



Discover new markets

ASENDIA

BY LA POSTE & SWISS POST

e -

The secrets of **e-commerce success** in **Switzerland**



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YOUR ADDRESS**

Why enter the Swiss market?

With an attractive audience and a stable business environment, retailers don't have to look far for reasons to consider Switzerland as their next market for sales success:



High purchasing power

The Swiss have a very high purchasing power – which feeds through to their cross-border purchases. Annual spend per capita online is second only to the UK, at CHF 2,400.



Shared interests

Swiss consumers have similar needs and interests to those elsewhere in Europe. Its multicultural nature makes Switzerland a useful European test market.



...And shared languages

Its shared European languages – German, French and Italian – also make it easier for retailers with a presence in those countries to expand.



International outlook

Swiss consumers have one of the strongest appetites for cross-border shopping in the world. Some 61 per cent of online shoppers – or 3.1m people – make purchases cross-border, spending 3bn CHF annually. That's 10 per cent of all consumer spending, and more than 25 per cent of Swiss e-commerce revenues.



Ripe for expansion

Studies from both the UN and Netcomm Suisse have identified huge potential for the domestic e-commerce market to expand – but that means there's opportunity for foreign retailers too.



Digitally savvy

Switzerland is a highly digital market, with 90 per cent of consumers spending an average of 3.4 hours online a day.



Established frameworks

Switzerland's strong focus on international business means it is easier to do business there. It has a first-class infrastructure, a familiar legal framework and low VAT rates 8 per cent.



Logistics network

Its central European location means it is well connected for international logistics. And importantly, Switzerland itself has a reliable logistics network.



Payment practices

Payment by invoice after purchase remains common in Switzerland but payment by credit card is becoming more popular among consumers.

Overview of the Swiss market

Switzerland might be a small country but it punches above its weight when it comes to e-commerce potential. It's a very international market, separate from, but closely linked to, the European Union, and it has a strong reputation as a country with which to do business.

Switzerland is also a highly digital nation, and its government has its sights set on it being a world leader in this respect. Already 95 per cent of the population between 16 and 65 regularly use the internet, and 90 per cent of them have shopped online at least once.

It's statistics like these that have led PwC to say that digital retailing is now "mainstream" in the market in its latest Total Retail report. UNCTAD's B2C E-commerce Index 2016 also suggests Switzerland has all the ingredients it needs for e-commerce to flourish in the market – placing it ninth in the world on potential, just after the UK.

But turn to the local experts, including e-commerce association Netcomm Suisse and mail order association VSV, and there is a sense that domestic players are yet to make the most of the opportunities.

That is something experienced foreign retailers can take advantage of.

Swiss consumer spending habits certainly give them a compelling reason to try. The Swiss are known for their high purchasing power, and this is reflected in online sales figures. Annual spend per capita online, for example, is second only to the UK, at CHF 2,400 – and that was up 20 per cent in the last 12 months alone.

And although retailers often worry about the extra effort needed to convince shoppers to make their purchases cross-border, high domestic prices and the limited product availability typical of a small market mean nearly two-thirds of those in Switzerland have already done so.

« The Swiss are known for their high purchasing power, and this is reflected in online sales figures »

Switzerland has all the ingredients it needs to be one of the best e-commerce markets in the world

Top 10 economies in the UNCTAD B2C E-Commerce Index 2016

Source: UNCTAD

1.	Luxembourg
2.	Iceland
3.	Norway
4.	Canada
5.	Japan
6.	Finland
7.	Korea, Republic of
8.	United Kingdom
9.	Switzerland
10.	New Zealand

The Swiss are only second to the UK in Europe for the amount they spend online each year

Annual online spend

Source: Swiss e-commerce consumer behaviour, 2016, Netcomm Suisse/Contact Lab

UK	€2,478
CH	€2,149
DE	€1,638
IT	€1,626
ES	€1,536
FR	€1,210

Retail trends

The recent fortunes of the Swiss retail sector might not look all that promising for foreign retailers, but with every challenge comes opportunity.

In 2015, the Swiss National Bank suddenly ended the fixed exchange rate between the Swiss franc and the euro – and although higher prices are the norm for Switzerland compared to its EU neighbours, the strength of the franc exacerbated the situation.

Credit Suisse suggests the difference in price can now be as much as 38 per cent for clothing and 26 per cent for furniture.

So here's the good news for foreign retailers: Swiss consumers have responded by taking their money elsewhere in a trend that has become known as "consumer tourism". In fact, VSV's latest report suggests the volume of cross-border sales was up 18 per cent between 2015 and 2016 – and it has doubled since 2012. This has cemented Switzerland's place in the top three markets for cross-border shopping in Europe, according to Ecommerce Foundation figures, after Luxembourg and Russia.

But the situation has also put a dent in consumer confidence – and it's fuelling competition from within the market.

Many domestic retailers have been slow to convert to e-commerce, but they are now replacing price promotions with a more strategic look at multi-channel business models and new partnerships to achieve them.

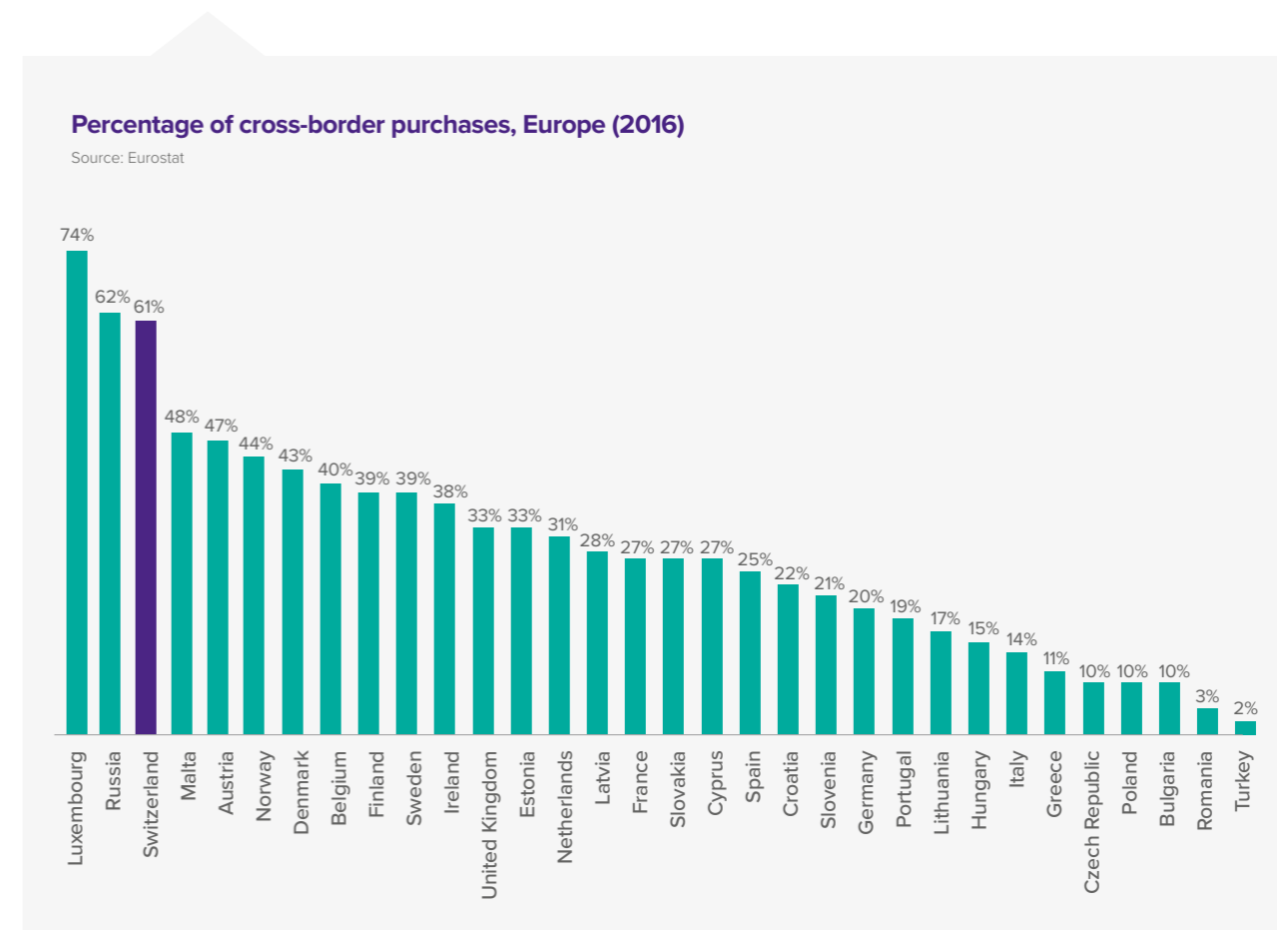
One of the country's biggest retailers, Coop, for example, has teamed up with Swisscom to launch Siroop.ch – "the most exciting e-commerce project in Switzerland". It will rival online warehouse Galaxus.ch, owned by Migros – another Swiss retailing giant. But both will be hoping that they can halt the advance of Amazon, which already has

Zalando and Amazon are among the foreign retailers carving out their share of the Swiss e-commerce market



« Domestic retailers have been slow to convert to e-commerce, but they are now replacing price promotions with a more strategic look at multi-channel business models »

Switzerland is one of the top three markets in Europe for cross-border purchases – a significant way ahead of the next largest market



an 8 per cent market share, despite not having a localised Swiss site or next-day delivery as standard.

In Datatrans most recent E-commerce Report, three-quarters of retailers in Switzerland want to see a strong Swiss B2C online marketplace to rival the American giant. One thing is for sure, e-commerce will emerge a winner from

the increased competition. E-commerce is still growing at about 10 per cent year-on-year, according to VSV.

Credit Suisse expects e-commerce's share of retail to double from 5 per cent in 2015 to 10 per cent by 2022. In electronics and clothing sales, that figure is set to be much higher – at 38 per cent and 25 per cent respectively.

Consumer trends

There is no doubt that with the strength of digital in Switzerland, consumer shopping habits have evolved. Digital sources of information are also becoming increasingly important when consumers are making their cross-border purchasing decisions.

Word of mouth, however, remains influential and trust remains a key ingredient to success in Switzerland.

Importantly, trust is growing in e-commerce – and an increased shopping frequency has driven the increase in both total spend (up 20 per cent over the past 12 months) and average annual spend (now CHF 2,400).

As in other markets, fashion is the most popular category online, with 56 per cent of online shoppers making purchases over the past 12 months. But Netcomm Suisse is quick to point out that home furniture is a category to watch – the number of buyers leapt up 33 per cent over the same period.

« Word of mouth remains influential and trust is a key ingredient to success in Switzerland »

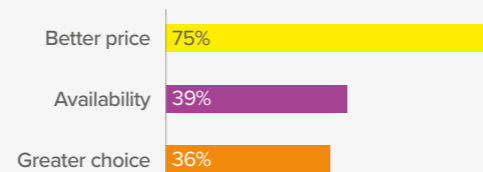
Cross-border purchases: We've already established that Swiss consumers lead the way in cross-border shopping, driven by price, availability and product range. But what makes them even more attractive to target is their willingness to spend more money than other nationalities.

A study of cross-border shoppers in 26 countries from International Post Corporation (IPC) shows that 29 per cent of the Swiss respondents bought an item worth 100 CHF or more, compared with only 18 per cent on average. The most common product value was 100-199 CHF, which accounted for 18 per cent of their most recent cross-border purchases.

The most common category for cross-border purchases is clothing. But it's worth noting that consumer electronics and computers are less popular than you might expect. That's because domestic retailers have a strong offering in this category, and the Swiss use a different plug to the rest of Europe.

The reasons for shopping abroad have grown over the past couple of years

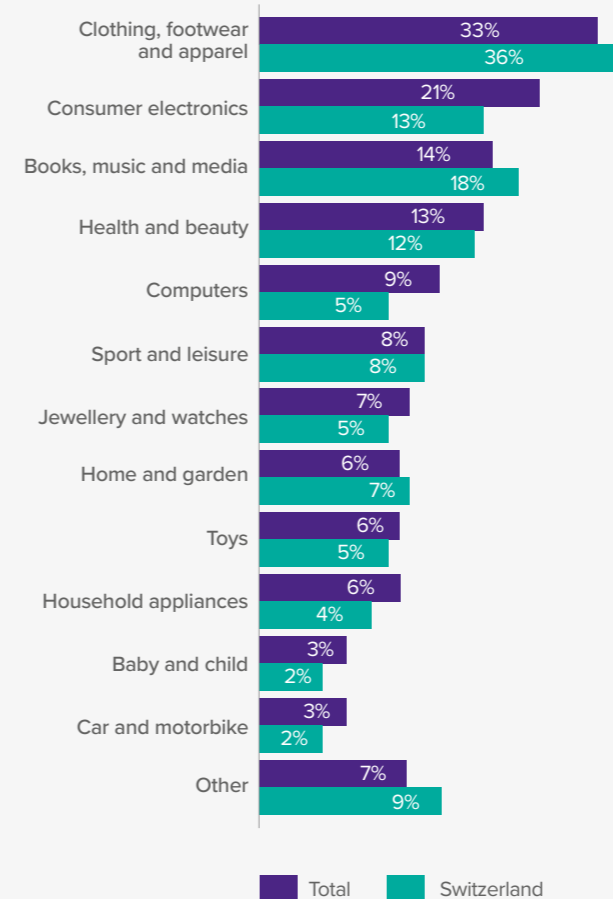
Source: Swiss e-commerce consumer behaviour, 2016, Netcomm Suisse/Contact Lab



Swiss buy more clothing cross-border than average

Question: For this particular parcel, please specify what category of goods you purchased?

Source: E-commerce cross-border shopping survey 2016, IPC



Payment: For many foreign retailers, payment preferences in Switzerland may come as a surprise. Although credit card and PayPal usage is growing relatively swiftly – particularly among cross-border shoppers – payment by invoice after purchase remains common.

Although this increases the risk for retailers, which have to bear postage costs upfront, the Swiss are known to have a good payment ethic. It does mean foreign players need to have a Swiss bank account, but this is also advisable for retailers who want to cater for the Swiss preference for paying in francs, rather than euros.

The Swiss payment profile differs substantially from the EU average for those shopping cross-border

Top 5 preferred payment methods by cross-border target

Base: cross-border online shoppers 16-65 y.o %

Source: Netcomm Suisse

	Average	CH
Paypal	68%	52%
Standard credit card	38%	44%
Bank transfer (online)	22%	31%
Prepaid or rechargeable c.card	21%	24%
invoice	16%	42%

m-commerce

Smartphones are becoming increasingly common in Switzerland. They are now used by 75 per cent of the population, up 50 per cent in two years, and 37 per cent of those who don't have a device expect to get one in the next 12 months. They are already used by 68 per cent of online shoppers.

M-commerce is growing quickly from a small base – in 2014, it only accounted for 15 per cent of sales; in 2015 that had grown to 25 per cent. And according to the retail respondents in Datatrans' E-commerce report, more than half saw between 10 and 30 per cent of their sales come from smartphones.

But IAB Switzerland suggests retailers can do more to drive the trend – only a third of Swiss retailers tailor their online content for mobiles or tablets.

« More people still shop via magazines and catalogues than they do via mobiles and tablets »

PwC's Total Retail report shows more people still shop via magazines and catalogues than they do via mobiles and tablets. It highlights a couple of consumer barriers slowing potential growth – primarily security fears around mobile payments, but also a sense of privacy that means Swiss consumers are not as keen on coupons and offers being sent to their mobile as those in paper format.

Delivery trends

Competition among Swiss e-tailers mean that more are focusing on improving their logistics, as they try to find the magic delivery combination of reliability, speed and flexibility.

This means there is plenty of discussion about the latest worldwide trends – from same day delivery to use of pick-up points. The use of tracking is certainly increasing, but the vast majority of Swiss consumers still want home delivery, and appear to value reliable, predictable delivery, over speed.

When it comes to Priority Delivery, 90 per cent of consumers will opt for a free version offering 48 hours delivery, rather than pay for Next Day, according VSV – and many consumers are willing to wait up to a week for their goods.

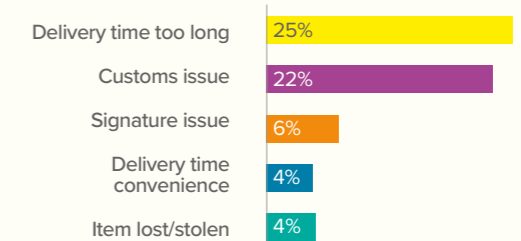
Offering free delivery is not yet the norm in Switzerland, which gives foreign retailers some wiggle room to cover the extra cost of shipping cross-border. IPC's research suggests only 50 per cent of Swiss consumers received free shipping for their most recent cross-border purchase.

As Switzerland is not part of the EU, there is a customs barrier to tackle, but this shouldn't put retailers off: it can be crossed quickly with the right paperwork and advice. According to IPC, half of all cross-border orders were delivered within two to five days.

However, retailers still need to do what they can to minimise hassle for their customers to encourage even more cross-border purchases. A key hurdle is customs clearance. As many as 21 per cent had to pay duty on their most recent purchase, and 61 per cent of them were made aware of this only after their order. Visibility of all costs – including transport, duties and taxes – is crucial.

Delivery times and customs issues can be the biggest headache when it comes to cross-border shopping

Source: IPC, Cross-border e-commerce survey, 2016

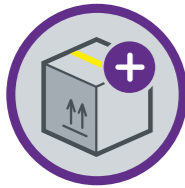


Returns: Just as in Germany, returns rates in Switzerland can be high – as high as 40 per cent for fashion. And although cross-border return rates remain low, there were up from 4 per cent in 2015 to 7 per cent in 2016, according to IPC.

« The vast majority of Swiss consumers still want home delivery, and appear to value reliable, predictable delivery, over speed »

Asendia services

Asendia's cross-border e-commerce solutions are here to help you grow your business internationally. Through its parent company Swiss Post, Asendia knows Switzerland inside and out, so we're well placed to offer advice on how best to succeed in the country.



Premium Goods

Our Premium Goods service for parcels weighing up to 30kg aims to ensure the best experience for both senders and recipients and is designed with e-commerce in mind. It offers delivery, return and tracking options to suit your preferences and the greatest convenience for your customer.

With our DDP clearance solutions we can charge all VAT and costs to you. As a result, your customers receive parcels without extra charges, and they are packaged according to Swiss standards, which builds trust.

Known for its reliability all over Switzerland, Swiss Post has one of the most dense post office networks in Europe for pick-up deliveries and offers customer service in four languages.

Depending on your needs we can offer you different options:

Mailbox Plus: Make use of Swiss Post's mail and parcel division, with all the reassurance that the national delivery operator offers its customers. Profit from this new and unique offer with the most competitive prices. Further benefits are tailored customs clearance solutions to help minimise your duty costs and convenient return solutions.

Mailbox Delivery / Personal Delivery: With Swiss Post's parcel division you have ultimate flexibility in delivery speed and additional services that meet your specific tracking and delivery requirements.



Goods

We can provide different solutions to deliver your goods that have a lower value without VAT and customs charges, depending on your requirements.

Our shopper-friendly Fully-tracked Goods option provides full tracking visibility and you can choose whether or not to require a customer signature upon delivery.

Country-tracked Goods is a budget-friendly delivery option, offering basic tracking information.

Our Standard Goods service offers a cost-effective delivery solution, perfect for small goods that don't require tracking.



Direct Mail solutions

Asendia offers you expert knowledge and tailored Direct Mail solutions to help you grow your e-commerce business faster.

Our solutions help you acquire new customers, keep existing ones, and increase the business you do with them by raising the profile of your products and services across borders.





A local presence in
15
COUNTRIES

With
over **1100**
experienced
EMPLOYEES

Serving **220**
COUNTRIES
and territories

WE SUPPORT YOUR BUSINESS AS IT FLOURISHES INTERNATIONALLY

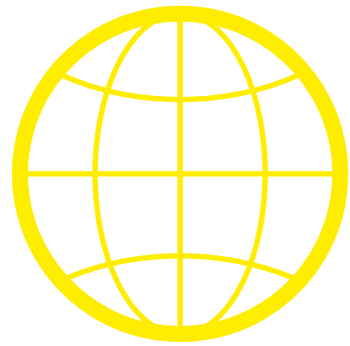
As our world becomes increasingly connected, choosing the right partner to help meet logistical and technological challenges is vitally important; for building relationships across borders and for winning potential customers, businesses and new reader markets.

Formed in 2012 as a joint venture between La Poste and Swiss Post, Asendia is one of the world's leading international mail and goods shipping providers and offers a remarkably diverse range of services aimed at empowering your business.

Our vision is to make cross-border commerce easy and reliable, all around the world.



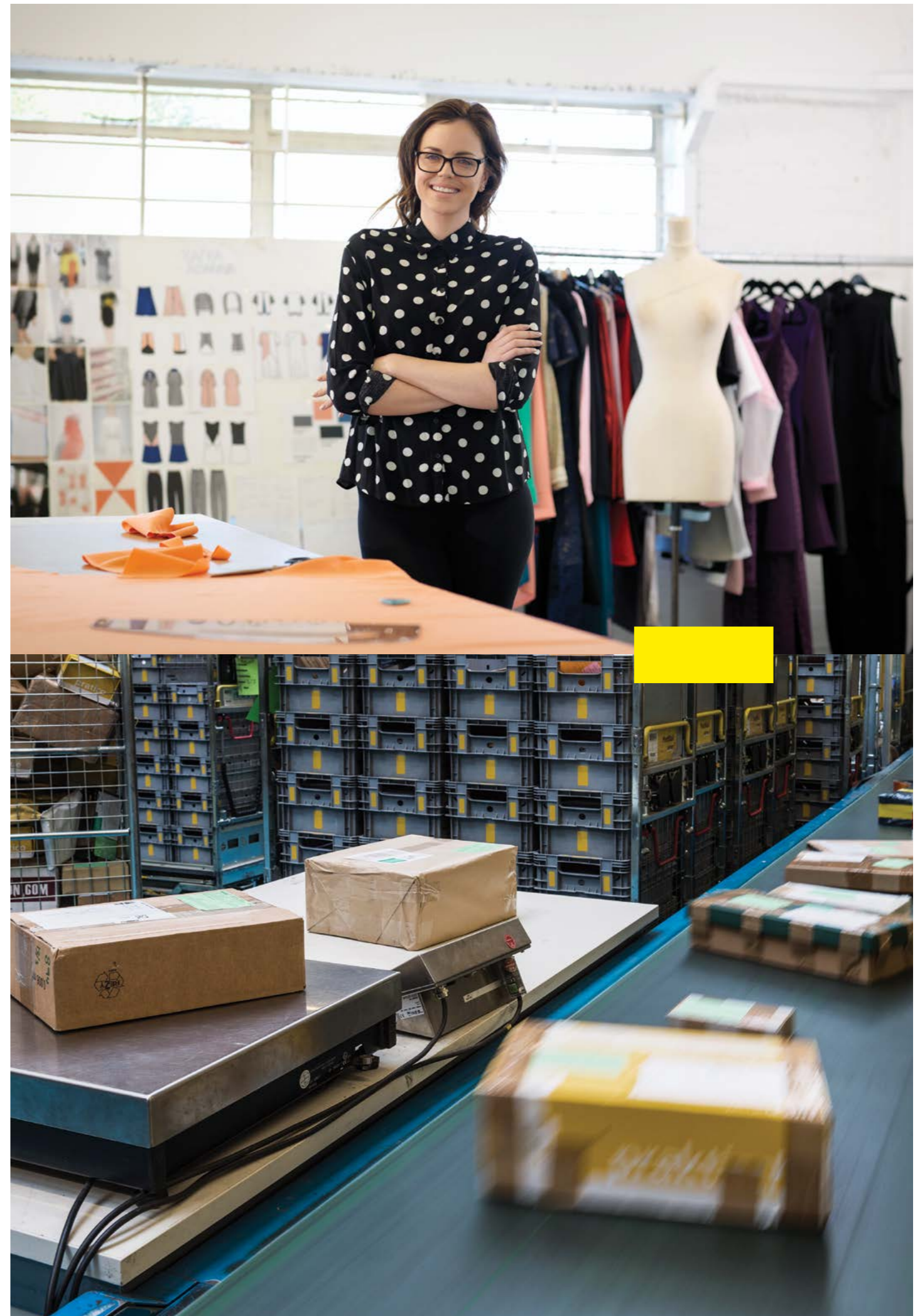
e-commerce
direct mail
press & publishing
business mail



We're your partner for
e-commerce & mail
all over the world

At Asendia, we're here to help you with all your mailing and e-commerce needs. With our experience and expertise in shipping and distribution, you can count on us to provide swift, efficient and reliable services, whatever your organisation needs.

Find out how we can help you meet your customers' expectations and grow your business with our leading industry advice and global range of e-commerce and printed mail solutions.





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Asendia is an international partnership between La Poste and Swiss Post.