

Strategy and operating environment

With innovative ranges, the expansion of modern store concepts and new formats, Coop is making a statement which strengthens its position on the Swiss retail market. Coop is committed in all areas to digitalization, is automating processes and is adapting its supply chain to new demands. In wholesale, Coop is working with Transgourmet to broaden its expertise and is expanding in its existing markets. Coop is committed to sustainability and verticalization in the production of strategically important goods and benefits from an efficient organization.

Profile of the Coop Group

Active in retail as well as wholesale and production

The Coop Group operates in the retail as well as wholesale and production sectors. In the retail sector, Coop operates supermarkets and various specialist formats in Switzerland. The Coop Group is the market leader in many of these formats. In wholesale, the Coop Group operates in Germany, Poland, Romania, Russia, France, Austria and Switzerland through Transgourmet. The Transgourmet Group is Europe's second-largest cash & carry and food service company. In the production sector, the internationally active Bell Food Group is the biggest company in the Coop Group. In addition to the Bell Food Group, the Coop Group also operates other manufacturing companies in Switzerland.

The Coop Group is a cooperative

The Coop Group has a history that goes back over 150 years and it has always been structured along cooperative lines. At the organizational level, it is divided into six regions and has over 2.5 million cooperative members. For the Coop Group, the focus is on the customers – the members of the cooperative. It gears all its efforts to their needs. As a cooperative, the Coop Group does not strive to maximize profits; because of this, it plans sustainably for the long term.

Strategies and objectives

Aligned to the Corporate Profile

A shared vision, a shared corporate profile and company-specific mission statements shape the Coop Group's day-to-day work and corporate culture. Over 90 000 employees share the same Group vision: "Together to the top". The corporate profile is also the same for all sales formats and companies in the Coop Group. It shows how we perceive our work: close, diverse, distinctive, innovative and partnership-oriented. The mission statements are set out for each company and each format individually and reflect its positioning in the sector and strategic focus. With their respective mission statements, the companies and formats make their contribution to the Group-wide vision and corporate profile.

Growth and internationalization

In terms of growth and internationalization, the Coop Group pursues two strategic thrusts. In retail, efforts are focused on the targeted optimization of the network of sales outlets. This involves making adjustments to the ranges and launching new formats which pick up specific trends. Moreover, the Coop companies engage with digitalization to introduce new online shops and services, further expand the omnichannel offering and make processes more efficient. In this way, the Coop Group is strengthening its position on the domestic market. In wholesale, it is opening up new markets in Europe, thereby expanding the market position of the Transgourmet units. This can be achieved both through organic growth and through acquisitions.

Verticalization

For goods of particular strategic importance, Coop is committed to verticalization, i.e. integrating manufacturing companies into its business activities. Whether meat from the Bell Food Group, water from Pearlwater, cereals from Swissmill or chocolate from Chocolats Halba/Sunray, integrating the manufacturing companies enables Coop to respond swiftly to new trends and exploit the synergies between the Retail and Wholesale/Production business areas. The business areas generally work closely together and exploit synergies in purchasing and logistics. Furthermore, the manufacturing companies produce products for retail and wholesale. The objective is to exhaust the availability synergy potential, set the range apart with distinctive products, and attain even greater efficiency, which will translate into lower consumer prices.

Digitalization

Coop is pursuing two main strategic thrusts where digitalization is concerned. The primary purpose of digitalization must be to even better meet customers' individual needs and simplify the shopping process. At the same time, it should make behind-the-scenes processes even more efficient and economical. Coop has devised a digitalization concept specifically for this purpose, which is systematically geared towards customer service and is broken down into seven pillars. Topics such as "E-Business & CRM", "Category Management & Purchasing", "Communication", "Goods flow management" and "Logistics" as well as "E-back office" and "IT Infrastructure" are the priorities. However, Coop also regards digitalization as an opportunity to adopt new business models. The significance of digitalization is also behind Coop's decision to become a main partner of Digital Switzerland and of the digital innovation hub for start-ups, Kickstart Accelerator.

Another particularly noteworthy focus is the omnichannel approach, combining online and in-store trading. In 2019, the Coop companies were among the leading Swiss companies in online trading. Almost all specialist formats have an online shop. Goods ordered online can either be delivered to the customer's home or collected in person at the POS of the specialist format in question or at one of more than 1 100 pick-up stations. Drawing on its wide network of POS, the Coop Group is systematically increasing the number of pick-up stations in Switzerland. In total, the Coop Group operates 40 online shops, 23 of those in retail and 17 in the Wholesale/Production business area.

As well as the omnichannel approach, Coop is also committed to the Microspot e-business platform, which is the Coop Group's non-food platform. This Swiss online shopping centre brings together national and international wholesalers as distributors, and sells an extensive, diverse range of non-food products. Microspot also has products from the Coop Group's non-food formats, including Coop Building & Hobby, Import Parfumerie and Christ Watches & Jewellery.

Purchasing strategy

The aim of Coop's purchasing strategy is to secure access to raw material sources and safeguard the high quality of those sources. In Switzerland, Coop is committed to long-term partnerships with Swiss agriculture. Purchasing regional and local products, as well as organic products, is an important aspect of this. Sustainability is a key element of purchasing, both at home and abroad. Working with producers in emerging and developing countries in particular, Coop is implementing a multitude of projects which involve high social responsibility and environmental standards. The projects also stabilize income and production in those countries.

The Coop Group handles the purchasing of food and non-food products in Asia via its subsidiary Eurogroup Far East Ltd., which also assists business partners in the Far East in implementing environmental and social standards.

Coop subsidiary Alifresca is responsible for purchasing fruit and vegetables in Spain and Italy. As well as providing customers with quality assurance, Alifresca also delivers the goods to all of the Coop Group's distribution points throughout Europe, ensuring the right quantities reach each market. Agecore, the internationally renowned purchasing alliance in Europe formed to promote the development of cross-border activities in the retail sector, is also seeking to create additional synergies in purchasing. Both nationally and internationally, Coop is committed to long-term partnerships with its suppliers, with whom Coop is optimizing the supply chain and exploiting synergies.

Quality management

For over 114 years, Coop has been operating laboratories in order to satisfy stringent product quality requirements. Taking a risk-oriented approach, the laboratories test products for compliance with the statutory quality and safety requirements but, more than that, they check fulfilment of Coop's own stringent standards, at every stage of the product chain. Business partners of Coop and Coop's employees also play a crucial role in quality assurance. Coop selects reliable business partners who satisfy the quality requirements and whose manufacturing processes are certified to international standards. There are inspection concepts in place for own-label brands and officially recognized labels which serve to guarantee compliance with the relevant requirements. As well as its own inspection activities carried out by quality assurance experts, Coop also works with independent inspection agencies.

Goal-setting process

To ensure that long-term strategies give rise to effective measures each year, the Coop Group has, since 2001, had a uniform, top-down goal-setting process in place. Every year, it defines key objectives that apply to the Group as a whole. Based on these goals, concrete measures are developed right down to the operational levels. With a view to the continuous further development of its sustainability commitment, the Coop Group has set multi-year targets for all divisions covering the three pillars of its sustainability concept.

Economic and political environment

Sales in Swiss retail

The Swiss retail sector recovered somewhat in 2019. However, nominal sales increased only slightly. The food sector remained flat and was only marginally up on the previous year's level. By contrast, the non-food sector rallied and achieved a slight profit for the first time after years of declining sales.

Littering and waste initiatives

There was an increased focus on the issues of littering and waste in the year under review. A number of political initiatives are calling for measures for improved recycling systems, bans on plastic, and anti-littering actions. As a responsible retailer, Coop is heavily involved in reducing the use of plastics in packaging and offers reusable containers in its ranges. Coop supports pragmatic solutions which take the polluter-pays principle seriously and take account of the current division of responsibilities between the retail sector and the municipalities. Since 2012, Coop has reduced packaging material by close to 24 000 tonnes. The goal is to save around 4 000 more tonnes of packaging material by the end of 2020.