



Interview with André Müller, Head of Business to Consumer International

Berne, March 2012.

André Müller has headed Business to Consumer International at Swiss Post International since 2002. His aim is to expand the leading position of Swiss Post International in the business-to-consumer segment and to grow along with the client base.

“Growing with our clients.”

Mr Müller, how has small goods dispatch developed in the last few years?

Over the past few years we have seen an encouraging trend with average annual growth of approx. ten percent. We have also been exporting significantly more goods in the last few years from European countries, where we have a presence through our subsidiaries or franchise partners. Volumes from Asia to Europe have increased significantly. This development will continue for the next few years.

To what do you attribute this development?

One reason is surely that the number of companies operating an online shop or going into direct sales is rising continually. Also, more and more companies are entering new markets as their home markets become saturated.

Internet sales in particular are strengthening cross-border trade. We launched goCommerce in Switzerland at the end of July 2011. goCommerce is an innovative service that offers a complete online shop with customized design and state-of-the-art technology. Payment processing and the entire distribution logistics are already integrated. Thanks to this solution, customers can offer and sell their products internationally even more easily.

What sort of goods do you send?

We specialize globally in small goods dispatch and logistics solutions. Our cross-border B2C packages are also becoming increasingly popular. We mostly send books, DVDs, textiles, as well as cosmetics and wine. There is also an emerging trend for health care and IT products, which are often ordered through the Internet.

What is especially important in the business-to-consumer segment?

Our customers value expert advice and a full service package, from collection of shipments to shipment preparation, transport, distribution, returns management and handling of VAT and customs issues. For companies exporting and importing goods outside the EU, customs and VAT services are particularly important. If a customs declaration is not filled out 100 percent correctly, the goods are either not cleared at the border or very long delays occur. In Italy and in Switzerland, Swiss Post offers upstream services such as interim storage and fulfilment.

Even with Internet orders, goods can be returned. What is Swiss Post International's position on returns management?

The number of returns varies greatly. With textiles, for example, return rates are up to 50 percent, with customers deciding that clothes do not fit or are not to their taste, whereas return rates for books ordered and paid for online are just one percent on average. If returns are made from Switzerland to the EU, they are stored abroad and then sent back to Switzerland as a combined shipment. This saves on

costs as it eliminates the need to clear each shipment through customs individually. For mail-order sellers importing goods from other countries, i.e. outside the EU, with high customs costs, we can organize customs-free re-import to the EU for returns. A software-based return customs package ensures that customs fees paid are automatically reclaimed. This also gives the customer a cash flow benefit.

Do you offer special services for distance sellers that operate internationally?

Yes, our returns solution is particularly attractive for e-commerce providers and can be used in 18 countries in Europe to return small consignments free of charge. The distance seller includes a pre-franked return label with the consignments or sends it online upon request. Distance sellers can use this service to gain a competitive advantage in international business in particular. For instance, online merchants can also offer free returns of small consignments for countries in which offers of this type are so far not very common. The advantage is that it is more attractive for customers to order from a distance seller abroad if they can return or exchange the goods free of charge.

What other benefits do you offer your customers?

With us, the customer can receive all services from a single source. Our advantage is that we take the time to give each customer an expert consultation. Once we have done this, we offer them a package tailored to their needs, drawing from all product ranges. We can also support them in dialogue marketing if they are entering a new market, then we take care of goods distribution and the subsequent mailing of invoices and latest offers.

What are the greatest challenges of the future?

The greatest challenge is standardizing the international distribution systems in the business-to-consumer segment. International trade flows between Asia and Europe or North America and Europe will shift increasingly from business-to-business trade to business-to-consumer trade. Distribution offers must take this into account to simplify and accelerate goods traffic.

The distance retail sector and logistics providers such as Swiss Post International will also offer IT solutions enabling optimal electronic data transfer in the B2C

segment. This will mean, for example, that the most important information for dispatch will be transmitted to the logistics provider as soon as an Internet order is received. This will result in a complete networking of the goods management system.

Are other services available?

Yes, for instance in the international distance-selling field. Since autumn 2010 it has been possible to mail parcels weighing up to 30 kg anywhere in Europe via Swiss Post in the cross-border B2C sector.

For the major European countries, the customer can generate the barcode for the most suitable distribution partner automatically via an electronic platform. Preparing consignments for mailing to several different countries will be even simpler, and the customer benefits from the fact that the best partner is selected for delivery and returns management in each country.

Many new Internet providers only have a virtual presence. They do not have their own production system or warehousing, so all of these services are outsourced. Our service range will be expanded to cover this type of company, with the development of services such as fulfilment. The customer can then come to us and request to collect the goods, to store, to pack and to deliver them inclusive customs clearance to our customers. Some companies are no longer able or willing to handle these matters themselves, so we offer all tasks as a full-service provider and support the distance seller with the import of his goods or with questions to do with customs formalities and VAT.

Mr Müller, thank you for speaking to us.

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