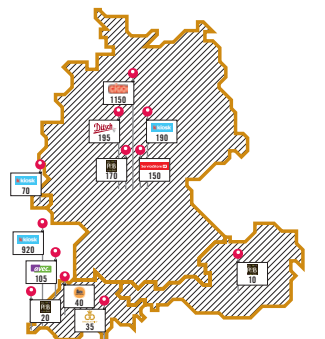


valora magazine



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EDITORIAL
valora magazine “13



Rolando Benedick

Dear Reader

We are using this magazine to showcase our retail activities. That is a deliberate decision, aimed at emphasising Valora's close links to small-outlet retail. With more than 3000 POS in Germany, Luxembourg, Austria and Switzerland, we can always be sure of having the right small-scale format in the right location. Ensuring our outlets are accessible and our product ranges are readily available – those are our two key objectives. Every day, Valora Retail's five formats – kiosk, avec./Service Store DB, Press & Books, Ditsch/Brezelkönig and Spettacolo – meet the individual needs of millions of customers – customers who are becoming increasingly mobile and who want to shop wherever they are, whenever they want. For Valora Retail's outlets, being in tune with local requirements, be it in a city-centre location or out in the country, is just as important as serving their customers quickly and efficiently. These are challenges Valora aspires to meet every day.

We have decided to adopt a modern layout for this magazine, one primarily designed to let our customers have their say. We portray our consumers' needs and preferences. We also record the thoughts of a producer. We

describe the products these people particularly like, and show how useful they are in everyday life. The result is a collection of individual impressions, which we believe are representative of many others. Our objective is to demonstrate the significance of a particular format or an individual product or service. Through their connection with everyday life, these examples highlight interesting aspects of today's society. We show small, yet fascinating, details of how the various formats operate, demonstrating the ideas that inspired them and the work required from our employees to make them happen every day. The individual statistics we have chosen are impressive, providing as they do a fascinating insight into the scale of our businesses, making them tangible, and thus imaginable. Perhaps, reading this magazine, you will come across information that surprises you. Perhaps it will allow you to see something familiar, but from a different perspective. If that is the case, we will have achieved our aim – that of bringing Valora Retail closer to you.

I wish you enjoyable reading. If it helps you to be more aware of Valora in your daily life, I will be delighted.



TRENDS & MARKETS

SPEED
&
COMFORT

TRENDS & MARKETS

EVERYDAY CONVENIENCE

A trend which goes beyond retail is shaping our lives.

Convenience stores are small-scale ‘local’ shops, focused on selling products for immediate consumption. Services such as lottery ticket sales and parcel collection complement their tried-and-tested product range. Since, strictly speaking, the universally known kiosk could also be classified in this category, convenience stores are hardly a new retail phenomenon. Nevertheless, these stores still have substantial potential for growth, partly because people are becoming increasingly mobile.

Shopping habits are being transformed. Today, half of all shopping trips are combined with other activities, so that shopping is not their sole objective. This trend provides convenience stores with an opportunity to expand, provided they can successfully combine their traditional product ranges with other services. Convenience does not apply solely to the retail sector. It is a trend which extends way beyond simply selling goods. In future, the convenience trend – with its promise of making things easier – will affect many other sectors of our economy.

Being available to customers everywhere and for as long as possible is also part of what convenience means. After all, customers generally want to be able to do their shopping on the spot, wherever they happen to be. Many customers are finding that the pace of their lives is accelerating, in some cases alarmingly so, and they are finding it hard to keep pace. That is another reason for customers to put their faith in convenience stores – because by enabling them to fit their shopping into their hectic daily routines, convenience stores actually help them to slow down a little.

CONVENIENCE STORES AS A MAJOR GROWTH DRIVER

According to the Retail Outlook 2013 survey published at the beginning of the year, convenience stores – along with organic supermarkets and e-commerce – will be the key growth drivers in Switzerland’s retail sector. Over the next few years, they have the potential to develop into tomorrow’s supermarkets. Provided, that is, they can successfully fulfil their customers’ key requirements – long opening hours, products that are easy to find and short check-out times.



CHALLENGES FACING A FAST MOVING WORLD

For as long as they have existed, convenience stores and similar retail formats have owed their success to their focus on their customers’ key requirement: that of being able to shop anywhere at any time. Speed and efficiency are important to many customers. They want to be able to buy what they need right where they are. Time pressure is a constant factor in many people’s lives. Missing a train in the morning can upset their entire day. That greatly adds to the appeal of shops where customers can be sure of being able to buy what they want at any time without having to go out of their way.

THE CONVENIENCE STORE AS A MEETING POINT

Whether they are in rural or urban areas, convenience stores and traditional corner shops play a special and important role in their communities. They have become local meeting places, particularly in the countryside, thus promoting social interaction. For today’s commuters, they also provide a sense of regional identity within the urban metropolis.

WHERE PUBLIC TRANSPORT RULES

Nowadays, people in city centres are almost entirely dependent on public transport to get from A to B. Urban centres are also becoming increasingly important shopping locations. This partly reflects new models of shopping behaviour and other societal changes. The car has become a somewhat less important element in many people’s shopping routines. For convenience store operators, this has made it even more important to secure sites close to public transport nodes.

SHOPPING NEARBY IS IMPORTANT TO MODERN LIVING

In recent years, many people have rediscovered the benefits of shopping on their doorstep – though that doorstep is no longer solely their front door, but their place of work, too. Often, it is on their way to or from work that people do their shopping. That is why it will in future be important for shops to be located near places where people work, go to school and spend their leisure time. That is what will keep them close to their customers, geographically speaking and in other ways.



William Martin is the god-father of the Basel reggae scene. He has never forgotten his Caribbean roots. He regularly uses MoneyGram to send money home to Antigua.

Reggae brings people together – so does MoneyGram

They have names like Dutchie Gold, Trade Mark or Guana. Some are black, some are white. They are all colourful. They wear their hair in elaborate dreadlocks or else cut short. They hail from Jamaica, the United States or Switzerland and they all live in Basel. Most afternoons, they all eventually find their way to a tiny recording studio in Basel's Kleinhüningen district. There, they are received by William Martin a.k.a. Sugardaddy, the godfather of Basel's reggae scene. One Love, One Nation!

More than twenty years ago, William Martin followed his heart, leaving his Caribbean home behind. It was on a beach in Antigua that he first met his wife. He was a surfing instructor, decked out in garish shorts, a white tank top and thick sunglasses. She was wearing a bikini. Her father was a Swiss captain and she was looking for adventure. To Martin, the word captain at least suggested the high seas, though on his first visit to Switzerland it turned out that his father-in-law's sailing was limited to chugging up and down the Rhine.

Back then, in 1992, Martin was probably the only Rastafarian in Basel. So it made sense, in a way, for him to set up Basel's first reggae shop. Today, twenty years later, his small, colourful, and still somewhat ramshackle-looking shop on the Kleinhüningerstrasse remains the main meeting place and recording studio for the city's entire reggae community. William Martin may have appeared exotic, and his wild mane of hair certainly attracted universal attention, but he was in the right place at the right time. By the mid-1990s, reggae in Switzerland was experiencing an unexpected revival. Reggae, ragga and dance hall concerts were being staged all over the place. And who was there to organise them, to sing and to act as DJ? Sugardaddy, obviously, with his Uprising sound system. He performed in front of Swiss army recruits in Frauenfeld and people on skiing holidays in Sedrun. He played for ho-

tel guests in Zurich and staff at a company party in Sursee. “Can you think of a better way of getting to know your new home?” Sugardaddy asks rhetorically. In his busiest years, this professional musician gave 200 concerts – mostly in Switzerland, but also in France, Germany, England, and, of course, Antigua. No, he has never forgotten his homeland. He has not forgotten the beaches and the *joie de vivre*, and he certainly has not forgotten his mother, who brought him and his brother up in a small wooden hut. Whenever he has a few francs to spare from his hard-earned performance fees, he closes his reggae shop for a few minutes and walks 100 metres down the Kleinhüningerstrasse till he gets to Bella's kiosk, where he is a regular visitor. “How

“MoneyGram connects me with the people I love all over the world.” says William Martin, “Just like reggae!”

are you, Sugardaddy?” Bella asks delightedly. “Well, thanks, and how are you, Bella?” replies Martin in a Basel accent that can warm a Swiss heart even in the depths of winter. Everything happens very quickly after that. Martin hands Bella his MoneyGram card, along with 100 francs for his mother. Bella gives him a reference code, which he then texts to his mother, who can collect the money from a bank in Antigua ten minutes later. “MoneyGram connects me with the people I love all over the world.” says William Martin, “Just like reggae!”

For years, Martin has been using MoneyGram to transfer money to Antigua. He also uses the service to send money to China, when he orders equipment for his studio which

needs to be paid for in advance. It works quickly and reliably, he says, adding that it charges less than its competitors. The only thing Martin says he would still like to see is a bonus scheme for frequent customers like him.

Back in the studio, Dutchie Gold, Trade Mark and Guana are still working on the beat for their new reggae piece. Martin joins them, and the four sit together in a small space, nodding their heads to the rhythm. On the computer, Sugardaddy increases the volume on one track and cuts it back on another. Then the bell on the shop door rings. Tivon, the youngest of his five sons, has just walked in. He also sports a long mane of Rastafarian hair. Like father, like son? Martin laughs and points to a hip hop poster hanging on the wall of his shop. It shows Malik and Zamoni, his two eldest boys. At the ages of 12 and 13 they had already set up their own hip hop band, YungStarz. Now, ten years on, they are on the verge of hitting the big time. “The apple does not fall far from the tree”, says Martin, laughing, as he makes his way back to the studio.

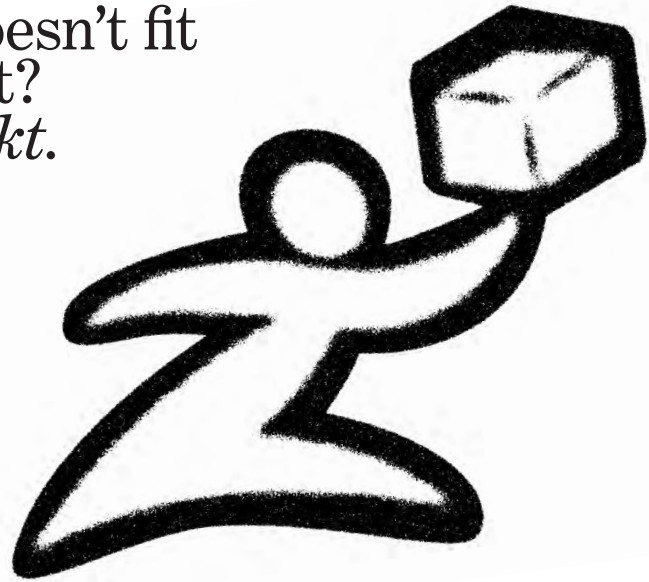
MoneyGram

197 countries

MoneyGram operates a large network of more than 300 000 local agents in 197 territories and countries. MoneyGram provides a rapid and simple way of sending money securely to virtually anywhere in the world. Within 10 minutes of your making your payment, the funds will be available for collection from a MoneyGram agent in the destination country. The service is available at kiosk, *avec.* and P&B outlets, whose major advantages – such as their widespread availability in all major locations and their long opening hours in the evenings and at weekends – are proving very popular with customers. MoneyGram's money transfer service is mostly used by people sending money to family members abroad, usually to supplement their incomes, or to help pay for healthcare or education.

Shopping online is fun.
But what do you do when a dress
doesn't suit you, a shoe doesn't fit
or you don't like a bracelet?
You take it to a Päckli Punkt.

Päckli Punkt will deal with it.



How do clever online shoppers deal with items they find they don't like? Quite simple. They put them back in their packaging, stick a new label on the package and take it to one of the 784 Valora outlets displaying the Päckli Punkt logo. It couldn't be easier, quicker or cheaper, because the Päckli Punkt at the next kiosk, P & B or avec.

shop is never far away. Valora outlets are open from early till late, and often at weekends as well. You never have to wait long to be served and there's a good chance you'll find something else you need while you're there. And how much does sending a package back cost? Either nothing at all or very little.

Päckli Punkt. A detail? Yes, but that's what counts.

AMAZING NUMBER
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BESTSELLER

270

Shades of Grey every Day

Spend a day at a P & B shop and you will be struck by how many customers actually buy books, magazines and newspapers, despite ever-increasing digitalisation. Every day, P & B shops sell large quantities of printed press products, novels and non-fiction. Since they were first published, P & B has been selling 270 copies of the Shades of Grey trilogy – every single day, making this international publishing phenomenon Valora's best-selling book title by far.

The Press & Books website offers a selection of more than 2 million book titles. Whether you are at home, at work or out and about, you can easily order your books online. Then all you have to do is collect them at the Valora outlet of your choice – which, unlike bookshops or post offices, will be open every day of the year from early till late.



When Marion Christnacht was growing up in Germany, her neighbours were the Ditsch family, who baked pretzels. Later on, she herself sold their pretzels for 30 years. She still likes eating them to this day.

A life surrounded by pretzels

Marion Christnacht has been familiar with the smell of freshly baked pretzels since childhood. From her house in the historic centre of Mainz, she only needed to walk a few metres down the Augustinergasse, past the cherry orchard and into Kapuzinergasse and there she was, in front of the Pretzel and Lyebread Bakery, from where the enticing, sweet smell of baked pretzels wafted across the still half-ruined town. She had no money to buy them, but her father, a car mechanic, was always happy to earn a little extra after he had finished work. Heinz Ditsch, who owned the bakery, was one of his customers. And when Marion's father did any minor repair work on his car, Mr. Ditsch liked to pay him in fresh pretzels. That suited little Marion just fine.

It is so long ago now, that Marion Christnacht laughs when she talks of it. She finds it even more amusing when she recalls how the history of the pretzel bakery progressed from there. The Ditsch story, after all, is her story too, in a way. She can remember, for example, how Heinz Ditsch got the idea of bringing his popular pretzels to a wider clientele than he could reach from his shop in the centre of Mainz. What he needed was outdoor salespeople, and for true Mainzers like Marion Christnacht and the Ditschs there was one time of the year which was particularly propitious for selling pretzels that way, the heady days of the legendary Mainz carnival. By the 1950s, the first pretzel men were out and about during the Mainz carnival, selling their fresh Ditsch pretzels straight from a basket. One of those pretzel men is said to have been Peter Ditsch, Heinz's son.

How was it though, that for many years Marion Christnacht would eat five Ditsch pretzels every day? There is a simple explanation. In 1980, it was Peter Ditsch, her neighbour, who sent Marion out of town as Ditsch's first ambassador – to a sales stand in Darm-

stadt, 40 kilometres away. Darmstadt was Ditsch's first branch outside Mainz. And because, at the outset of this expansion, Ditsch had no production-line bakery, early each morning Marion Christnacht would drive from the Kapuzinergasse in Mainz to Darmstadt with the boot of her car packed with pretzels, lyebread sandwiches and poppy-seed sticks. There she would sell them, returning to Mainz in the evening with the boot almost empty. The business flourished. “And then, when the ovens arrived and we could bake the pretzels in Darmstadt, our customers went mad”, she recalls. “Franz, one of our regulars, used to take dozens each day, which he bought for everyone at this office.”

“In the course of my life I have eaten more than 30 000 pretzels. I like them as much today as I did when I was a child.”

That was the beginning of a remarkable success story. Peter Ditsch had taken over the company from his parents in 1978, with five staff and annual sales of 300,000 deutschemarks. When he sold it to the Valora Group in 2012, the firm had more than 450 employees, 230 franchise outlets and annual sales of some 150 million euros.

In her 30 plus years at Ditsch, Marion Christnacht sold pretzels in Darmstadt, Rüdeshheim, Wiesbaden and Mainz. Once, Peter Ditsch asked her whether she herself would like to take on a franchise outlet. Marion Christnacht declined, however, partly because the shop he had in mind was in Bremen. “Too far away for a true Mainzer”, says Marion, “And they don't have any carnival at all

up in the North.” So this mother of three remained a simple pretzel seller instead. She did not earn very much, but she was surrounded by happy customers and, above all, by pretzels. She was more than happy to eat five of them in a day. The first early in the morning, fresh from the oven, and the last, spread with liver sausage for supper. Those were the ones she liked best. Now she is retired. But if she happens to walk past one of the many Ditsch branches in Mainz, she follows her nose and goes in for a pretzel.

Brezelkönig/Ditsch

*400 000 000
pretzels sold
each year*

The word “bakery” often conjures up images of a little shop with a baker and a few baskets of loaves, buns and other baked goods. Baking in the 21st century is on a different scale. At its Oranienbaum, Mainz and Emmenbrücke plants, Ditsch/Brezelkönig, which Valora has owned since autumn 2012, uses sophisticated automated processes to produce a wide variety of pretzels, croissants, small lye bread buns and pizzas. Every day, more than a million individual products leave these three bakeries, either freshly baked and ready to eat or as frozen pastry products. They are delivered to more than 200 Ditsch/Brezelkönig outlets in Germany and Switzerland, as well as customers across the border, in America and even Japan.



BRAND FORMATS



Instant gratification

k kiosk / CIGO

The place for that everyday indulgence

k kiosk and CIGO are the kiosk concepts Valora operates in Germany, Luxembourg and Switzerland. Valora is the leading kiosk operator in both Germany and Switzerland. k kiosk outlets are never far from their customers. Specialising in tobacco, food and drink for immediate consumption, press products and lottery tickets, k kiosk outlets serve the impulse-purchase market at heavily frequented locations. CIGO offers its customers an extensive range of tobacco products and press titles from a network of outlets sited in the check-out areas of supermarkets and selected specialised retailers.



Reading enjoyment

Press & Books

A multi-faceted, knowledgeable press and book shop

Valora's Press & Books shops can be found in many railway stations, shopping centres and airports in Germany, Austria and Switzerland. The shops provide access to current infotainment offerings and an inspiring range of reading material for people on the move. They are the ideal source of educational, entertaining, practical, playful or simply enjoyable items tailored to each individual's needs. Press & Books' comprehensive range of press titles and well-chosen book list are ideally complemented by their kiosk offering.



Shopping enjoyment

avec. / ServiceStore DB

Not just a welcoming convenience store

With their long opening hours and fresh produce, Valora's avec. stores are popular with Swiss consumers 365 days a year. The shops are designed so that consumers can easily find just what they are looking for. A short trip to avec. and the shopping is done, without delay and without stress. ServiceStore DB convenience stores are located at small and medium-sized railway stations across Germany. Their comprehensive product range, long opening hours and excellent customer service appeal to commuters, travellers, students, schoolchildren and people living near railway stations.





PRODUCT + SERVICES BRANDS



Coffee to enjoy

Spettacolo

An appealing coffee bar offering three roasting choices

Spettacolo welcomes its customers to enjoy a distinctive coffee experience in an appealing setting. This modern interpretation of traditional Italian coffee culture is both unique and joyful. It is perhaps best summed up as “Caffè e Passione”. The central feature is the bar itself, whose unusually designed coffee machine really catches the eye. A choice of three different coffee roastings differentiates Spettacolo from its rivals, as do its staff, who are passionate about coffee and excellent hosts as well.



A gourmet experience

Brezelkönig/Ditsch

The recognised lye-bread leader

Ditsch has been a passionate pretzel pioneer since 1919, revolutionising its industry and making a lasting contribution to the way it works today. A Ditsch pretzel has always been a baking masterpiece. Inspired by that tradition, Ditsch has gone on to create an innovative product portfolio that redefines the whole snack concept. Brezelkönig is its Swiss operation, whose innovative lye-bread delicacies have earned it leadership of its sector. Ditsch/Brezelkönig outlets offer a comprehensive take-away service at heavily frequented locations.



Attractive pricing

ok.–

A private-label brand with cult status

All ok.– products and services have three things in common. They are good, affordable and very popular. The ok.– success story began in 2009 with its eponymous energy drink. Since then, it has proved unstoppable.

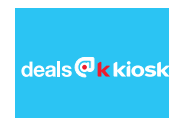
ok.–

Kiosk services

deals@k kiosk
Päckli Punkt

k kiosk's range of extra services

Be it with a coupon booklet or a smartphone app, the deals@k kiosk platform is where Valora customers go to find an appealing range of attractively priced offers. Päckli Punkt provides k kiosk customers with a convenient package drop-off service.





As black as the night or as light as a summer's day sky? People's views on coffee vary.
That's why, at Spettacolo, we ask how you would like it.

“Light, medium or dark?” The question is typical of Spettacolo. It could even be a motto for this coffee-bar chain. At Spettacolo, customers not only choose whether their coffee should be an espresso, a latte or a latte macchiato. For each of these, they can also choose between three different roastings. Light? That will be 92.5 % Arabica beans and 7.5 % Robusta, a

delicate, golden colour, ideal for a latte. Medium? 100 % Arabica, for a long-lasting aroma which is perfect for an authentic cappuccino. Dark? 70 % Arabica and 30 % Robusta. That's what you need for a genuine espresso, of the kind drunk by Giuseppe di Lampedusa's Leopard.

*A polite question, just to make sure.
A detail?*

Yes, but that's what counts.

AMAZING NUMBER
valora magazine “13



6.8

million
booklets

deals@kiosk

Valora distributed 6.8 million deals@k kiosk booklets in 2012. In addition to the four regular editions, there were two special series (“Plus 18” and “Päckli Punkt”). Using coupons to save money is fashionable nowadays, as the success and popularity of the deals@k kiosk printed coupon booklets and the eponymous app clearly demonstrate.

Besides their popular coupons, deals@k kiosk booklets also contain a popular annual competition. Some 12 000 customers took part last year. The main prize – a Fiat Panda – found a happy new female owner. 12 wellness holiday packages and 12 Mustang bikes were also distributed. Needless to say, the customers were delighted.



Swiss farmers have been growing tobacco for centuries. It is hard work, and it requires sensitivity, passed down from generation to generation.

Strong stuff

Tobacco can be so beautiful. To appreciate that, you just need to step into the Gassmann family's tobacco barn in late summer. In Dagsmarsellen, in the Swiss canton of Lucerne, they grow tobacco on about three acres of land. Looking into the barn, visitors are confronted by a forest of leaves such as they have never seen before. The barn holds about a quarter of a million of them. They are green, greenish yellow, yellow or golden in colour. Each leaf is neatly tied and suspended from wooden beams, hanging down from the roof twelve metres above, as if it were raining tobacco leaves.

Managing that forest of leaves is mainly a question of sensitivity and timing. Tobacco cannot just be hung out to dry like washing. It goes through a complex drying process which lasts about two months. If the leaves get too damp, they go mouldy. If they get too dry, they crumble. That is why for Franz Gassmann, the weeks following the harvest in July are times when he sometimes gets nervous of an evening. Is a thunderstorm coming, which will send the humidity levels sky high? If that happens, he will get up again in the middle of the night, cross the ash-tree-lined farmyard to the tobacco barn, opening a window here, closing one there, to get the air circulating. If the air is very dry, he will take a high pressure hose up onto the roof and moisten the tobacco leaves with a soft, damp cloud, like a rain god. When the drying process is finished, the humidity of the tobacco leaves should be between 22 and 28 percent. They are then packed into bales before being taken to one of Switzerland's domestic tobacco-buying cooperatives to be sold.

Franz Gassmann's tobacco-farming expertise can be seen in the books kept by the buying cooperative he supplies. Between September and March, the cooperative buys tobacco not only by weight, but also by quality. The price for a kilo of burley tobacco can vary from CHF 5.50 to CHF 17.40. When he sold his last harvest, Franz Gassmann earned top

prices for his entire crop. His sensitive touch seldom lets him down.

He learned the art of tobacco farming from his parents. Of the 200 tobacco farms still operating in Switzerland, nearly all are family-run. 85 percent of the country's tobacco-growing area is in western Switzerland, in the Broye valley, which has been growing tobacco since the 18th century. Know how is passed down from generation to generation. Tobacco growing in Switzerland had its heyday during and just after the Second World War. There were 6000 tobacco farmers in Switzerland in 1946. Their sole crop was the dark burley tobacco, which has a spicy, slightly bitter taste, and which supplied 24 percent of the Swiss tobacco market at that time.

“Tobacco cultivation is a centuries-old tradition in Switzerland. One that I also learned from my parents.”

Nowadays, only 0.6 percent of the tobacco products sold in Switzerland are made from Swiss tobacco and the crop that is grown now mainly consists of milder Virginia tobacco, introduced in 1992, rather than burley.

Franz Gassmann, whose farm is within sight of Japan Tobacco International's cigarette factory, does not go on growing tobacco today solely because of his respect for tradition. For someone who is hard working and has a close affinity to nature, tobacco farming also makes economic sense. As he explains, the value chain for tobacco is longer than for other agricultural products, because the crop cannot be sold as soon as it is harvested and because quality is a major factor in determining the sale price. To illustrate

his point, he turns to a tobacco bale and takes a leaf out. He holds it up to the light, and it radiates a perfect golden brown colour. He presses it together and it does not crumble at all. It is a top-quality tobacco leaf, and Franz Gassmann is evidently proud of it.

Conversely, of course, tobacco farming is very labour-intensive. The Swiss Tobacco Growers' Association estimates that a tobacco crop requires 1000 hours work per hectare. The Gassmanns have not had a summer holiday for years. But, this year, they will. Franz Gassmann intends to fulfil a dream he has had for himself and his family for a long time. They will hire a mobile home and visit the United States by road. To have the time for that, he will halve his tobacco acreage this year and plant the seedlings in May, three weeks later than usual.

Cigarettes

Never really quiet on the Western Front

Columbus's voyages to America introduced the world to tobacco plants and their uses. Jean Nicot, the French ambassador to Portugal, first brought tobacco to France – as a medicinal plant. His name is remembered in the designation subsequently given to the tobacco-plant genus, *nicotiana*, and in the name of the key substance it contains, nicotine. Initially, tobacco was cultivated in Europe as a medicinal plant. Cigarettes were not invented until well after tobacco was first brought from the colonies to the Old World. At first, tobacco was mainly consumed either as snuff, or else smoked in cigars and pipes. It was not until 1850 that the first cigarettes were made, from shreds of waste tobacco. This really was a case where necessity was the mother of invention. Cigars were simply too expensive for the people who were employed to manufacture them. As they still wanted to smoke, they began to roll the waste tobacco in paper. The cigarette, or 'little cigar' in French, was born.



ok.- goes West.

ok.- Energy Drink is achieving a cult status with young consumers. Born in the spring of 2009. *Now on its way to America.*

Minimalist urban design. Edgy slogans. A range of trendy flavours. It all goes to create a cool product that appeals to a young generation, keen to experience something new. In 2012, some 25 million cans of ok.- Energy Drink were sold in Switzerland alone. A new record. It is certainly popular on Facebook, where it has more than

333 333 fans worldwide. So it's hardly surprising that this best-seller is already available at some 300 outlets in Germany, Austria and Luxembourg – standing by to quench thirsty throats. Now ok.- is ready to cross the Atlantic.

*A strong brand,
powering its way to success.
A detail?
Yes, but that's what counts.*

AMAZING NUMBER
valora magazine "13

38

years' worth
of music



The Apple Store gift card is a real success story. More and more people are getting the habit every week. Valora's kiosk outlets sell many of these shiny coloured cards every day. Taken together, all the cards sold at kiosk outlets in an entire year represent about 5 million individual songs downloaded from the iTunes Store. Listening to them all would take about 13500 days, so you would not actually need to buy a new song for another 38 years, although you might miss out on the odd musical trend.

The iTunes Store is another success story for Apple. Founded in 2003, it is now the world's leading online music platform. Originally designed to sell music only, the store now offers a wide range of other electronic products, such as music videos, films, TV series and e-books. In 2011, the App Store significantly extended the range of products available.

TRENDS & MARKETS

EVOLUTION & EXPANSION



TRENDS & MARKETS

IS THE FUTURE DIGITAL?

Trying to get close to a changing retail world

Retail, it is often claimed, is all about evolution. For any retail company, responding to societal change is certainly indispensable. A retailer who fails to adapt will not survive for very long. One of the most far-reaching developments to have occurred in recent years is the way in which entire businesses have become digitalised. The all-conquering success of companies like Apple and Amazon has completely revolutionised many industries. Examples of this can be seen in the music industry (with iPod and iTunes), the book industry (with its e-readers) or the newspaper industry (with its iPhone and iPad apps). New players are advancing into existing industries, crowding out the incumbents. The balance of power in many markets is shifting, as hitherto successful business models give way to new, more innovative ways of working. The retail sector cannot escape these trends.

Physical retail is coming under increasing pressure from online retail. New players such as Zalando or Digitec are using their innovative business models to confront established market participants. Interestingly, food retailing in Switzerland has so far been largely unaffected by this trend. Nevertheless, classical food retailers are also actively trying to link physical retail to online services in ways which are both financially attractive and generate additional utility for their customers.

Mobile, handheld devices will be an increasingly important interface between the retail sector and its customers. In physical retail, these devices are playing an increasingly important role in customers' buying decisions, with nearly 50% of customers already using them to view product information and prices. How much further this trend will go and how significantly it will alter the physical retail sector is one of the key questions for the industry's future.

MOBILE PAYMENT THROWS DOWN GAUNTLET TO CASH

In 2012, the ratio of cash to card-based payments was roughly equal, with card payments totalling US\$ 14 trillion versus US\$ 15 trillion in cash payments. Payments from mobile devices present a different picture, and this market is still in its early stages of development, which is also somewhat hindered by the fact that customers are generally slow to adopt new forms of payment. Only when smart phone and payment cards truly merge will this market really start to grow.

RETAIL TAKES ON THE WELL-INFORMED CUSTOMER

In the past, people tended to do most of their online product research and price comparison at home. In future, it is likely that people will increasingly use mobile devices to consult similar platforms while they are actually in a shop. It thus makes sense for retailers, store managers and salespeople to be equipped with the same technology. In a sales situation, that is the only way they will be able to keep pace with their ever-better-informed customers.

SWITZERLAND, TO APPLE'S DELIGHT, IS AN IPHONE COUNTRY

Nearly 2 million iPhones were already in use in Switzerland at the end of 2012. This has given Apple's iPhone more than 50% of the Swiss smart phone market. Interestingly, smart phones are currently less popular in Germany than in Switzerland or Austria. This suggests that some trends may first establish themselves in Switzerland and Austria, before they take hold in Germany.

SO WHAT WILL REPLACE BOOKS?

The spread of the e-reader has become invincible. Sales of e-books are increasing every week. Indeed, many have already predicted the demise of the printed book. This may perhaps be a little premature. What will happen to all empty wall space previously occupied by bookshelves? Will children in future be given an e-reader as their introduction to the world of the written word? Or will books perhaps experience a renaissance, by providing a refuge from a multifunctional, electronic environment where one can really concentrate on reading longer texts.

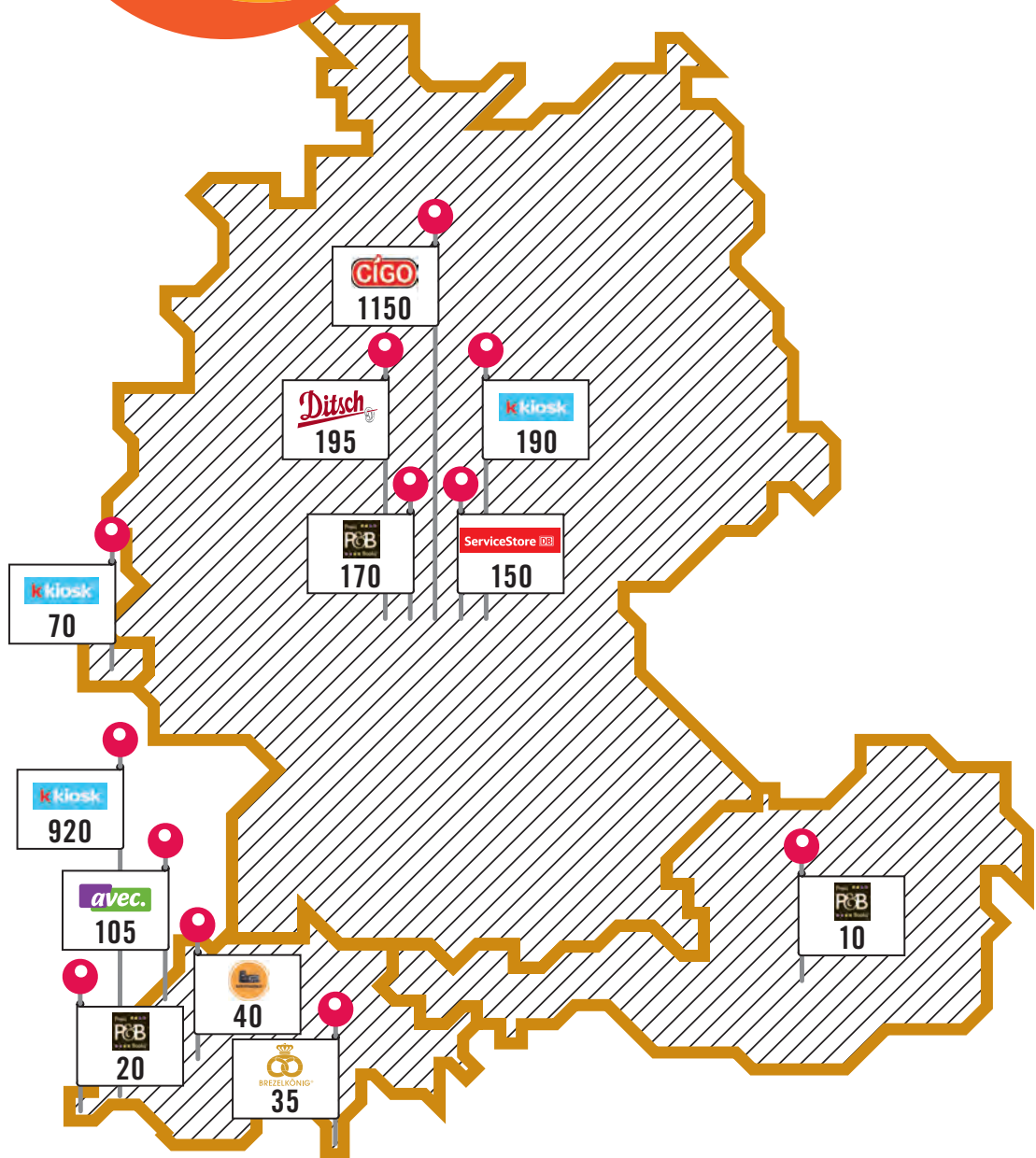
STORES NEED (R)EVOLUTION

Today's mobile society is presenting retailers with new challenges. More and more customers are also using their mobile devices for shopping. How should the physical retail sector respond? Will tomorrow's shops simply become showrooms? Solutions need to be found which link digital platforms with physical shops in a way which promotes sales at the latter. That is exactly what kiosk aims to achieve with its deals @k kiosk app.





Valora is an economically robust, independent trading company operating on a Europe-wide scale. The Group meets the rapidly evolving challenges posed by this environment accordingly. Valora is operating in a world subject to continuous change, Valora – for a fast moving world.



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Taking responsibility seriously

JTI (Japan Tobacco International) is the international tobacco division of Japan Tobacco Inc., the world's third largest manufacturer of tobacco products. JTI markets some 90 different cigarette brands in over 120 countries. With global headquarters in Geneva, the company employs 25,000 people worldwide.

Geared for growth in Switzerland

Building on more than 40 years of successful operation and performance, the JTI Switzerland market organization and production plant in Dagmersellen today comprise 400 people, making the company one of the largest employers in the canton of Lucerne.

JTI has made significant investments in the expansion of its operations in Switzerland, increasing its production capacity and creating additional jobs at its Dagmersellen facility, as well as in Geneva.

With size and success comes responsibility

As the manufacturer of well-known brands, we recognize and take our responsibility towards the public very seriously. As such, we are committed to the responsible marketing of our products, and to providing solutions that promote the tolerant coexistence of non-smokers and smokers.



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