



Interview with Daniel Bättig, Head of International Mail at Swiss Post International

Berne, March 2012.

Daniel Bättig (born 1964) has many years of overseas experience and embodies the international citizen like no one else. Bättig has been Head of International Mail and Swiss Post International since 1 August 2007. Prior to that, he was the CFO.

“We are aiming for greater presence in existing markets.”

Mr Bättig, Swiss Post International has achieved annual profit increases since it was established in 1996. How has the company been able to do this?

We have successfully opened up international markets with our strategy of small, carefully considered investment steps. In the last few years we have grown gradually and are now represented in the world's top 20 mail markets. This is reflected in the figures: since we were established in 1996, the Swiss Post International Group has made a profit every year and a positive free cash flow, which has strengthened the parent company, Swiss Post. Within the group, PostFinance and PostAuto have also been recording positive results for many years. Our fundamental goal of strengthening our business within Switzerland through overseas operations has been achieved, and the years of only achieving low-level double-digit growth are gone. We intend to grow further in terms of sales and single-digit percentage profit.

How will you achieve further growth?

Now the expansion work has been done, comes the optimisation phase. In the international letter business, volumes will fall due to substitution as well as the effect of the financial and economic crisis. Recognising opportunities in the markets is essential to our further growth, so we intend to increase our market presence and develop new products. Currently, one in three letters arriving in Switzerland comes through one of our international subsidiaries, securing Swiss Post's position in imports.

What exactly do you mean by stronger presence in existing markets?

It means greater proximity to customers by increasing our spread. This is done by expanding industry sales, a reseller network and by acquiring companies that are a good fit. In future we will also have selected SMEs and direct marketing companies like lettershops offering our products and services. These resellers will benefit from our comprehensive range, high quality and the Swiss Post brand.

Led by our subsidiaries in Singapore, we are opening up Asian market opportunities in Hong Kong and India.

Northern Europe is managed by our subsidiary Swiss Post International Scandinavia, which operates from Sweden and covers Denmark, Finland and Norway.

We plan to drive forward this regionalisation strategy, which focuses on the markets rather than individual countries. Sales will be strengthened across Europe and support functions like Human Resources and Finance can be combined into a central unit for the whole of Europe rather than locally managed.

What will this mean for your overseas subsidiaries which have previously operated relatively autonomously?

We are relieving our subsidiaries of these support functions and increasing the ties between the local sales forces and head office marketing through means such as industry solutions. This means that local sales can focus more on the varying needs of the industries. Industry experts advise and help our customers

beyond national borders in areas such as publishing and international distance retail. In our industry focusing, we can take advantage of common languages in cross-border regions like Germany, Austria and Switzerland. The same applies to Scandinavia, where English is an accepted business language.

This reorganisation of sales gives our customers fast access to our global portfolio. Internally, it also reduces our risk of letting international market synergies go unnoticed.

Will Swiss Post International be able to compensate for the decline in letter volumes with these changes in the management and sales structures?

Swiss Post International is currently number three among the national postal companies in the cross-border mail market. We can improve on this if we manage to create additional economies of scale through cooperation agreements. The market deregulation enables us to negotiate prices bilaterally with private providers and buy services for our customers on favourable terms.

Overall, you are expecting a drop in volume in the letter market. Is there still a future for shipments delivered by post in the traditional way?

Yes, online shoppers still want a catalogue in paper form, readers still want printed newspapers, investors still want their account statements and business target groups still want informative mailings. Printed form is still more highly valued than electronic mail and often generates a better response in direct marketing. I do not believe that traditional mail will ever be fully replaced by new media. However, there are international differences. I see a lot of evidence to suggest that the issue of whether paper or electronic form is preferred depends more on culture and age than on country.

Which products and ranges will you be developing in the future?

We are concentrating on expanding the international press business and cross-border B2C. We will continue to develop products and deploy more services like cash on delivery for international distance retail. I am certain that this strategy will ensure future growth for Swiss Post International.

What is your USP as far as customers are concerned?

Our two main strengths are our flexibility and personal service. We deal with customer requirements individually, even if something needs to be done overnight. This sets us clearly apart from our international competitors. We know how important it is to offer that bit more service in every market. This level of dynamism and our power of innovation, combined with Swiss quality are our distinction.

Mr Bättig, many thanks for talking to us.

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