



## **Interview with Jean-Pierre Streich, Head of Swiss Post International**

Berne, March 2012.

Jean-Pierre Streich on Swiss Post International, foreign markets and the fascination of working for the international business of Swiss Post.

**"The international business drives long-term growth and increases added value."**

### **Mr Streich, when was Swiss Post International founded?**

We launched our first foreign operations in Italy back in 1994. Initially, we focused on Switzerland's neighbouring countries and then gradually extended the business to other countries. The public limited company Swiss Post International was founded in 1996 and is a wholly owned subsidiary of Swiss Post.

### **What services does Swiss Post International offer?**

In Switzerland, Swiss Post International offers all the products and services that private and business customers need for international postal communications with Switzerland. We offer business customers a specialized product range for international mailings in 16 other countries: This includes everything from

handling business mail to comprehensive direct marketing services, a complete delivery service for newspapers and magazines, subscription management and small consignment dispatch.

### **What is the goal of Swiss Post International?**

The goal of Swiss Post International is to strengthen the parent company through risk-conscious and profitable growth abroad. Every postal company is finding it difficult to grow its core business because the domestic market is saturated, electronic alternatives are becoming more widespread and deregulation is leading to tougher competition. Swiss Post International is therefore an important means of driving long-term growth and of increasing added value for Swiss Post.

### **What is the vision of Swiss Post International?**

The vision of Swiss Post International is:

- to maintain its market leadership in Switzerland over the long term
- to increase its market share in the international letter business
- to be the quality and innovation leader in global mail markets
- to develop new and innovative products
- to be the preferred partner for international customers outside Switzerland
- to contribute to the increase in value of the parent company Swiss Post.

### **How strong is the position of Swiss Post International within the Group?**

The above-average growth rates of Swiss Post International have contributed to the increase in value of the parent company Swiss Post. Its moderate investments in know-how as well as in sales and marketing have always been self-financed. By avoiding expensive infrastructures, Swiss Post International has remained highly flexible and is able to adapt quickly to changing market conditions. Moreover, Swiss Post International has a clear focus on quality. This makes a significant contribution to the positive image of Swiss Post and the Swiss Post brand abroad.

### **How large is the market share of Swiss Post International in Switzerland?**

We have to distinguish between the courier, express and parcels market on the one hand and the letter market on the other. In the letter market, Swiss Post provides a public service. In return it still enjoys a partial monopoly. In the cross-border segment, though, this partial monopoly is only for imports.

### **Who are the most important customers of Swiss Post International?**

On the import side, they are other postal companies, for which we provide local distribution services from the border to the recipient. In the export segment, our customers are mainly private clients and small and medium-size enterprises (SMEs) for products sold at the counter, in other words our "Standard" range. Our clientele for daily business mail is mainly large companies such as banks and insurers; for advertising mail our customers are mail order companies and the tourism sector. Publishers are naturally the main customers in the dispatch of newspapers and magazines. Our solutions for commercial goods address mainly mail order providers.

### **Why don't you offer the B2B parcel service abroad as well?**

We limit ourselves to a lucrative niche policy in markets where consolidation is not yet very advanced. The B2B parcel market in Europe is already dominated by a few international providers. Our partner GLS is one of the largest and a leader in terms of quality. We have been operating primarily in neighbouring countries through Swiss Post GLS since 1998. These are markets we can reach inexpensively by road.

### **What new business areas is Swiss Post developing abroad?**

To date, our subsidiaries have grown in the areas of international marketing mail and business correspondence. We believe there is additional potential especially in newspaper and magazine dispatch. Small consignment dispatch is a market segment where we see big growth opportunities.

### **Are you planning to enter domestic markets outside Switzerland?**

The international involvement of Swiss Post has been defined in the strategic goals set out by the Swiss Federal Council. They stipulate that Swiss Post must ensure postal communication between Switzerland and the rest of the world. Over and above this, Swiss Post may exploit growth opportunities in foreign niche markets as long as the growth is profitable. However, providing basic services internationally is not one of our tasks. We abide by the defined goals 100 percent.

### **What does deregulation of the international postal market mean for Swiss Post?**

Swiss Post intends to maintain targeted growth abroad. One franc in every five of Swiss Post's revenue is now generated by its international business. The business of Swiss Post is hardly affected at all by the deregulation of the national postal markets in Europe for two reasons. First, export mail was completely deregulated in Switzerland in 1998 and in the EU, with a few exceptions, in 2003. Second, growth abroad has taken place in areas that were not subject to monopolies either in Switzerland or in the rest of Europe, for instance, dialogue solutions and document processing. The deregulation of the postal markets is bringing about innovations in the postal industry. With our consistent niche policy, we have captured a solid market position abroad. That means we don't have to fear deregulation as long as we maintain our quality, innovativeness and flexibility.

### **What are the core markets outside Switzerland?**

The most important core markets for Swiss Post International are neighbouring countries such as Germany and Austria. We increase our focus on individual sectors, i.e. we will work with specialists that provide cross-border customer consulting and offer tailored solutions for particular sectors. This also applies to subsidiaries abroad, which rely increasingly on sector specialists.

### **Swiss Post International has had a distribution partner in India since May 2008. Are there plans to further expand the business in Asia?**

Yes, we're very interested in steadily expanding in Asian growth markets such as India and China. Especially in the B2C area, we have for years been noting a significant increase in small consignments being imported from Asia to Switzerland.

**Are further distribution or franchising partnerships conceivable or planned?**

We have our own subsidiaries in the growth markets in which we are interested. We now want to open up further regions in these markets, outside the large cities and agglomerations, by means of sales agents. Our goal is increased penetration in the markets in question.

**Is there any discussion about privatizing Swiss Post International?**

A privatization in the sense of access to the capital market is not up for discussion. Swiss Post, however, wants to continue its successful policy of outsourcing subsidiaries into private structures in order to become more flexible and competitive.

**What about an IPO?**

This is not in the foreseeable future.

**What developments do you expect on the international postal market?**

The mail market, at least in Europe, will probably be completely deregulated in the next five years. This will sweep away the legal monopolies, but not necessarily all natural barriers. After all, the European postal companies have a strong position in their home markets. They will do everything they can to defend their cash cow, the letter business, and make things tough for the competition.

**Does it matter that Switzerland is not an EU member?**

De facto, we march more or less in lockstep with the EU on most matters. For the moment, however, not being a member has more advantages for us than disadvantages, for instance in our customs clearance business.

**Who are Swiss Post International's biggest competitors in Switzerland and abroad?**

The biggest competitors, besides the national postal companies such as Deutsche Post DHL, are DPD, UPS, TNT, Spring and FedEx.

**What role does "Swissness" play as a distinguishing criterion vis-à-vis competitors?**

The Swiss image is a brand promise. Our strategy is to closely link the Swiss Post brand with its Swiss values such as punctuality, reliability, flexibility and entrepreneurship with internationalism, innovation, competency and quality. The brand is also important in acquiring franchise partners and resellers abroad.

**Can Swiss Post International really offer better quality than its competitors?**

We obviously do so because many customers work with us even though we are often slightly more expensive than the competition. We stand out for our attention to detail. When we select managing directors for our subsidiaries, we make sure that they have outstanding know-how and a network in their market and that they think entrepreneurially. We constantly review rates and conditions, and IT services are from a single source. These details add up. They make all the difference.

**What do you find fascinating about the work at Swiss Post International?**

We've got the best job at Swiss Post. Together with our subsidiaries abroad and our partners, we can develop new business areas and build up a joint international culture.

**What is important for you personally as CEO of Swiss Post International?**

People. The most important thing is trust in one's co-workers. I've almost never been disappointed!

**Mr Streich, many thanks for the interview.**

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