Segment 4:
Specialist retailers

Segmentation of demand in the retail property market

CSL **IMMOBILIEN**
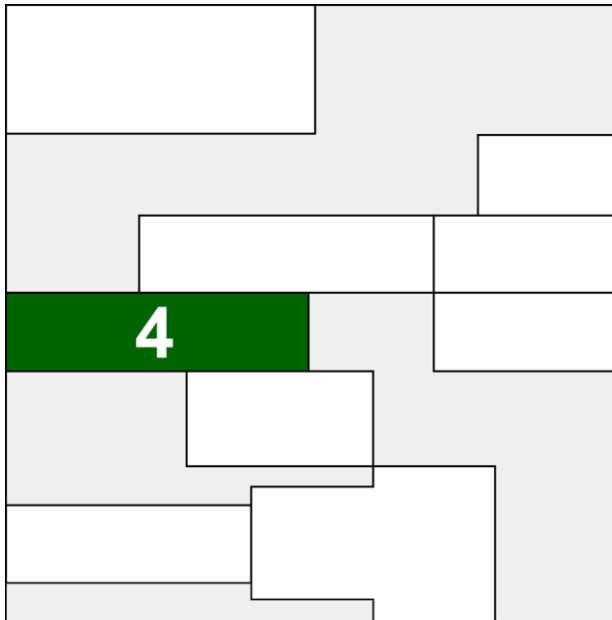
4.1 Specialist retailers: Introduction

Around 16 % of all Swiss businesses operating in the retail property market are specialist retailers accounting for 12 % of those employed in the sector. This segment comprises mainly one-shop businesses selling food and semi-luxury goods, furnishings such as textiles and carpets, books and other consumer durables. They are located on the outskirts of cities, on radial and arterial roads and in residential districts of all localities. Typical examples are wine shops, motorbike dealers and carpet shops.
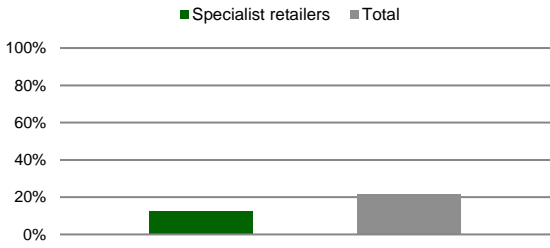
Given the specialised range of goods, with a wide selection but a narrow product range, specialist retailers tend to serve a regular clientele who are willing to travel a distance. As mainly specialist stores selling non-essentials and luxuries they are not essential for retail centres. They consequently do not have to position themselves at classic retail locations as they are less dependent on passing trade and the visibility of their sales rooms. They rent in mixed-use buildings and have retail space on one floor. As they have a rather low sales area profitability and are not concerned with providing a shopping experience for their customers, the standard of fittings tends to be somewhat low, as is the readiness to pay higher rent. There are few requirements regarding access and deliveries. The requirements of the location are generally lower than in the other demand segments of the retail property market.

Source: Fahrländer Partner & CSL Immobilien.

4.2 Who are the Specialist retailers?

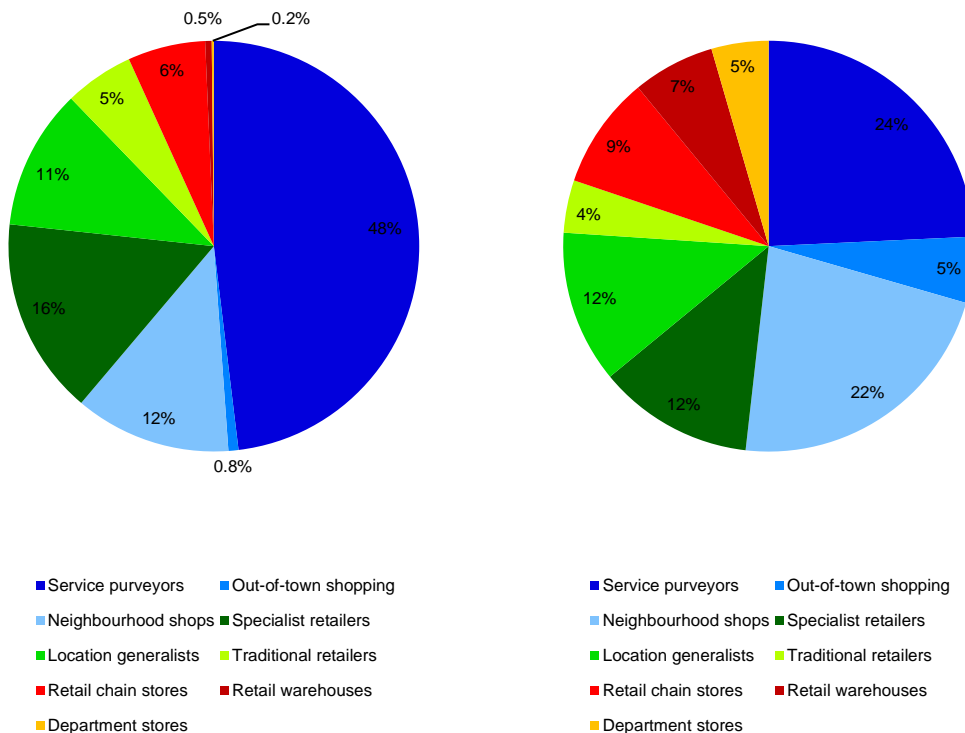| Characteristic	Typical features
Profitability per unit area (gross profit per m2 in CHF)	Low ■■■□□□□□□ High
Typical businesses	Wine merchant, boat supplies shop, carpet shop, antiques shop
Business type	Traditional retail store
New relevant formats / concepts	Pop-up-store

Which types of goods are mainly sold by Specialist retailers ?

Food and beverages	■
Health and body care	□
Clothing/shoes	■
Department stores/non-specialised stores	□
Optics/photography	□
Watches/jewellery	□
Books/stationery	■
Sport	□
Toys	□
Consumer electronics	□
DIY and garden supplies	■
Furniture and furnishings	□
Other goods and services	■

Characteristic	Typical features
Average number of employees per business (2017)	2.4 Full-time equivalents

Characteristic	Typical features
Required surface area	Mainly 50 - 400 m2, depending on type of good also bigger
Catchment area	Medium-sized
Concentration of chain stores (2017)	12.7%

Source: Fahrländer Partner & CSL Immobilien.

4.3 Specialist retailers: Distribution

Distribution of Swiss businesses (left) and full-time positions (right) in the retail property market (2017)

Development of number of businesses and of full-time positions 2012-2017 (Switzerland)

■ Development of number of businesses 2012-2017
■ Development of number of full-time positions 2012-2017

Source: Fahrländer Partner.
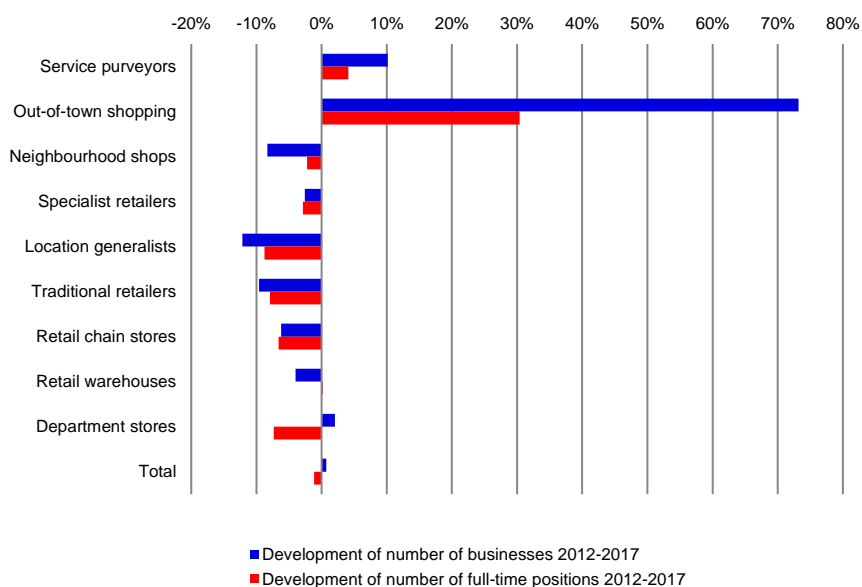
4.4 How do the Specialist retailers sell?

Characteristic	Typical features
Retail location	Outlying areas of bigger cities, all localities, pedestrian zones, residential districts

Surface area layout	No special requirements
Building/plot	Without own plot
Type of property	Mixed-use building
Number of storeys	Single-floor
Architecture	Modern, classic, historical building, single-floor
Access/connections	Easy access and deliveries
Retail space flexibility	Less important
Standard of fittings	Rather basic
Requirements of property for sale	No special requirements

Source: Fahrländer Partner & CSL Immobilien.

4.5 Characteristics of goods and services

Characteristic	Typical features		
Type of goods	Mainly non-essentials		
Spontaneous purchase/planned purchase	Generally	Planned ▭▬▬▭▭ Spontaneous	
Product selection (width)	Narrow	Narrow ▬▬▭▭▭ Wide	
Product range (breadth)	Deep	Flat ▭▭▭▬▬ Deep	
Potential for linked purchases	Fairly low	Low ▭▬▬▭▭ High	
Duration of consumption	Medium to long-term	Short-term ▭▭▬▬▬ Long-term	
Pricing	Generally high price		

Source: Fahrländer Partner & CSL Immobilien.

4.6 Specialist retailers: Point of sale

The search for retail space is influenced by the preferences and restrictions affecting demand. The following details relate to the final results of the process.

Characteristic	Typical features			
Retail trade function	Not relevant for centres	Appropriate for neighbourhood	Relevant for centres	Centre generating
Accessibility by individual transport (incl. by foot)	Average — Less important ▓▓▓ Important			
Accessibility by public transport (incl. parking)	Average — Less important ▓▓▓ Important			
Agglomeration benefit	Fairly unimportant — Less important ▓▓▓ Important			
Passing trade	Fairly unimportant — Less important ▓▓▓ Important			
Visibility	Fairly unimportant — Less important ▓▓▓ Important			
Image of sales location	Fairly unimportant — Less important ▓▓▓ Important			