

## Non-food

All sub-groups of the non-food consumer goods sector report a positive trend in business performance. Both their review of 2007 and the outlook for next year are upbeat, thanks to further improvement in the development of individual incomes, which is putting Swiss consumers in the mood to shop. Households are not only willing to spend more on fashion and personal care products, but also to make larger purchases of durable goods such as household goods and furniture.

### Personal care still in demand

The market for cleaning and personal care products was buoyed by ongoing strong growth. Though substantial price pressure prevails in this fiercely competitive market, earnings at the firms we surveyed have risen significantly. With society generally placing greater importance on a well-groomed appearance, the producers of cosmetics and personal care products are enjoying an uptrend. They anticipate strong growth figures in the future as well. According to the results of our survey, manufacturers in this sector are planning extensive investments for 2008. Compared to cleaning and personal care products, sales of household appliances are far more dependent on the overall economic situation. In 2007, this translated into a sharp uptick in sales and earnings as well as an increase in payrolls. The strong construction activity played a particular role in boosting demand for household appliances last year, as when new homes are first occupied there are always additional requirements for fixtures and fittings. Nevertheless, cost pressure will remain high in 2008 as well. At the same time, prices are expected to continue easing slightly, which will negatively impact earnings. A greater focus on overseas markets could, however, secure additional growth potential.

### Multimedia for furniture, too

Construction activity is also decisive for furniture manufacturers, which are predominantly focused on the domestic market. The building boom of the last few years has had a very positive impact. The Swiss furniture industry maintains a clear focus on affluent customers who attach great value to quality, design, comfort and functionality. Domestic firms are not competitive in the market for standard furniture due to their high costs. New possibilities in the high-end segment may be opening up for Swiss furniture manufacturers in multimedia furniture. Whereas furniture and hi-fi equipment are generally separate elements today, they may in future be sold more often as a combined package. The prospects for furniture manufacturers remain good, as construction activity looks set to stay brisk for the time being.

### Fruits of restructuring

The Swiss apparel and shoe industry was considerably decimated over the past few decades by the effects of globalisation. The surviving firms have proven, however, that difficult restructuring measures do bear fruit. Sales and earnings improved further in 2007 and things look set to continue in the same fashion this year. Labour-intensive production processes in this industry have mostly been outsourced to lower-cost locations. In many cases, only core functions such as corporate management, design, sales, marketing and logistics remain in Switzerland. While the firms surveyed said they planned more investments than in past years, the need to recruit additional staff remains only modest. ■

