

Press release

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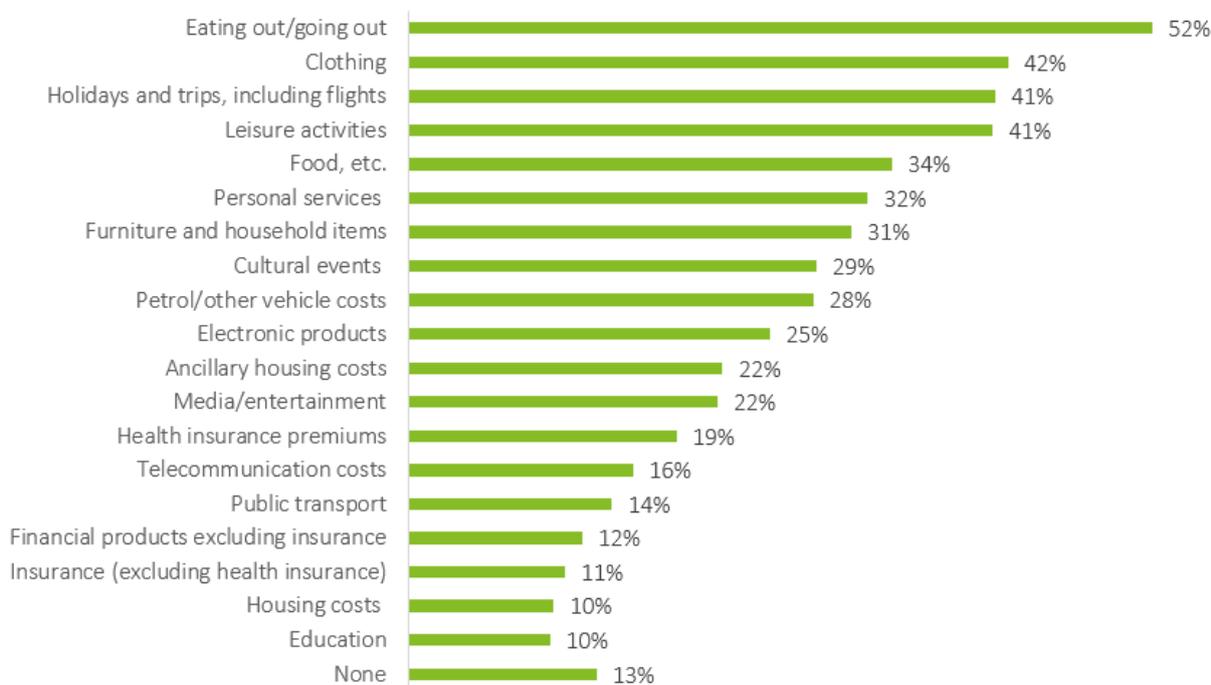
‘Pulse of Switzerland’: inflation making life difficult for people in Switzerland – two-thirds feeling the pressure

Deloitte’s [‘Pulse of Switzerland’ survey](#) of 1,900 respondents suggests that rising inflation over the past two years is making life difficult for two-thirds of the Swiss population and very difficult for over a quarter of them. Almost 60 per cent of respondents are cutting spending and paying more attention to special offers, while over half are eating out less and making fewer visits to bars and clubs. This is presenting manufacturers of consumer goods, retailers and the hospitality industry with opportunities to cater to consumers’ changing preferences. Rising rents and health insurance premiums are also giving grounds for concern. These are two areas where savings are harder to make, however, and calls for politicians to act are growing in many corners.

Inflation is exerting a significant impact on consumer behaviour in Switzerland. People are cutting back on non-essential spending and making savings where they themselves are in control of the costs (see Figure 1). In the 12 months prior to the survey in November 2023, over half (52 per cent) of respondents had spent less on restaurant meals and nights out, with over 40 per cent doing so for clothes, holidays, travel and leisure activities. More than a third (34 per cent) of the population have economised on food over the past year. Fewer have consciously made savings on education (10 per cent), public transport (14 per cent) and telecommunications (16 per cent) as a result of inflation, suggesting that people quite clearly regard these areas as more important.

Figure 1. Where has inflation resulted in cutbacks?

What goods and services have you reduced your spending on in the past 12 months due to inflation?
Multiple responses possible



Prices in Switzerland are currently six per cent higher on average than in early 2021, when inflation hit the headlines again. The rise in inflation was driven by a combination of factors: the global economic recovery following the COVID-19 pandemic; persistent supply problems worldwide; expansionary fiscal and monetary policy measures since the end of the last financial crisis; and the impact of the war in Ukraine on the global markets. Swiss inflation peaked most recently between mid-2022 and early 2023, when it reached over three per cent. Despite this rise, however, Switzerland has been affected by inflation much less than many other countries, including its neighbours.

Western Switzerland hit harder

The effects on consumer behaviour revealed by the ‘Pulse of Switzerland’ survey highlight how inflation is leaving its mark on Swiss wallets too. For instance, 27 per cent of respondents from all over the country said that inflation had made their life very difficult over the previous 12 months, while a further 38 per cent found the rising prices fairly onerous. The problem would appear to be hitting western Switzerland particularly hard, with inflation making life very difficult for 33 per cent and fairly difficult for 40 per cent of the people there. Almost two-thirds (65 per cent) of Swiss as a whole therefore consider inflation to be making their lives difficult, with this figure rising to almost three-quarters (73 per cent) in the western part of the country.

“Persistent inflation is affecting most people in Switzerland,” explains Michael Grampp, Chief Economist at Deloitte. “It’s proving especially challenging for low earners, who are facing rising living costs, so the changes we’re seeing in consumer behaviour aren’t all that surprising. They’re also having an impact on businesses and are already fuelling demands for politicians to act. To ease the pressure and counter the call for populist measures, the Swiss National Bank has to keep an eye on the inflation situation and not cut interest rates too soon.”

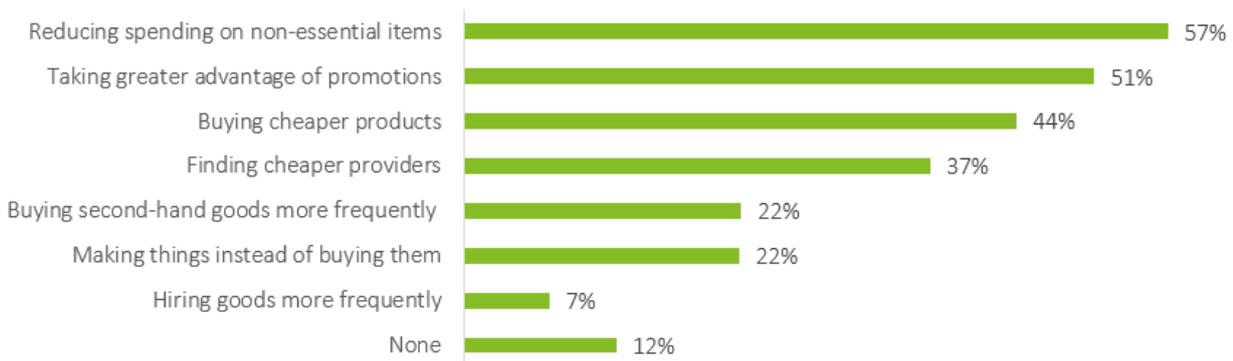
Strategies for dealing with inflation

Besides reining in their spending on non-essential products and services (57 per cent), there are a number of other ways in which respondents are tackling the price rises caused by inflation (see Figure 2). Over half (51 per cent) said that special offers and deals were now more important to them because of inflation. Many are also choosing to buy low-cost products (44 per cent) or switching to cheaper providers (37 per cent).

Yet the persistently high rate of inflation does not necessarily seem to be bringing about a fundamental shift in consumer behaviour. Only a minority believe that inflation can be tackled effectively by relying on second-hand items, making essentials themselves or borrowing instead of buying. If inflation remains high, however, planned changes to people’s behaviour could become entrenched, with major ramifications for retailers and for businesses dealing in consumer goods.

Figure 2. What measures have been or are being taken to counter inflation?

Have you taken the following possible measures, or are you planning to take them soon, to counter price rises? Multiple responses possible



“The pace of inflation is a real opportunity for retailers,” says Karine Szegedi, Consumer Industry Lead at Deloitte Switzerland. “With customers now more willing to shop around, we might see bigger shifts in market share, and offering good value for money is becoming increasingly important. Retailers will benefit from innovative, cost-efficient strategies that attract new, price-savvy customers while also strengthening their bond with existing ones through digital channels and loyalty schemes.”

Rents and health insurance premiums

The study revealed that public opinion is divided more or less down the middle when it comes to policy-driven prices such as rents and health insurance premiums, with some arguing for long-term, sustainable solutions and others favouring measures that will have a short-term impact. This split reflects just how complex these issues are.

“Inflation is making life difficult for many people in Switzerland and can potentially have some far-reaching consequences,” says Reto Savoia, CEO of Deloitte Switzerland. “It influences consumer behaviour, forces businesses to change tack and poses a challenge to politicians. What are needed are innovative, sustainable solutions that include both immediate action and long-term strategies. We must avoid populist measures that merely involve throwing money at the

problem and stay focused on those areas that are already heavily regulated if we are to keep Switzerland a competitive and attractive place to do business.”

About the [inflation survey](#):

Deloitte’s ‘Pulse of Switzerland’ survey was conducted in November 2023 and covered 1,900 people resident in Switzerland. The part of the survey discussed here provides an insight into the impacts of inflation on people’s daily lives and purchase decisions. We used our findings to draw conclusions for companies, politicians and the country itself as a business location. Our [‘Pulse of Switzerland’ overview page](#) contains all you need to know about this study and about the recent [energy policy survey](#). All information can be found directly on the website. There is no additional PDF or other additional document. Information on the other topics addressed in the survey – sustainability, the job market and retail banking – will be published over the coming months. You are also welcome to read our [ConsumerSignals](#) global study, which contains extensive analyses of consumer behaviour and the trends underlying it.



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