



Small can be Beautiful

For the Swiss coatings industry, 2005 was characterised by the impact of the new Swiss toxicity legislation and the Swiss VOCs ordinance. On the other hand, there was a further increase in competitive pressure, both technical and commercial, combined with massive rises in raw material prices.

► For a better appreciation of the specific situation of the Swiss coatings industry, I would like to make the following comparison:

Theoretically, all the demand for coatings in Switzerland could be met by just one large coatings factory, of the kind existing in Germany today, whose 2000-2500 employees generate equivalent sales of 700-800 million Swiss francs.

The key word here is "theoretically", however, because these employees and sales figures are in fact spread across approx. 60 paints and coatings factories that have all kinds of traditions, cultures, and employees and, last but not least, specific product ranges. On account of this background, the Swiss paint and coatings market is awash with applications-specific coating materials and specialty product modifications. These are necessary on one hand for satisfying the very high demands of Swiss customers but, on the other, they "spoil" customers to a certain extent.

In the past, competition was essentially a struggle to provide the best technical solution for a specific coating or processing problem. More recently, however, and especially in high-volume areas, there have been signs of increasing price sensitivity, much like that observed among the general Swiss public. As an example, the German food discounters Aldi and Lidl have entered the Swiss market.

The strength and expertise of the Swiss coatings industry are to be found less in competition in which large volumes are offered at small prices than in the development of optimum technical solutions for even the small or smallest specialty applications. Considering that the Swiss coatings market has virtually ceased to grow in recent years and has at best stagnated, if not shrunk, in some areas, it is not surprising that one or more suppliers have disappeared from the radar screen due to high costs and falling sales. Thus, it can be seen that the Swiss paints and

Harald Schwarze
Managing Director
Walter Maeder AG
www.maederlacke.ch

» Most Swiss coatings manufacturers
have done their homework «

coatings market is also undergoing a slow but steady change on account of acquisitions and possible closure of production locations.

The upshot of this is that most companies in the Swiss coatings industry are now highly exports-oriented, focusing especially on the surrounding EU countries. Essentially, this means that the factories concerned are forced to take account both of the rising flood of EU rules and regulations and of the sometimes different or more stringent Swiss legislation.

The fact that most of these Swiss paint factories are SMEs underscores the high importance of this problem and increases the entrepreneurial risk disproportionately.

In an age of stagnating markets and increasingly stringent competition conditions, caused as they are by burgeoning production relocations to new markets in the pursuit of globalisation, it is doubtful whether heaping more and more legislation on industry will produce the desired effect. Rather, the question is more

as to whether existing legislation and regulations might not be adequate and if the first step ought not to be to actually implement them.

Most of the Swiss paint factories engaged in technical competition have done their homework in this area and have the necessary competitiveness that would allow them to compete on the international market as well. It must also be conceded, though, that many areas of the Swiss industrial landscape still need to do more to embrace new technologies and environmentally sound coating technologies.

While most coatings factories have been largely successful in purging their product lines, most have experienced a massive swelling of their product ranges in the last 20 years due to a greater focus on environmentally sound products. This naturally generates higher costs relating to administration, storage and maintenance of the corresponding product line. Furthermore, it means that marketing a wide product range becomes technically much more compli-

► Market demand for technical
advice is rising all the time ◄

cated and generally necessitates a detailed analysis of the coating workflows at the processors' premises. Market demand for technical advice is rising all the time. If these increasingly complex tasks are to be accomplished, it is essential to have technically trained employees who can deliver what is needed. This would also seem to be especially important in light of the increasingly stiffer international competition. For this reason, most companies in the Swiss paints and coatings industry expressly support the efforts undertaken by the association of the Swiss Paints and Coatings Manufacturers (VSLF) as regards paint-specific training.

Despite, or perhaps because of, the difficult Swiss market environment, those companies which embrace competition have every chance of being highly successful in the future both at national and international level. There have been countless examples of this in the past. Facing up to the challenges of a competitive arena while maintaining traditions, historical structures and the resultant strengths will remain the watchword for many Swiss coatings companies in the future.

■ 106

Switzerland – Key Potential Indicators

	Value ¹⁾	Unit	Value ²⁾	Remarks
Population	7.2	million	7.2	
Population Growth	0.15	%	0.24	av. ann.
Gross Domestic Product, per Capita	33 390	USD	44 460	
Gross Domestic Product Growth	1.1	%	1.1	av. ann.
Number, Households	2 988	1 000	3006	
Number, New Apartments	34	1 000	32	
Number, Traffic Accidents	23 647	total	23 647	with injuries
Number, Registered Automobiles	4 046 219	total	4 109 544	
Production Vehicles	89.4	index 1995 = 100	85.1	
Production, Plastic Products	113.0	index 1995 = 100	115.8	incl. rubber products
Production, Home and Office Electronics	104.0	index 1995 = 100	101.9	incl. optical instruments and watches
Production, Industrial Machinery	108.1	index 1995 = 100	101.6	
Production, Paper and Paperboard	1 805	1 000 tons	1 818	

¹⁾ available in 2004

²⁾ available in 2006