

Strategy and operating environment

With innovative ranges, a focus on sustainability, 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 driving forward digitalization in all areas, automating processes, and 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 as well as new ones. Coop is committed to sustainability and verticalization in the production of strategically important goods and benefits from an efficient organization.

Profile

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, Spain, 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 has always been structured along cooperative lines. At the organizational level, it is divided into six regions and has some 2.5 million cooperative members. For the Coop Group, the focus is on the customers – the members of the cooperative. The company gears all its efforts to their needs. As a cooperative, the Coop Group does not strive to maximize profits; because of this, it plans and invests 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 94 790 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 expresses 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 optimizing sales outlets in ways that specifically benefit their customers, by adjusting ranges and embracing new trends. As more new sales outlets continue to be added to the network, the Group is also growing by launching new formats and expanding existing ones. 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 secured through both organic growth and 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 Halba, integrating the manufacturing companies enables Coop to respond swiftly to new trends and customers' needs 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 available 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 "In-store Sales", "E-Business and CRM", "Category Management and Purchasing", "Logistics and Production", "E-back office" and "IT Infrastructure" are the priorities. One cornerstone is the omnichannel approach, combining online and in-store trading. The Coop companies are among the leading Swiss companies in online trading. As well as the online shop Coop.ch with its supermarket range, all non-food specialist formats also have dedicated online shops. Online shopping centre Microspot.ch offers the very best in home and consumer electronics, along with many other items outside the world of electronics which provide real added value for everyday life, leisure time or the home. 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 525 pick-up stations (click & collect). In total, the Coop Group operates 46 online shops, 25 of those in retail and 19 in the Wholesale/Production business area. Digitalization provides lots of opportunities to open up new markets. Coop is also driving the development of innovations, both as a main partner of Digital Switzerland and with Kickstart Accelerator – the digital innovation hub for start-ups.

From 1 January 2023, the Coop Group will be stepping up its focus on the challenges of digitalization. Organizationally, Coop is combining the areas of IT, Marketing, and Digital Services at Executive Committee level, in the newly-established "Digital & Customer" Business Unit. This will enable Coop to address the needs of customers, business partners and employees even more specifically, efficiently and effectively. Organizationally, it is also an acknowledgement that IT is nudging ever-closer to the direct interface with the customer (with things such as self-checkout and apps) and with employees (the mobile devices used by store staff and so on), while technology and data are playing an ever-more pivotal role in marketing.

Purchasing

The aim of Coop's purchasing 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., The branches in Hong Kong, Shanghai, Delhi and Ho Chi Minh City enable the Coop Group to safeguard and enforce all the quality specifications on the local market, and to support 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 assuring customers of high quality, Alifresca also supplies and safeguards the volumes and quality standards required by the respective markets. Alifresca's Food division has expanded the purchase and delivery of cheese from Italy and integrated more product lines, such as panettone. 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 117 years, Coop has been operating laboratories in order to satisfy stringent product quality requirements. Taking a risk-oriented approach, the laboratories test products at every stage of the product chain for compliance with the statutory quality and safety requirements, as well as industry standards and the relevant norms. 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. A concept has been devised for own-label brands and officially recognized labels to help safeguard Coop's values with regard to quality and sustainability in the supply chain. 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

Falling sales in Swiss retail – the influence of the pandemic and Ukraine conflict

2022 was characterized by the return to normal following the Covid pandemic and inflation resulting from the Ukraine conflict. Retail food sales, which rose sharply during the coronavirus period, declined last year despite price increases. Consumer behaviour changed. Consumer spending shifted towards individual non-food goods, fuels and services. The higher energy prices resulting from the war in Ukraine left their mark in the product range of both food and non-food retail and in particular on fuel. Retail sales including fuel increased, thanks primarily to inflation. In real terms, i.e. excluding price increases, they rose slightly.

Factory Farming Initiative

As part of the IG DHS Swiss retailers' organization, Coop has spoken out against the Factory Farming Initiative. During the parliamentary debate, Coop campaigned for a workable counterproposal and is saddened that no such proposal came about. At the end of September, however, the public firmly rejected the initiative. Regardless of this result, Coop will continue campaigning for greater animal welfare and keep expanding its successful animal welfare programmes, both in retail and wholesale, and at home and abroad. For example, Coop is the only retailer in Switzerland to stock meat from pasture-grazed and mostly grass-fed animals raised under suckler cow husbandry. To enable it do this, Coop has been partnering with Mutterkuh Schweiz (Suckler Cow Switzerland) for over 40 years.

Formulating a future-proof agricultural policy

In some respects, putting agricultural policy on hold in 2022 has created a political vacuum which, in Coop's view, must be overcome using the instruments currently available to us. Coop campaigns for a sustainable, market-driven agricultural policy and is firmly committed to having Swiss products in its range. Political agricultural and nutritional strategies for the period to 2030 must look to increase the resilience of Swiss agriculture. This calls for instruments to promote innovative approaches and more individual responsibility for companies and sectors, as well as conditions conducive to market-driven production.

Enabling the circular economy

The revised Swiss Environmental Protection Act continues the process of enshrining in law Switzerland's circular economy. Coop and the IG DHS consider it appropriate to draw together the numerous present-day requirements. In Coop's view, the proposals made in 2022 provide an expedient political framework for even more effectively closing material cycles. Coop believes it is imperative to take account of current private-sector initiatives when finalizing that framework, which means relaxing the municipalities' monopoly on municipal waste, preventing copycatting and having liberal requirements for industry agreements. Irrespective of the political parameters, Coop is pursuing ambitious targets for closing material cycles and reducing packaging materials. That said, the parameters are key to making significant headway with recycling and all relevant players can, and must play their part.