop operators differentiate themselves through **exclusive services**, particularly when the product is interchangeable and the price is not low.

Fig.36: How do you differentiate yourself from the competition?

DIFFERENTIATION IN B2B

Category	Value
Through a wide range	73%
Through exclusive services	64%
Through unique products	59%
Through personalized offers	40%
Through low prices	23%
Other	7%

n = 120
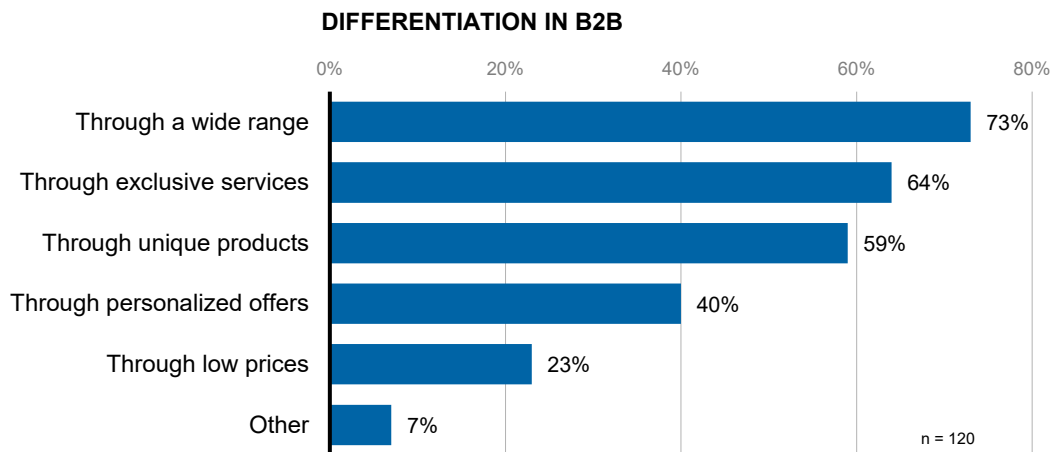
Another 59 percent differentiate themselves in B2B through **exclusive products or services** that are not available anywhere else. At the same time, **personalized offers** help two out of five retailers or manufacturers to stand out from the competition or to acquire/retain customers. Since online **prices** become transparent and comparable at a click, they also play a crucial role in B2B. For example, one in four operators of an online shop attempts to differentiate itself from the competition by the prices of products and services - or by its pricing and discount policy. The strategy for cost and price leadership remains a challenge, especially for online businesses, since there can only ever be "one cheapest provider."

The majority of online retailers in B2B differentiate themselves from their competitors through their product range, exclusive services, or unique products.

more than just
a digital experience!

simply
different

GARAIOLABS

6. Conclusion

6.1. CONCLUDING REMARKS

The aim of this study is to ascertain current developments in Swiss online commerce during the 2020 coronavirus crisis. The survey of 330 Swiss online retailers created a quantitative database that provides information about the current situation and reveals how online shops fared during and after the lockdown – and how they foresee the future. These findings also show that online retailers are taking away vital lessons learned from the crisis for the long-term and that they are implementing or maintaining these on an operational and strategic level. In addition to the findings concerning the development of e-commerce in times of crisis, this study includes a review as well as insights on developments in the areas of cross-border trade, e-payment, and B2B in e-commerce business.

E-commerce in times of crisis. The observed boom in e-commerce has challenged online retailers on various levels. This was the case for more than 70 percent at management level, more than half of them in procurement and purchasing. In the short term, some sectors, such as garden and DIY, computers and accessories, and sports goods and food, experienced growth of over 20 percent compared with the previous year. Reasons for this were the closure of physical stores and the Swiss Federal Council's instruction to stay at home. This led to delivery problems for 62 percent of online stores. For 84 percent, the problem lay in the retailers' supply chain, with suppliers experiencing delivery difficulties. Seventy-three percent attributed this to delays experienced by the parcel service provider. In the longer term, several online retailers have been investing in expanding their online shops and the associated infrastructure, such as connected systems, content and processes, the expansion of product ranges and warehouses, and digital marketing tools.

Cross border e-commerce. Online orders can be placed from anywhere in the world with internet access. However, this study shows that three-quarters of the Swiss online retailers surveyed do not take advantage of this and do not ship their goods abroad. The reasons given are too little know-how, the competitive situation abroad, or exporting not being part of the corporate strategy. Because Switzerland does not belong to the European Economic Area (EEA) or the European Union (EU), the complicated formalities present considerable challenges for exporters. Only one-third are considering exporting abroad in the next few years, and those traders who ship abroad prefer to do so directly from Switzerland. The biggest challenges in cross-border shipping are customs clearance, including customs documentation, unforeseen customs duties and associated costs, and foreign VAT (invoicing, reclaiming in the case of returns, and tax registration). Suggested solutions from traders include Switzerland being treated as an equal by the EU, standardized regulations, more straightforward customs clearance for individual items, and even automated customs clearance.

E-payment in e-commerce. The current developments in payment systems in Swiss online shops show that the invoice and credit card are still the most frequently offered means of settlement. Mobile payment methods are increasingly popular - turnover for TWINT payments has risen for 83 percent of online retailers (for 42 percent of them, this growth has been strong). Half the online merchants work with billing partners - 28 percent with MF Group. Almost half the respondents work with the payment service provider (PSP) PayPal, followed by PostFinance E-Payment, and Saferpay (Worldline/SIX Payment Services). The three most frequently cited criteria in selecting a payment service provider are price or transaction costs, integration costs, and customer service, closely followed by innovative payment solutions. A slight shift can be observed in the Swiss online payment sector, from traditional payment methods to cashless payment options. The Swiss habits and peculiarities of online payment options, such as purchasing on account/invoicing, are expected to continue.

E-commerce in B2B. This study collected further data on business-to-business (B2B) e-commerce in Switzerland. B2B online shops sometimes require different functions than B2C online shops. Two-thirds of the stores already display customer-specific prices, followed by user self-management (e.g., responsibilities, rights, and roles) at 46 percent, while 41 percent show current stock levels in real-time. These functions and features can be used as part of the customer relationship management strategy. Ninety percent of B2B online retailers have a search or filter system in use and have integrated it into their online store. Digital analytics and content management systems are integrated for over 70 percent, respectively. More than half the online stores have a product information system. The primary objective of the digital sales channels is to increase sales, for example, by opening up new markets. Addressing new customer groups and positioning the company with respect to its competitors are also primary objectives. The ecological sustainability aspect is also important in B2B and is particularly evident in the product range and products (e.g., raw materials, processing) and shipping and delivery (e.g., packaging and delivery services). Furthermore, online retailers attach importance to business relationships with suppliers who pursue sustainable business practices. In B2B e-commerce, the strategic focus of differentiation from competitors is mostly on a more extensive/deeper product range, exclusive services, and unique products.

The most important **conclusion** of this study is that e-commerce has once again received a boost due to the current corona-related circumstances and that 82 percent of the online retailers surveyed believe this growth is sustainable. Online retailers should continue to observe what is happening on the market and anticipate identifiable changes. The seamless management and use of synergies between off- and online marketing and sales channels are also seen as a success factor. According to the Omnichannel Readiness Index 2020, 60 percent of companies have separated physical trade from e-commerce, and 52 percent already employ an omnichannel manager (ORI, 2020).

6.2. RECOMMENDATIONS TO ONLINE RETAILERS

The following nine recommendations for action for online shop operators have been derived from the Swiss Online Retailer Survey 2020 (see Table 4).

1. **Management**: Communication is essential in regular operations but is indispensable in times of crisis. Direct, intensive, and transparent communication with employees, coupled with short, fast communication channels, create clarity and generate efficiency. Companies that have set up their processes in a robust way ensure that the processes also function properly, digitally and remotely, when working from home is required. Times of crisis also present companies with financial uncertainties and unforeseen costs. Companies should, therefore, be able to adjust their budgeting and cost management flexibly at short notice. A company can differentiate itself from the competition through a successful product range policy, unique products, and/or exclusive services in times of crisis.

2. **Procurement**: In globalization, many value chains are closely and internationally interwoven, and companies maintain supplier and partner networks at home and abroad. The crisis has shown that it is advantageous to have a number of different suppliers so as to reduce risk and delivery problems. A balanced selection of international, national, and regional suppliers is recommended to minimize dependencies in procurement. It is also advisable to review, maintain, and revise the supplier and partner portfolio regularly if necessary.

3. **Distribution**: Those who have broadly based their businesses on various offline and online distribution channels and manage multiple digital distribution channels can reduce risk and dependency on a single channel. Among the digital distribution channels, their focus should be on online shops, digital marketplaces, platforms, and apps. Traditional retailers with a physical store should set up their own web stores as quickly as possible. In addition, omnichannel retailers must increase their (low) online sales shares to profit from growing e-commerce and compensate for the decline in physical retail sales.

4. **Online stores**: By introducing or further developing (systems, content, processes) your own online store, dependencies can be reduced, and you can react faster and more flexibly to changes in demand. This can also be done, for example, in the coordination and expansion of product ranges and adaptation to changing customer needs and demands.

5. **Marketing:** Shifting the offline marketing budget to digital marketing should ensure that an appropriate marketing mix is created, especially with digital marketing tools. With a well-positioned and competent digital marketing team, agility and quick adaptation of marketing measures are guaranteed, even in times of crisis. These digital marketing skills can be provided by a company's own employees or an external agency.

6. **Information technology (IT):** Due to constantly changing user behavior and needs, a flexible and expandable online shop system should be introduced. As part of the omnichannel management, the use and integration of CMS, PIM, CRM, and ERP systems into the online shop system are also recommended. Furthermore, IT systems should be scalable, and the high performance of an online shop, as well as the connected systems, should be guaranteed at all times. A cost-efficient and easy-to-integrate payment solution is another success factor.

7. **Organization and staff:** To be successful in e-commerce, functioning processes and IT alone are not enough. Flexible and agile teams in the various areas, including purchasing, sales, marketing, IT, and distribution, are essential for an optimally positioned digital business. By enabling home offices, offering webinars and digital consulting, and conducting digital training and education, the motivation and know-how of employees can be enhanced. It is advisable to integrate staff - where possible and appropriate - in a targeted digital way and, if necessary, to retrain and continuously educate them in digital business skills.

8. **Warehousing:** This study shows that in the current crisis, the design of scalable warehouse capacities and storage space are essential in the e-commerce business. Many retailers feel their dependency on suppliers keenly when out of stock and increasing stock levels can counteract this. Some online retailers also shifted their HR resources at short notice and deployed employees from other warehouse areas. This requires flexibility in staff deployment and can be more efficient than short-term, external recruitment.

9. **Logistics:** The shift from physical shopping to purely online shopping has led to delivery problems and logistic bottlenecks. With several fully integrated postal service providers and a scalable and competent logistics team, such challenges can be overcome.

6.3.   CHECKLIST: MANAGEMENT OF ONLINE STORES IN TIMES OF CRISIS

The following checklist in Table 4 shows what online retailers must consider when ensuring their businesses are well-positioned - even in times of crisis. These 32 recommendations for action are based on the study findings for online commerce and should not be considered exhaustive.

The authors would like to wish online retailers every success in implementing these measures and further developing their online businesses. In turn, the authors would be delighted to receive feedback, corrections, or comments relating to the research findings. They are also available to answer questions and are open to suggestions for the Swiss Online Retailer Survey 2021.

Table 4: Checklist: How to position your online business optimally in times of crisis

Area	Recommendations
Management	1. Direct and intensive **communication** with employees 2. Short and fast **communication channels** 3. Stable **processes** that also work digitally/remote 4. Flexible **budgeting** and cost management 5. Unique **range policy** 6. Exclusive **services** and unique products
Procurement	7. Extension and optimization of **supply chains** 8. Multiple **suppliers** to reduce the risk of delivery problems 9. International, national, and regional suppliers to reduce **dependencies**
Distribution	10. Several **digital distribution channels** (own online shops, digital marketplaces, platforms, apps) for more sales 11. Broad-based **sales channels** (not only physical stores) to reduce risk
Online store	12. Introduction/further development of **online stores** (systems, contents, processes) 13. Expansion of the product **range** and adaptation to changing customer needs
Marketing	14. Shift the offline marketing budget to **digital marketing** 15. Suitable marketing mix, especially with **digital marketing tools** 16. Focus on **performance marketing** tools with the goal of increased sales 17. Well-positioned and competent **digital marketing team** 18. Agility and quick adjustments of **marketing measures**
IT	19. Flexible and expandable **online shop system** 20. Scalable **IT systems** and high performance 21. Use and **integration of** CMS, PIM, CRM, and ERP systems into the online shop system 22. Cost-effective and easy to integrate **payment solutions**
Organization	23. Flexible and **agile teams**, including purchasing, sales, marketing, analytics, and IT 24. Enable working from home **(home office)** 25. Provide **webinars** and digital consultations 26. Implementation of **digital training** and further education 27. Relocation and retraining of **staff** from offline to online
Stock	28. Design of scalable **storage capacities** and storage areas 29. Increased **stock quantities** 30. Flexibility in the **deployment of** warehouse **staff**
Logistics	31. Several fully integrated **postal service providers** 32. Scalable and competent **logistics team**

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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, government agencies, and non-profit organizations in social media, including social media advertising (Bernet ZHAW Study 2018).

– The FHNW's annual "**E-Commerce Report**" is of a qualitative nature and is based on interviews with e-commerce managers of market-shaping Swiss companies (Wölfe & Leimstoll, 2020).

– Various studies are published on **Ecommerce WIKI, including** the Switzerland European B2C E-Commerce Report 2016, in which Netcomm Suisse was involved (Ecommerce WIKI, 2018).

– The **Retail Institute** in Cologne (EHI Retail Institute) publishes various studies, including "E-Commerce Market Germany" (EHI 2019a) and "E-Commerce Market Austria/Switzerland 2018" (EHI, 2019b).

– The **IBI Research of the University of Regensburg** publishes the "eCommerce Guide" (Stahl et al. 2015) and other e-commerce studies such as "Data Analytics in E-Commerce" (Diener et al., 2019).

– The **Institute for Commerce in Cologne** (IFH) publishes various studies on digital business, such as the industry report on online commerce (IFH, 2019).

– The **Internet Study of the University of St. Gallen** (HSG) surveys consumers on online shopping every two years (Rudolph et al. 2017, 2019).

– On behalf of Swiss Post CH AG, the **sentiment barometer** of the Zurich School of Economics (HWZ) analyzes the demand side of consumers every year (HWZ, 2019).

– The **Association of Swiss Mail** Order **Companies** (SAAM), now the Swiss Retail Association, together with the market research company GfK and Swiss Post, regularly surveys e-commerce growth (Swiss Retail Association, 2020). Together with Google and Mindtake the omnichannel readiness index, the Association determines the degree of maturity of Swiss omnichannel providers (ORI, 2020).

– In cooperation with an expert panel, the management consultancy **Carpathia** annually determines the turnover of the largest Swiss online stores and publishes it on its blog.

– **Wunderman Thompsen** (formerly known as Futurecom and Y&R Wunderman) published the E-Commerce Study 2018, in which 2,000 people from Switzerland were surveyed (Y&R Wunderman, 2019).

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Worldline is the European market leader in payment and transaction services. Worldline's portfolio of services includes national and international commercial acquiring (acceptance of card payments) for physical trade and online business, the highly secure processing of payment transactions for banks and financial institutions, and transaction services in the e-ticketing sector. In Switzerland, SIX Payment Services has been part of Worldline since the end of 2018 and offers customized solutions along the entire value chain of cashless payment transactions.

As Platinum Partner of IMM and provider of payment solutions, Worldline/ SIX Payment Services actively supports changes in e-payment.

More information is available at www.six-payment-services.com

Asendia Switzerland

Asendia Switzerland, a division of Swiss Post, supports Swiss companies in cross-border e-commerce. Asendia Switzerland is responsible for the import and export of letters and goods up to 2 kilograms and offers standardized and customized international e-commerce logistics solutions to internationally active business customers.

More information is available at https://ecommerce.asendia.ch

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HANDELSVERBAND.swiss

The Swiss trade association brings together 350 retailers, who spend around CHF 17 billion in Switzerland. CHF 7 billion online and CHF 10 billion in physical stores. Members operate over 380 online stores and ship 55 million parcels in Switzerland.

The association regularly organizes information events and exchanges of experience, sends out newsletters with current information on all aspects of the trade, and provides standard templates (terms and conditions, data protection) for online store operators. From A for Abderhalden drugstore to Z for Zweifel Pomy-Chips, small retailers and manufacturers alike are united by one goal: to get involved in the new, digital retail world in Switzerland and to see this change as an opportunity.

More information is available at https://handelsverband.swiss

Aioma

Aioma develops personalized omnichannel experiences for e-commerce: online stores, product platforms, marketplaces, and transaction-oriented applications of marketing automation.

More information is available at www.aioma.com

Profit

Profity is a network of e-commerce companies.

Each participating online store markets the offers of the other partner stores after a successfully completed sale in its store. In this way, you profit with your online store from the traffic of hundreds of other stores.

More information is available at www.profity.ch

Brack.ch Business

Brack.ch Business is the leading B2B dealer for equipment in Switzerland and supplies over 57,000 business customers.

More information is available at www.brack.ch/business

Advanced Studies in E-Commerce

CAS Digital Sales & Marketing in B2B

At last, a training course for B2B employees only.

The contents are taught in two modules.

Module 1 - Omnichannel sales in B2B:
- Market development and trends in B2B
- Infrastructures in B2B
- Omnichannel sales in B2B
- E-commerce in B2B
- Conception of online stores
- 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 presentations by professionals

The course starts in August 2021. More information and registration at
www.zhaw.ch/imm/casb2b

CAS Digital Commerce

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

Module 1 - Digital Commerce:
- Development of online commerce and (inter)national markets
- Technological developments, trends, and applications
- Strategy development and business models in digital business
- Strategies and concepts of digital business
- Social commerce, voice commerce, and IoT
- Omnichannel and shop management
- Mobile and social commerce and digital services

Module 2 - Online Shops:
- Creation and presentation of product information
- Analysis and optimization of the shopping cart and ordering process
- ePayment and payment methods
- Usability and UX of online shops
- Logistics and distribution
- Cross border management
- Shop and digital analytics

The course starts in March 2021. More information and registration at
www.zhaw.ch/imm/casdc

School of
Management and Law