

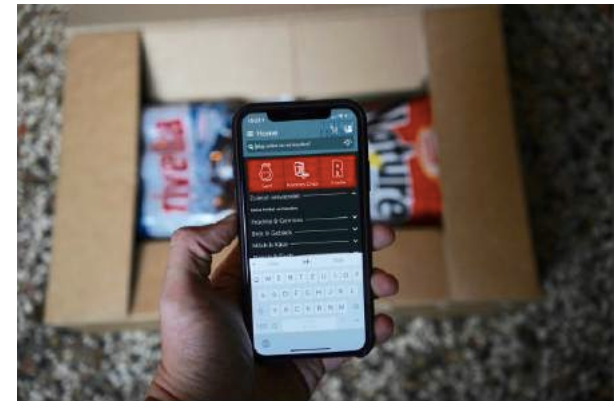
MICHEL ROUX | S-GE SEMINAR, MAY 28, 2018

# **SWISS FOOD INDUSTRY READY FOR THE WORLD ?**

# AGENDA

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1. Shopping list becomes super market
2. Drivers for innovation
3. Swiss Food Research
4. Swiss Food Industry
5. Business cases to discuss



# 1. SHOPPING LIST BECOMES SUPERMARKET

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## BRING

IT Start-up founded 2015  
by Sandro Strebel (left) & Marco Cerqui in Zurich

Digital grocery shopping list to share among members of  
the same household, 400'000 users



## BRACK

E-commerce company founded 1994  
by Roland Brack in Willisau LU

Online retailer with 3 logistic centers and 200'000 articles  
Since 2018 new 5'000 food articles (durable foods only)

# Online Farm shop Farmy.ch



Start-up founded 2014  
by Tobias Schubert & Roman Hartmann in Zurich

70 employees serve its customers  
with 8 000 products from over 600 producers

Farmy sources the food directly from the farm and relies on local vegetables and organic meats

Food is also delivered by e-mobile at least in the areas of Zurich, Lausanne and Geneva



## Food is going strong in Internet trade



The online sale of food takes a strong position in the Swiss Internet trade

Food and beverages generated sales of EUR 525.6 million in 2016, ranking fourth in the industry



The good ranking is mainly due to the online presence of the coffee brand Nestlé Nespresso

and also the digital offers from Migros with LeShop.ch and Coop with coop@home contribute to this



In other countries, the importance of the food sector in internet trade is much lower

Source: E-Commerce Market Austria / Switzerland 2017 by EHI and Statista

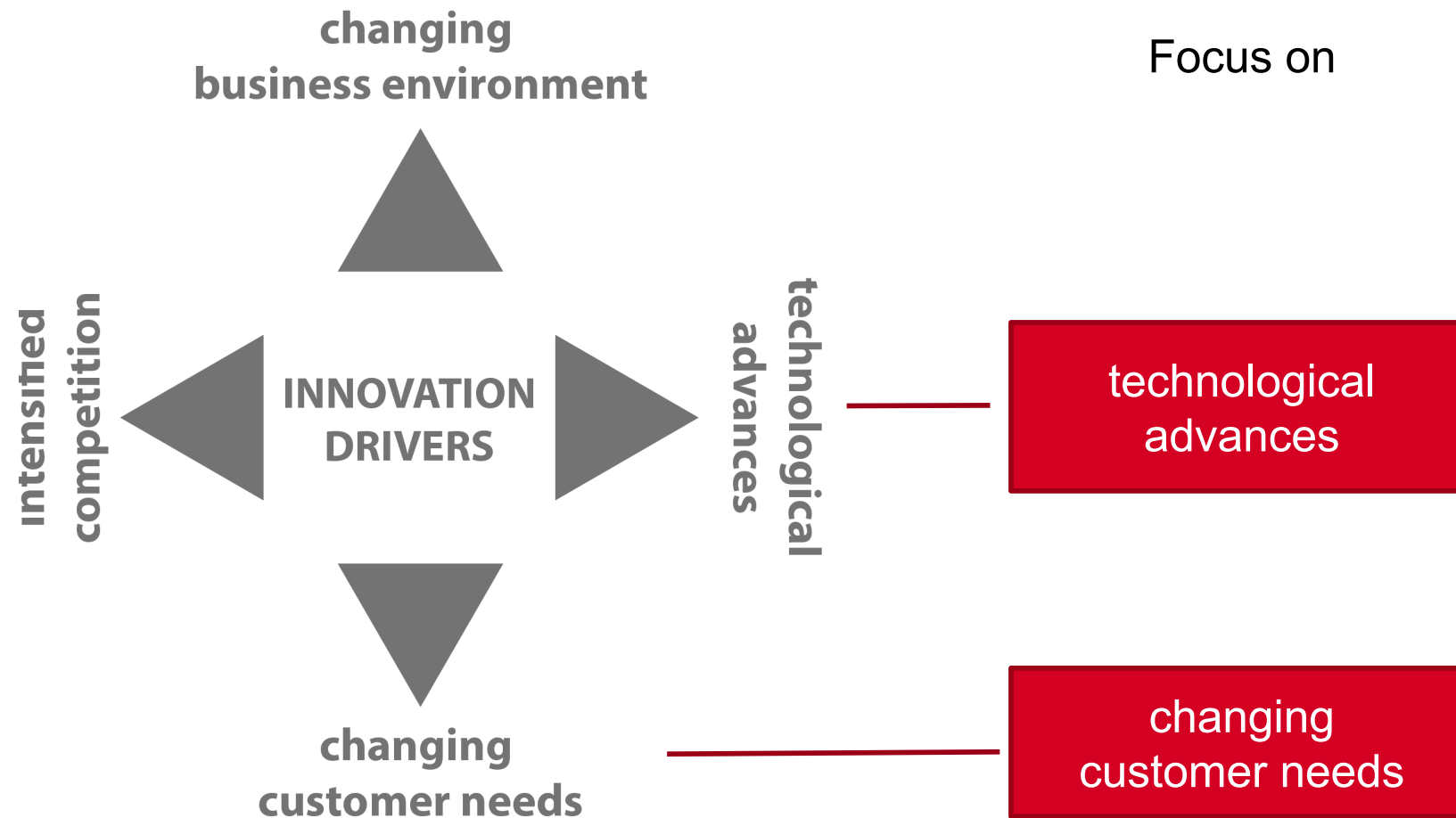


Despite of this development: In 2017, food retailers posted a sales increase of 0.3 % in the stationary retail

E-commerce's share of total Swiss retail sales will rise to about 10 percent by 2022

Source: Retail Outlook 2018 by Credit Suisse

## 2. DRIVERS FOR INNOVATION

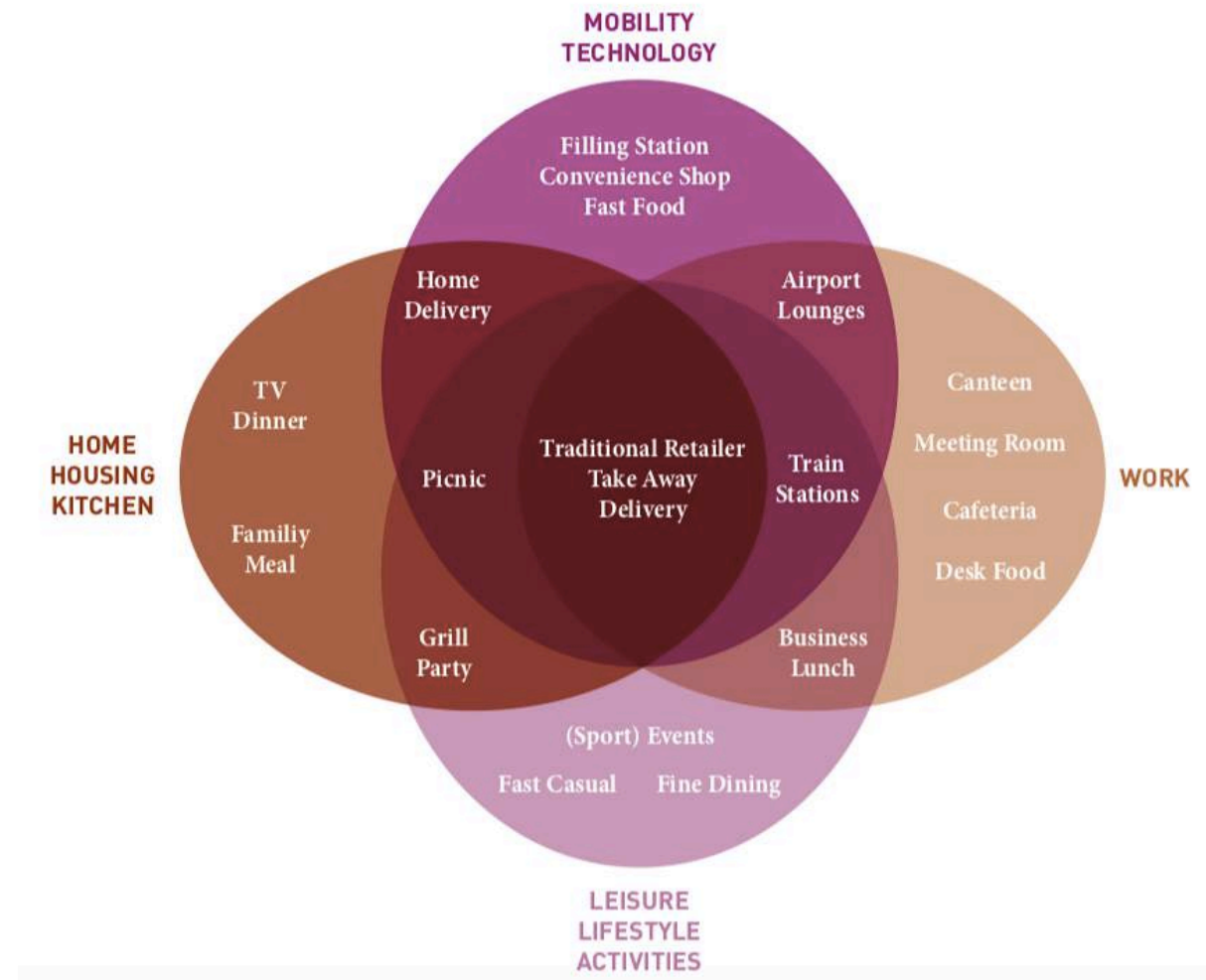


## Trends relevant for food industry



Source: Beat Welti, M-Industries, 2018

# CHANGING CUSTOMER NEEDS



GDI Study 2013  
on European Food  
trends with 4 fields  
of focus

- Mobility
- Work
- Leisure
- Home

The gap between  
industry offerings  
and consumer  
desires appears to  
be almost  
unbridgeable

Source: GDI Study No. 40:  
European Food Trends Report



## Target group 1: Customers born between 1980 to 2000

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Millennials are ready to reshape the economy.

Their unique experiences will change the ways we buy and sell, forcing companies to examine how they do business for decades to come.

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## Target group 2: Best Agers provide high profit margins

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Best Agers or Golden Agers are considered as wealthy, quality oriented, interested in new things and willing to consume

They will spend their money on premium food and nutritional supplements

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## Target group 3: Elderly people

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Lack of appetite and malnutrition

Nutrition of people in need of care

Healthcare and diet - a growing food industry market

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## Target group 4: Babies and children

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Everyone needs the same types of nutrients

Children, however, need different amounts of specific nutrients at different ages

A growing market also for day care and school canteens caterers

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## Diet trends – 70 % seem to care about them

1. Superfoods: vegetables, berries
  2. Veganism: no animal products
  3. Paleo: as in the Stone Age
  4. Clean eating: only fresh on the table
  5. Gluten and lactose free products
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Source: Helwi Braunmiller, SRF, 2017

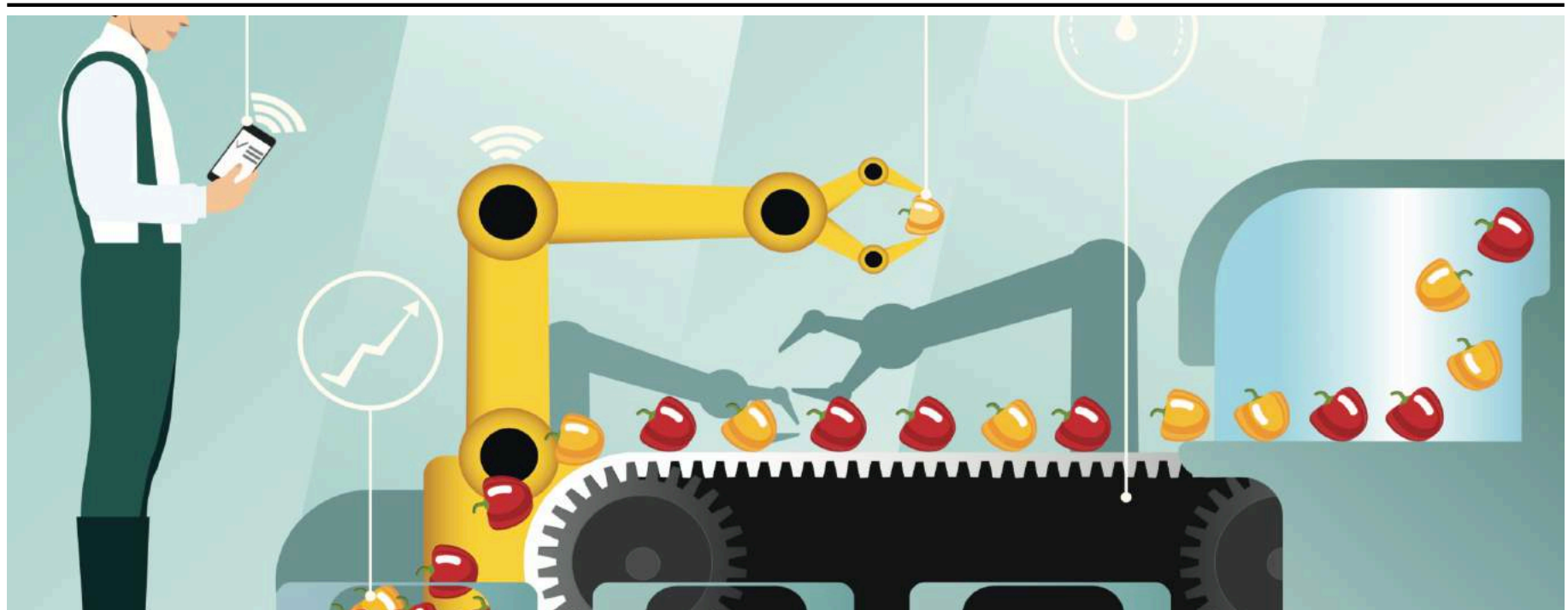
# INNOVATION IN THE FOOD INDUSTRY

To meet consumer and market needs, the Food industry relies on state-of-the-art technologies in (1) product development, (2) manufacturing and quality control, as well as in their (3) Food value chains



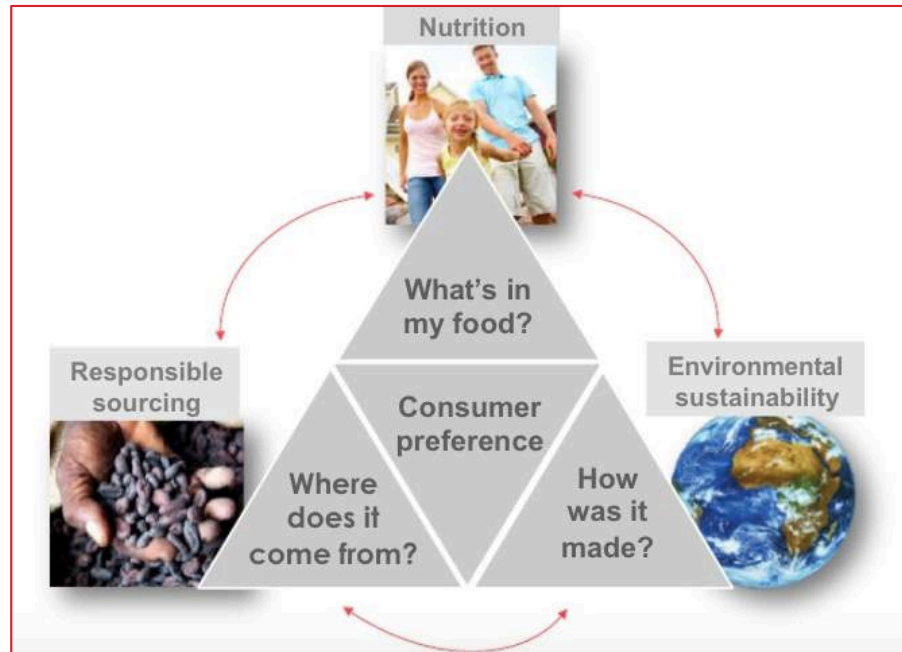
## Innovation by big players and start-ups

Innovations are not only supported by the biggest players in the industry, but also company founders, the "start-ups", contribute to the innovative strength of the medium-sized industry and shape their future viability.





## Innovation field 1: Product development



### Design Tools for product development

How to build sustainability into the DNA of each new product development?

Food companies use lifecycle thinking at the product design stage to raise environmental standards across its entire brand portfolio. Since 2013, Nestlé uses a web-based tool called Ecodex across its business worldwide



### Algae and insects

Alternative sources of protein for human and animal nutrition. Source of high quality nutritional supplements. Positive impact on the environmental footprint

Switzerland is the first European country to authorize insect-based foods. The first insect based burger (on mealworms) by Essento went on sale in the Swiss supermarket chain Coop in August 2017



## Innovation field 2: Manufacturing and quality control

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### Preservation by high pressure processing (HPP)

Protects aromas, vitamins

Application for high value products, like fruit juice drinks, smoothies, meat products, baby food



### 3D food printing enables decentralized food production

A two-square-meter Smart Food Factory: This equipment can be used for production of fibrous foods such as peanut soft ice cream

With this technology the natural process of food going bad starts much later

## Innovation field 2: Managing the Food value chain



### Industry 4.0

Autonomous robots, Additive manufacturing, Internet of Things, Big data and analytics, The cloud, Cybersecurity, Horizontal und vertical system integration, Augmented reality, Simulation – these technologies transform also the Food Industry in the way raw materials are procured, food is manufactured, packets are packaged and items are sold



### Blockchain: Revolution in the Food value chain

Blockchain is a database that connects users of a network or the actors of a value chain and makes every interaction or transaction visible and validated for all stakeholders

Blockchain could increase the overall performance and resilience of the global food system



### 3. SWISS FOOD RESEARCH

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ETH Zurich – one of the top 10 universities in the world

Institute of Food, Nutrition and Health (IFNH) is composed by about 200 members led by 12 professors in 10 laboratories



## Group Sustainable Food Processing

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### Prof. Andreas Mathys

Head of the Group Sustainable Food Processing at IFNH / ETH Zurich

He focuses on a system oriented approach in food production via the consideration of the total value chain including emerging needs in society and their environmental, economic and social impact

He considers Sustainable Food Processing is part of the global bio-economy



## Swiss Food Research Network

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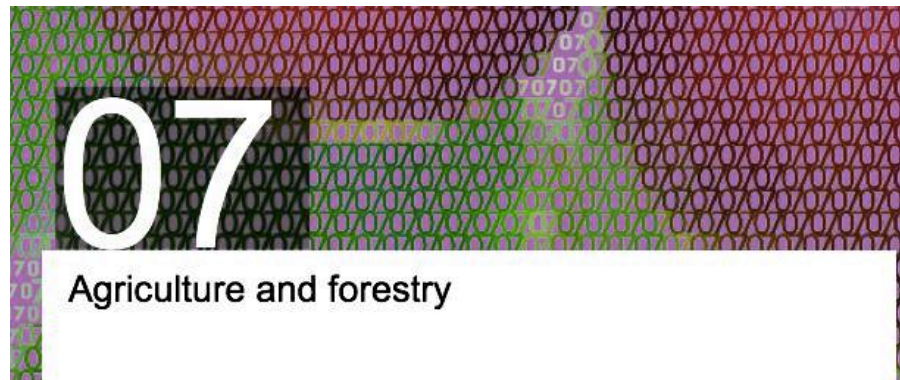
SWISS FOOD RESEARCH is a private National Technology Platform in contact with companies in order to support them in the realization of innovative R & D projects that meet a market need

All Swiss Food Research Institutes and many Food companies are member

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## 4. SWISS FOOD INDUSTRY



1112-1700

### Food and Agriculture Pocket Statistics 2017



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Home Affairs FDHA  
Federal Statistical Office FSO

Neuchâtel 2017

### Swiss Food Value Chain, 2014

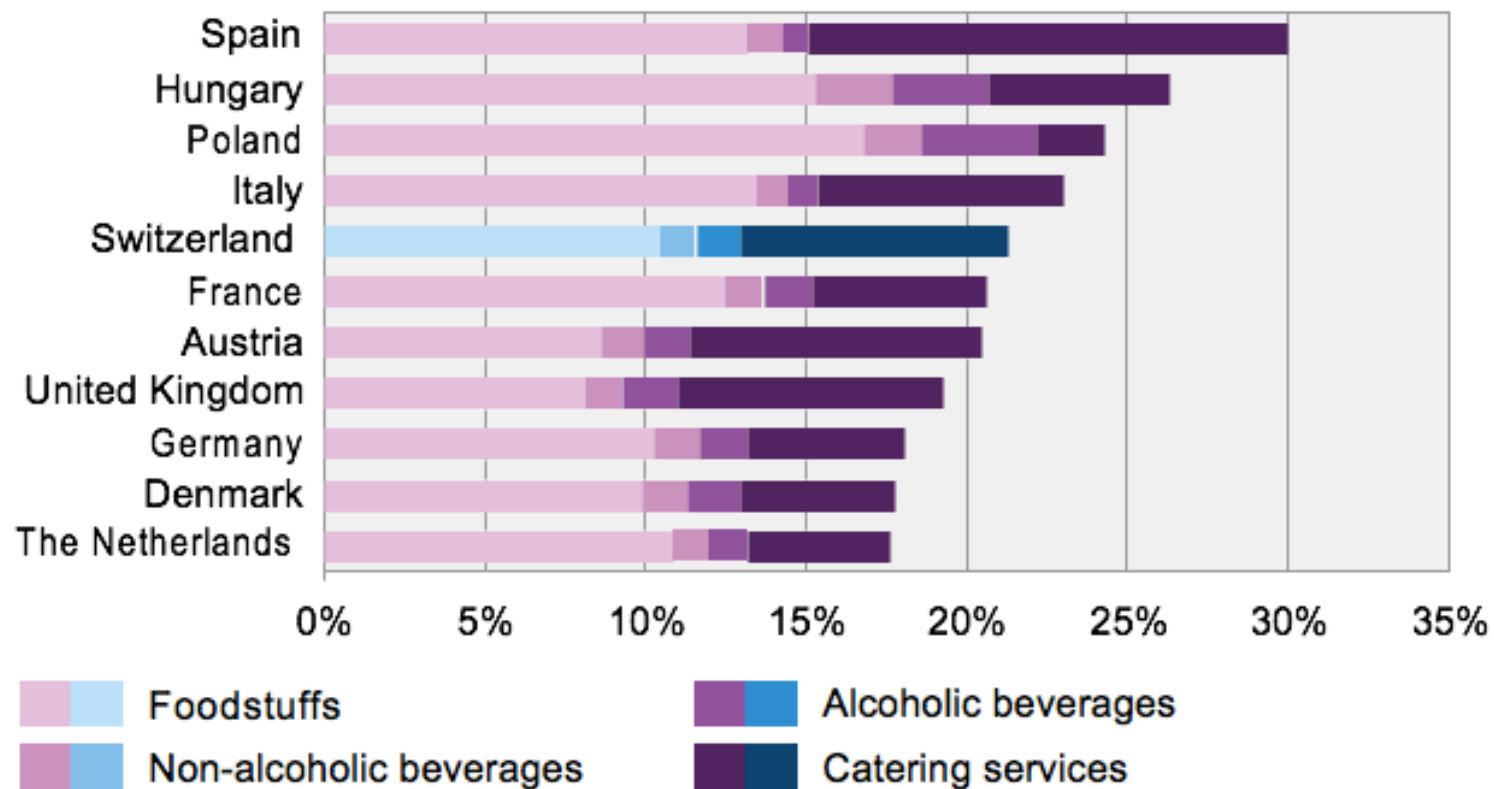
100 000 workplaces in total

548 000 jobs (FTE) representing

11 % of Switzerland's total workforce  
of some 5 million people in  
Switzerland with a population of 8.2  
million people spending in average  
22 % of their household budget on  
food (in all situations mobility, work,  
leisure, home)

## Consumer spending on food

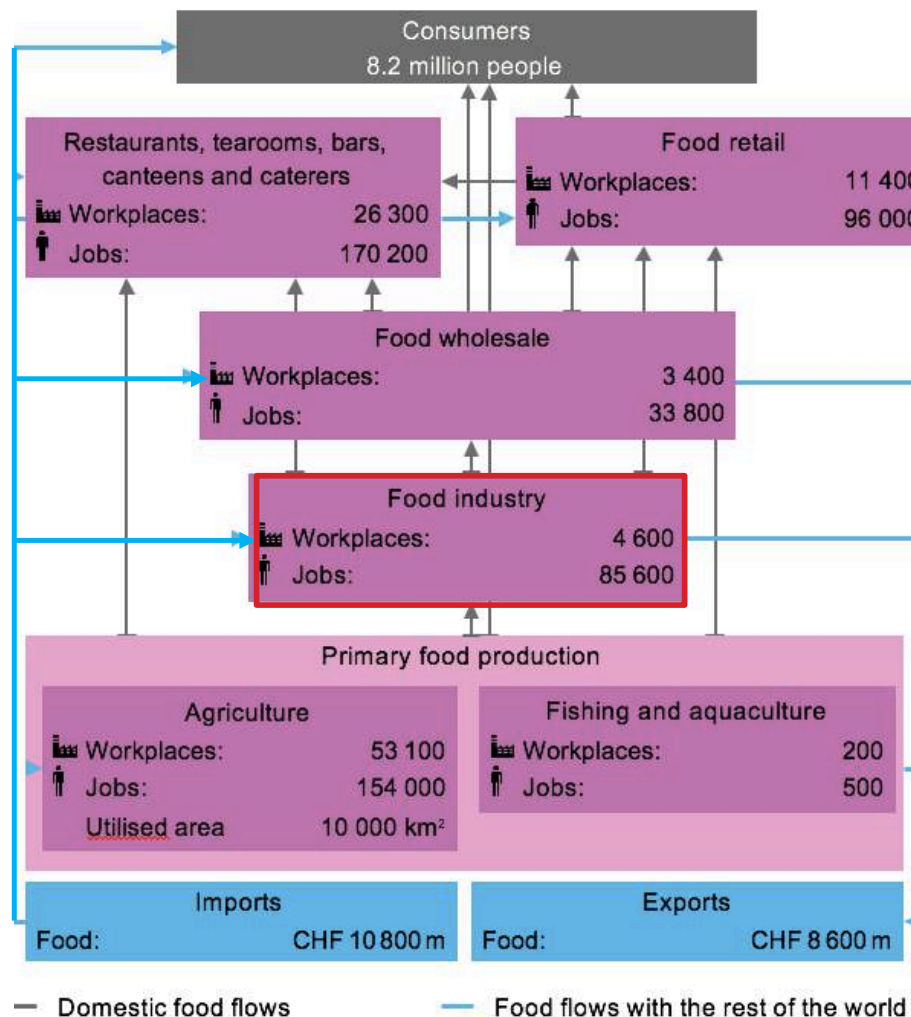
in % to total consumption expenditures



Source: Eurostat, FSO – Household Budget Survey

© FSO 2017

# Swiss Food industry as part of the Swiss Food value chain



## Food industry, 2014

4 600 Workplaces  
85 600 Jobs (FTE)

28 % of jobs in 46 Workplaces belong to companies with more than 250 employees

Employment in food processing increased by 0.7% between 2011 and 2014

Sales have grown since 2008 by 9 % up to CHF 35 billion in 2014

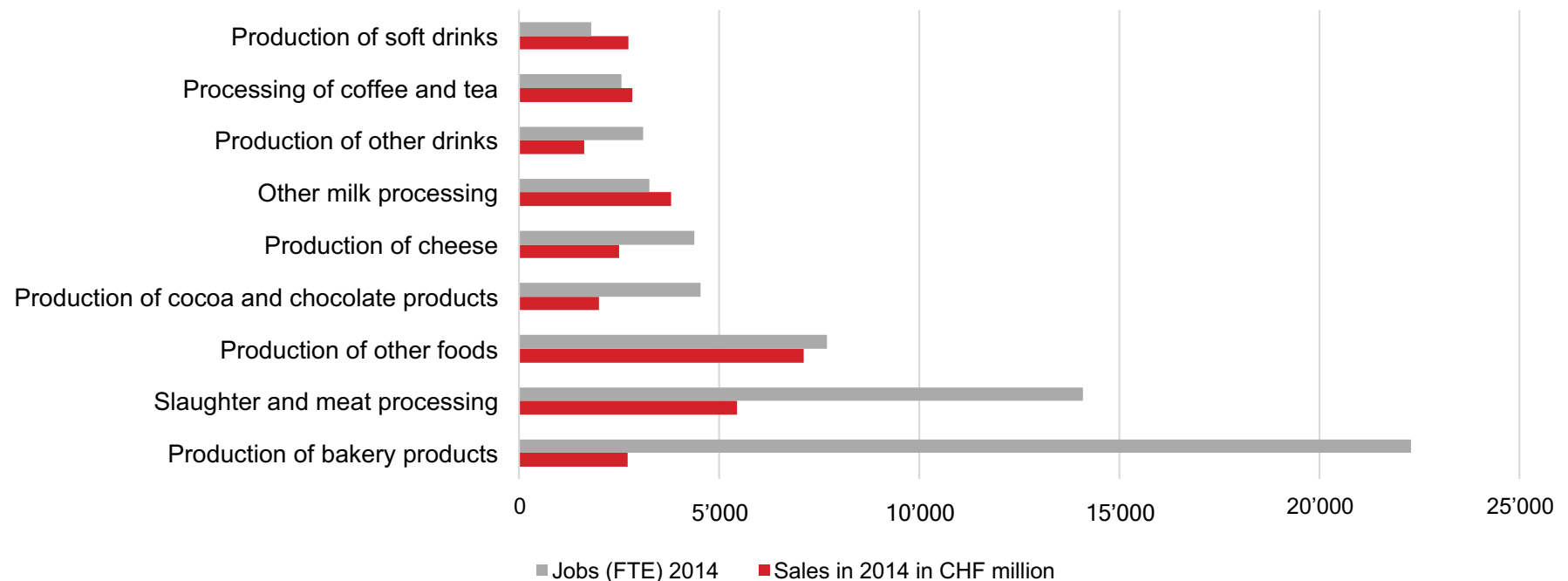
210 companies are member of Federation of the Swiss Food Industries (fial), all listed on [www.fial.ch](http://www.fial.ch)



## Most important branches of Swiss food industry

### Employment growth between 2008 – 2014

- + 71 % Processing of coffee and tea
- + 32 % Slaughter and meat processing
- + 13 % Production of cocoa and chocolate products
- + 11 % Production of other food
- + 8 % Production bakery products / cheese / soft drinks
- 8 % Other milk processing
- 23 % Production of other drinks



## Sales in export in CHF billion, 2016

### Strong in export in the period 2012-2016

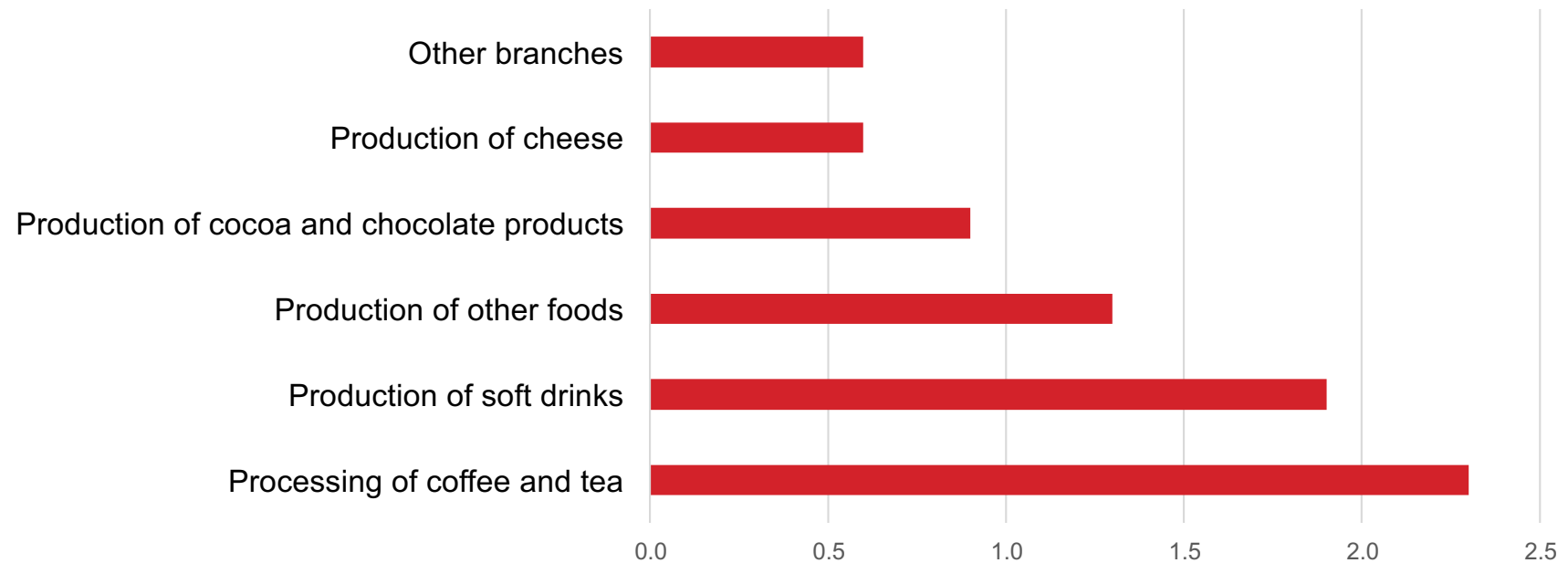
+ 42 % Condiments and sauce

+ 20 % Soft drinks

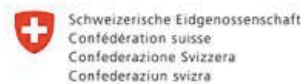
+ 20 % Sugar confectionery

+ 13 % Coffee and tea

+ 12 % Cocoa and chocolate products



# Swiss Food industry is ready for foreign markets



Der Bundesrat

Bern, 30. August 2017

## **Massnahmen gegen eine Deindustrialisierung in der Lebensmittelbranche**

Bericht des Bundesrates  
in Erfüllung des Postulats 15.3928 Baumann  
vom 23. September 2015

1. The Swiss Federal Council assessed the Swiss Food industry situation as healthy (SFC Report 2017)
2. The OECD Review of Agricultural Policies Switzerland 2015 states that the Swiss Food Industry is highly competitive
3. Competitiveness is driven largely by subsectors that either import their raw materials or whose main raw materials are not of agricultural origin
4. Swiss food processing as a whole is relatively strongly geared to the domestic market
5. Because the Swiss market is largely saturated, growth potential lies primarily in exports, almost a quarter (CHF 7.6 billion) in 2016



## 5. Business cases to discuss

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1. EMMI:  
Switzerland not always more expensive
  2. HOCHDORF:  
Baby Food business in Africa
  3. ZÜGER FRISCHKÄSE AG:  
Frozen organic fresh cheese for export
  4. M-INDUSTRY:  
Online-Business in China
  5. MERCOSUR:  
New export opportunities

## EMMI: Switzerland is not always more expensive



**Robin Barraclough**, Head of Division Europe and Member of the Executive Committee of the Emmi Group

European sales of Emmi Europe grew strongly at 8.7 % to CHF 564 million

Example: Acquisition of Italian desserts producers A-27, Rachelli and IFF for the export of Italian desserts, also to USA

For the expansion of the range with fresh ingredients and special compositions, however, a new plant in Emmen was created because of the know-how of fresh milk processing technology

## HOCHDORF: Baby Food business in Africa

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**CEO Thomas Eisenring:** "We were in a different league in 2017". The Emmi Group achieved sales of CHF 600 million (+10.9%)

The higher sales are explained by sales growth in the Baby Care segment due to the majority stake in Pharmalys Laboratories SA

The five most important countries for the HOCHDORF baby food business are Saudi Arabia, Tunisia, Libya, Egypt and China

Good opportunities are also seen in Burkina Faso, Lebanon, Syria, Iraq, Nigeria, Senegal or Mauritania

## ZÜGER FRISCHKÄSE AG: Frozen organic fresh cheese for export

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**CEO Christof Züger:** “Over 40 % of the fresh cheese products are exported all over the world. Sales went up to CHF 170 million in 2017 (+ 7.5 %)”

IQF (individual quick frozen) technology is used to flash freeze the products with liquid nitrogen. Fresh cheese products such as mozzarella can be made to keep for almost a year, so that they can also be exported using maritime routes

Züger organic fresh cheese products like mozzarella are supplied to specialist organic shops in many countries. The large exports from Züger cleared away the entire organic milk market in Switzerland in 2017



## M-INDUSTRY: Online-Business in China



**Walter Huber**, Chief M-Industry (12/2017):  
"Our first experiences in China show that Chinese consumers appreciate the high-quality and safe Swiss products of M-Industry"

The M-Industry is now present on the Tmall Global platform under the name "Orange Garten" and has now access to 488 million active consumers in China

M-Industry has been able to boost sales abroad by 14% to CHF 901 million in 2017 compared to the previous year especially coffee capsules, cheese (and cosmetics) sold well abroad

## MERCOSUR: New export opportunities



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Foodaktuell.ch: “The Mercosur countries offer new export opportunities for Swiss cheese and chocolate”

Swiss Federal Councilor Johann Schneider-Ammann traveled with 50 business representatives and politicians from April 29 to May 5 through the Mercosur states of Brazil, Argentina, Paraguay and Uruguay

260 million consumers, a growing middle class and a high tariff reduction potential

The fears of the meat industry have shrunk after the journey

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Journal compilation © 2006 Blackwell Publishing Ltd

A world map showing the distribution of 100 countries. Red pins are placed on the following countries: Canada, United States, Mexico, Brazil, Argentina, Chile, Peru, Colombia, Venezuela, Ecuador, Bolivia, Paraguay, Uruguay, Cuba, Haiti, Dominican Republic, Puerto Rico, Greenland, Iceland, Norway, Sweden, Finland, Denmark, Germany, Poland, Czech Republic, Slovakia, Austria, Hungary, Switzerland, Italy, France, Belgium, Netherlands, Luxembourg, United Kingdom, Ireland, Portugal, Spain, Greece, Turkey, Cyprus, Armenia, Azerbaijan, Georgia, Ukraine, Belarus, Russia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, China, Mongolia, North Korea, South Korea, Japan, Taiwan, Hong Kong, Macau, Philippines, Vietnam, Laos, Cambodia, Thailand, Myanmar, Malaysia, Singapore, Indonesia, Brunei, Timor-Leste, Papua New Guinea, Solomon Islands, Vanuatu, Fiji, Tonga, Samoa, Tokelau, Kiribati, Tuvalu, Nauru, Marshall Islands, Micronesia, Palau, and Australia. Green pins are placed on the following countries: Canada, United States, Mexico, Brazil, Argentina, Chile, Peru, Colombia, Venezuela, Ecuador, Bolivia, Paraguay, Uruguay, Cuba, Haiti, Dominican Republic, Puerto Rico, Greenland, Iceland, Norway, Sweden, Finland, Denmark, Germany, Poland, Czech Republic, Slovakia, Austria, Hungary, Switzerland, Italy, France, Belgium, Netherlands, Luxembourg, United Kingdom, Ireland, Portugal, Spain, Greece, Turkey, Cyprus, Armenia, Azerbaijan, Georgia, Ukraine, Belarus, Russia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, China, Mongolia, North Korea, South Korea, Japan, Taiwan, Hong Kong, Macau, Philippines, Vietnam, Laos, Cambodia, Thailand, Myanmar, Malaysia, Singapore, Indonesia, Brunei, Timor-Leste, Papua New Guinea, Solomon Islands, Vanuatu, Fiji, Tonga, Samoa, Tokelau, Kiribati, Tuvalu, Nauru, Marshall Islands, Micronesia, Palau, and Australia.

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