



School of
Management and Law



Online Retailer Survey 2021

Empirical Findings on the E-Commerce Boom in Switzerland and Austria

A study by the Institute of Marketing
Management

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With a foreword
by Gerrit
Heinemann



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Management Summary

The Online Retailer Survey has now been conducted four times. A total of 365 online stores participated in the 2021 study, which encompasses business-to-consumer (86 percent), business-to-business (46 percent) and direct-to-consumer (14 percent) companies. For the first time, 63 Austrian online retailers took part, besides a representative 284 Swiss companies.

After a record year in 2020, the e-commerce boom is continuing, with online sales in 2021 of 15 billion Swiss francs in Switzerland, which is about 50 percent more than in 2019. E-commerce has made a five-year leap in growth since the beginning of the Corona crisis one and a half years ago. Online retail is booming, with nine out of 10 of the online shops surveyed seeing sales growth in 2020, and a third seeing very strong growth of over 30 percent. Due to an increased stay-at-home attitude and changed consumer behavior, assortments in the home and sporting goods segments have grown strongly (more than 20 percent compared to the previous year) for two-thirds of online retailers since the Corona crisis. Half of the retailers are also selling more food, cosmetics, toys, and furniture online than before the Corona crisis. Nine out of 10 online shops have gained new customers as a result of the Corona crisis, half of them even a great number. One in five have customers who have been buying more and more frequently since the start of the Corona crisis, and in a further fifth of them, customers are not buying more, but more frequently. Small and large online shops alike are benefiting from this e-commerce boom. For example, Galaxus, the leading digital marketplace in Switzerland, has been able to significantly increase its market share not only among customers, but also among retailers.

Half of Swiss retailers believe that the decline of physical stores is an upward trend due to increased online commerce. On the other hand, a third of omnichannel retailers believe in the potential of new store formats such as showrooms, click and collect, pick-up, experiential and consultative stores, pop-up stores, and self-service stores.

Due to the ongoing strong growth of e-commerce, online retailers have invested a lot in the digital value chain: The extension of product ranges, the hiring of additional staff, and the expansion of warehouse and logistics capacities were mentioned very frequently by the survey participants. Business processes had to be further digitized, and retailers report growing budgets in digital sales and marketing. The study results also confirm that Corona further accelerated the digital transformation and upgraded the value of e-commerce departments. Regarding the organizational, personnel, and cultural impact of the strong e-commerce growth, it can be stated empirically that the demand shock not only created many new jobs, but also new types of job profiles with new requirements. In addition, according to online retailers, the Corona crisis strengthened the digital mindset, cohesion, and solidarity within their teams.

The main e-commerce problems currently are currently found in the market and in procurement: Some products are no longer available from manufacturers, importers, or major suppliers, international supply chains have been interrupted or have slowed down in some cases, and purchasing and logistics prices have risen since the Corona crisis.

To take advantage of this increased demand for online goods, and attract online customers to their own online stores, almost all companies rely increasingly on digital marketing. Nowadays, no online shop operator can avoid search engines, newsletters, and social media marketing. Thus, the search engines (first and foremost Google) and social media platforms (first and foremost Facebook and Instagram) are among the big winners of the Corona crisis. According to the study results, the Corona losers in terms of marketing and communication are advertisements, newspaper supplements, and sponsoring. For three quarters of online shops, the online marketing budget has grown since the Corona crisis, and the budget has shifted further from offline to online marketing instruments. Services such as click-and-collect or live chat have also gained in importance, while innovative omnichannel retailers have introduced virtual store tours (360-degree tours) and video advice. No major changes were reported in the methods of payment: Purchase on account, PayPal, as well as credit and debit cards are most widely used by retailers. Mobile payment solutions such as TWINT in Switzerland continue to gain market share.

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Foreword by Gerrit Heinemann

UNPRECEDENTED BOOM IN E-COMMERCE

The Corona crisis is creating an unprecedented boom in online commerce. In 2020, net sales of goods in e-commerce rose by almost 30 percent to around CHF 13 billion in Switzerland alone. Online retail volume here already accounts for more than 14 percent online share of total retail sales of goods. In Austria, the online figures did not develop quite as spectacularly as in Switzerland, but with growth of around 20 percent and an online share already approaching 10 percent, they are also exceptional. In all countries, the share of value added by B2C online retailing is increasing in proportion to the growth in its market share. In Germany, according to a recent study by the IFH Cologne, online retailing accounted for 12.7 percent of total retail value added. In Switzerland, the economic contribution is likely to be even higher due to the relatively high online share. There is no doubt that booming online retailing also induces an indirect contribution in upstream and downstream industries. In addition, online retail activities are creating new livelihoods and jobs. For example, the majority of online retailers in 2020 in Switzerland and Austria have hired additional staff, especially in logistics functions, which increasingly represent a bottleneck. Almost all online retailers have also expanded their e-commerce departments or upgraded them in terms of systems technology. In this respect, COVID-19 has even set in motion a veritable digitization push. The majority of online retailers have accordingly invested in the further expansion of their digitization and also system-supported warehouse capacities. This fact as well as the economic significance should be taken into account in the discussion about the alleged damage potential of online retail for stationary retail, just as it is in the digitization debate.

Without a doubt, the global Internet platforms and online marketplaces are considered winners of the Corona crisis. Nevertheless, Digitec Galaxus in Switzerland was able to expand its market leadership position over Amazon last year. This is a real exception in a cross-comparison with Austria and Germany, where Amazon already dominates the market. Overall, however, there is a concentration in the two Alpine republics, with the major online providers growing ever larger and gaining market share. E-marketplaces are growing at a disproportionately high rate. In the meantime, more than half of online retailers also sell their products on virtual marketplaces, primarily to the two market leaders Digitec Galaxus and Amazon. It is therefore not without reason that the marketplace topic is addressed in greater depth in this study, especially since the Internet giants from outside the industry have now also increasingly set their sights on online marketplaces: Insta-gram Shopping and Google Shopping have long since ceased to be mere statements of intent. Both have sufficiently high global networking and scaling potential. For this reason, social commerce has already been a central topic of the future in recent years, but it is becoming increasingly transaction-oriented. As is the case every year, completely new e-commerce trends were once again on the horizon in 2020. For example, while app and smartphone commerce, including mobile payment, continue to be perennial favorites, the environmental issue is hitting online commerce with a vengeance. This means that people's growing need for more sustainability and consideration for the environment has now also arrived in e-commerce. In this respect, the topics of climate neutrality and returns management are also coming more and more into focus.

Contrary to the widespread opinion that e-commerce is a climate killer, current studies prove the opposite. Five years ago, a study by the German Clean Tech Institute (DCTI) refuted the widespread assumption that online retailing has a greater impact on the climate than stationary retailing. A recent study published in Germany by the Federal Environment Agency ("The Greening of Online Retailing") also states that it is not decisive for the climate footprint whether customers go shopping online or in stores. That's why it's not really a problem that consumers are increasingly buying online and buying more and more everyday products such as groceries, drugstores and medicines. However, large-volume goods such as furniture and DIY supplies are also growing disproportionately - as this study shows. In this respect, buying on the Internet has finally become part of people's everyday lives. The change in shopping behavior has not only brought online retailing strong growth in the Corona year 2020, but has

also set in motion a veritable e-commerce shift. It can be assumed that this development will not be reversed, but will continue after Corona. Accordingly, all current studies impressively show that the trend from stationary to e-commerce is continuing unchanged: Consumers are buying more frequently from around 40 percent of suppliers, and from every second of them also in larger quantities - according to this study.

Online retailing is therefore not only growing in size, but is also becoming increasingly complex and more systemically relevant. In this respect, it is to be welcomed that the Institute for Marketing Management of the ZHAW School of Management and Law has conducted the present "Online Retailer Survey 2021" in both Switzerland and Austria. It was published for the fourth time this year and enables comparisons between the two neighboring countries as well as conclusions to be drawn for German online retailing, which is benefiting significantly from this development with cross-border commerce.

Prof. Gerrit Heinemann

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Foreword by Adrian Elmiger

ONLINE RETAILING STILL ON THE ADVANCE

The strong growth spurt in online retailing has continued since the start of the Corona crisis: Nine out of ten online stores in Switzerland and Austria are reporting sales growth, and more than half of online retailers are even enjoying strong customer growth. 39 percent also report an increase in order frequency compared to the previous year.

Particularly benefiting from this growth are those retailers who have relied on so-called omnichannel sales since the beginning of the crisis and are broadly positioned across a wide range of sales channels, online and offline. The focus here is on providing customers with a seamless shopping and payment experience - regardless of whether they buy from a web store, by phone or in a store. Many of these retailers are also enjoying strong customer growth, largely due to sustained changes in consumer behavior and increased stay-at-home shopping. As a result, these retailers in particular have not only been able to reduce the decline in sales in their retail stores and thus maintain or even expand their market position, but have also been able to respond even better to the needs of their customers, which also results in a sustained strengthening of customer loyalty.

The trend towards online retailing is not new, but is being greatly accelerated by the Corona crisis. In addition, new sales channels are emerging, such as showrooms, click and collect, pickup, experience and advice stores, pop-up stores and self-service stores, which underline the importance of the omnichannel approach. However, this also accentuates the technological as well as process-related challenges.

In 2021, credit cards and purchase on account will continue to be among the most popular payment methods in Swiss e-commerce. In addition, the acceptance of payments via smartphone has once again increased significantly.

We at Worldline/SIX Payment Services are experts in the field of payment and transaction services and are happy to support you as a merchant in the successful implementation of your e-commerce and omni-channel strategy. The right payment solution is the most important basis for the success of your online store or retail store. After all, this payment solution ensures that interested customers become paying customers and helps you generate more sales. With Saferpay, we offer you a payment solution that meets the highest security standards and also ensures the appropriate means of payment as well as the card acceptance of all common providers for a smooth payment process in business.

We are pleased to be involved in this study for the second time after 2020 and we would like to thank all participating merchants for their cooperation and especially Carmen Oswald, Dr. Darius Zumstein and the team of the Institute for Marketing Management for their great and important commitment to trade.

We wish you many new insights and exciting as well as further findings from this year's study. We hope you enjoy reading it!

Adrian Elmiger

Country Head Merchant Services Switzerland

Worldline/SIX Payment Services








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Thanks also go to the staff of the Institute of Marketing Management, including Brian Rüeiger, Frank Hannich and Michael Klaas. In addition, we would like to thank Janine Radlingmayr and Danielle Adams-Hausheer (editing), Frederic Härvelid (media release), Seyhan Bayraktar (publication), and Alexander Reb (social media) for their professional support in producing this study.



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1. Introduction

This year's study was conducted for the first time both in Switzerland and Austria with a special focus on the Corona crisis and its consequences for online retail. Most of the participating online shops are active in the business-to-consumer (B2C) segment, followed by business-to-business (B2B) and direct-to-consumer (D2C). More than half of the participants operate a small online shop with one to four employees. Omnichannel and pure players are the dominant sales models in e-commerce.

1.1. INITIAL SITUATION: GROWTH IN E-COMMERCE

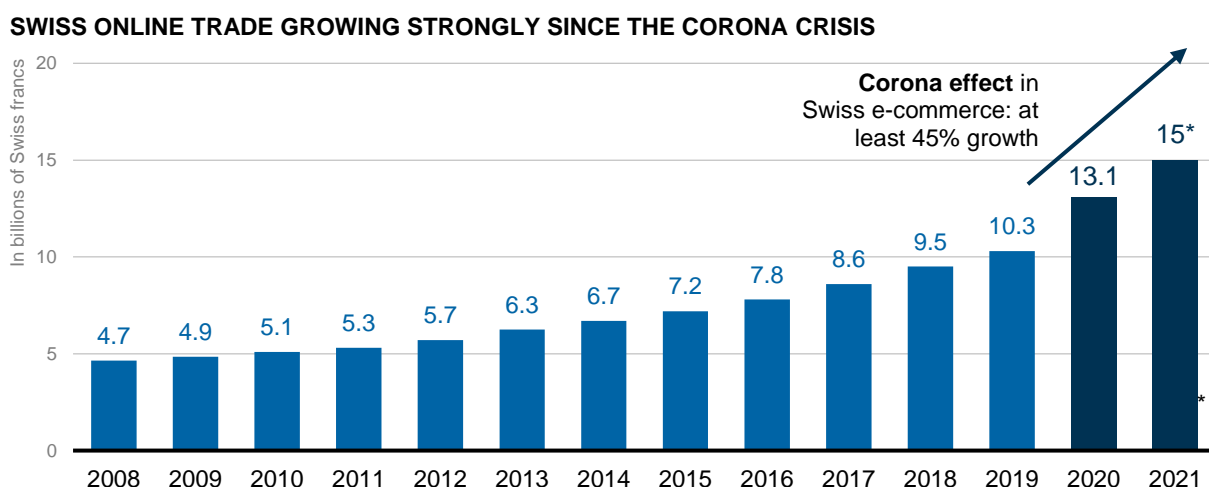
The **physical retail** business has suffered during the coronavirus crisis, partly due to state-enforced lockdowns, the Swiss Federal Council's stay-at-home order, and profound changes in people's shopping, working, and leisure behavior. Many retail stores and restaurants remained closed for months, and there were no public events. As a result, there were no customers and a lack of revenues.

Digital commerce (also known as **electronic commerce** or e-commerce for short), on the other hand, underwent a real **boom** since the start of the coronavirus crisis. Within a very short period, many online shops experienced a strong growth in online sales compared to the previous year(s). In addition, many new online shops have been launched since spring 2020. On the other hand, the high demand in 2020 and 2021 led to capacity bottlenecks and order processing and delivery difficulties for many online retailers.

According to a survey conducted by the Swiss Trade Association in collaboration with Swiss Post and GfK, sales of Swiss online shops grew to over **CHF 13.1 billion in 2020**, which is 27.1 percent more than in 2019 (HANDELSVERBAND.swiss 2021). In fact, online sales were probably even higher in 2021 as a large number of new online shops took up business during the Corona crisis that are not included in these statistics.

According to the Swiss Trade Association, Swiss e-commerce grew by 15 percent in the first half of 2021. Estimates by the Institute of Marketing Management (IMM) at Zurich University of Applied Sciences (ZHAW) suggest that Swiss online retail will also grow by 15 percent to around **CHF 15 billion in 2021** overall (see Fig. 1). This means that Swiss e-commerce has **grown** by over **45 percent** since the start of the Corona pandemic. If the new online shops founded during the pandemic are also included, we estimate sales of around CHF 18 billion in 2021.

Fig. 1: E-commerce growth in Switzerland from 2008 to 2021



Source: HANDELSVERBAND.swiss (2021), * Estimate by the authors of this study.

1.2. SAMPLE

The growth in e-commerce in recent years and the online boom since the beginning of the coronavirus crisis were important reasons for conducting this study for the fourth time after 2018, 2019 (Zumstein & Steigerwald, 2018, 2019), and 2020 (Zumstein & Oswald, 2020). Its aim was to find out more about current developments in online retailing in Switzerland and Austria. The Institute of Marketing Management (IMM) at the Zurich University of Applied Sciences (ZHAW) and the Management Center Innsbruck (MCI) jointly investigated the question of how e-commerce has developed since the beginning of the coronavirus crisis.

From the perspective of **management research**, the subjects of this research project were all online retailers in Switzerland and Austria with a .com, .ch or .at domain that are registered and operate in Switzerland or Austria. As in most recent projects, the focus is not only on large online shops but also on smaller and medium-sized online enterprises (SMEs). The data for the study was collected from 8 June to 4 September 2021 as part of a quantitative online survey using Qualtrics software.

Of the online retailers contacted, 365 participants completed the majority of the questionnaire. The **sample size** (n) is 365, unless otherwise stated. The survey was able to reach the target group via LinkedIn, newsletters, emails, specialist groups in the social media, and the contact forms of online shops. The research and educational partners mentioned in the appendix, such as HANDELSVERBAND.swiss and the Austrian Trade Association, actively supported us in our endeavor.

1.3. PARTICIPANTS: SWISS AND AUSTRIAN ONLINE SHOPS

In addition to 284 Swiss online shops (78 percent), 63 Austrian ones also took part in the latest Online Retailer Survey for the first time (i.e., around 17 percent; see Fig. 2). Five percent of respondents indicated another country as their country of origin.

This study is representative for Switzerland. Online retailers from German-speaking, French-speaking, and Italian-speaking (Ticino) Switzerland participated by filling out the German- or English-language questionnaire.

Fig. 2: Primary origin (sales market) of the online retailers surveyed



1.4. BUSINESS RELATIONSHIPS AND SALES MODELS OF E-COMMERCE

About 86 percent of participants operate an online shop in the **B2C** (business-to-consumer) sector. This is the same proportion as in 2020 (see Fig. 3). At 46 percent, half of the retailers sell in the **B2B** (business-to-business) segment. A relatively large proportion, one-third of the online retailers, sell both B2C and B2B. About 11 percent operate a manufacturer shop or a direct-to-consumer online shop (**D2C**). Only a few e-shops participated in the **B2G**

(business-to-government) sector in both years, and there were none in the C2C (consumer-to-consumer) or G2C (government-to-citizen/consumer) segments in 2021.

For the first time, online retailers were asked about their **sales model** or type of operation (Heinemann, 2021, p. 163). Fig. 4 shows that 45 percent of the companies are active in multichannel or **omnichannel retailing**. This means that almost half sell simultaneously via several sales channels such as online shops and retail stores, or via other sales channels (for details, see Chapter 2.1.). Mediamarkt, Manor, Globus, Landi, Jumbo, Ochsner Sport, Intersport, Migros (e.g., m-electronics, Micasa, Office World, and ExLibris) and Coop (e.g., Fust, Interdiscount, and Livique) are typical Swiss omnichannel retailers.

More than a quarter belong to the **pure player model**, which has no physical stores and, according to Heinemann (2021, p. 164), generates more than 70 percent of its sales online. Zalando, Brack, Microspot, and Nettoishop are well-known pure players in Switzerland.

Figures 3 and 4 show that every 10th respondent is a **manufacturer** of products or a service provider who sells directly to B2B or B2C customers in so-called vertical online trade. This includes manufacturers such as Brita and Stadler Form in B2C, or Nussbaum in B2B.

Around six percent of the respondents describe themselves as a **digital marketplace or platform**. This so-called cooperative online trade is characterized by several providers or suppliers, and several customers. For example, Galaxus.ch, Amazon, eBay, Ricardo.ch and Tutti.ch are classical virtual marketplaces or platforms. Digital marketplaces are continuously growing and dominating the markets (see also Chapter 2.4). Small markets such as Switzerland and Austria have hardly any potential for more than two or three digital marketplaces.

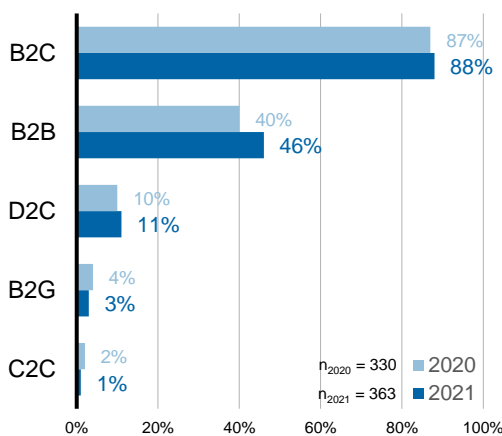
At just four percent, former **catalogue mail order companies**, so-called hybrid online retailers, are rare. Otto, Ackermann, Lehner Versand, and Angela Bruder are examples of former catalogue mail order companies.

Under "other types of business", individual participants mentioned "wholesaler" or "marketer", for example.

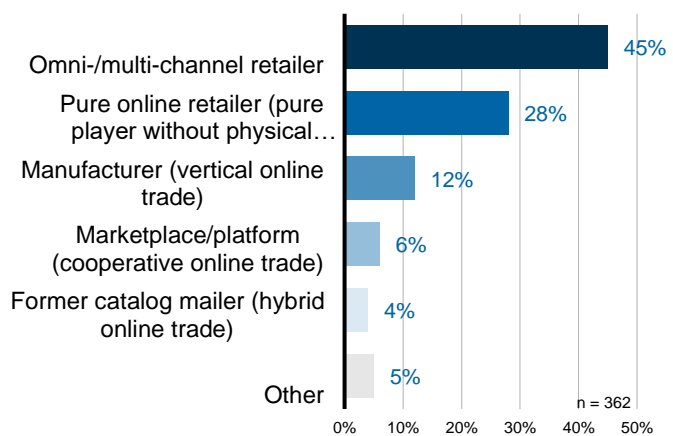
Fig. 3: What kind of business relationships does your online store support (multiple answers possible)?

Fig. 4: To which type of business (sales model) can your online store be assigned to most closely?

BUSINESS RELATIONSHIPS 2020 & 2021



TYPES OF BUSINESS 2021



Omnichannel and pure player business models clearly dominate the e-commerce market.



1.5. TURNOVER AND SIZE OF ONLINE SHOPS

A quarter of the retailers surveyed operate a **very small online shop** with less than CHF 100,000 in sales revenues in 2020, and another 22 percent of them have less than CHF 500,000 in sales (see Fig. 5). One in eight of them turned over between half a million and one million and is therefore also small.

One in four turned over between one and five million Swiss francs in 2020, and one in ten turned over between five and 10 or between 10 and 20 million. These online shops can be described as **medium-sized** in terms of sales revenue.

Another quarter of the online shops surveyed generate more than CHF 25 million in sales, which puts them among the largest 70 online shops in Switzerland. Of these, 18 percent (31 online shops) have a turnover of more than CHF 50 million. According to the poster "Digital Commerce Schweiz 2021" by Carpathia (2021), they belong to Switzerland's top 45 B2C and B2B online shops with the highest turnover. The **majority of the top-selling Swiss online shops** and digital distribution platforms based on the classification by Carpathia (2021) therefore took part in this survey with 284 **Swiss** participants, including the categories Top 30 B2C, Top 15 B2B, and Top 10 travel, tickets, and horizontal platforms. This makes the survey representative and the largest study in the field of digital commerce in Switzerland.

Fig. 5: What was the turnover of your online shop in 2020? (no information was excluded)

Fig. 6: How many employees (in full-time equivalents, FTE) work for your online shop (incl. marketing, logistics, IT)?

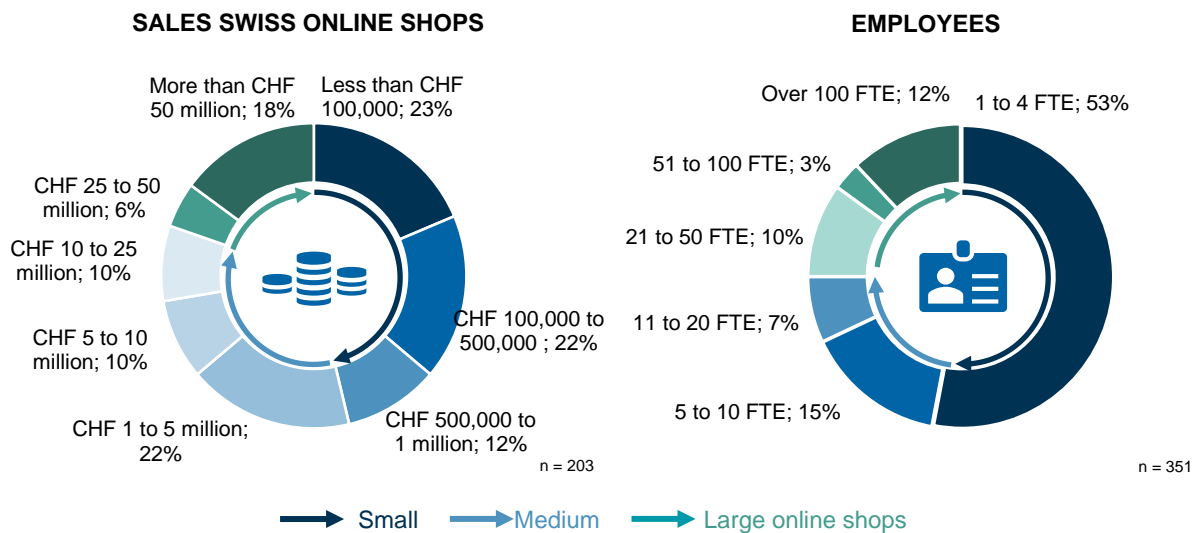



Fig. 6 shows that almost half of the online shops surveyed have only one to four **employees**. Most of the teams responsible for online shops are small.

A quarter of the respondents are medium-sized shops with five to 20 employees. The rather large online shops in Fig. 6, with 21 to 50 employees, make up 10 percent of the sample.

Three percent of the **large online shops** surveyed have 51 to 100 employees and another twelve percent, including the digital marketplaces and large online supermarkets, are very large with more than 100 employees.

Half of the online shops surveyed are small, with fewer than four employees and a turnover of CHF 1 million. One quarter each are medium-sized or large online shops with more than 51 employees and CHF 25 million in sales.



2. E-Commerce in Times of Crisis

This chapter takes a close look at the impact of the coronavirus crisis on e-commerce. The measures and organizational effects implemented during the crisis show that online retailing has reached a new stage of development and continues to grow strongly. We provide details on the relevance of different sales channels, the disappearance of physical stores, digital marketplaces, and the current strong order situation in e-commerce. In addition, the current challenges in e-commerce from the perspective of online retailers are discussed in more detail.

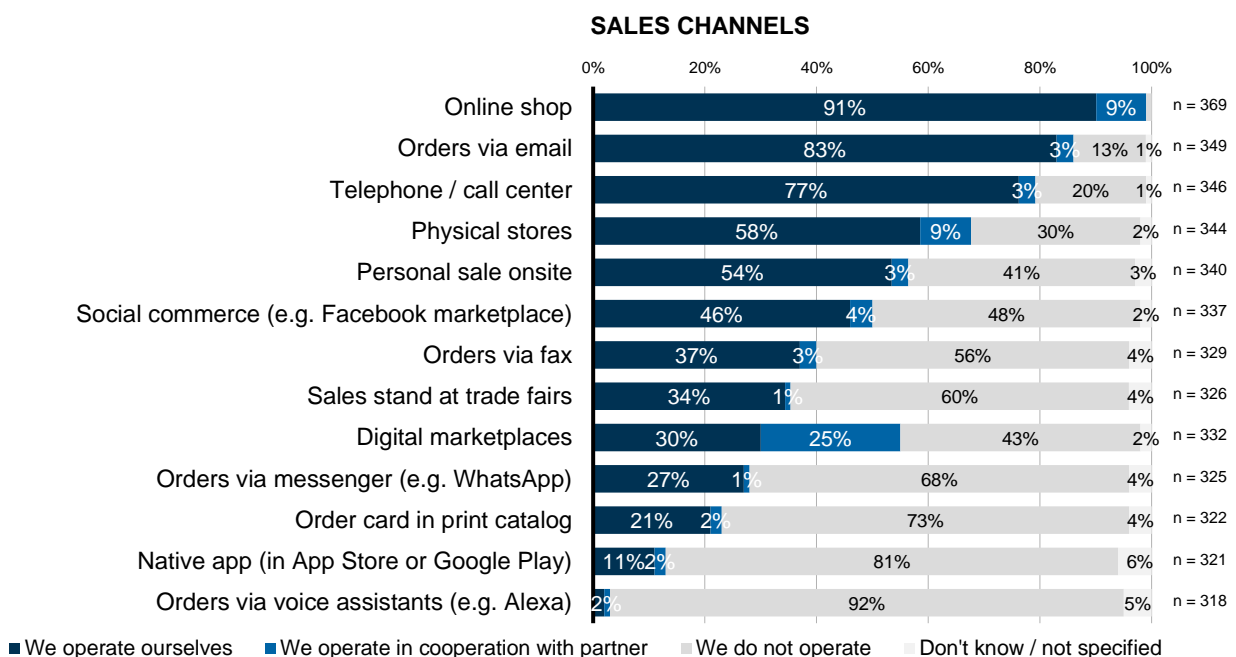
2.1. SALES CHANNELS

An important line of questioning in this study was how online retailers are positioned with regard to distribution and what the **sales** or **distribution channels** are through which they sell their products and services. Fig. 7 shows that the majority of sales are broadly based and that customers can place their orders via several distribution channels. In 91 percent of cases, the online retailers operate their **online shop** themselves; only nine percent have outsourced them. 90 percent of the online retailers (see Fig. 8) consider the online shop to be relevant to sales, which was to be expected.

As many as 86 percent of online retailers accept **orders via e-mail** (see Fig. 7). However, this is only relevant to sales for 36 percent (especially in B2B), and somewhat sales-relevant for a further 25 percent. In third place among the most frequently used sales channels is the **telephone**: Four out of five online shops accept orders placed by phone, either through their customer service or a call center. Interestingly, 34 percent (see Fig. 8) consider the telephone or smartphone to be a channel relevant to sales, and a further 29 percent see it as somewhat sales-relevant.

Two-thirds of online retailers also sell their goods and services in **physical stores** with sales areas they operate themselves. As can be seen in Fig. 8, brick-and-mortar stores rank second and are (somewhat) relevant to sales for 84 percent of respondents. Omnichannel sales will thus remain an important topic for the majority of retailers in 2021, even though sales in bricks-and-mortar retail in 2020 and 2021 remained significantly below those of 2019 in many sectors due to the coronavirus crisis.

Fig. 7: Which sales channels do you use? (Multiple answers possible)



After their online shops, digital marketplaces have become the second most important digital sales channel for retailers.



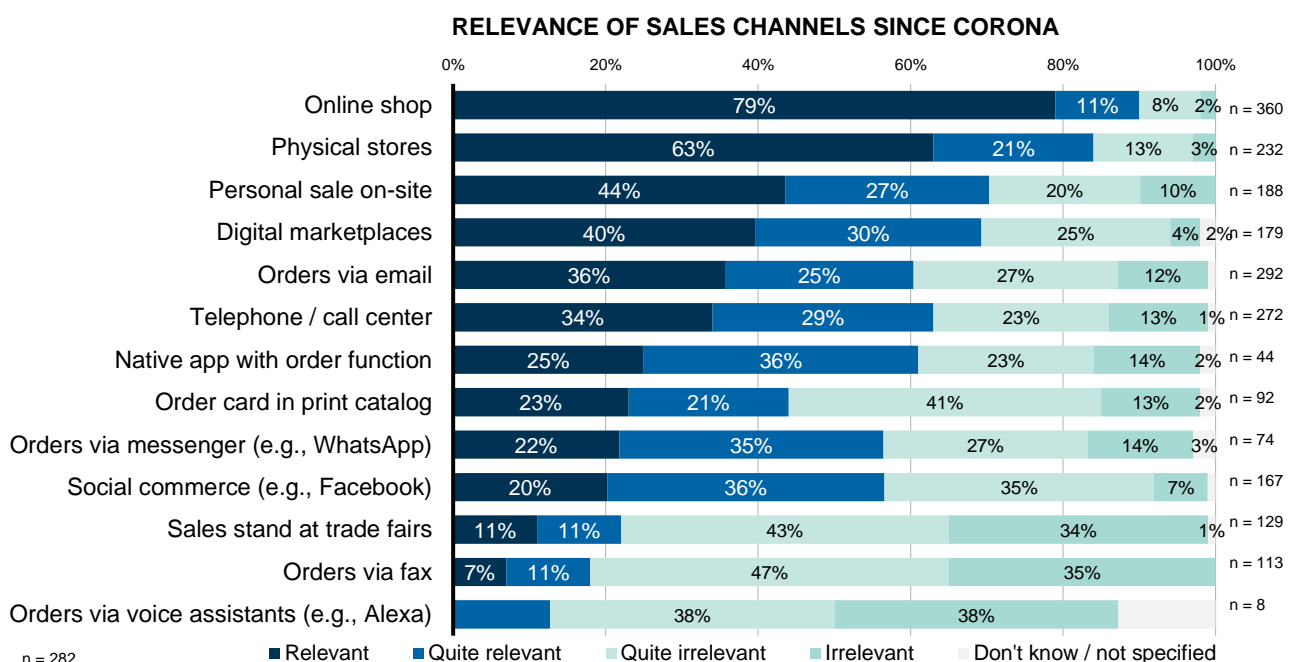
Around 57 percent, mainly B2B online retailers, generally trade physically and **in person** – for example, through sales representatives or sales assistants. This sales channel is also (somewhat) relevant to sales for two-thirds of retailers shown in Figure 8. This particular channel was particularly hard hit by the coronavirus crisis. Compared to digital sales channels, this form of sales has lost importance since spring 2020, especially in B2B, when personal sales switched temporarily to **digital media**. Many sales meetings were, or are still, conducted via video conferencing – for example, via Microsoft Teams, Zoom, Webex, or Skype.

More than half of online retailers sell not only via their own online shops but also via **digital marketplaces** such as Galaxus, Amazon, eBay, or Ricardo.ch and classified ad formats such as Tutti.ch or Anibis.ch. They often do this in cooperation with partners. For 40 percent, digital marketplaces or platforms are relevant to sales, for further 30 percent they are somewhat relevant (see Figure 8). These results underline the growing relevance of digital marketplaces and platforms. Detailed information on marketplaces is provided in Section 2.4.

Half of online retailers already use **social commerce** via social networks to sell their goods and services, above all Facebook (Marketplace) or Instagram (Shops) and LinkedIn. The large reach of social platforms makes social commerce an attractive, additional form of marketing and sales and is therefore relevant to sales for one in five retailers, and somewhat relevant for one in three (see Fig. 8). By clicking “buy” in Instagram or Facebook, users can order a product or service directly, even without leaving the social media platform (doing a so-called direct checkout). If this function is also rolled out in Europe after the US, social commerce will become an important additional sales channel for many online retailers (see Bärtschi & Zumstein, 2021). In Asia, social commerce and live shopping are already used much more frequently and widely than in German-speaking countries.

Sales at **trade fairs** are still common, particularly in B2B, and used by 40 percent of retailers, even though this sales channel has been discontinued in many cases since the coronavirus crisis and is now only relevant to sales for eleven percent of respondents (see Fig. 8). After March 2020, most trade fairs, conferences, and congresses were postponed for a longer period of time. In 2021, some trade fairs and conferences are taking place but are subject to special requirements, such the need for participants to present a Covid certificates. Consequently, many online retailers have been successful in offering **webinars** and online consultations to compensate for losing this traditional sales channel. Section 2.2. goes into more detail about the decreased relevance and the prospects of trade fairs as a sales channel.

Fig. 8: How relevant to sales have the following sales channels been since March 2020 (start of the Corona crisis)?



Social commerce via Facebook and Instagram as well as orders via messenger services are gaining in importance.



35 percent of online retailers still accept orders via **fax machines**, which are still particularly widespread in B2B (see Fig. 7). However, this outdated sales channel is only relevant to sales for seven percent of the respondents, or somewhat sales-relevant 11 percent (cf. Fig. 8).

Online retailers increasingly use **messenger services**, especially WhatsApp, as a sales channel (28 percent, see Fig. 7). Every fourth retailer already accepts orders placed directly or via links in **WhatsApp messages** – this is 27 percent more than in the previous year. For two out of five online retailers, orders via SMS, WhatsApp, Threema, Signal, or other messaging services are already relevant to sales (see Fig. 8). Since many messenger services do not yet have data interfaces, this sales channel does, however, require manual order processing and additional work. Every fourth retailer still sends out **order cards in print catalogues**, although 15 percent less than in the previous year. Nevertheless, order forms are still considered relevant to sales by more than half of the retailers surveyed (see Fig. 8).

About 13 percent, mostly larger, online retailers, have a **native app for order placement** through the app stores of Google and Apple. For 61 percent of them, this is relevant or somewhat relevant to sales (see Figure 8).

Orders via **voice assistants**, such as Alexa from Amazon or Google Assistant, are still very rare in Switzerland and Austria and were, therefore, only mentioned by two percent of the retailers surveyed (see Fig. 7). They are not yet relevant for online sales (see Fig. 8). A growth or breakthrough of **voice commerce** is not yet apparent in retail practice.

2.2. RETAIL STORES, PERSONAL SALES, AND TRADE FAIRS

The operators of **retail stores** were asked whether they expect more customers to return to their brick-and-mortar stores once the coronavirus crisis has passed. Only ten percent believe that many customers will return to brick-and-mortar stores because they prefer the personal shopping experience (see Fig. 9). More than half of the omnichannel retailers expect slightly more consumers to shop in physical retail stores because “customers appreciate being able to shop online and offline”. Almost quarter of the retailers expect shopping behavior to remain as it is now. Only six percent assume that fewer customers will visit brick-and-mortar stores in the future because they mainly want to shop online.

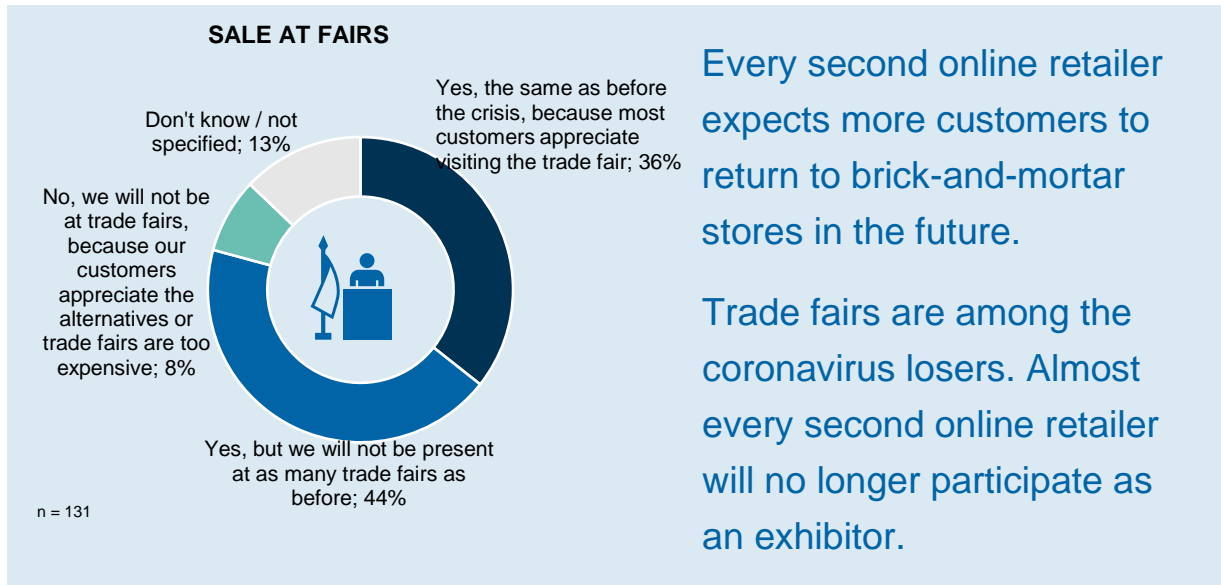
Fig. 9: If the Corona crisis eases, do you expect more customers in the retail stores again?



Fig. 10: When the Corona crisis eases, do you expect to see more personal sales onsite again?



Fig. 11: If the Corona crisis passes and trade shows are again held physically, will you exhibit there again?



A similar situation exists in the case of **personal on-site sales** (see Fig. 10): One in eight respondents expects to sell much more in person again once the coronavirus crisis has been defused. In their opinion, customers value personal contact with sales clerks or, in the case of B2B, field sales staff. Half assume that there will be more customer visits as customers are advised both on- and offline.

Similarly, one-third of the online retailers will return to physical **trade fairs** after the coronavirus crisis (see Fig. 11). Almost half will sell at trade fairs again, *but not at as many* as before. Only eight percent of previous exhibitors will no longer exhibit at trade fairs because of the high costs involved or other reasons.

2.3. THE DEATH OF PHYSICAL STORES AND NEW SALES FORMATS

In recent years, many physical stores, especially small shops in cities and villages, have had to close. The coronavirus crisis has intensified this process. The rise of e-commerce is often blamed for the fact that customers are shopping less in physical stores. In this study, operators of brick-and-mortar stores were asked whether they thought that this trend will continue. Only three percent think that the death of physical shops will continue as before (see Fig. 12). In fact, half of the retailers believe that there will be a **trend towards fewer physical retail stores**. One in eight brick-and-mortar retailers believes that brick-and-mortar stores will remain. One-third reject the notion of the death of physical stores because they believe in **new sales formats**. In the follow-up question as to what new sales formats there will be in stationary retail in the future, there were various answers (see Tab. 1): 43 retailers (55 percent) of the store operators are relying on **showrooms**. This means that only a selected part of the product range is exhibited or shown in physical stores, while the entire range is available in the online shop.

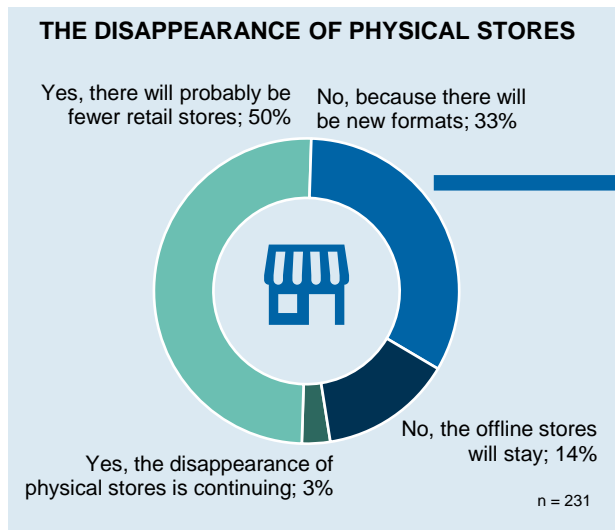
Most omnichannel providers have also introduced a **click-and-collect** or click-and-reserve option. Products are ordered or reserved online and then picked up in the stationary retail store. The same principle applies for **pick-up stores**, where online purchases can be picked up at the company's or a third party's pick-up stations.

Many retailers, in this case 29, rely on customer **experiences** to make stationary retail stores attractive. Experiential stores should offer customers experiences and inspiration that they would not get online. **Events** also seem to be more popular again among some of the omnichannel retailers surveyed, at least after some of the Corona measures have been relaxed.

More than half of retailers think there may well be fewer brick-and-mortar stores in the future.



Fig. 12: Do you think the disappearance of physical stores will continue?



Tab. 1: Mention of new formats for shops


#	New formats for shops	#
1	Showroom	43
2	Click-and-collect, pick-up (stations)	29
3	Experiences, inspiration, and events	29
4	Pop-up stores, pop-up markets	25
5	Consultancy business, service centers	21
6	Combinations, e.g., gastro + business	11
7	Self-service shops, self-checkout	10
8	Flagship stores, branding stores	7
9	Vending machines, 24/7 shops	5
10	Shop-to-store, shop-in-shop	2
11	Shops with logistics hubs	3
12	Virtual/augmented reality integration	1

Pop-up stores (temporary shops, or markets in vacant buildings) were also a very frequently mentioned sales format (25 times in Tab. 1). Another omnichannel strategy, at least for 27 percent of respondents, are **advisory shops** and service centers that provide customers with real added value through personal advice and individual services. Another 11 retailers are attempting to attract customers back to their stationary retail stores by partnering with other businesses. For example, they **combine retail and gastronomy** by opening shops in bars, takeaways, or restaurants.

Another retail trend confirmed by 10 of the respondents are **self-service stores** (autonomous stores), in which customers pay for goods without the help of a cashier but by using an app, scanning device, or another mobile solution. **Self-checkout** replaces sales staff and further digitizes and automates the stationary point of sale (POS). Such unmanned forms of distribution enable sales 24 hours a day, seven days a week. Similarly, **vending machines** were mentioned by five respondents.

Some omnichannel retailers, for example Swiss army knife manufacturer Victorinox, rely on **flagship stores** and branding stores. Shop-to-store or **shop-in-shop** formats are also being tested by individual online retailers. In addition, due to growing e-commerce, individual providers are expanding their brick-and-mortar stores into **logistics hubs** in order to ship goods quickly to their online customers. Finally, some retailers are experimenting with **virtual reality (VR)** or **augmented reality (AR)** and trying to integrate these technologies into their brick-and-mortar store concepts.

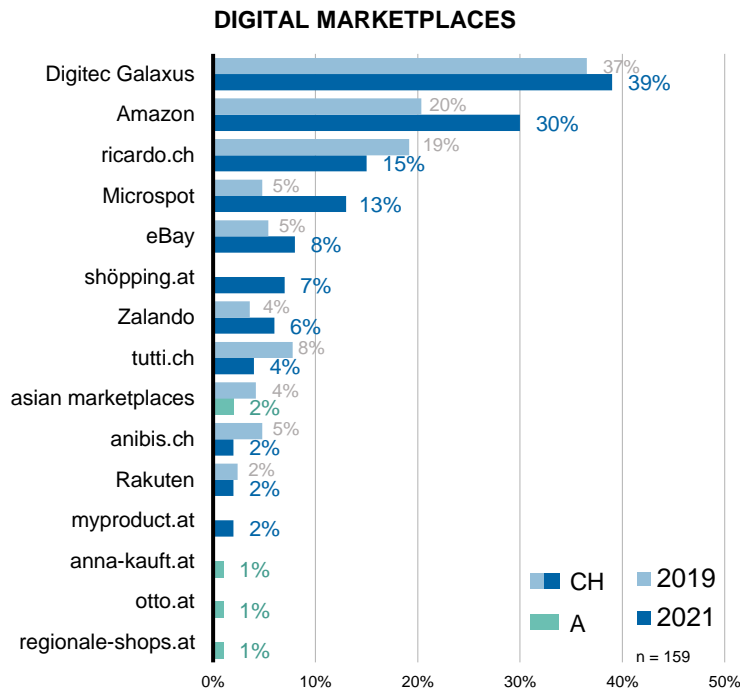
One in three retailers predicts new store formats such as showrooms, click & collect, pickup, experience and advice stores, pop-up stores, and self-service stores.



2.4. DIGITAL MARKETPLACES

When the 365 online retailers were asked whether their company has a presence on digital marketplaces or other digital platforms, such as Amazon, Digitec Galaxus, Zalando, Microsoft, or Ricardo, a surprising picture emerged, as already discussed above. More than half sell on digital marketplaces themselves (30 percent, see Fig. 7) or in cooperation with partners (25 percent). This is similar to the previous year but one third more than two years ago (Zumstein & Steigerwald, 2019). After the demise of the Swiss marketplace Siroop, which was the most popular Swiss marketplace among online retailers in 2018, **Digitec Galaxus** is by far the number one among Swiss marketplaces in 2021 with 39 percent, which puts it ahead of Amazon (see Fig. 13).

Fig. 13: On which digital marketplaces do you sell (your) products?



Many digital marketplaces benefited from the coronavirus crisis and grew strongly. More and more traders are also selling via these platforms.

Galaxus has continued to expand its market share among customers and retailers in recent years.

Thirty percent of the online retailers are also selling goods via the American global market leader **Amazon**. The fact that a higher proportion of retailers surveyed sell via Amazon in 2021 than in 2019 has to do with the sample of the study: In Austria, the Amazon marketplace is significantly more popular than in Switzerland. Among Swiss online retailers, the marketplace **ricardo.ch** follows in third place with 15 percent, which is slightly less than in 2019 (see Fig. 13). **Microspot**, a subsidiary of Swiss supermarket chain Coop, was able to almost triple its market share among retailers after the exit of Siroop: 13 percent of Swiss online retailers already sell their goods via this digital marketplace in 2021, compared to five percent back in 2019.

The auction platform **eBay** does not make it past a share of eight percent among retailers, because it is dominated by mainly private vendors. At seven percent, **shöpping.at**, the new Austrian marketplace, was named most frequently by Austrian retailers. **Zalando** not only reported a record year in terms of customers and sales, but the fashion platform is also becoming increasingly popular among online retailers (six percent in 2021). Zalando will likely continue to grow in the coming years, as it offers small, fashion retailers with physical stores a cost-effective way to sell their goods on the international market using Zalando's "**connected retail**" option while selling regionally at the same time.

With a four percent share of traders, **tutti.ch**, the classifieds format of Swiss media group Tamedia, follows right behind Zalando. **shöpping.at**, the new Austrian marketplace, had the same number of mentions in Austria. Surprisingly few, only two percent of the online retailers surveyed, use **Asian marketplaces** such as Alibaba, AliExpress, Tmall, or jd.com. The same number sell via the Swiss platform **anibis.ch**, which is less than in 2019, when it was five percent (see Fig. 13).

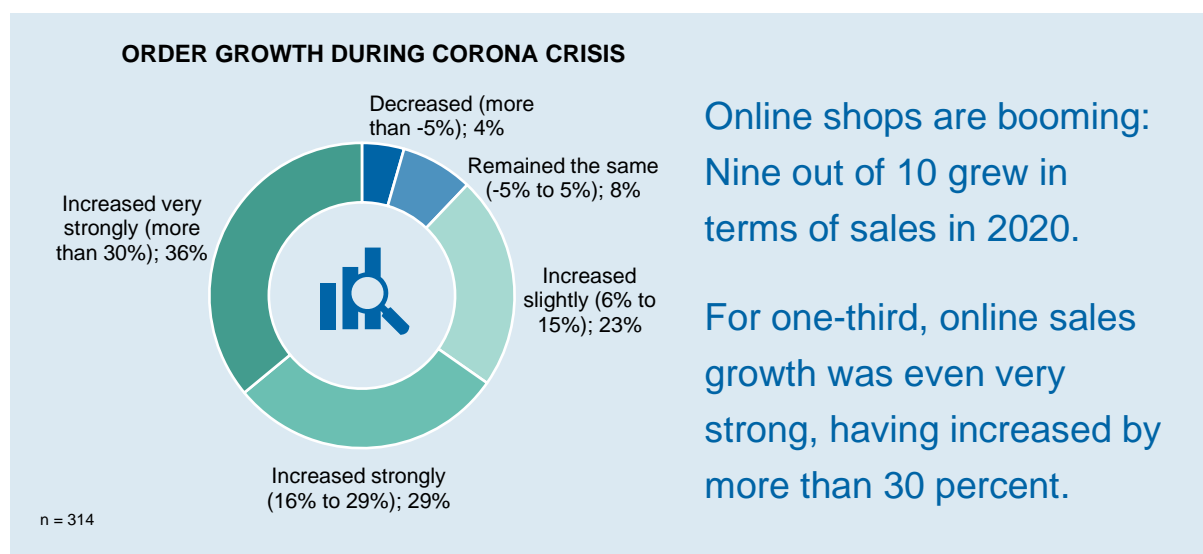
Looking at the Austrian market, it is noticeable that this is less concentrated among the marketplaces. In addition to **shöpping.at**, Austrian retailers also sell via **anna-kauf.at**, **otto.at**, and the regional marketplace **regionale-shops.at**, each with one to two percent of mentions.

Other virtual marketplaces and platforms ("others") include ansalia.ch, atalanda.com, artsy.net, avcadostore.de, bestseller-shop.ch, bestswiss.ch, boutiquery.ch, ece.com, e-guma.ch, farmy.ch, Google Merchant, kaufland.de, laredoute.ch, manor.ch, Migros Online, regionalis.shop, stadlandkind.ch, toppreise.ch und willhaben.at and in B2B brack.ch, gryps.ch, hogashop.ch, meplato.com, mercateo.com, supplyon.com.

2.5. GROWTH IN ORDERS DURING THE CORONA CRISIS

E-commerce has been **booming** since the Corona crisis. This finding is not new and has also been discussed in earlier studies (HANDELSVERBAND.swiss 2021; Wölfle & Leimstoll 2021; Zumstein & Oswald 2020). However, the extent of this growth in sales is surprising, as Fig. 14 shows: 88 percent of the 316 online shops surveyed grew overall in 2020 compared to the previous year. Of these, 23 percent of online stores saw growth increase slightly, between six and 15 percent. Twenty-nine percent grew strongly, between 16 and 29 percent, and for 36 percent of online stores, **sales growth increased very strongly** (over 30 percent). These, coronavirus-related, sales growth figures are unusual and reminiscent of the boom times of the 1950s and 80s. Only eight percent of retailers report that online sales remained the same in 2020, with between minus five and plus five percent growth. Only four percent of the respondents saw their online shop sales declining last year.

Fig. 14: How much has the sales of your online shop grown overall in 2020 compared to the previous year?



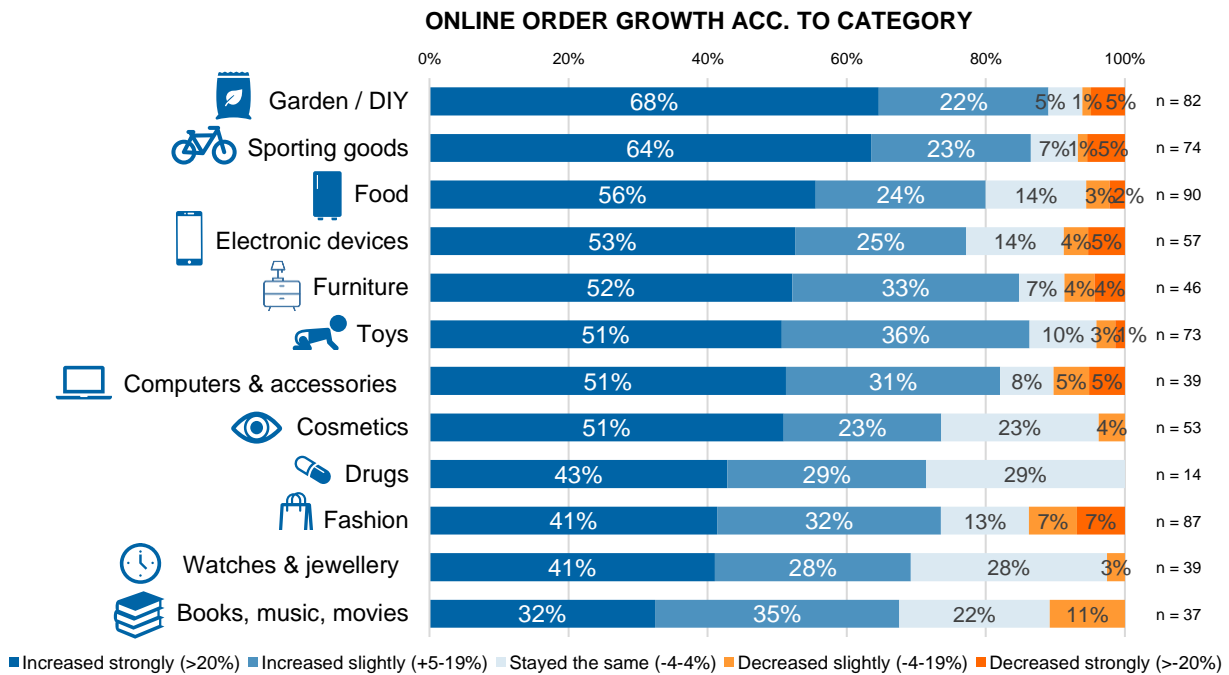
A further question of the study focused on how the number of **online orders for the product ranges** or product groups in the online shops has developed since the start of the pandemic in March 2020. Fig. 15 clearly shows that online orders for all product groups increased slightly or strongly (more than 20 percent) in 2020 compared to the sales period of the previous year.

Since the coronavirus crisis, the number of orders in the **garden and do-it-yourself (DIY)** segment have increased the most overall: They decreased sharply (more than 20 percent) or slightly (minus five to minus 19 percent) for only three percent of respondents while orders remained the same for five percent. For 22 percent of respondents, orders increased slightly, and for 68 percent of them orders for garden and DIY products increased strongly by more than 20 percent compared with the previous year. This strong increase in orders can be explained by changes in consumers' work and leisure behavior. In spring 2020, a great many home and garden products were ordered when people had to stay at home and spent a lot of time looking after their homes, balconies, terraces, and gardens.

The second strongest growth in e-commerce was in the **sporting goods** sector: For two-thirds of the online shops, online sales of sporting goods grew by more than 20 percent year-on-year, while a further 21 percent recorded slightly growing sales (in Fig. 15). Only for seven percent of them, sporting goods sales were the same or down. For example, more **bicycles and e-bikes** were sold online than ever before.

Online grocers have been among the big winners since the pandemic, with more than half of them selling more than 20 percent more food online compared to 2019, and another quarter selling at least five to 19 percent more. The Swiss duopolies Coop and Migros also had two record years. Temporarily, the share of grocery online sales quintupled at times from three percent to as much as 15 percent.

Fig. 15: How did the number of orders for the following product groups change in your online shop in the Corona year 2020 compared to 2019?



Online orders in the home and living, sports, and food segments have grown the most since the coronavirus crisis.

Cosmetics also grew strongly online for more than half of the retailers surveyed, and slightly for a quarter of them, with sales only declining in rare individual cases (four percent). Very similar figures can be observed in the **toys and furniture** sectors: Online order growth was strong for half, and slight for a third of online retailers.

While **multimedia and electrical appliances** were still in very high demand online in the spring of 2020 (Zumstein & Oswald 2020), demand flattened out later in the year, with 47 percent reporting strong sales growth and another 29 percent at least slight growth. It was a similar story for non-prescription **drugs**, which have seen increased demand online since the coronavirus crisis. Three out of four online pharmacies or drugstores grew slightly or strongly.

Watches and jewellery are also increasingly sold online. This sector grew strongly for 42 percent of watch and jewellery retailers, and slightly for another third. Sales in **online fashion** were surprisingly positive: Most online clothing and online shoe retailers reported strong growth (45 percent) or slight growth (31 percent); only a few recorded a decline in orders (a strong decline for seven percent and a slight one for five percent), partly due to changes in consumers' leisure behavior.

For **computers and accessories**, strong (41 percent) or slight (37 percent) sales growth can also be observed; only a few online retailers (seven percent) saw a slight or strong decline in orders. Now that everyone has finished equipping their home offices, the strong sales growth from the first half of 2020 has declined in relative terms (see Zumstein & Oswald, 2020).

Online orders for products such as **books, music, and films** (including downloads) rose by 56 percent year-on-year overall, far outstripping the 16 percent decline.

Tab. 2 shows a further 13 product groups for which online orders increased sharply year-on-year in 2020.

Tab. 2: Number of other products and product groups mentioned (n = 82)

#	Other product groups	Number
1	Arts & crafts, gifts	7
2	Wine & luxury food	7
3	Household appliances & goods	6
4	Building supplies & tools	6
5	Drugstore & health products	3
6	Car accessories	3
7	Business & office supplies	3
8	Stationery & packaging	2
9	Camping & outdoor	2
10	Home textiles	2
11	Erotic goods	2
12	Pet supplies	2
13	Baby & children's articles	2
14	Contact lenses	1
15	Facemasks & disinfectants	1

Fig. 16: After the Corona crisis, do you expect a higher share of online orders in the long term?



Following the exceptional increase in orders in Swiss e-commerce in 2020, the question frequently arises as to how sustainable this growth will be over the longer term. When asked whether online retailers “will have a long-term or sustainably higher share of online orders overall after the Corona crisis”, one in five responded with “**yes, strongly sustainable sales growth**” (see Fig. 16).

A high proportion (23 percent) of online shop operators therefore believe that the current e-commerce boom will continue strongly. A surprisingly large number (69 percent) expect “**moderately sustained sales growth**”. In total, nine out of ten online retailers in e-commerce therefore expect overall sustainable sales growth. Only four percent each forecast only temporary growth or no growth at all.

In the current **e-commerce boom**, the majority of online shops benefited in four ways: Firstly, customer purchases shifted from offline to online; secondly, demand for many product ranges increased; thirdly, new customers were acquired online; and fourthly, existing customers made even more and/or more frequent purchases online, as the two following sections show.

2.6. ACQUISITION AND TURNOVER OF NEW CLIENTS AND CUSTOMERS

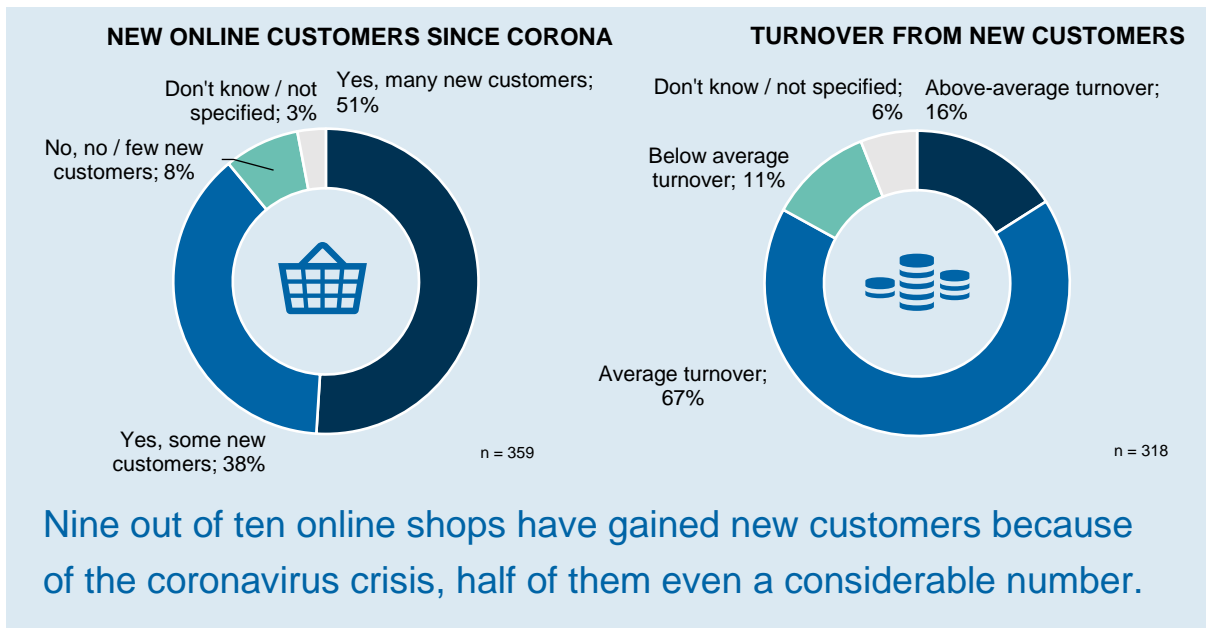
When asked whether a relatively **large number of new customers** had been acquired in their online shops since the start of the coronavirus crisis, the results were astonishing (see Fig. 17): 89 percent of the online retailers had acquired new customers, and more than **half had even acquired a very large number of new customers**. Only eight percent stated that they had acquired few or no new customers. This strong growth in new customers is remarkable and, in many cases, comes at the expense of the stationary retail trade.

In response to the follow-up question about **revenues involving new customers**, the following distribution emerged, as can be seen in Fig. 18: 16 percent achieved above-average turnover and for two-thirds, this was average. For 11 percent of the respondents, new customer turnover was below average.

It can therefore be concluded that the new customers acquired during the coronavirus crisis do not generate significantly more revenue for most online retailers than existing customers, which will be discussed in the next section.

Fig. 17: Have you gained a relatively higher number of new customers in the online shop since the start of the Corona crisis?

Fig. 18: How much revenue do your new customers generate?



2.7. TURNOVER AND PURCHASE FREQUENCY OF EXISTING CUSTOMERS

The question about the development of online sales and purchase frequency of **existing customers** of online shops revealed surprising results, as can be seen in Fig. 19. One in five online retailers reported that customers **not only bought more frequently online** since the coronavirus crisis, **but that they also bought more**, i.e., at a higher volume or with a higher basket value. For 18 percent of the online retailers, existing customers did not buy more, but they bought more frequently. One in ten reported a higher volume, even if the purchase frequency of existing customers remained the same. For a good third of retailers, existing customers purchased the same amount and with the same frequency in the online shop as before the coronavirus crisis.

Retailers operating their own online shop have been able to profit from the e-commerce boom in three ways: Firstly, almost all have gained new customers, and secondly, half have **sold more frequently and/or more to existing customers online** than before the coronavirus crisis. However, this extraordinary growth in new and existing customers depends on an effective e-commerce strategy, a suitable product range policy, professional marketing (see Chapter 3), and the ability to master the various challenges discussed below.

Fig. 19: Since the start of the Corona crisis, do your existing online customers order more often (at a higher frequency) and more (at higher volumes) than before?



2.8. CHALLENGES IN E-COMMERCE

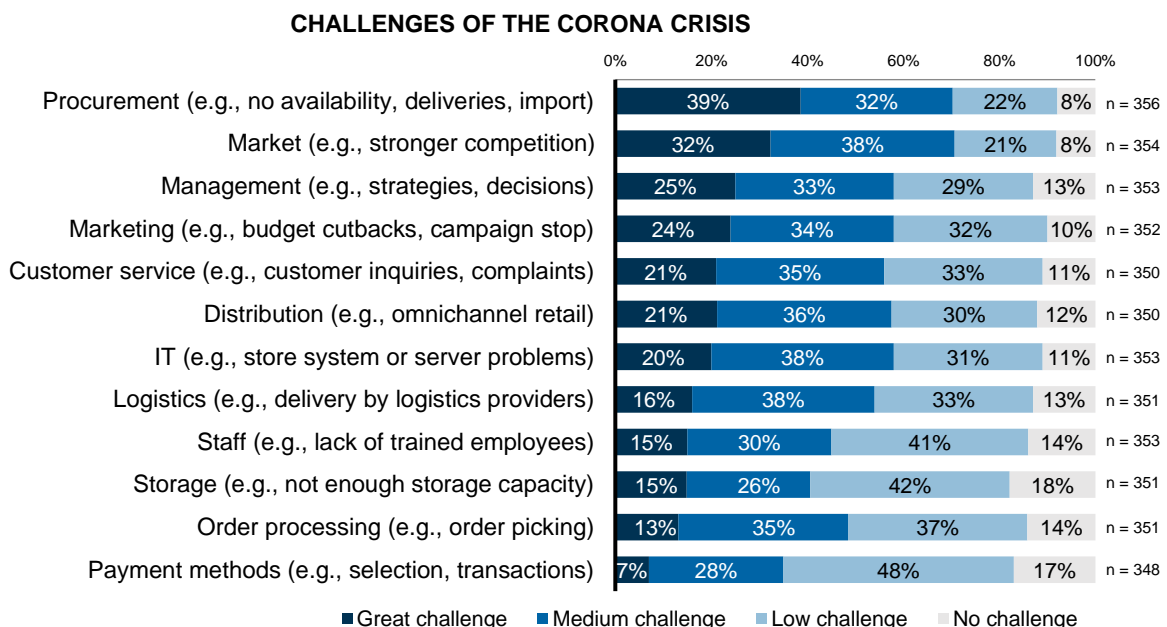
An annual survey on the current challenges in e-commerce has been conducted since 2018. The study results show that the challenges faced by online retailers are constantly shifting (see Tab. 3). In the last coronavirus year of 2020, the focus was primarily on **management**, as decisions regarding personnel, the implementation of protection measures, the introduction of working from home, and strategy or product range alignment had to be made on a daily basis. Currently, the main problem seems to be **procurement**: Seven out of four online retailers report that their suppliers cannot deliver or that they can only deliver with delays (see Fig. 20). Especially importers are faced with many problems because international supply chains have become interrupted, are slower, and/or more expensive.

The **market** ranks second in the current barometer of e-commerce problems. 70 percent of retailers agreed that, for example, increasing competition and price competition in the market represent a major or medium challenge. In 2020, the market was even less of an issue, ranking only ninth, with 25 percent of retailers agreeing (in Tab.3). **Marketing** is also seen as a major challenge by 21 percent of respondents and as a medium challenge by 35 percent of them. Specific challenges include rising costs or prices (especially for Google and Facebook), growing complexity, reduced effectiveness and efficiency, or budget cuts.

Customer service currently remains a major (21 percent) or medium challenge (38 percent) for online retailers when it comes to the increasing number of customer inquiries or complaints. The situation has also worsened considerably with regard to **information technology** (IT): while just 25 percent agreed with this problem in 2020, more than twice as many agreed with it in 2021, at 58 percent (see Tab. 3). **Sales** also became more difficult in 2020 and 2021: 18 percent see major challenges, and another 36 percent see medium challenges when it comes to click-and-collect or omnichannel sales, for example.

Order processing, i.e., the timely handling of the high number of orders during the Corona crisis demand shock, posed a key challenge for online retailers in the first half of 2020. In the meantime, most retailers have effective ways to handle their order processing, such as picking and commissioning, as they have taken appropriate measures and increased resources. Only 48 percent still consider picking and order picking to be a challenge.

Fig. 20: In which areas do you currently expect the biggest challenges for your online shop?



Today, the biggest challenges in e-commerce are procurement and a very dynamic, competitive market.



In contrast to 2020, the processing of high order volumes is no longer one of the biggest problems.



Tab. 3: The worry barometer of online trade (medium/major challenges from 2019 to 2021, in percent)

#	Challenge 2021	In %	Challenge 2020	Naming %	Challenge 2019	In %
1	Procurement	71	Management	70	Market	81
2	Market	70	Procurement	55	Marketing	73
3	Management	60	Order processing	47	Data	65
4	Marketing	58	Customer service	46	IT	60
5	IT	58	Logistics	44	Logistics	44
6	Distribution	57	Distribution	29	Organization	42
7	Customer service	56	Storage	28	Finance	40
8	Logistics	54	IT	25	HR	41
9	Order processing	48	Marketing	25	Procurement	38
10	Storage	41	Market	21	Storage	38

Almost half of the online retailers stated that they had experienced medium or major **logistics** problems in spring 2020. The large volume of parcels shipped poses a challenge for many logistics providers, and the logistics situation does not appear to have eased in 2021 either (see Tab. 2, where the issue is in eighth place).

With 41 percent being in agreement, many online retailers also see a major or medium challenge in the **storage** of products. In absolute terms, this is significantly more than the 28 percent cited in 2020, even if the storage problem slipped to 10th place on the problem barometer of 2021.

In general, online retailers appear to be **facing many more challenges** in 2021 than in recent years. Despite or because of this growth, the worry lines of online shop and digital managers will not have become smaller. Both strategically and operationally, the majority is still struggling with various challenges. Although the online business is going very well for almost all manufacturers and retailers, e-commerce is not a sure-fire recipe for success. There are numerous problems to be solved on a daily basis.

By answering an open question, the online retailers were able to add **further challenges**. Two smaller online retailers saw a major challenge in the "*implementation of corona laws and other legal requirements*." One online shoe retailer reported great difficulties in "*recruiting staff in the IT and development area*." Another study participant reported challenges with "*customs duties and high shipping costs to the European Union (EU) area*." Customs clearance is generally a major challenge in cross-border e-commerce, as the Online Retailer Survey 2020 showed (Zumstein & Oswald 2020).

Other online retailers report the "*challenge of search engine marketing*," i.e., of being listed advantageously on Google and being found by customers. Another online retailer finds it difficult to find the right mix of keywords in Paid Search.

The e-commerce boom is presenting the majority of online retailers with ever greater and different challenges.



2.9. IMPACT OF GROWTH ON WAREHOUSE AND LOGISTICS CAPACITY

Online retailers who found warehousing or logistics to be major challenges were asked what **impact the growth in sales** had on planning for warehouse or logistics capacity. Several responded that warehousing and logistics **planning** was becoming increasingly difficult. For example, one participant wrote: *"In the context of challenging supply chain management and uncertain consumer sentiment, as well as raw material shortages during Corona, it is becoming more difficult to manage a warehouse with a smooth turnover of goods."* A representative of one of the largest Swiss department stores wrote, *"Long-term planning in warehouse and logistics capacity is difficult and, more importantly, involves a high investment."* Online retailers agree that their warehouses and logistics are high **cost drivers**. According to online retailers that were unable to increase warehouse capacity due to order growth in 2020 and 2021, customers had to make do with *longer delivery times*. One online retailer wrote about the frequently mentioned **expansion**: *"We had to decide whether to significantly expand the warehouse or cancel the whole thing. We decided on a strong expansion. Many optimizations were pushed faster by Corona, which is still very helpful to us now."* Another retailer wrote: *"We had to start up a new depot for our furniture."* An online retailer solved the storage and logistics problem by *"renting outside storage capacity and introducing a two-shift operation."* One bicycle retailer stressed the time and cost aspects of **renting additional storage**: *"We are thinking about renting storage capacity off-site. However, this would then have an impact on the speed of processing orders and of course drive up costs."* A large online retailer of household goods solved the storage problem with additional **drop shipping**, sending goods directly from third party warehouses to the customers.

Another online shop mentioned **overfilled warehouses and converted shop spaces**: *"Our warehouses are overflowing (close to collapse) because we are trying to avoid supply bottlenecks by stocking more. We immediately began optimizing our warehouses and have permanently converted shop space into storage space. 40% of the workforce is unable to work due to 'long Covid', so there is an acute shortage of staff"*.

Online retailers solve the warehousing problem by expanding their warehouses, renting additional space, or increased drop shipping.



2.10. MEASURES IN THE CORONA CRISIS

The 365 online retailers were asked which important measures they have implemented and maintained since the beginning of the Corona crisis in terms of, for example, the budget, warehousing, personnel, or distribution. As the word cloud in Fig. 21 shows, many measures concern **personnel**. For example, the majority of online stores **hired new staff**. For some online retailers, the increase in staff affected the entire organization: One pure player reports, *"we expanded staff in all areas,"* and another *"we have 100% more staff in e-commerce and marketing,"* An online seller of undergarments wrote: *"We've increased staff, added more production facilities, and expanded the online store."* Particularly in picking and commissioning, some respondents spoke of packing stations, and in the warehouse, staffing was expanded due to the rapidly growing number of online orders. For many online shops, additional employees were hired on a permanent or temporary basis and **staff were trained**. Staff assignments were made more flexible in some companies. **Working from home** remained a frequently mentioned personnel measure in 2021. To this end, IT hardware and software needed to be installed at home, and new work processes were created. For example, one B2B participant wrote: *"The IT infrastructure for staff working from home and the logistics process for end customer deliveries (small deliveries) were optimized"*.

The case of people working from home, where feasible, has become well-established as a new form of collaboration.

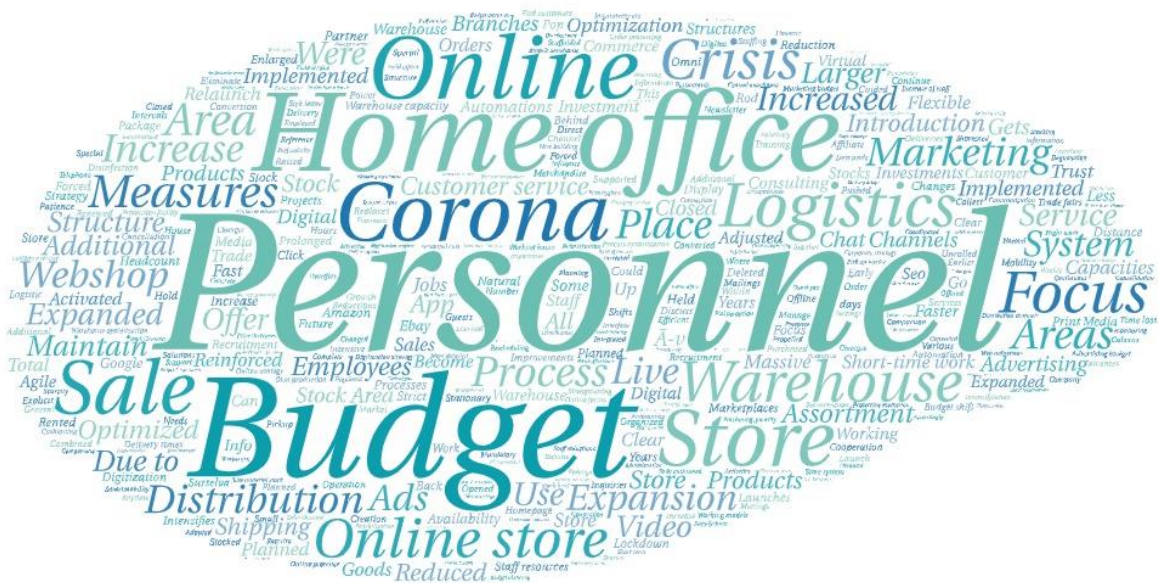


A niche online shop operator summarized measures since Corona as follows: "We have just hired additional employees in customer service, introduced working from home across the company and are now looking for additional fulfilment partners." A large online retailer of office supplies reported: "We are trying to keep staff motivated by means of employee motivation programs, and new working models have been introduced with regard to working hours for people working out of their homes". Respondents reported only positive experiences with regard to working from home. A car accessories dealer put it in a nutshell: "We have learned to work together at a distance. Working from home requires trust; whoever gives trust gets more performance in return as a thank you".


Since the start of the pandemic, numerous **coronavirus protection measures** have been implemented by retailers, such as a mask-wearing requirement, compliance with distancing rules while processing orders in warehouses and logistics, and the installation of protective equipment such as perspex screens and disinfection dispensers. Numerous participants reported on the ongoing efforts to adapt their protective measures to the laws and regulations of the government. For example, one candle manufacturer wrote: "We made numerous adjustments in the retail store to comply with the law. We also hired additional seasonal employees and shifted budget to online." A large bookseller wrote: "We increased staffing levels in logistics and customer service, and thanks to appropriate measures we protected employees from contagion." Another mentioned the following four specific measures: "Mandatory masking or spacing, hand disinfection, coordinated working from home, and larger stock reserves."

Since the start of the coronavirus crisis, many retailers have introduced a **new online shop**. For example, one fashion retailer wrote: "With the Corona crisis, we started with the online shop and marketplaces; before the crisis, we only had the stationary trade". A leather retailer wrote: "We have our own new online shop and homepage." A delicatessen retailer spoke of "creating a completely new online shop." Numerous retailers **expanded their online stores** or gave them a **redesign**. An organic retailer quoted, "We are currently redesigning the web shop. Before that, we doubled the storage space and increased the staff resources."

Fig. 21: Word cloud on responses to the question, "What activities have you implemented and maintained since the start of the Corona crisis (e.g., budget, warehousing, HR, or distribution)?"



n = 233

Many online retailers reported that personnel, warehouse space, and digital marketing budgets have been increased. 

They are investing more in their digital business than ever before.
And new e-commerce strategies and concepts are emerging.



A retailer from Liechtenstein used the coronavirus crisis as an opportunity and focused fully on *“the relaunch of the online shop: new technology, new design, and new product ideas and content”*. In the context of measures due to the growth in orders, an eyewear retailer mentioned *“the relaunch of the online shop and improvements to the logistical structures behind it.”* And a retailer of fitness products wrote: *“We made many improvements in the online shop, for example in the checkout, and we increased its visibility.”*

In addition to staff and online shops, there was also frequent investment in **warehousing**. **Warehouse capacities** were systematically expanded by most retailers. Numerous online retailers had learned their lesson from the supply bottlenecks in spring 2020 and **increased their stock** in 2021. One toy retailer, for example, said: *“We have stocked up because of the possible delivery problems in the fall.”* Some retailers set up national or regional **interim warehouses**, others expanded capacity by **renting warehouse space**: *“We have organised ourselves differently internally, rented additional warehouse space, and expanded and converted our online presence.”* A large mail order company introduced two-shift operation in its warehouse. One of the largest sports brand manufacturers wrote: *“The aim was to sell all products via e-commerce in order to free up the warehouse”* A fast-growing shoe retailer in eastern Switzerland also *“digitized the entire warehouse.”* A large gift retailer implemented the following three typical measures since the coronavirus crisis: *“We expanded the warehouse, created additional jobs, and bought more merchandise.”* Since Corona, a home electronics giant *“ships directly from store inventories, have reduced non-essential inventory, and restructured our headquarters to make the organization more agile and efficient.”* Others have also streamlined their **logistics processes**. According to one bicycle retailer, *“We have increased efficiency in logistics, increased staff, and expanded customer service.”*

In terms of the **budget**, many online retailers have made adjustments since the start of the coronavirus crisis. *“A budget shift to better performing channels”* was frequently reported. One international electronics wholesaler spoke of a *“clear budget shift towards online.”* Some budget adjustments were related to marketing: For example, an office and warehouse supplier reported a *“budget shift from in-person sales to SEA.”* A small online retailer wrote, *“We have invested heavily in marketing (Google Ads).”* A distributor of hair and beauty products wrote: *“We have increased our budget. We have also switched to more flexible working models such as working from home and virtual collaboration, and to shift work in logistics.”* A ski manufacturer created an online store overnight and the budget and staff were increased accordingly. One of the largest online retailers of multimedia and electrical goods confirmed that since the start of the coronavirus crisis, *“budgets have been significantly increased, warehouse capacity created, and the staff structure increased.”*

Not only budget amounts but also the **forms of budgeting** were changed. For example, one of the largest Swiss online shops wrote: *“We have moved away from the annual budget and introduced a rolling budget process.”* One online retailer summed this up in a way that was representative of many: *“We made large investments in IT and in the shop system. Another measure was the massive expansion and automation of shop processes. We also intensified staff recruitment and converted and expanded our warehouse.”* One gift retailer summarized four typical measures: *“We have increased the budget to take advantage of opportunities and increased storage capacity. Procurement was moved significantly forward and planned more long-term. Our staff worked from home, and we introduced new tools and meeting types to promote online collaboration.”* One of the sporting goods retailers also wrote *“prioritizing all digital projects, increasing capital budgets, and recruiting additional online staff.”*

All online retailers had to react quickly to increase capacities in warehouse management and logistics.



Not only big online shops but also smaller ones and start-ups in niche sectors are currently increasing their e-commerce presence. This should encourage every founder and entrepreneur.



Regardless of the industry, many retailers have been strengthening their **online presence** since the coronavirus crisis and investing in presenting themselves in their best light. Many small niche online shops are experiencing strong growth, which is challenging many managers in terms of personnel and organisation. For example, a specialist online retailer of honey and truffle specialities wrote: *“We have expanded our web shop and optimised the warehouse and the delivery process.”* An undergarment manufacturer proudly reported: *“Since last year, we have had a new web shop, fully integrated in ERP.”* Since the coronavirus crisis, more and more investments are being made not only into the shop systems but also **information technology** (IT) and surrounding systems such as enterprise resource planning (ERP). One retailer subsumed, *“We had to expand IT and analytics to handle the massive increase in online orders.”* Another pure player of housewares wrote, *“We implemented a new ERP for fully automated order processing, hired more staff, and doubled warehouse space. In addition, the budget and inventory, and new internal structures were created and new product categories were introduced in the range.”* A fashion retailer concluded, *“We introduced middleware at the beginning of the Corona crisis, hooked up with both Amazon and Zalando marketplaces, and set up our own online shop.”* A Swiss online retailer also emphasized the growing sales relevance of **digital marketplaces**: *“We are focusing on automating the interface to Digitec Galaxus.”*

A small wine merchant mentioned the relevance of an omnichannel approach: *“We are investing in a new online shop and in a pop-up store. At the same time, we have increased the marketing budget.”* Adjustments to and expansion of **sales channels and partners** were mentioned several times. One furniture retailer, for example, admitted: *“In addition to working from home and the commissioning of a new furniture depot, the inclusion of new sales partners for furniture deliveries was an important measure.”*

Expansion and adjustments of **product ranges** were permanent topics for many online retailers in both 2020 and 2021. One photo products retailer has implemented the following four measures since the coronavirus crisis, which are typical for small online retailers: *“We have cleaned up our range of products, optimized inventory, streamlined staff, and adjusted distribution.”* A leading chocolate manufacturer reported: *“We have opened up our online shop for the entire stock of goods of our company, explicitly strengthened distribution, and introduced new services for logistics.”* One online retailer named the following four measures: *“Focus on online shop, home office, warehouse optimization, and master data optimization.”*

Since the coronavirus crisis, a bicycle dealer has intensified both their advice and sales functions via **telephone and WhatsApp**. Some measures have also been implemented in **customer service**. One participant wrote: *“We had some customer service issues. We have gained goodwill since Corona, for example, when our customers complained.”* Some measures were related to **digital marketing**. One SME is investing more in content marketing. An online retailer of shaving and grooming products is *“investing more time and money in online marketing, especially Google Ads.”* A small, growing fashion retailer also reports *“a new online store and some more online advertising.”* The relevance of **agility in marketing** was emphasized several times: *“Supporting cooperation partners, agile marketing activities, digitalization of products and processes, and working on digital marketing and communication channels were decisive measures.”* As the results of the last online retailer survey have already showed, **knowledge and know-how** in digital marketing is increasingly being built up internally. For example, some online retailers reported that they have *“strengthened and expanded in-house SEA and SEO competencies.”*

Many online retailers report that they have increased their staff, their warehouse space, and their digital marketing budgets.



The topic of **product availability** was also mentioned several times in the open comment field. For example, one bike shop owner wrote: *"We rely on flexible employees who can step in when needed and ordered more products to have in stock. Roughly speaking, we switched from the "pull system" to the "push system" in the supply chain to ensure the availability of certain products."*

Optimization, digitalization, and automation of **processes** are currently an important topic for many online retailers. A stationery store representative summed it up: *"We accelerated our picking processes, selected products specifically for our web shop, and created specific assortment clusters for new needs that arose, for example for people working from home."* The processes of or with employees and IT were adapted and accelerated, as an outdoor retailer explained: *"We worked from home, extended our working hours in logistics, and shortened the life cycles of the ERP and shop software."* The measures implemented since the coronavirus crisis and mentioned most frequently by 234 online retailers are listed by category in Tab. 4.

Tab. 4: The 10 most important e-commerce measures since the Corona crisis in the areas of 1) online shop & management, 2) organization & HR, and 3) warehouse & logistics (in number of mentions; n = 234)

#	1) Online Shop & Management		2) Organization & HR		3) Warehouse & Distribution	
1	Online expanded	27	Hired more staff	41	Stock replenished	26
2	Budget adjusted	23	Kept staff working from home	21	Warehousing optimized	20
3	Processes optimized	18	Protective measures implemented	5	Distribution adjusted	14
4	Marketing budget adjusted	13	Staff cuts	4	Logistics expanded	7
5	New online shop	12	Sales staff retrained	4	Shipping adjusted	7
6	Online services expanded	10	Short-time work implemented	4	Personnel shifted to warehouse	2
7	Online shop adapted	9	Optimized work planning	2	Offline reduced	2
8	Product range extended	8	Staff retrained	2	Sales channels adapted	2
9	Marketing adapted	7	Working hours extended	2	Sale adjusted	2
10	Digitalization advanced	6	More flexible working models	2	Generally expanded	1

2.11. ORGANIZATIONAL, PERSONNEL, AND CULTURAL EFFECTS

When asked about the organizational, personnel, and cultural impact of online order growth in e-commerce, retailers responded that it was generally large (see Fig. 22 and Tab. 5). Some retailers emphasized the **personnel impact** of this growth: *"Due to the development of new business areas, additional employees had to be hired to absorb the growth."* Several retailers wrote something like this: *"We have expanded the e-commerce team and will continue to do so."*

For one candle retailer, *"growth led to more warehouse capacity and more staff,"* and a grocery retailer aimed *"to strengthen and develop the team."* Many online retailers saw many of their **teams grow**, such as a bicycle retailer, who wrote that *"logistics grew a lot and so did the purchasing department."* This growth also led to *"an expansion of the team"* for an eyewear retailer and to *"more staff and more budget in this corner"* for a sock retailer.

Many retailers emphasized the **organizational impact** of order growth: *"We had to create new structures in e-commerce".* **New e-commerce departments** were set up in some companies or existing ones were upgraded. A large food manufacturer confirmed: *"The online channel has been strengthened and has a higher priority. E-commerce teams are growing, and there is more budget available for networked projects."* Hiring new workers also led to *"building an organizational chart and adjusting process and job descriptions."* Another reported: *"Processes were adjusted, business units were eliminated; others opened. Customer communications were massively intensified, became more direct and persistent."* For one leading grocer, growth *"led to an increasing focus on online business and new strategies for the brick-and-mortar store."*

The coronavirus crisis accelerated the digital transformation and upgraded the e-commerce departments of retailers.



One retailer mentioned a **change in awareness**: “The importance of the online channel is more recognized internally.” One home electronics supplier referred to the “restructuring in all areas and the consistent orientation to changed requirements.” Several participants reported a strong **push towards digitalization** as a result of the coronavirus crisis. The online shop manager of a large department store expressed his satisfaction as follows: “The Corona-related order growth is accelerating digital transformation. This has had a positive effect on the mindset of employees.”

Several retailers demanded that “Digitalization must be intensified.” A large food cooperative referred to **mindset** in the following way: “The e-commerce boom is like a fire accelerator and changes the strategy and mindset in the whole organization permanently.” A car tyre dealer pointed out the **transformation problem**: “Basically, the mindset within the company has to change. Middle management should act as digital leaders to effectively implement both strategy and culture in a digital transformation.” An outdoor retailer wrote: “You slowly notice that online is becoming more and more important and that the focus should not only be on stationary. This is changing a lot within the company right now because before the coronavirus crisis, the first priority was always stationary, and this is now changing.”

The digital transformation demands a **high degree of flexibility and willingness to change** from both managers and employees. As one online beverage retailer put it: “Employees are required to be more flexible with regard to other, new tasks. They have to understand that they have to go along with the change and cannot stick to their previous tasks and do what they have always done until now. We prefer to redeploy existing employees to the online area and to processing online store orders than to lay them off because there is less in their previous area of work.” Some retailers are calling for reorientation and flexibility.

The **highly dynamic nature** of e-commerce is challenging many retailers. As one of them summed it up, “Everything has to be faster and more agile. For many employees, this is a challenge, as daily business changes dramatically in just a few years.” Older employees, in particular, are often overwhelmed by the high dynamics. As one retailer wrote: “Digitalization hits older employees hard.”

Fig. 22: Word cloud on the answers to the question: “What organizational, personnel, and cultural effects does online order growth have on your company?”



n = 246

The e-commerce boom created many new jobs and new types of job profiles with new requirements.



Strong e-commerce growth reinforces a digital mindset as well as, cohesion and solidarity in teams.



For many, online growth not only led to the creation of additional jobs, but also to **new types of job profiles**. As one shoe retailer specified: *“The e-commerce boom led to a doubling of the workforce, the creation of new job profiles, many new IT partners, and the direct connection of suppliers to the ERP and the online shop.”* Another confirms that **personnel requirements** have changed: *“There are many new demands on employees, also in consulting and service.”*

Many online retailers are currently looking to build and expand e-commerce **expertise and knowledge**: *“More online expertise is needed”* and *“staff training, the development of online strategy, and adjustments to marketing campaigns.”* A leading sporting goods distributor confirmed: *“The expertise of the existing staff is not sufficient to implement the development at the desired pace.”* A smaller underwear manufacturer wrote: *“The increase in online ordering has meant that we have grown a lot as a business overall, and of course it was important to train our staff to cope with this, too. We have to organize our warehouses differently as everything is always in stock in our online shop.”*

The huge growth in e-commerce has mostly had a positive impact on team solidarity, **cohesion, and collaboration**. *“We work more with each other,”* wrote one respondent, and another: *“Different teams work together more intensively and across divisions.”* An e-commerce executive noted that *“more staff also requires more coordination.”* One of the largest online retailers saw the following consequences: *“A lot of new jobs have been created. The trust in employees working from home has been justified. There is a strong sense of cohesion.”*

One gift retailer expressed a similar opinion about **corporate culture**: *“We had to make new plans. In terms of organization and personnel, for example, we had to create new positions in logistics and customer service. Culturally, the change was quite positive and collaboration worked very well for the most part, despite significantly less personal contact.”* One contact lens retailer had high praise for his team, saying: *“The organization is set up to constantly improve. The team has achieved great things in Corona March 2020 and the cohesion has become greater.”* A bookseller confirmed, *“Like all exceptional situations, Corona has welded the company together. Everyone helps everyone and wherever it is necessary in the service of the customer.”*

In the case of several SMEs, among them a dealer in smoking products, the **culture** has changed little despite the growth: *“If you have more orders, you need more people to process them. The culture question may arise with Amazon or Zalando, but not with owner-operated small and medium-sized businesses.”*

Some online retailers reached their **limits** due to the large number of online orders. One online retailer reported openly: *“At a certain point, the employees were tired and exhausted. It was difficult to motivate them because you didn't know when the rush would subside. Of course, the Corona measures made the whole operation much more difficult.”* Two small online retailers also noticed the limitations of growth: *“Due to the growth, it is no longer possible for us to run our business with a small staff. We've also had to optimize work processes in order to be faster and more efficient.”* Some online retailers **put the brakes on growth**: *“We needed more staff, we had more stress, and marketing activities were kept to a minimum because, otherwise, we would have had too much growth.”*

An online retailer had to mediate **conflicts**: *“The organizational form had to be adapted, new employees introduced, and team conflicts mediated.”* The growth in orders led to a high **workload** for many online retailers. For example, one representative wrote: *“We had an enormously high workload, but this has now levelled out again.”*

For some shops, the large order growth and replenishment problems led to **a hectic atmosphere and overtime**. A young and successful online plant retailer pointed out the downside of growth: *“We are growing fast, and our organization and culture have to be able to keep up with this, or we have to make sure that we don't forget these aspects as we grow.”* In some teams, the mood suffered to some extent: *“The growth led to additional employees, slightly lower team spirit due to fewer social events, and to more people working from home.”*

The strong growth in e-commerce caused some online retailers to reach their limits, both organizationally and in terms of personnel.



Some omnichannel retailers told us about classic **channel conflicts**. For example, a famous Swiss chocolate manufacturer wrote: *“The offline channels must culturally perceive the omnichannel solution as an advantage for themselves and the company and not fight against it, but use and understand the advantages.”* And according to a furniture retailer: *“Educating brick-and-mortar stores is becoming increasingly important. Online is not a competitor but offers opportunities.”*

Several B2B and B2C online retailers reported an increase in **small goods** shipments since the coronavirus crisis: *“We had more private customer orders: Many more small parcels were sent out, but this did not translate into higher sales.”* For some retailers, there is a lot of work to be done in the future, as one fashion boutique revealed: *“We have to build a new organization, create new jobs, and change existing jobs. We also want to install a culture of quality.”* A leading electronics retailer emphasized the impact of growth on **operations**: *“There is a big impact in various areas, especially operations and category management.”* In future, a former mail order company wants to expand analytics: *“Data is king - we are focusing more on product data.”*

In the case of some online shops with high **scalability**, there were no organizational, personnel, or cultural effects. For example, two of them wrote: *“So far there have been no changes, everything was scalable”* and *“the web shop was well scalable, so there were no major effects. Of course, we hired more employees.”* One of the large sporting goods retailers is optimistic about the impact of growth: *“Our focus is even more on the online shop. Additional budgets and resources will be approved without discussion in the future.”*

As discussed in the next section, e-commerce order growth will continue for some time, which will require additional financial and human **resources**. For example, a typical response from a study participant was: *“In the long term, we need more FTEs in the digital segment.”* An outdoor manufacturer also spoke of *“increasing staff and an organizational focus on digital sales.”* A cosmetics manufacturer predicted *“more resources for the online business.”* For a large retailer in the area of housing, growth requires *“more employees in the area of marketing, IT, web hosting, and fewer in the classic area of purchasing and trading.”*

Some respondents reported that for them the online sales growth has **changed little**. For example, one beverage manager wrote with consternation: *“While we have noticed that online orders have grown, much of the potential has not really been identified and, accordingly, many opportunities are missed. Currently, this has not led to organizational, personnel, or cultural changes.”* Another participant wrote: *“Unfortunately, there is still a lack of understanding concerning change.”* Tab. 5 summarizes the 10 most frequently cited organizational, personnel, and cultural effects of online order growth.

Tab. 5: The 10 most frequently mentioned organizational, personnel, and cultural effects of online order growth (n = 246)

#	1) Organization & Management	2) Personnel & HR	3) Culture & Cooperation			
1	Strategy & focus	18	Hired staff	41	Change management	11
2	Warehouse and logistics expansion	15	Personal shift	11	Stronger team cohesion	5
3	Systems/IT	8	Work processes optimized	7	More online collaboration	3
4	Digitalization driven forward	7	Induction and retraining	4	Employee motivation	2
5	Omnichannel	6	Increased workload	3	Transformation problem	2
6	Total growth	6	Home office	3	External teams	2
7	Budget adjusted	5	More division of labor	2	Mediate team conflicts	1
8	Automation & scaling	5	More flexible working models	2	Reorientation	1
9	Online shop adapted	4	Know-how structure	2	Communication adapted	1
10	Online expanded	2	More capacity created	2	create transparency	1

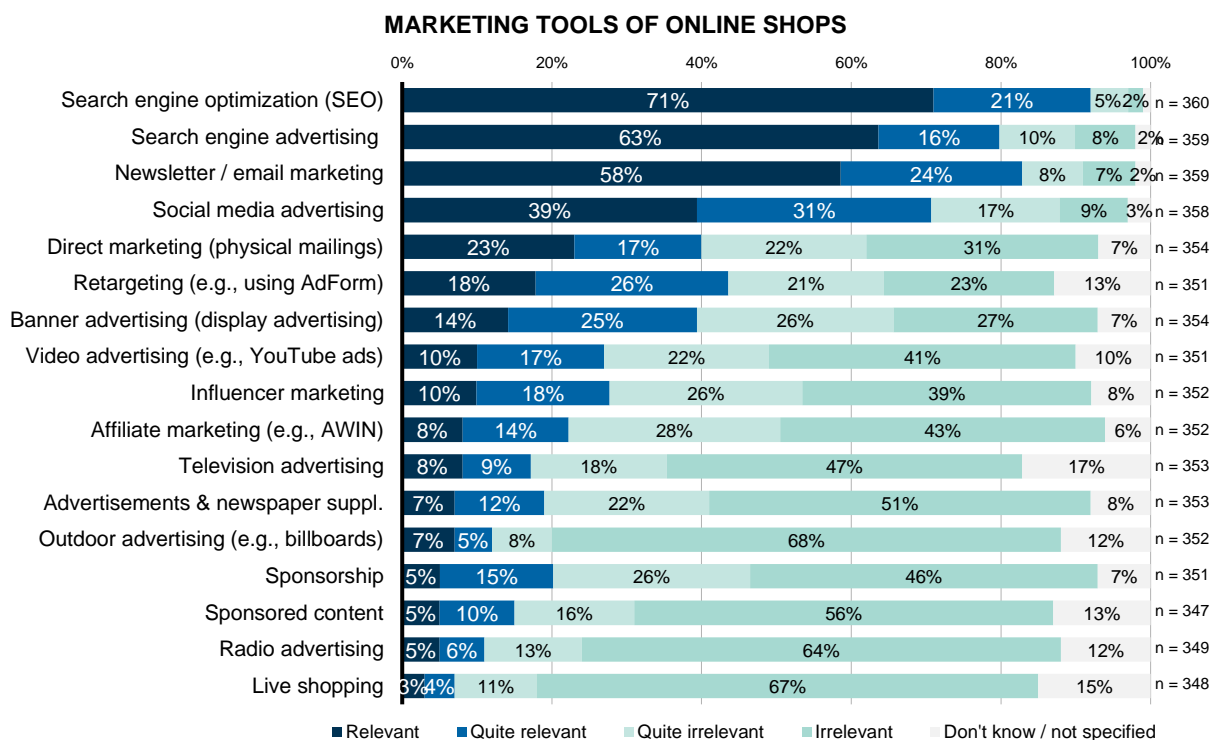
3. Marketing in E-Commerce

Due to the online demand shock, the successful marketing of online shops has become essential. Only those who attract Internet users to their websites and convince them with their marketing and with their products or services can also sell (more) online. This chapter shows which marketing instruments have gained in importance since the coronavirus crisis and which have lost ground. It also provides empirical evidence of how relevant digital marketing has become for online retailers and how much digital marketing budgets have increased as a result.

3.1. MARKETING TOOLS

An important question we asked online retailers was which marketing tools they use to address (potential) customers in order to make them aware of their products and attract them to their online shops (see Fig. 23). Their answers show that **search engine optimization (SEO)** remains the most important digital marketing instrument for almost all online shops: 71 percent of respondents consider it to be an important marketing instrument, and a further 21 percent consider it to be somewhat important. SEO is understood here to mean all measures that aim to make an online shop's products appear in the top positions of the organic search results of search engines such as Google. **Google** is an important source of traffic and revenue for both small and large online shops in B2B, B2C, and D2C of all industries. It is vital for online stores that various specific keywords relevant to their products and sales rank as highly as possible on Google. Therefore, SEO in e-commerce and marketing has become a continuous, demanding, complex, and often underestimated essential task.

Fig. 23: How relevant are the following marketing tools for your company?



Today, no online shop operator can do without search engines, newsletters, and social media marketing.



While search engines and social media marketing are the winners of the coronavirus crisis, advertisements, newspaper supplements, and sponsorship are among the losers.



According to this survey, **search engine advertising (SEA)** is the third most important marketing instrument in e-commerce. SEA is highly relevant for two-thirds of retailers, and rather relevant for one in five. Practically all online retailers place **search engine ads** for their brand or their products or services. The results of search engine advertising, also called sponsored links, keyword ads, or text ads (Kreutzer 2020), generate sales for online shops. Since Google has a market share of over 93 percent in Switzerland and Austria (StatCounter 2021), online shop operators are forced to run **Google ads**. The dependency of online retailers on Google remains high in search engine marketing and has, in many cases, even increased during the crisis. The relevance of search engine marketing (SEA and SEO) has remained consistent over the years, as Tab. 6 shows.

Another digital marketing tool that online shops cannot do without is **newsletter and email marketing**: Three-thirds consider it to be highly relevant, and a quarter consider it to be rather relevant. Newsletters and emails are not only considered important contact points in marketing communication because they draw attention to interesting topics and offers, but they also an effective and efficient instrument for customer retention.

Social media advertising, i.e., ads on social platforms such as Facebook, Instagram, Twitter, LinkedIn, or XING, is also one of the standard instruments of digital marketing. This possibility of addressing attractive customer segments on social media with high reach by means of targeting (e.g., according to topics, interests, age, gender, and location) is for seven out of ten retailers relevant.

By means of social media advertising and classic banner advertising, interested visitors to an online shop can be addressed again on third-party sites, which is called **retargeting**. Almost half of the respondents make use of remarketing instruments, with 44 percent classifying it as relevant for their business. This is significantly less than in 2019, when 57 percent of online retailers rated retargeting as (somewhat) relevant. Behavioral targeting using banner ads will become even less relevant with the disabling of third-party cookies in Google's Chrome browser from 2023 onwards. Thus, retargeting (see Tab. 6) is likely to slip further in the future and lose importance in e-commerce. (Re-) targeting on Google or social media such as Facebook, Instagram, and LinkedIn is not affected by this.

Tab. 6: The 10 most important e-commerce marketing instruments of 2018, 2019, & 2021 ("very relevant/relevant" tools, in percent).

#	Instruments 2021	%	Instruments 2019	%	Instruments 2018	%
1	SEO	92	SEO	93	SEO	89
2	Newsletter / email	82	Newsletter / email	83	SEA	84
3	SEA	79	SEA	82	Newsletter / email	83
4	Social media advertising	70	Social media advertising	67	Social media advertising	64
5	Retargeting	44	Retargeting	57	Retargeting	52
6	Direct marketing	40	Direct marketing	52	Direct marketing	50
7	Banner advertising	39	Banner advertising	51	Banner advertising	50
8	Influencer marketing	28	Advertisements / posters	39	Advertisements / posters	38
9	Video marketing	27	Sponsoring	35	Influencer marketing	32
10	Advertisements / posters	22	Influencer marketing	34	Sponsoring	31

Facebook and Instagram ads, as well as LinkedIn ads, are increasingly important for e-commerce in B2B and B2C.



Banner ads have been losing ground since the Corona crisis. With the banning of third-party cookies by Google, the decline of affiliate marketing and retargeting continues.



In the top 10 marketing instruments of online shops, only one offline marketing channel is listed this year: that of **direct marketing** (relevant for 40 percent, see Fig. 23, Tab. 6). Many online shops print **flyers** as packaging inserts, or as advertisements or product catalogues with special offers. Although the instrument of physical mailings has ranked 6th for years, their relevance, according to our survey, decreased in 2021. For years, banner advertising or **display advertising** have ranked seventh among the most popular marketing instruments (Tab. 6). Nevertheless, the oldest form of online advertising seems to be losing relevance. Only one in eight online retailers still considers banner advertising to be relevant, and one in four to be somewhat relevant. Similarly, **video advertising**, such as on YouTube, is relevant for one-quarter of the online shops surveyed. Like the streaming channels Netflix, Disney, and Spotify, this marketing channel is one of the winners of the coronavirus crisis. Video advertising is also likely to establish itself further in this environment and gain market share as an effective advertising format.

Advertisements or newspaper inserts are now only relevant to sales for 22 percent of online retailers. Since the coronavirus crisis, the relevance of advertisements and newspaper inserts has declined sharply, and has been almost halved. Since 2019 (with 38 percent mentioning them (see Tab. 6), the reach of many printed newspapers and magazines has declined significantly. Advertisements and newspaper inserts as marketing communication instruments for online retailers are among the big losers of the coronavirus crisis. Within a short time, **influencer marketing** has established itself in e-commerce and is relevant for 28 percent. In B2C, Instagram and Facebook are the most widely used platforms on which influencers place products or services in exchange for payment and thus authentically advertise them to followers. Similarly, every fourth online shops consider **sponsorship** to be an effective marketing tool, at least when it comes to increasing brand awareness. However, sponsorship has clearly lost relevance: While 35 percent of online shops still rated it as relevant in 2019, this figure is almost half in 2021. This means that sponsorship has slipped out of the top 10 most important marketing instruments.

In **affiliate marketing**, companies place digital ads with an affiliate, such as AWIN or TradeDoubler, which receive a commission according to the number of sales. This performance marketing tool is popular with some online retailers: eight percent consider it as very important, nine percent as somewhat important. Affiliate marketing seems to be losing importance, however, and it no longer made it into the top 10 of online retailers. Classic forms of advertising such as **outdoor advertising**, such as physical **posters** or digital screens along streets, in public places, or on public transport, have also lost considerably in importance. As can be seen in Fig. 23, these are only relevant for seven percent and somewhat relevant for 12 percent of online retailers. **Television and radio advertising** is also losing relevance for e-commerce. Less than 12 percent of retailers still consider TV to be relevant for their business, and for **radio advertising** the figure is only 11 percent. Especially smaller stores or B2B shops cannot afford, or refuse to spend money on, this relatively expensive form of advertising.

Sponsored content and native advertising includes the publishing of editorial content digitally, such as public reports, white papers, studies, or infographics. This form of marketing ranks at the bottom of the chart in Fig. 23 with 15 percent of mentions. **Live shopping** has been increasingly used as a sales instrument in Asia since the coronavirus crisis. In the DACH region, however, live shopping is not yet very common or relevant with only seven percent of mentions.

Sponsoring, which only larger online shops are willing to engage in, is often cut back in times of crisis.




3.2. DIGITAL MARKETING BUDGETS

When the respondents were asked how the digital marketing budget, particularly for search engine, social media, and banner ads, had changed in 2020 compared to 2019, the following picture emerged (see Fig. 24): For one-quarter of them, the **digital marketing budget increased** sharply (more than 20 percent) and for another third, it increased slightly (five to 19 percent). For 27 percent, the digital marketing budget stayed about the same (from minus four to plus four percent), for six percent it decreased slightly (from five to 19 percent), and for two percent, it decreased sharply (more than minus 20 percent).

The growth in digital marketing budgets confirms the results from Chapter 3.1 and other studies that digital marketing has gained further relevance during the coronavirus crisis and that online retailers (have to) pay a lot for digital marketing instruments in order to attract enough customers to their online shops. This confirms the hypothesis that the marketing of an online shop mainly requires digital marketing instruments.

For three-quarters of online retailers, their digital marketing budget has grown slightly or even strongly since 2020

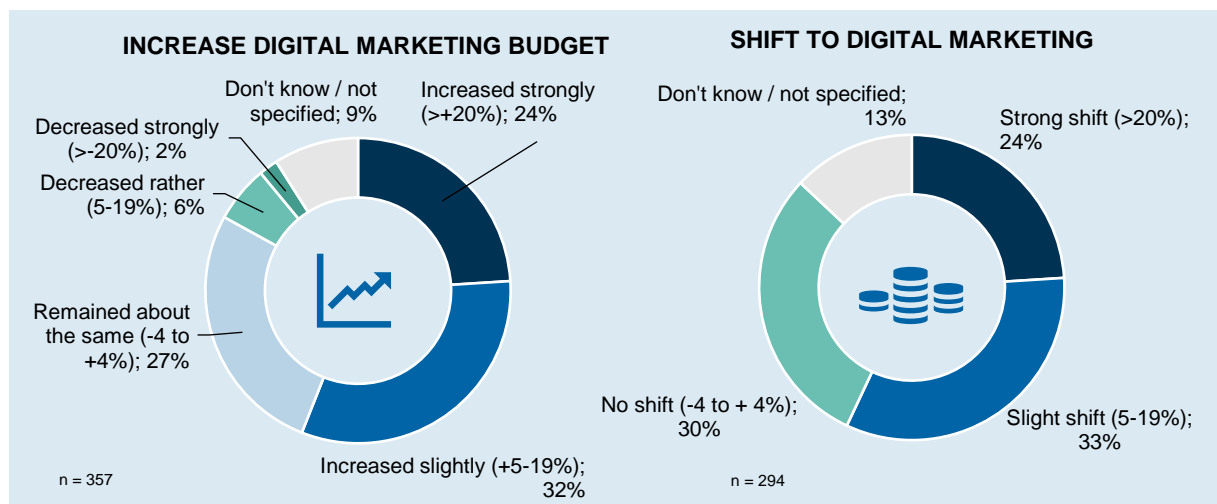


The growing digital marketing budgets of online retailers need to be financed. Since marketing budgets often remained the same overall or, in some cases, were cut during the coronavirus crisis due to economic uncertainties, a **shift from offline to online marketing instruments** can be observed. One in four online retailers confirmed (see Fig. 25) that there was a major shift of over 20 percent towards digital instruments. Almost one third of the respondents reported a slight **budget shift** from offline to online. This shift can again be justified by the increasing relevance of digital marketing, but also by the fact that the effectiveness of these instruments can be precisely measured in digital analytics –using Google Analytics, for example.

Thirty percent of the online shops, there was no budget shift in digital marketing, and one in eight survey participants did not want to comment (or were perhaps not allowed to).

Fig. 24: How did your digital marketing budget (including SEA, social media, display advertising) change in 2020 compared to 2019?

Fig. 25: How much did your budget shift from offline to online marketing instruments?



Digital marketing received a further boost due to the coronavirus crisis. Budgets continued to shift significantly from offline to online marketing instruments.

4. Systems & Services in E-Commerce

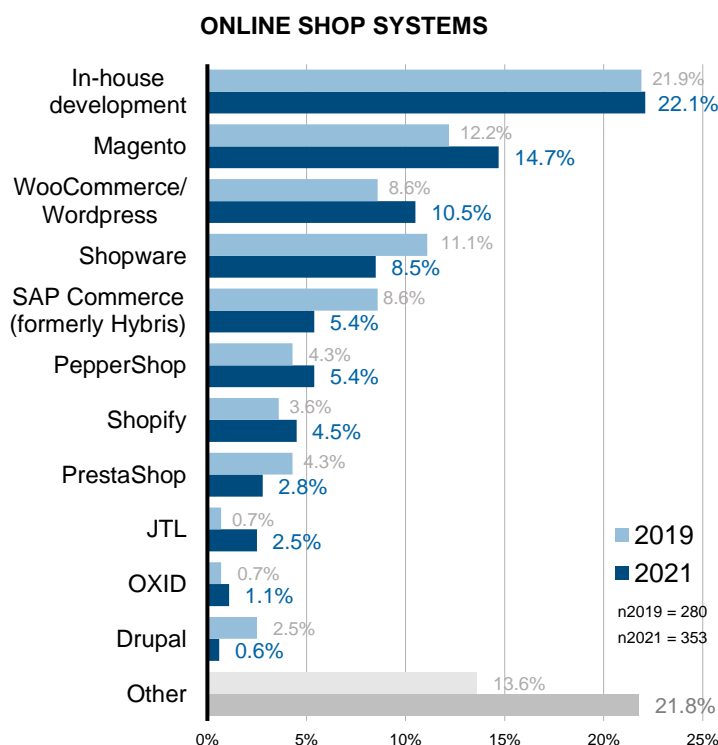
Many large online retailers develop their shop systems themselves while the smaller ones often rely on open-source tools. Nevertheless, there are a large number of software providers fighting for shares in a dynamic and growing market. At the same time, online shops are providing more and more features and services to meet customer expectations. These include guest ordering, discount codes, free delivery, shipment tracking, product reviews, and the recommendation of alternative or additional products. For omnichannel retailers, click-and-collect, a store finder, and displaying the availability of products have also become the standard. Live chat, virtual tours, and video consultations have gained importance among some online retailers since the Corona crisis.

4.1. ONLINE SHOP SYSTEMS

When online retailers were asked which online shop system they use, the answers were similar to those in the 2019 survey (see Fig. 26): The largest proportion of 22 percent of online shop operators developed and operate their **own solution**. Two open-source systems, **Magento** (with 15 percent of mentions) and **WooCommerce** (Wordpress; ten percent), are particularly popular with small online shops. Together with Shopware (nine percent), they are among the most widespread standard online shop systems. They are followed by solutions such as SAP Commerce Cloud (formerly Hybris), PepperShop (five percent each), Shopify (four percent), PrestaShop, and JTL (three percent each). OXID and Drupal were named by rounded one percent of respondents.

Every fifth online retailer used a different online shop system in 2021 that is not listed in Fig. 26. These were not exhaustively listed in Tab. 7. They include Gambio (14 mentions), Jimdo, the Salesforce Commerce Cloud (eight mentions each), Spryker, Oppac, Joomla/Mijoshop, and Pimcore were each mentioned several times. Nopcommerce, OpenCart, Plentymarkets, and Rent-a-Shop were also mentioned twice. In addition, there were many individual mentions. The numerous mentions of different software solutions shows that the market for online shops is very dynamic and competitive, as well as complex and demanding.

Fig. 26: Which online shop system do you use?



Tab. 7: Other online shop systems mentioned

#	Other e-shop systems	Number
1	Gambio	14
2	Jimdo	8
3	Salesforce Commerce	8
4	Spryker	7
5	Oppac	6
6	Pimcore	6
7	Nopcommerce	6
8	Joomla / MijoShop	5
9	Plentymarkets	5
10	OpenCart	4
11	Rent-a-shop	4
12	Intershop	2
13	Lightspeed	2
14	Novomind iShop	2
15	MyFactory Webshop	2
16	Odoo, WIX, TradePro	2
17	Xtc & more	1

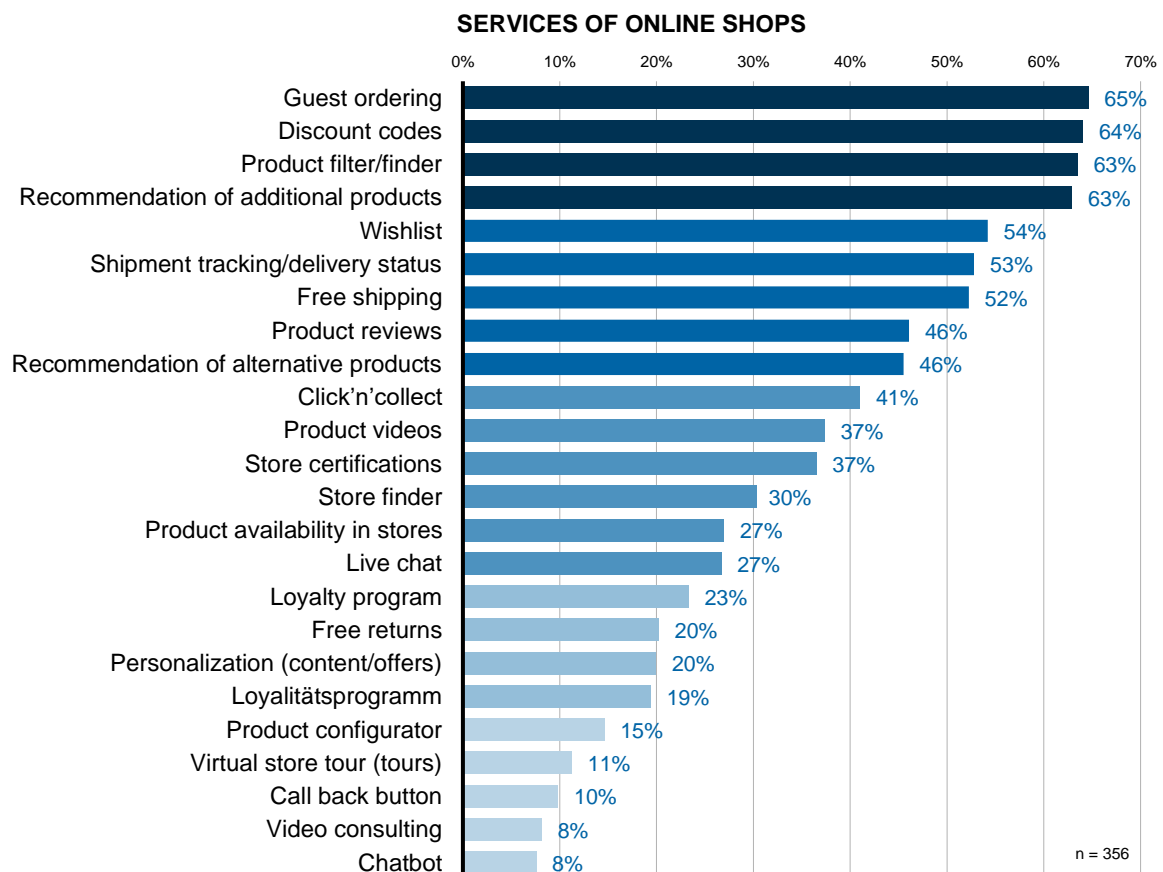
4.2. SERVICES AND FUNCTIONS OF ONLINE STORES

The online retailers were asked which digital **services and features** they offer in their online shops (see Fig. 27). In this context, **guest ordering** was named most frequently, i.e., by two-thirds. Obviously, online retailers are responding to the need of customers who do not want to register in every online shop and log in for every checkout. This has positive effects for online retailers: On the one hand, guest ordering increases the conversion rate and number of purchases among those customers who do not want to create a user profile with email and password. On the other hand, however, fewer user data can be collected and analyzed, and the risk of fraud increases (see Chapter 5.6). For these and other reasons, leading online shops such as Zalando, Coop, or Galaxus do not offer guest ordering.

In second place with regard to important services are **discount codes** with 64 percent of all mentions. Discounts are an effective and popular pricing instrument for the *acquisition of new customers* (e.g., with a discount for the first order or for registering for the newsletter), and for the *retention of existing customers* (e.g., discounts for repeat orders, loyalty, anniversaries, birthdays, or on special days). Discount codes have been proven to increase the willingness of customers to buy, which affects the conversion rate of online retailers (Zumstein & Kotowski 2002). In addition to the search function, **product filters or finders** are usability standard in most online shops (63 percent). Especially with a large product range, filter systems are helpful because they help users find the right products. Similarly, the majority of online shops offer **watch lists and wish lists** to enable customers to save product lists and shop more efficiently.

The **recommendation of additional products** is an important function, which 63 percent of web shops offer. The recommendation of additional products and matching accessories is elementary in cross-selling in order to increase the number of items and the basket value during a purchase. In the meantime, 52 percent of online shops already allow shoppers to track the progress and status of their order shipments. Online queries or e-mails for **shipment tracking** purposes is a major customer need that every seller of physical products should consider. Confirming the survey results of 2019, most online retailers offer **free shipping**.

Fig. 27: What digital services (functions/features) does your online store offer? (multiple answers are possible)



Two-thirds of the online shops now offer guest ordering and discount codes in order to sell more.



Product reviews are an often-used feature that is provided by 46 percent of the online shops. If an online retailer enables product reviews, this increases credibility, trust, and has a positive effect on purchase intention of consumers, on the one hand, and on conversion rates and sales for retailers, on the other. Digitec Galaxus is considered a best-practice example when it comes to promoting, managing, and marketing reviews (see Fig. 28, left). The prominent integration of **reviews of an online shop** can also promote high service quality in a credible and authentic way. Google customer reviews (see, e.g., Lehner Versand in Fig. 28, right) are a practical example of this.

Every third online shop has **certifications** and displays them at the top or bottom of its website. Certificates (such as Trusted Shops), labels (e.g., from consumer protection or testing organizations) or seals of approval (e.g., from trade associations) increase Internet users' trust and willingness to buy, which is also reflected in additional purchases for the online shop in question.

Fig. 28: Example of product reviews at Galaxus (left) and shop reviews at Lehner Versand (Google customer reviews; right)

The image shows two examples of online reviews. On the left, a product page for GALAXUS displays a HAG Capisco 8106 chair with a price of 1242.-, a 4.5-star rating from 17 reviews, and a bar chart showing the distribution of ratings: 88% for 5 stars, 0% for 4 stars, 0% for 3 stars, 0% for 2 stars, and 12% for 1 star. A review by 'christian' is visible. On the right, the LEHNER VERSAND website shows a 'Bettwaren' category, a 'Damenmode' link, and a 'AUSGEZEICHNETER SERVICE' badge with a 4.5/5.0 rating from 95 reviews, verified by LiveChat. Below that is a Google customer review badge with a 4.6-star rating.

Authentic product and online shop reviews have become a differentiation and success factor.



The **recommendation of alternative products** is offered by 46 percent of the online shops. The probability that customers will find the right product is higher if similar products are also suggested to them during the product search ("Customers who bought this item also bought..."). **Click and collect** refers to the ability of customers to collect products ordered online themselves, either from the company's physical store or at another pick-up point. This service is offered by a total of 41 percent of the respondents. In the case of omnichannel retailers, as many as 87 percent offer this service. Click and collect, or **pick-up**, is an important service that has gained in importance with the coronavirus crisis. For example, it enables consumers to collect bulky, fresh, or urgently needed products. Grocery retailers and department stores, such as Coop, Migros, Galaxus, Manor, and Globus in Switzerland, offer a dense network of pick-up locations (see Fig. 29). Some retailers offer *express click and collect*, where the goods are ready to be picked up in the store just one hour after ordering them online.

Fig. 29: Click and Collect using the example of [Galaxus](#) (PickMup; left), [Pick-up](#) (Coop; middle) and [Manor](#) (right)

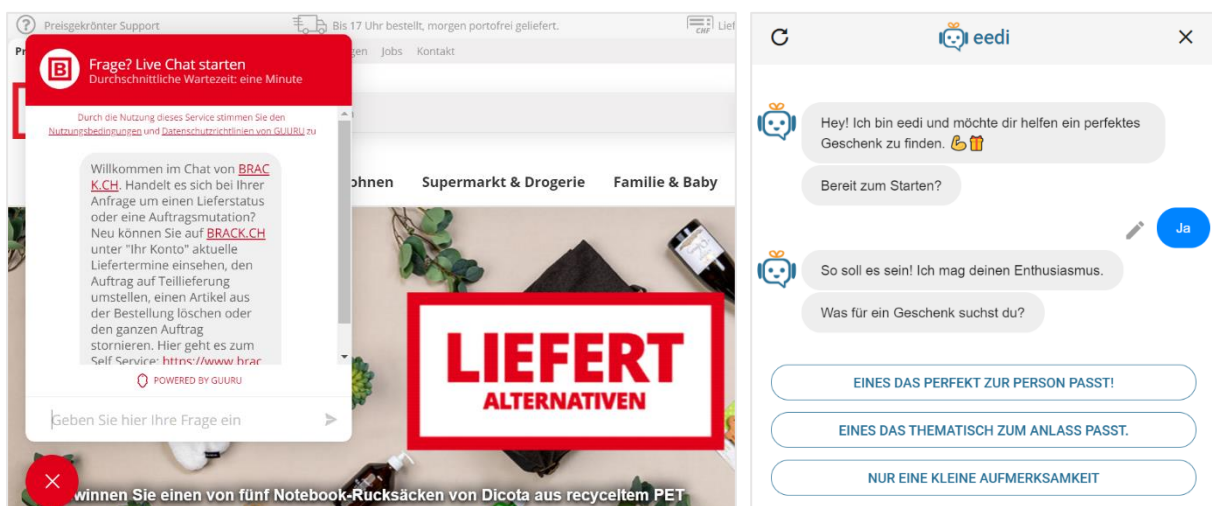
Since the Corona crisis, click and collect has been used more frequently by the customers of half of the omnichannel retailers.



As a follow-up question, the 146 (41 percent) omnichannel retailers offering click and collect were asked whether this service is being used more frequently by customers since the start of the Corona crisis. 17 percent answered “yes, *much more often*” and another 29 percent answered “yes, *somewhat more often*.” A third of retailers said that customers order online and pick up products at the store the same number of times, with 13 percent stating that the frequency has declined. The **store finder** is now also a standard digital service (for 30 percent of respondents and 78 percent of omnichannel retailers). A similar number of online shops display **product availability** in their **stationary retail stores**. With this service, the online shop must be integrated into the ERP or warehouse system so that the information is displayed correctly and up-to-date.

Product videos are already offered in 37 percent of e-shops. They provide product images and product information and are an important content marketing instrument. As a multimedia, activating way of presenting products to their best effect, they appeal to consumers’ emotions, convincing them to buy.

A **live chat feature**, where employees answer customers' questions and concerns, is becoming increasingly popular in one in four online shops, both in B2C and B2B. **Chatbots** have not yet become established in e-commerce and are provided by eight percent of respondents only. Figure 30 shows an example of a live chat on the site of the largest Swiss online shop, [Brack.ch](#) (left), and an example of a chatbot: eedi, the chatbot of [Geschenkkidee.ch](#) (right). Chatbots like eedi can significantly affect a company’s conversion rate.

Fig. 30: Examples of a live chat at [Brack.ch](#) (left) and the chatbot eedi from [Geschenkkidee.ch](#) (right)

Another e-commerce trend is **personalization**: Every fifth online retailer surveyed already personalizes the content and/or offers found in their web shops or customer portals in some way. One in five online retailers also uses **loyalty programs** and loyalty gifts to attract customers back to their online shops and increase sales in the long term.

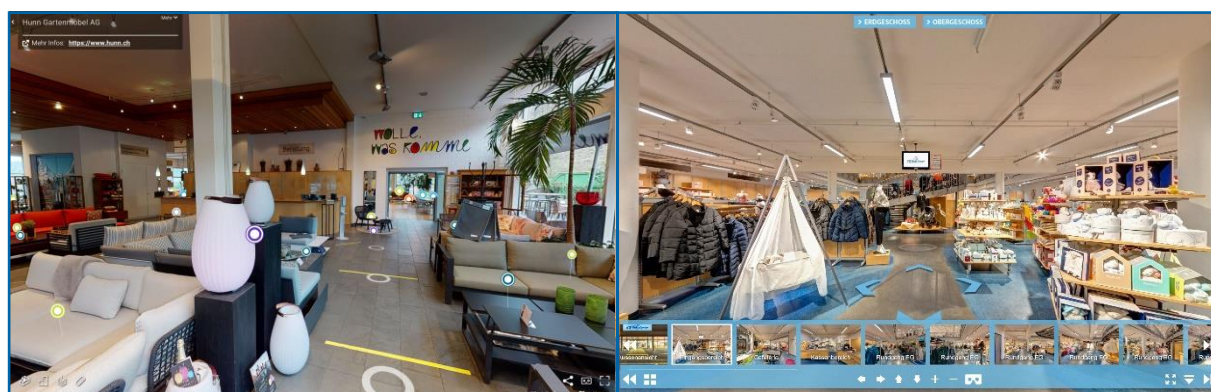
Product configurators, which allow customers to digitally create or customize their products or services according to their needs, are an innovative and promising digital service for the future. 15 percent of our respondents said they offer a product or service configurator. The 52 online retailers who use configurators were asked if the product configurator increased online sales. Two percent answered yes and stated that it has increased sales considerably (over 20 percent). For 31 percent, it has increased sales somewhat (over five to 19 percent sales growth). Almost half, on the other hand, answered that the configurator had increased sales only marginally or not at all. In any case, a configurator gives customers an idea and a visualization of the product, and helps them receive an offer quickly and easily.

More and more online retailers (20 percent in 2021) are offering **free returns**. They benefit from the so-called "Zalando effect" that increases sales and revenues. As with free shipping, free returns increase customers' confidence and purchase intent, reducing their risk of making a bad purchase. On the other hand, free returns lead to higher CO² and other emissions, as well as higher costs.

Due to the lockdown, which forced retail stores to close in March 2020, **virtual store tours** suddenly gained in importance. Thus, some omnichannel providers imaged their stores digitally and three-dimensionally, and made virtual tours available on their website. Especially in combination with a live chat or a video consultation, a digital, 360-degree tour is a true alternative to a real store visit. Two Swiss companies that have implemented the digital store tour effectively are Hunn Garden Furniture in Bremgarten (Fig. 31, left) and the HW Baby Center in Bad Ragaz (Fig. 31, right).

The 40 omnichannel retailers who offer virtual store tours were asked about their experiences. Five percent answered *"excellent, we are even expanding this service."* For over half, the experience with 360-degree tours was positive, causing them to answer *"will continue to do so."* Only one in five did not find the experience to be positive, causing them to discontinue the service.

Fig. 31: Virtual store tours using the example of [hunn.ch](https://www.hunn.ch) (left) and [hw-babycenter.ch](https://www.hw-babycenter.ch) (right)



With the lockdowns, virtual store tours gained relevance. Most omnichannel retailers had good experiences with 360-degree tours and will keep offering them.



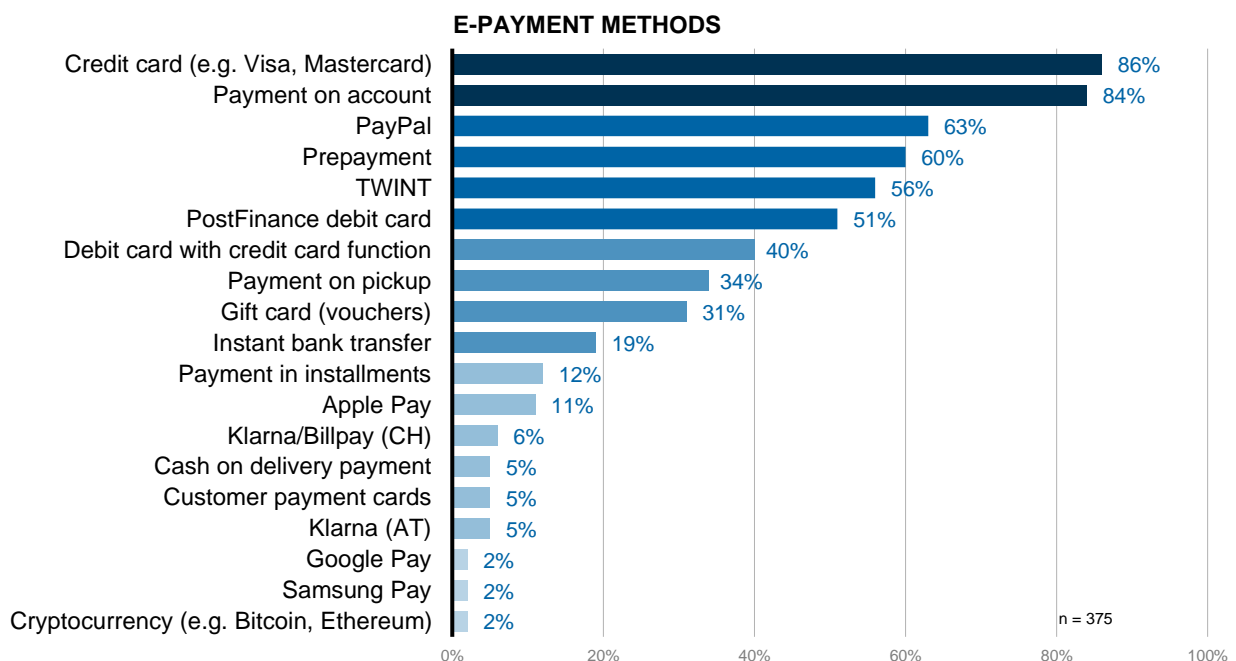
5. E-Payment in E-Commerce

This chapter discusses the current developments surrounding payment in online shops. As the analysis of the means of payment shows, payment by invoice and credit card continue to be the most frequently offered methods. However, mobile payment methods such as TWINT are gaining in market share. The findings further show that half of the online shops check the creditworthiness of invoice recipients in real time in order to reduce fraud and bad debt losses. Only one in four online shops uses fraud solutions.

5.1. MEANS OF PAYMENT IN E-COMMERCE

The third block of questions in our survey focused on payment solutions in online shops. **Credit cards and invoice** remain the two standard payment options: In 86 percent, payment can be made using credit cards such as Mastercard, Visa, or American Express, and in 78 percent by invoice (see Fig. 32). **PayPal** has become well established among many online merchants: 62 percent offer this e-payment solution. Three out of five online retailers also offer **prepayment**, although this is rarely used by customers. The Swiss mobile payment provider **TWINT** continued to make strong gains in market share among both customers and online retailers in 2021: You can already "twint" in 52 percent of online shops. The **PostFinance debit card** (46 percent of mentions) and the other debit cards with a credit card function (36 percent) were able to maintain their market position. At one in three online retailers, customers can place their orders in the online shop and pay when they **pick up their orders in a store** or at a pick-up center. At 32 percent, a surprising number of retailers offer **gift cards or vouchers** that can be redeemed in the online shop. The e-payment methods **Apple Pay** (11 percent), **Klarna/Billpay** (four percent), **Google Pay**, and **Samsung Pay** (two percent each) are still rarely offered by online retailers, even though their market shares are growing at a low rate. Only a few, that is five percent of shops, allow payment in cash on delivery or with customer cards.

Fig. 32: Which payment methods do you offer in your online shop? (Multiple answers are possible.)



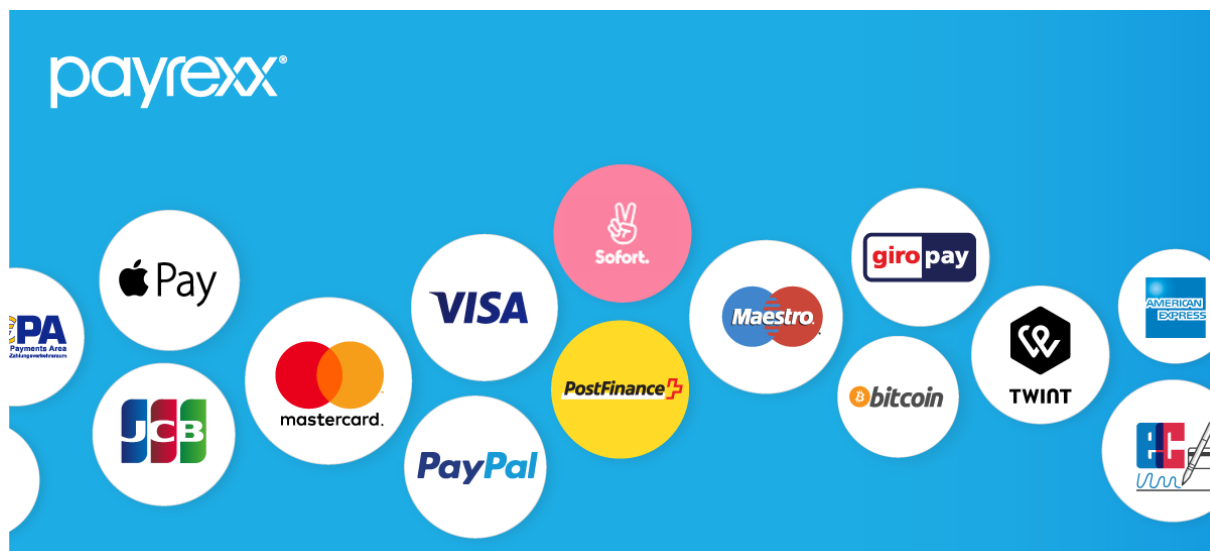
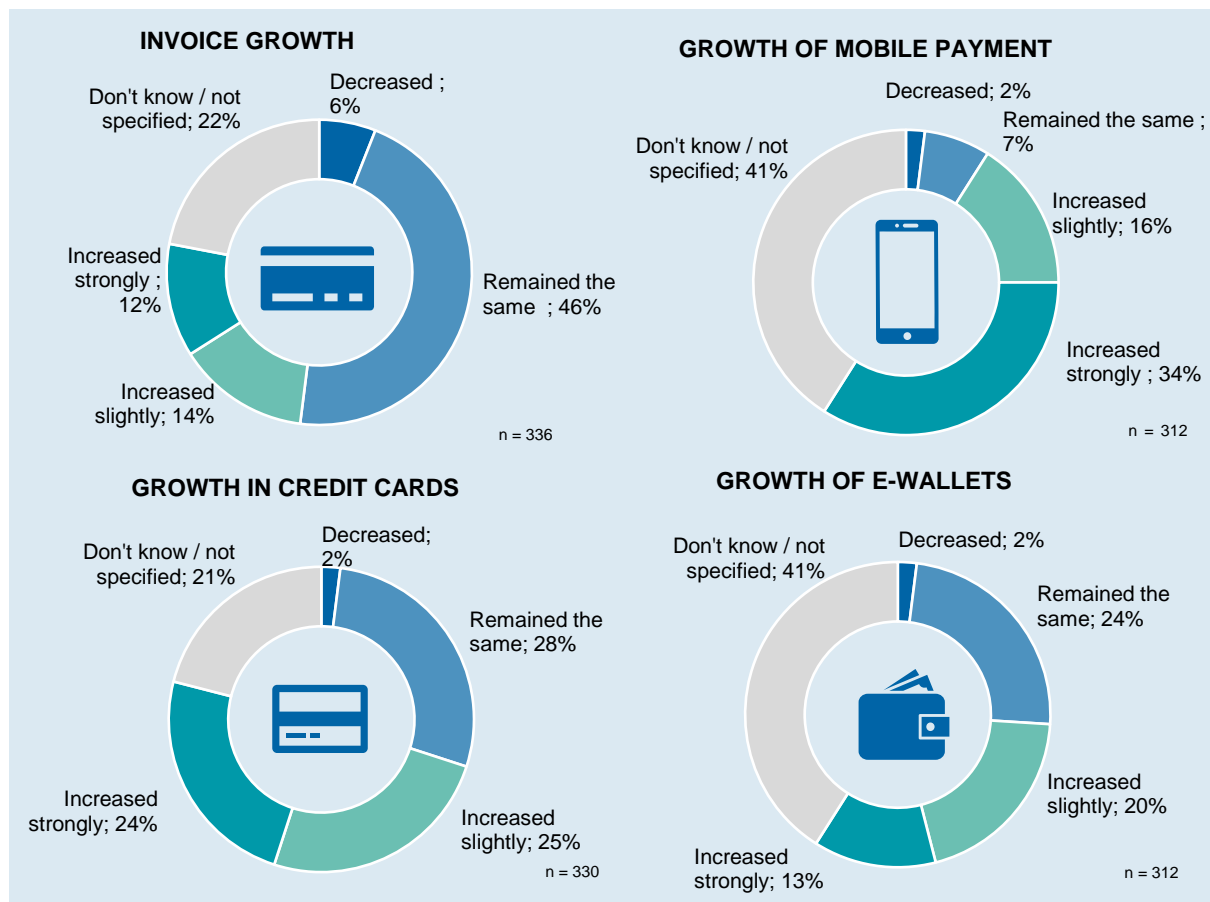
TWINT is becoming increasingly popular with Swiss retailers: It is accepted in over half of online shops.



5.2. GROWTH IN SALES OF PAYMENT METHODS

In terms of payment methods, online retailers were asked how much the payment methods had changed in 2020 in terms of the number of transactions. Fig. 33 shows that **purchase on account** has increased slightly for 14 percent and strongly for 12 percent. Invoice purchases remained the same for almost half. Transaction growth is much stronger for **mobile payment** providers such as TWINT: This grew somewhat for 16 percent of online retailers and strongly for 34 percent. These findings confirm the study results of the Payment Monitor (Graf et al. 2021). The number of **credit cards** transactions grew somewhat or strongly for one-quarter of online merchants. According to the respondents, transactions using **e-wallets**, such as PayPal, have grown less strongly than those using credit cards and mobile payment, i.e., only somewhat at 20 percent and strongly at 13 percent.

Fig. 33: How did the number of transactions using the following payment methods have change in 2020 compared to 2019?



5.3. PAYMENT SERVICE PROVIDERS AND BILLING PARTNERS

The 365 online shop operators were asked which **payment service provider (PSP)** they work with to process their online shop transactions. Fig. 34 shows that PayPal is the leading e-payment provider with 49 percent of mentions, especially among small and medium-sized shops. In Switzerland, second place belongs to the mobile payment solution TWINT with 34 percent of mentions. PostFinance e-payment (with 26 percent mentions) has lost market share compared to 2020, according to this survey, and Saferpay by Worldline/SIX Payment Services (SPS) ranks fourth. Payment provider Datatrans was mentioned by 22 percent of online merchants surveyed and Stripe by ten percent, Payrexx by five percent and Wallee and Others in an open field each by eight percent. This included mentions of PAYONE (formerly Innocard; seven mentions) and Klarna (four mentions), as well as Computop, Cybersource, First Data, Ingenico, mpay, Novalnet, payyo, Shopify, Sumup, and Worldpay (one mention each). There are numerous PSPs used by online retailers in a competitive market.

In addition to the PSPs, the online merchants were also asked about other **payment providers** (billing partners) (see Fig. 35). These offer financial services such as purchase on account or omnichannel solutions such as payment terminals in retail stores. Here, Worldline/SIX Payment Services (SPS) is the leading provider with 28 percent of mentions, followed by the MF Group (13 percent), Concardis (10 percent), and Klarna/BillPay (10 percent). Byjuno, PAYONE, PayPal Plus, and availabill were named in the single-digit percentage range. Among the other payment solutions, card complete (nine mentions), Unzer, swissbilling (six mentions each), hobex (three mentions), Ideal Payment, Mila, and Ratepa (one mention each) were mentioned.

Online retailers are very or somewhat satisfied with their PSP provider in 60 percent of cases. Almost half are also satisfied with their payment providers. Those who are neutral or even dissatisfied with their billing partners often complain that prices are too high and terms unfavorable (61 percent in Fig. 36). Online retailers see further **potential for improvement** in support (24 percent), in the range of payment methods, and in the scope of services offered, such as hire purchase or an account solution for collective invoices (18 and 15 percent each). Every sixth complained about poor customer satisfaction and one in ten about the high proportion of payment provider-related purchase cancellations.

Fig. 34: Which payment service providers (PSPs) do you work with? (Multiple answers are possible)

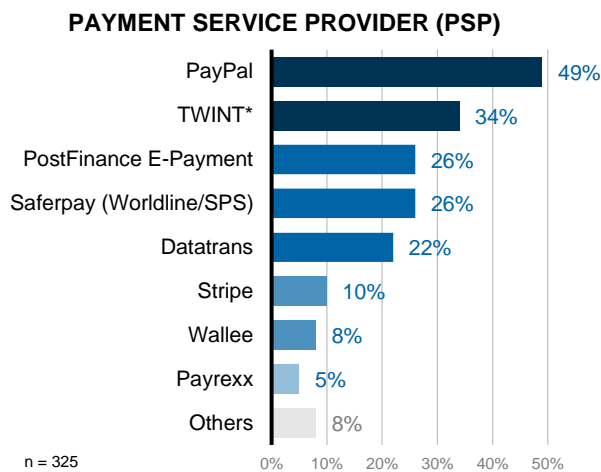
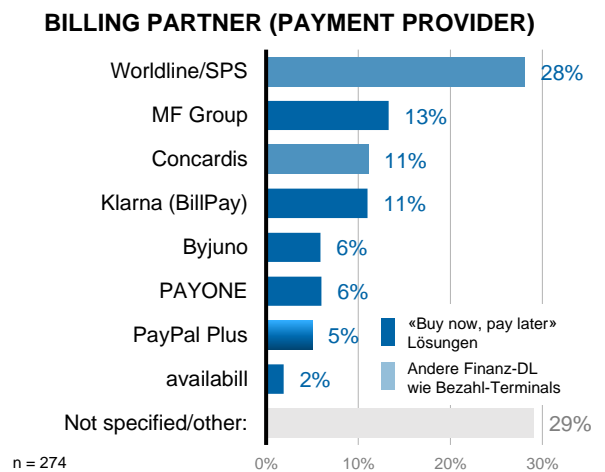


Fig. 35: Which billing partners do you work with? (Multiple answers are possible)



* Offers only one payment method, not multiple like the other PSPs

PayPal, Saferpay von Worldline/SIX Payment Services, PostFinance und Datatrans sind im E-Commerce die fünf führenden Payment Service Provider.


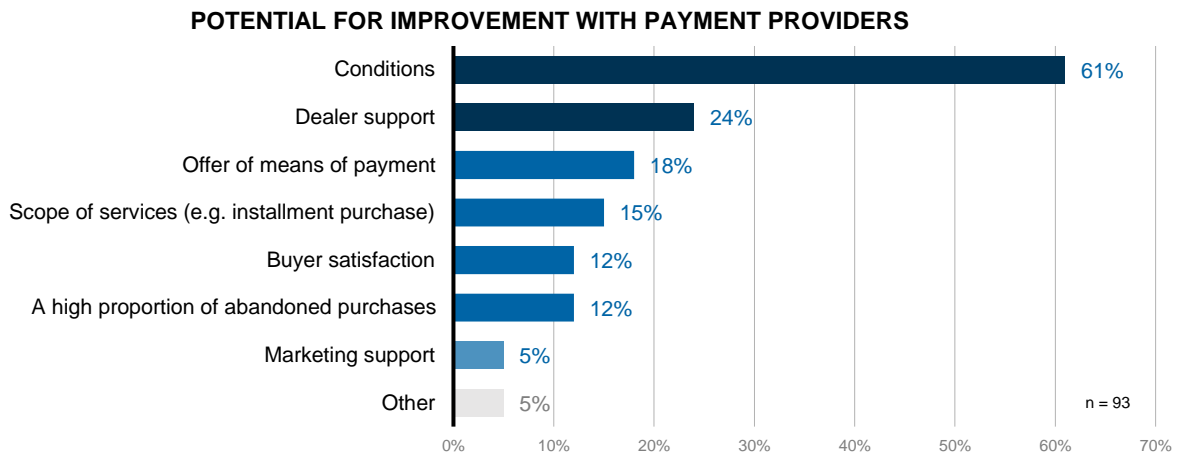


Fig. 36: Where do you see the potential for improvement in the collaboration with your billing partner? (Multiple answers are possible)



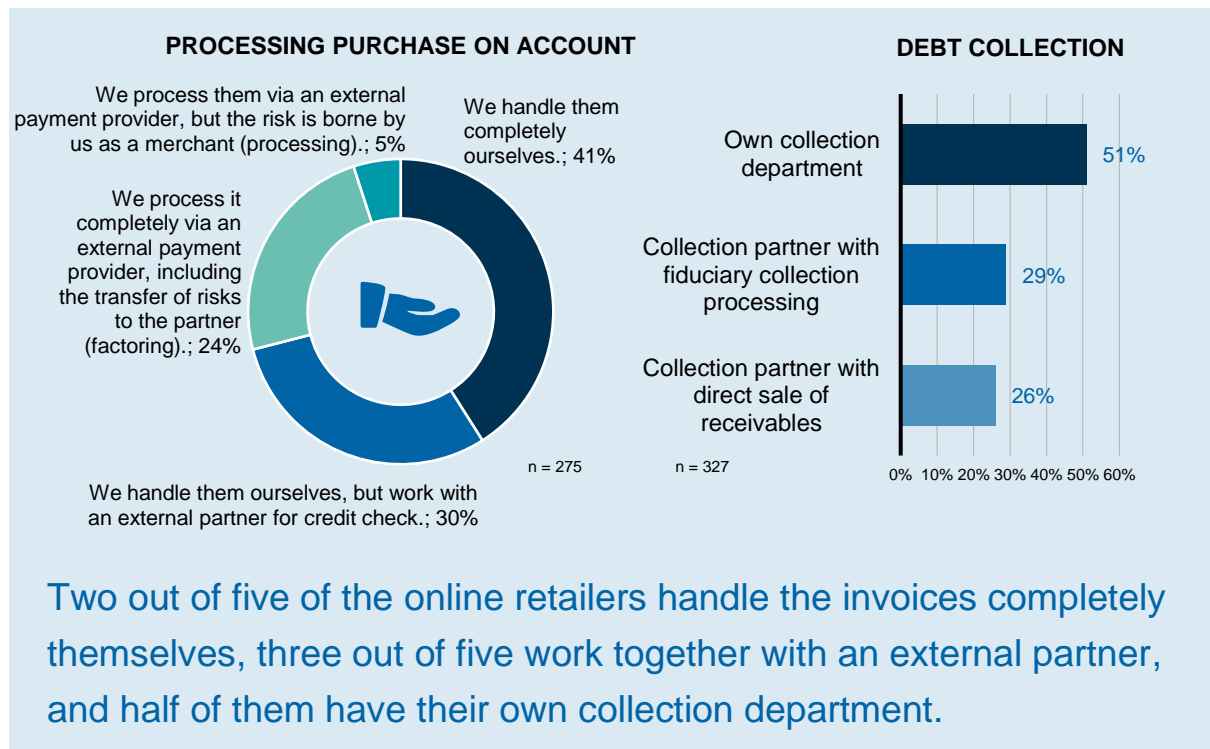
5.4. PAYMENT AGAINST INVOICE AND COLLECTION

The 78 percent of online retailers who offer payment against invoice (purchase on account) were asked how they handle this (see Fig. 37). Exactly 41 percent handle the payment against **invoice completely themselves**. A further 30 percent also process it themselves but work with an **external partner** to check creditworthiness (see Section 5.5). One in four online retailers has completely outsourced the processing of purchases on account. When processing via the external partner, the **risk** is transferred to the partner in this case (so-called factoring). Only in rare cases, in five percent of the retailers surveyed, invoices are processed via an external payment provider, where the default risk remains with the retailer (so-called processing).

When asked how online retailers organize their **debt collection**, the following picture emerged (see Fig. 38): half of the respondents have their **own collection department** and 55 percent work with an **external collection partner**. A debt collection partner takes over the fiduciary debt collection processing for 29 percent of the merchants, and 26 percent of the online shops have a debt collection partner with a direct sale of receivables. Invoice processing and debt collection are also linked to credit checks, which are discussed in the next section.

Fig. 37: How do you handle purchases on account?

Fig. 38: How do you organize debt collection? (Multiple answers are possible)



5.5. CREDIT ASSESSMENT IN ONLINE SHOPS

The 278 (78 percent) retailers who offer payment on invoice were asked whether they carry out an **automated credit check** in real time in the online shop (see Fig. 39). Surprisingly, almost half answered this question in the negative and the creditworthiness (ability to pay) of customers is at least not checked in real time during order entry. In B2B in particular, this check is usually not necessary due to long-standing and trusting business relationships. In B2C, the high proportion of unchecked invoice buyers can be explained, among other factors, that most Swiss and Austrians have a good credit rating and reliably pay their bills. This is reflected in the results of Fig. 40, where 26 percent of online shops have **no bad debt losses** and 17 percent have no payment defaults.

Every fourth online retailer finds a creditworthiness check solution too expensive and accepts the invoice defaults. For a few online shops (five percent, cf. Fig. 40), a technical connection is not possible, or the retailer is not aware of this service. One in four respondents without a real-time creditworthiness check gave a further reason: for example, one person wrote that *“the cost-benefit ratio of such solutions is not right”* and another: *“The creditworthiness check is carried out by the accounting department during registration”*. For some respondents, the creditworthiness check is carried out manually if required, or some have developed their own automated in-house solution. Occasionally, online retailers report that no check is required due to frequent prepayment or that purchase on account is only offered to some regular customers.

44 percent, mostly larger online shops, automatically carry out a **credit check** in the background while users are entering their address (cf. Fig. 39). This is often carried out by one of the payment providers discussed above, or by CRIF (33 percent). Other **creditworthiness check providers** are Intrum (16 percent) and Creditreform (eight percent). Other providers such as D & B (bisnode) were only mentioned sporadically.

Running a real-time credit check has several benefits, as Fig. 41 shows: For three quarters of online retailers, this results in **fewer fraud cases and bad debt losses**. In addition, an external credit check reduces internal **administration costs** for 42 percent of the respondents. In a few cases, credit checks lead to a higher conversion rate (17 percent), more sales and profits (12 percent), fewer customer complaints (eight percent) and higher customer confidence (seven percent).

Fig. 39: Do you use a real-time credit check in your online shop? With whom?

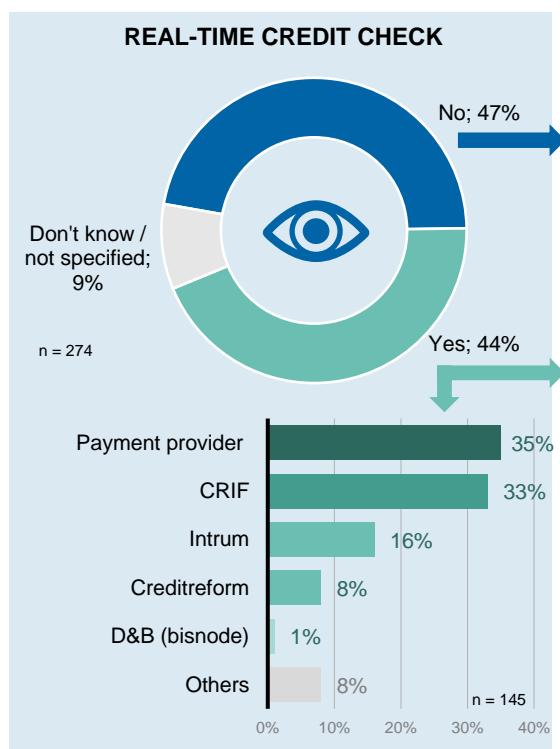


Fig. 40: Why do you not do a credit check?

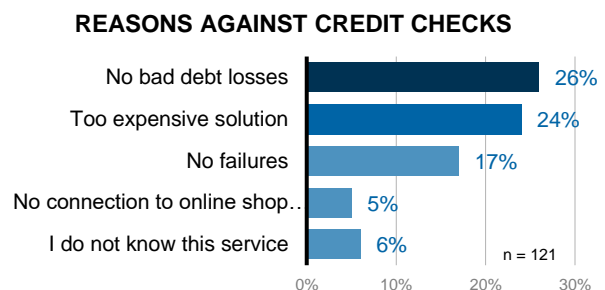
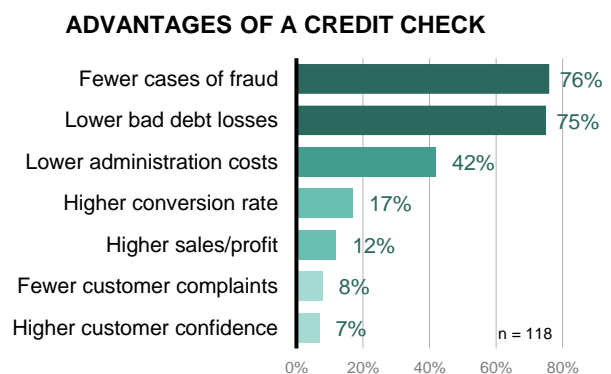


Fig. 41: What are the advantages of an automated credit check? (Multiple answers are possible)



Fewer cases of fraud and bad debt losses were valid arguments that were frequently used in favor of an automated credit check.



5.6. FRAUD IN ONLINE SHOPS

The 342 retailers were asked whether they use a **fraud solution** (see Fig. 42). Over three-quarters of them answered in the negative. In fact, only every fourth online shop has a fraud solution. The **trend in the proportion of fraud** cases among online retailers without a fraud solution has remained largely stable since the beginning of the coronavirus crisis. Only in a few cases (five percent in Fig. 43) did fraud decrease, and in 10 percent it increased.

Fig. 42: Do you apply a fraud solution?

Fig. 43: How has payment fraud developed since 2020?



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- Risk management
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The 77 percent of merchants without a fraud solution for their online shops were also asked the revealing follow-up question of what they, specifically, do to combat fraud. The following **22 measures against fraud in online trade** were mentioned several times in an open text field:

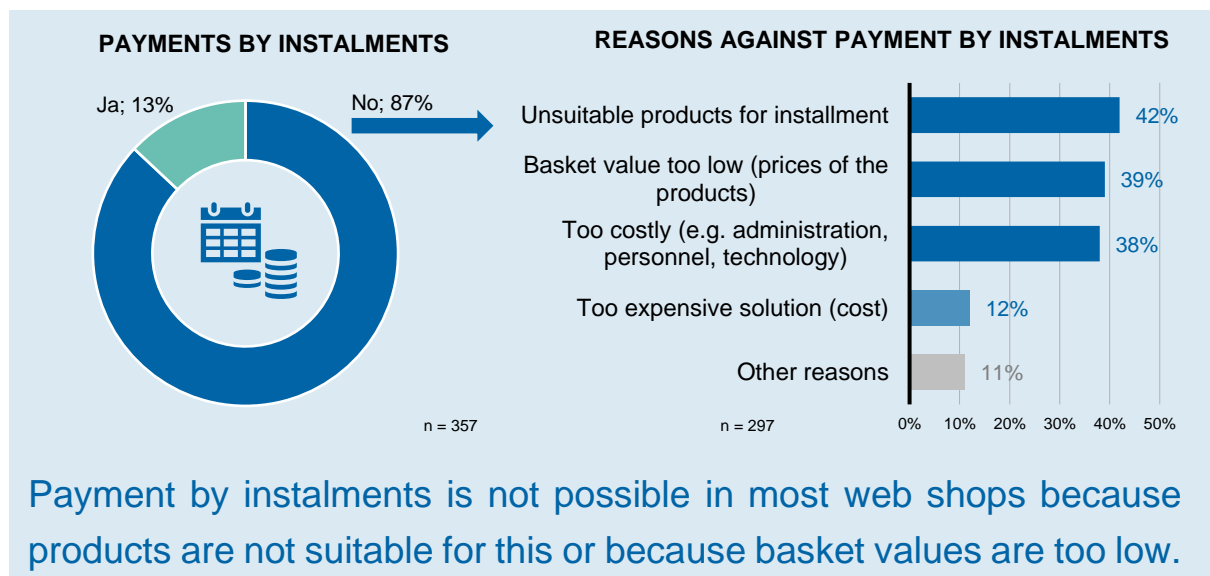
1. Accurate address verification of purchasers
2. Online research in case of suspicious circumstances
3. Manual check, especially in the case of particularly large first orders
4. Prepayment for all new customers
5. Maximum amount for first orders
6. No order against invoice for guest orders
7. Order only with login, whereby the customer data are checked when opening the account
8. Purchase on account only after multiple orders with the same customer number
9. Restricting purchases to credit card payments
10. Keeping a blacklist and a lists of creditor
11. Blocking IP addresses
12. Creditworthiness check in the ERP system
13. Internal fraud management as a supplement to external credit checks
14. Instruct billing providers to monitor more closely
15. Manual check with external providers such as CRIF
16. Cooperation with payment partners such as SIX Saferpay
17. In a situation of suspected fraud, personal contact with the purchaser
18. Asking customer to provide a telephone number when ordering
19. No difference between the billing address and the delivery address when paying on invoice
20. Automatic address check at checkout
21. Dispatch of the goods only after receipt of invoice
22. Employee training regarding fraud.

5.7. INSTALMENT PAYMENT IN ONLINE SHOPS

The 357 participants were further asked whether they allow **payment by instalments** in their web shops. Only 13 percent confirmed that they offer this financial service (see Fig. 44). The other 87 percent answered the question in the negative for understandable reasons: Either the product is unsuitable (42 percent in Fig. 45), the basket value or the price of the products are too low (39 percent), or such a solution is too costly in terms of administration, personnel, and technology (38 percent). For a few, it is simply too expensive.

Fig. 44: Do you offer payment by instalments in your online shop?

Fig. 45: Why don't you not offer payment by instalments in your online shop?



The 13 percent of online retailers who offer payment by installments in their online shop were asked whether they **charge interest**. Nineteen (41 percent) answered yes. The other 27 (59 percent) do not charge any interest for the instalment payment in times of negative interest rates. This means that at online shops such as Brack.ch, customers can “*buy now, pay later*” and do not have to pay interest on their purchases paid in instalments.

Such **zero-percent financing solutions** are becoming increasingly popular with customers, despite the potential debt trap, and they have some advantages for online retailers as well: There are fewer abandonments, and the shopping cart and sales can be increased. Nevertheless, such offers are still relatively unknown. When asked whether they were aware of zero-percent financing solutions (e.g., from bob zero or availabil), almost three-quarters of the retailers providing instalment payments answered no. Only one-quarter of online retailers are aware of zero-percent financing. The awareness of such offers can therefore still be increased.

**Buy now,
pay later**

With 0% financing
from **bob Finance**

Find all offers on:
bobzero.ch

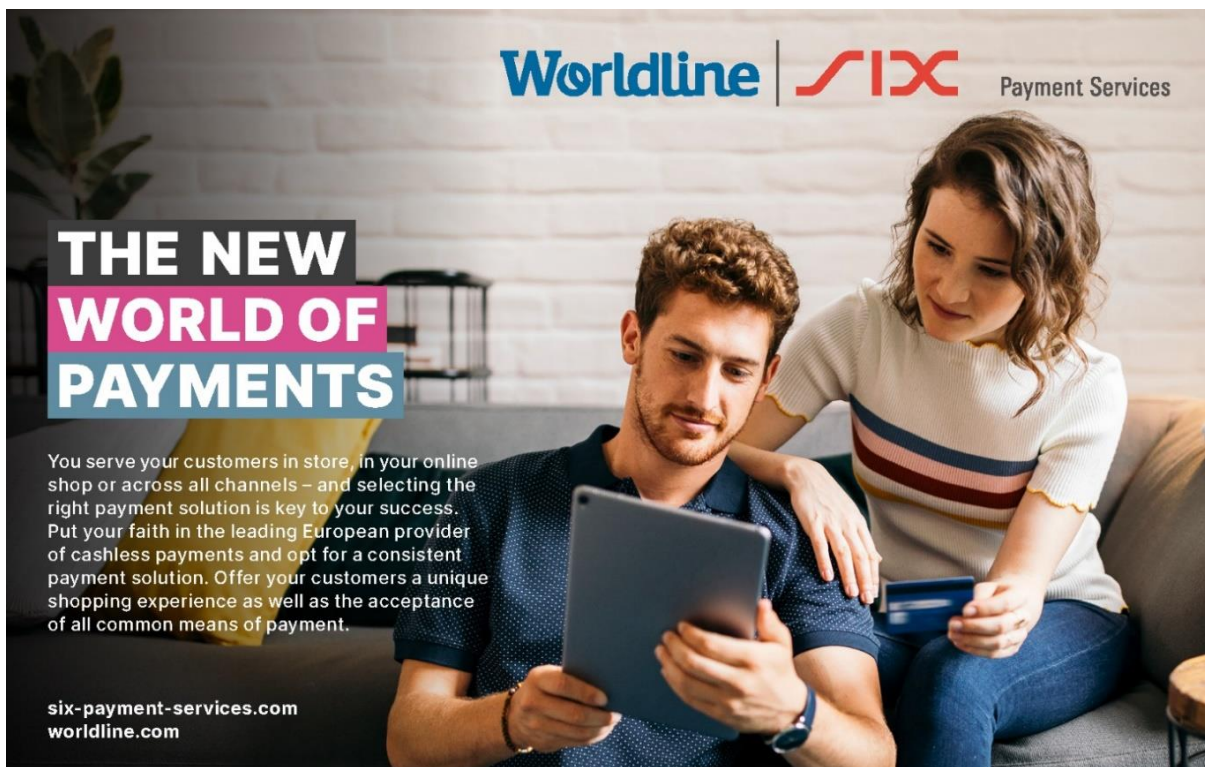
6. Conclusion

6.1. CONCLUDING REMARKS

The aim of this study was to analyze the current developments of digital commerce in Switzerland and Austria since the beginning of the coronavirus crisis. The survey of 365 online shop operators created a quantitative database that provides information about the current e-commerce situation. It shows comprehensively how the retailers have fared since the beginning of the coronavirus crisis and what organizational, personnel, and cultural consequences the large order growth has had since last year. Furthermore, detailed findings were collected on what measures online retailers have implemented during the coronavirus crisis. The study also includes a representative inventory in the areas of marketing, online shop systems, services, and e-payment.

The e-commerce boom. The upturn in e-commerce due to the corona crisis had an impressive impact on figures: Nine out of 10 of the online stores surveyed experienced sales growth, and one-third of them experienced very strong growth (of over 30 percent). Many segments, including home, garden, do-it-yourself, sporting goods, and groceries grew strongly, over 20 percent year-over-year, for the majority of online retailers in 2020. In the process, nine out of 10 online retailers gained new customers, and half of them gained a great many. Additionally, most online retailers enjoyed increased order volume and/or increased purchase frequency from existing customers. The boom in e-commerce is continuing, with 92 percent of online retailers reporting strong or moderately sustained sales growth in 2021.

E-payment in e-commerce. Current developments with regard to payment in online shops show that credit card and payment against invoice continue to be the most frequently offered payment methods. Mobile payment methods are on the rise. In Switzerland, TWINT sales transactions increased for 60 percent of online retailers, and for 42 percent of them considerably. When it comes to the payment process, half of the online retailers work with billing partners. Some 28 percent of them use Saferpay by Worldline/SIX Payment Services and 13 percent work with the MF Group. Almost half of online retailers work with the payment service provider (PSP) PayPal, followed by TWINT, PostFinance e-payment, and Worldline/SIX Payment Services.



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A **major conclusion** of our survey is that the growth in e-commerce due to the coronavirus crisis is continuing even two years after the start of the pandemic. Online retailers should continue to analyze developments in the challenging markets and anticipate any discernible changes. The persistent delivery problems reported by many retailers are one of the few brakes on growth, along with internal capacity bottlenecks. We consider the seamless management of the various sales channels, digital marketing, and digital services to be **success criteria**.

6.2. RECOMMENDATIONS FOR ONLINE RETAILERS

The following 9 recommendations for action can be derived for online shop operators from the results of the Online Retailer Survey 2021 (also compare the checklists with 35 concrete recommendations in Tab. 8).

1. **Management:** The result of the shift from offline to online in all business areas have been budget adjustments and investments. Therefore, it is important to consider digitalization as part of the overall business strategy, across all processes and employees involved. Employees should always be kept well-informed about changes, the importance, and the benefits of digital sales and marketing. As part of the strategy and mindset, omnichannel strategies should be developed, implemented, and also lived. Sales and marketing, brick-and-mortar stores, as well as the online shop should complement each other to make use of the advantages of each. It has been shown that work, warehouse, and logistics processes can change quickly or become inefficient. It is worthwhile to monitor sales and processes continuously and make adjustments accordingly. In addition, flexible budgeting in marketing and sales is necessary to enable a faster response to market changes. Unique digital services with high customer value should be tested, established, and expanded.
2. **Sales:** Those retailers and manufacturers who support their business broadly via various offline and online sales channels reduce the risks and dependence on individual channels. Among the digital sales channels, particular focus should be placed on an online shop, digital marketplaces, social media platforms, and apps. Traditional brick-and-mortar retailers should implement their own online shop and/or use alternative, digital sales solutions as soon as possible. Otherwise, they will not be able to make the most of the proven online sales growth. Instead, they might stagnate or possibly disappear from the market. Omnichannel retailers can continue to increase online sales shares to benefit from the ongoing e-commerce boom and to compensate for the sales decline in their physical stores. The sales force should be supported digitally in their work in the best possible way, for example with current product availability, product configuration, and production options.
3. **Online shop:** Many new online shops have emerged and grown in recent years. These require continuous development in terms of shop and information systems, content, processes, and services. With your own online shop, you can reduce dependencies and react more quickly and flexibly to changes in demand. Product range expansions and marketing activities can thus be implemented quickly when the market, customer needs, or user behavior change. In addition to being a sales channel, the online shop is also a central source of information and inspiration, which enables companies to identify otherwise anonymous users and be supported in their information or purchasing processes during the customer journey. For example, customer support is increased by digital services.
4. **Services:** Online retailers should provide their online shop users with various functions and services. In the product access and purchase decision phase, the majority of these are product filters and finders, recommendations of alternative and additional products, watch lists and wish lists, product ratings, discount codes, and free shipping. Omnichannel retailers should offer services such as click and collect, in-store product availability, and store finders. Since the start of the coronavirus crisis, some innovative retailers have introduced new digital services such as virtual store tours, video advice, live chat, or a chatbot.
5. **Information technology (IT):** Due to the constantly changing usage patterns and needs, flexible and expandable online shop and payment systems should be in use and seamlessly integrated with the relevant information systems such as ERP, CRM (customer relationship management), CMS (content management systems), PIM (product information management), cash register, controlling, analytics, and warehouse systems.

6. **Marketing:** The shift of the offline marketing budget to digital marketing should ensure that a suitable marketing mix, especially in terms of digital marketing tools, is managed for each online shop. Our findings confirm that search engine optimization (SEO), search engine advertising (SEA), social media advertising, and video marketing have become even more important for almost all online retailers since the start of the coronavirus crisis. Traditional marketing instruments such as advertisements, newspaper inserts, and outdoor and billboard advertising have lost in importance.
7. **Organization and employees:** Functioning processes and IT are not enough to be successful in e-commerce. Flexible and agile teams in the various areas, including purchasing, sales, marketing, IT, logistics, and distribution are essential for a well-positioned digital business. Enabling work from home, more flexible working models, offering webinars and digital consultations, as well as conducting digital training and further education motivate employees and increase their know-how. This also includes retraining measures and regular training activities for existing staff. Every employee should be part of this, and training measures should be adapted to their needs and skills; in this way, the whole team is on board and understands the importance and advantages of digital developments. E-commerce training for apprentices and the retraining long-serving employees also contribute to a positive business development.
8. **Warehouse:** Like last year's, this year's online retailer survey again confirms that the design of scalable warehouse capacities and storage areas are important criteria in the success of e-commerce business. Since the coronavirus crisis began, the majority of online retailers have invested heavily in warehousing. Some have also added warehouses and redistributed their human resources internally. This requires flexibility in warehouse sourcing and staffing and can be more efficient than just short-term, external staff recruitment.
9. **Logistics:** Logistics capacities are constantly being optimized and expanded, as this study shows. There continues to be a shift from stationary shopping to pure online shopping, which can be anticipated through adapted logistics processes and flexibly deployable personnel. In addition, direct shipment from production (D2C) or from the warehouse of stationary stores can offer advantages.



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6.3. CHECKLIST: MANAGING THE DIGITAL BUSINESS

Tab. 8 below is a checklist that shows online retailers what they should pay attention to in positioning their business for the future, even in times of crisis. These **35 recommendations for action** are based on the findings from the Online Retailer Surveys of 2020 and 2021 and are not to be regarded as conclusive.

We wish online retailers every success in the implementation of their measures and in the further development of their online shops. We would be pleased to receive **feedback**, additional information, and constructive criticism on these research results. We will be happy to answer questions and are open to input for the Online Retailer Survey 2022.

Tab. 8: Checklist: Best ways to set up your e-commerce business optimally

Area	Recommendations
Management	<ol style="list-style-type: none"> 1. Digitalization in marketing and sales as part of the overall business strategy 2. Organizational coordination and implementations of omnichannel strategies 3. Ongoing optimization of work, warehouse and logistics processes 4. Flexible budgeting in marketing and sales as well as strict cost management 5. A unique range of products and services
Distribution	<ol style="list-style-type: none"> 6. Sales via multiple digital sales channels (own online shop, digital marketplaces, platforms, social commerce, and apps) to increase sales 7. Broad-based and integrated distribution channels 8. Digital tools to support the sales force
Online shop	<ol style="list-style-type: none"> 9. Further development of an own online shop (systems, contents and processes) 10. Expansion of product ranges and adaptation to changing customer needs 11. Providing various online shop functions and services (for an overview, see Fig. 27, p. 39)
Services	<ol style="list-style-type: none"> 12. Expansion of digital services (e.g. video chat, chat bots, virtual tours) 13. Continuous testing, improvement and expansion of various digital services 14. Linking of offline and online possibilities in service design
IT	<ol style="list-style-type: none"> 15. Flexible and expandable online shop system 16. Scalable IT systems and high performance 17. Integration of CMS, PIM, CRM & ERP systems into the online shop system 18. Cost-effective and easy-to-integrate payment solutions
Marketing	<ol style="list-style-type: none"> 19. Shift in marketing budgets towards digital marketing 20. Expansion of search engine marketing (SEO/SEA) and social media advertising 21. Appropriate marketing mix, especially with digital marketing instruments 22. Focus on performance marketing instruments with sales goals 23. Agility and rapid adjustments of marketing activities in real time
Organi- zation & HR	<ol style="list-style-type: none"> 24. Flexible and agile teams, including procurement, sales, marketing, analytics, and IT 25. Enabling work from home and flexible working models 26. Offering webinars and digital consultations 27. Implementation of digital training and further education 28. Training of apprentices and further education of staff in the digital sector
Stock	<ol style="list-style-type: none"> 29. Expansion of storage areas and design of scalable storage capacities 30. Increase in stocks 31. Flexibility in the deployment of personnel in the warehouse 32. Flexible and multifunctionally trained employees
Logistics	<ol style="list-style-type: none"> 33. Several fully integrated parcel service providers 34. Scalable and competent logistics team 35. Drop shipping directly from stock or from existing branches

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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, authorities and non-profit organizations on social media, including social media advertising (Bernet ZHAW Study 2020).
- The annually published "**E-Commerce Report**" of the University of Applied Sciences of North-Western Switzerland (FHNW) is qualitative in nature and based on interviews with e-commerce managers of influential Swiss companies (Wölfe & Leimstoll 2020).
- Various studies are published on **Ecommerce WIKI**, including the Switzerland European B2C E-Commerce Report 2016, which was produced with the involvement of Netcomm Suisse (Ecommerce WIKI 2018).
- The **Retail Institute** in Cologne, Germany (EHI Retail Institute), publishes various studies, including "E-Commerce Market Germany" (EHI 2019a) and "E-Commerce Market Austria/Switzerland 2018" (EHI 2019b).
- **IBI Research at the University of Regensburg**, Germany, 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 of Retailing** (IFH) in Cologne, Germany, publishes various studies on digital business, such as the Online Retailing Industry Report (IFH 2019).
- The **University of St. Gallen Internet Study** is a survey of consumers and their online shopping behavior (Rudolph et al. 2019, 2020, 2021).
- The **mood barometer** of the Zurich School of Economics (HWZ) is an annual analysis of consumer demand produced on behalf of Post CH Ltd.

- **HANDELSVERBAND.swiss**, together with GfK and Swiss Post, regularly surveys e-commerce growth (Handelsverband swiss 2021). Together with Google and mindtake, the Omnichannel Readiness Index, the association determines the maturity level of Swiss omnichannel providers (ORI 2020).
- In collaboration with a panel of experts, the management consultancy **Carpathia** determines the turnover of the largest Swiss online shops and issues the B2B Monitor every year, both of which are published on its [blog](#).
- **Wunderman Thompson** published (formerly under the name of Futurecom and Y&R Wunderman) the 2018 e-commerce study, surveying 2,000 people in Switzerland (Y&R Wunderman 2019).

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The Swiss trade association consists of 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 and experience-sharing events, 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 see change as an opportunity.

More information at: <https://handelsverband.swiss>



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The Austrian Trade Association has been active since 1921 as a free representation of interests and innovation platform to provide the best possible support for its more than 4,000 members. In addition to the members, who in Austria with approximately 300,000 employees at 25,000 locations achieve an annual turnover of more than 65 billion euros and together cover 80% of the market, numerous companies of diverse specializations are associated with the trade association as partners.

The association's portfolio includes four innovative industry congresses, the discussion format [handels]zone, the trade magazine retail, the multimedia site retail.at, the publication of studies and the Handelsverband Akademie. The online platform KMU RETAIL offers know-how, retail data and legal security to all Austrian retail companies.

More information at: <https://www.handelsverband.at>



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