

On location: Victorinox cuts through brand noise

By **Mary Jane Pittilla** in **Zurich** on July, 12 2019 | Industry News



Victorinox headquarters is nestled among the Swiss mountains in the picturesque village of Ibach, near Lake Lucerne, an hour's drive from Zurich, Switzerland

Browsing through *Forbes* magazine, you read about the great and the good of the business world. Many have great stories to tell, and Carl Elsener, CEO of Victorinox, maker of the Original Swiss Army Knife, is one of them. He belongs to the fourth generation of the family that owns one of Switzerland's most iconic brands, and is a truly inspirational and entrepreneurial leader. *Asia Duty Free* magazine met him in the company's headquarters nestled among the Swiss mountains in the picturesque village of Ibach, near Lake Lucerne, an hour's drive from Zurich. Perhaps this idyllic location is where Elsener gets his inspiration.



Victorinox manufactures the Original Swiss Army Knife, an iconic emblem of Switzerland

Speaking to the travel retail media, Elsener delights in telling us the story of his brand, established in 1884. Like Mr Elsener himself, Victorinox is an honest and authentic brand, without pretension. And one with power. Victorinox has supplied products for many of the companies on the Interbrand list of the world's Best Brands. They include household names like Google, Microsoft, JP Morgan and Audi, and also liquor and fashion brands, such as Heineken, Jack Daniel's, Nike, Adidas, Cartier, Hermes, and Burberry.

Elsener's recipe for success seems simple. His brand is authentic – all the Swiss Army Knives are made in the company's hi-tech factory by his dedicated and loyal staff, many of whom stay with the company for years. As robots gradually take over repetitive tasks, Elsener ensures the displaced staff are redeployed elsewhere in the firm. Over the last 10 years, more than 600 jobs have been created. His human-centered approach to business is inspiring in today's competitive world.

The practical nature of the Swiss Army Knife tool kits is also key. People today want experiences and adventures – particularly the younger generation of millennials, and not forgetting the older demographic with time on their hands and money in their pockets. In line with this trend, fashion companies are turning to the outdoor category to innovate in clothing, accessories and footwear. These handy stainless steel Swiss Army Knives also play to this focus on adventure. From wood-cutting in the forest to removing those annoying tags from new clothes bought on shopping trips abroad, Victorinox knives aim to be your companion. Even the popular French singer Lou Doillon takes a pocket knife on tour with her as, in her words, "it's impossible to find scissors on the tour bus".

Many brands and retailers are struggling with this experiential shift in consumer attitudes, but Victorinox is coming into its own. With landside and airside stores at Zurich Airport, Victorinox is in its element in its hometown airport. On the day of my visit in June, passing traffic to both outlets seemed high, as both women and men browsed the outdoors-themed retail environment. The wooden shelves were attractively merchandised with the Swiss Army Knives in all shapes and sizes, including the cute travel-sized version.

Each year, Victorinox produces a limited-edition set of 10 Swiss Army Knives taking a different theme. This year it's foods of the world – another big consumer trend. (I love the burger-themed one, complete with neon signs.) The brand also celebrates Chinese New Year with the signs of the zodiac. Notably, the Original Swiss Army Knife is red, China's favorite color. This, like the pocket knives themselves, is handy, particularly for a company keen to expand in travel retail, where the Chinese customer is king.

Pocket knives contributed 35% of the company's CHF 480 million (US\$476 million) turnover in 2018. Victorinox supplies other product categories for today's intrepid travelers: Travel gear, consisting of a wide range of backpacks, bags, trolleys, and camera-style pouches, contributing 20% of sales; rugged watches, consisting of 12% of turnover; household and professional knives, contributing 30%; and fragrances, making up the remaining 3%.

Victorinox acquired its major competitor, Wenger, in 2005, inheriting the fragrance side of the business on the closure of this deal. Victorinox and Wenger had both suffered after the September 11, 2001 tragedy, but it was Elsener's stronger, more resilient company that enabled the acquisition. Over the years, the company has taken a cautious approach, investing in its operations in both the good and bad years, understanding that the global economic cycle can result in challenging times. Today, the company itself is run by a foundation, to avert any future succession risks. Elsener, who is one of 11 children, also has a family foundation that focuses on philanthropic activities, and this is very important to him personally.

His family have built up Victorinox on four pillars: people, customers, products and brands. He listens to customers. Many are superfans of the brand – witness the many Instagram accounts of people sharing their adventures and suggesting new features. This is why the company produces more than 1,000 models of the Original Swiss Army Knife, household and professional knives. Some 30 million different knives leave the factory in one year.

One notable superfan is the Canadian astronaut Chris Hadfield, who has spent 4,000 hours in space. He managed to cut through the Mir space shuttle with his trusty Swiss Army Knife – instead of the tool given to him by the Russians, which didn't work. His motto is: "Never leave the planet without one."

In 1999, George Bush Senior and his wife Barbara Bush hand-assembled their own Swiss Army Knives in the Victorinox factory. The knives were engraved with their names as a keepsake. Carl Elsener says his record for assembling a knife is 2 minutes 16 seconds. An impressive time, considering a knife has 64 different parts for 33 functions. These functions include a screwdriver, pliers, scissors, and even a tiny tool to repair unruly spectacle screws that keep falling out.

Elsener's inspiring method of leadership has enabled considerable expansion. Victorinox products are now available in the company's flagship stores and via a comprehensive network of 14 subsidiaries and distributors in more than 120 countries. In 1992, the company opened its first subsidiary in Japan, and has subsidiaries in the US, Canada, Mexico, Brazil, Chile, Peru, Bolivia, Hong Kong, China, Taiwan, India and Poland. The brand is brought to life in shop-in-shops and more than 70 of the company's own retail stores. The stores are situated in busy, tourist-heavy locations, such as Zurich, Lucerne, Geneva, Cologne, London, New York, Tokyo and Hong Kong.

Speaking exclusively about China, Elsener tells *Asia Duty Free* magazine that the brand already has strong visibility in the domestic market with its subsidiary. The company has produced a limited edition of 8,888 pieces of the Huntsman Year of the Pig 2019 for landside sale only. Regarding the Chinese traveler in general, Elsener continues: "The Chinese like our brand. It's a fast-growing market. It's not yet as important as other countries [in travel retail], but it is a growing market. Chinese travelers like Switzerland and they visit our country. Travel numbers to Switzerland are

growing. In their culture, they need to bring souvenirs for their family and they want to bring a small bit of Switzerland back with them. When Chinese tourists visit our shops, they buy dozens of our knives. Swiss chocolate melts, but a Swiss Army Knife doesn't melt and the price is not too expensive."

Asked about the brand's USPs for travel retailers specifically, Elsener says that Victorinox is well placed for expansion in travel retail. "Victorinox is a global, iconic Swiss brand with a strong history and heritage that also offers travel gear and fragrances. Our products support the traveler and make their lives easier. People have an emotional connection to our brand."



A happy customer poses with her Original Swiss Army Knife at the Victorinox store in Zurich Airport

Thomas Bodenmann, Head of Travel Retail, adds: "Operators are looking for new brands. Victorinox is a new and fresh brand in travel retail and it is a known and iconic brand [in the domestic market]. We offer a new brand that's already known throughout the world."

In travel retail, Victorinox opened a 50 square meter landside store at Zurich Airport 10 years ago and this outlet, operated by Dufry, was refurbished a few months ago. It also has a 58 square meter, directly-operated airside store at the same Swiss hub, opened in 2013. In Hong Kong, the company has one airside and one landside store, which are both directly operated Victorinox.

Asked about the rules on carrying knives through security, Bodenmann explains: "In Europe, blades up to 6 centimeters in length are allowed to be carried in hand luggage. Hence it is also possible to sell selected multi-tools with blades up to 6 centimeters at airport stores in Europe. In Asia, this is not possible."

Today, there's a lot of competition among brands that want to open airport shops, but Victorinox is determined to leverage its experience and authenticity to cut through the noise – quietly.



Travel gear, consisting of a wide range of backpacks, bags, trolleys, and camera-style pouches, contributed 20% of sales in 2018