

Linking the Americas to the World

Swiss Post International

Adriano Nicoliello, Head of Global Sales Management

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SWISS POST 

Swiss Post International

our challenge

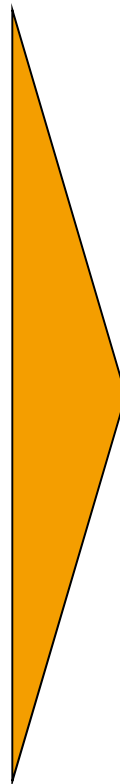
We all know the....

Trends

- The postal market will be determined by **innovation**, **diversification** und **transformation**
- Internet is linking the **physical**, **electronic** and **financial** dimensions

Developments

- **Globalization** of our customers: the new frontiers of postal business
- The digital substitution asks for **modernisation** and the **downsizing** of the infrastructure as well as a **consolidation** of postal activities



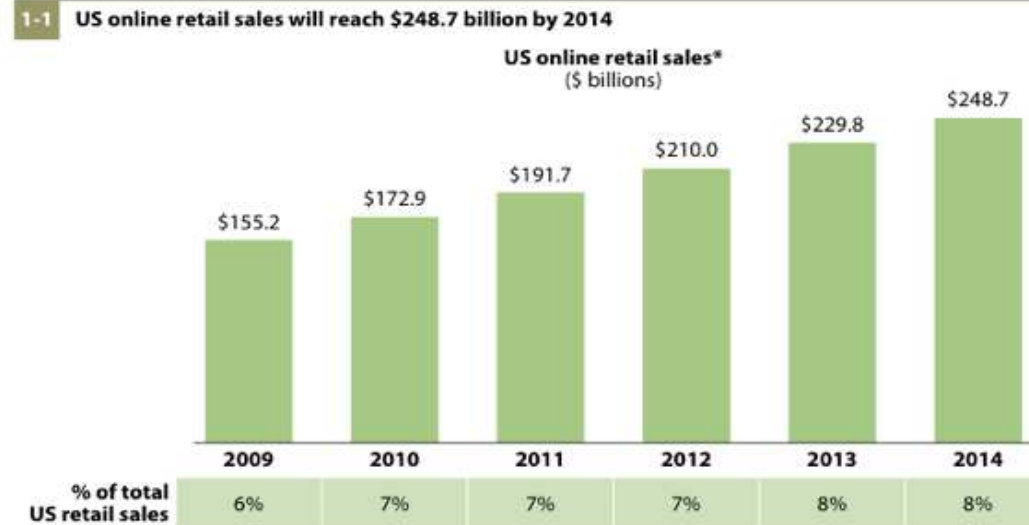
Changing demand for international postal services requires new strategies for postal operators

Increased **competition** and/or **co-operation** are seen by many postal operators as appropriate strategies

Sizing the Cross-Border Opportunity – U.S. orders for physical goods

- **United States population 2011: ~ 313 Mio.**
- **U.S. on-line sales reached US\$ 250 bn. – up from US\$ 191 bn. in 2011**
- **In 2010, 7.1% of Americans shopped from a country outside the USA**

Figure 1 Forecast: US Online Retail Sales, 2009 To 2014

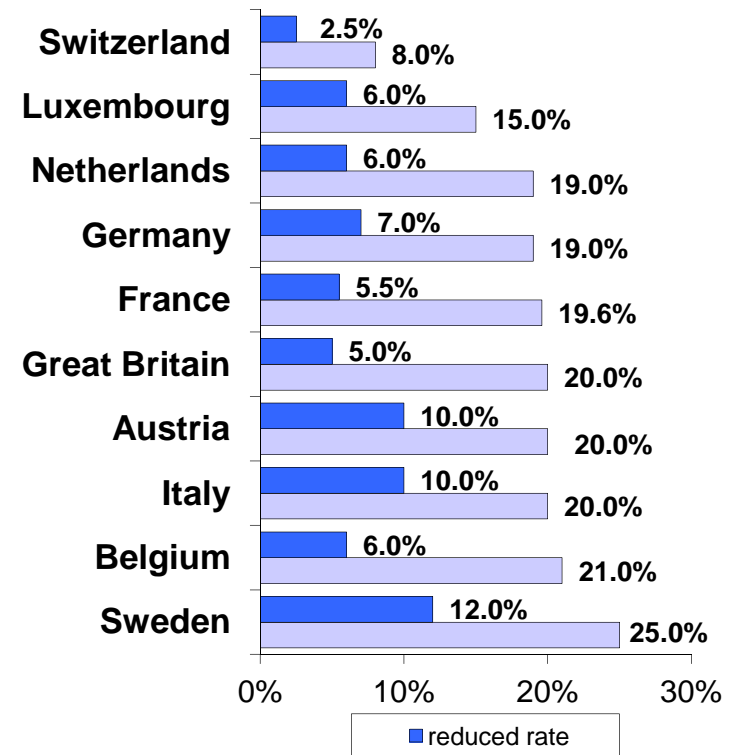
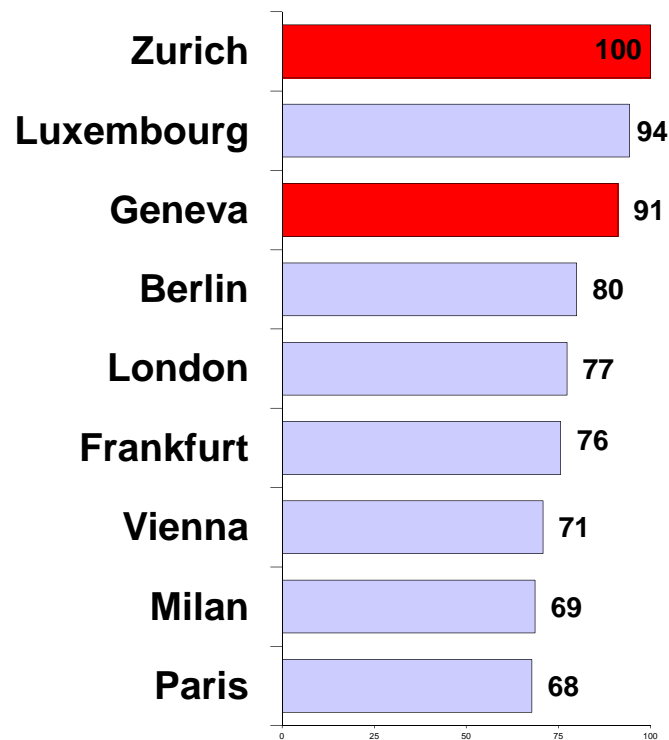


Source: Forrester Research
e-Commerce 2015

Sizing the Cross-Border Opportunity - Europe

Purchasing power and VAT comparison


- **EU population 2010: ~ 501 Mio.**
- **37% made at least one on-line purchase in 2010**
- **4% shopped from a country outside the EU**



Challenges - Europe

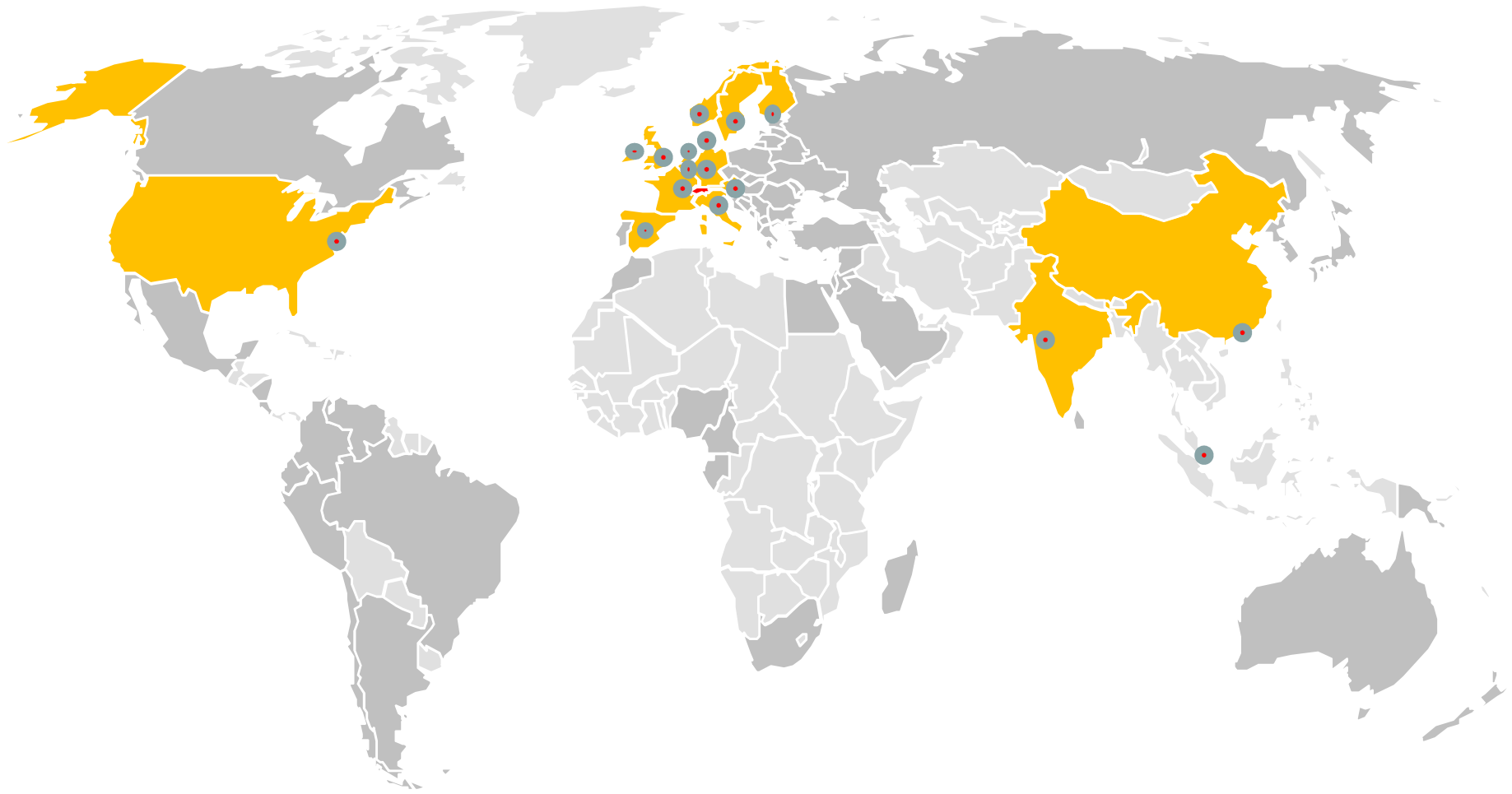
cultural and legislative

- o 27 countries in the European Union
- o Own customs and tax authorities
- o 23 official languages
- o Plus Norway and Switzerland
- o One single currency – the Euro – plus other currencies (GBP, SEK, NOK, CHF)
- o A single EU customs territory with ‘no borders’, but...
- o Separate tax rules and regulations
- o Import VAT and Duty payable in state where goods enter the EU
- o Exceptions: LVCR (Low Value Consignment Relief) for low value items
- o Off-shore fiscal representation options exist
- o How to offer a single, workable, cost-effective solution for Europe?



**“How to navigate
through all this
complexity, innovate and
offer high quality
service?”**

Our presence
from USA to Asia in 18 countries



Customers and sectors

focus on industries for global sales

**Financial
institutions**

Telecommunications

International organizations

Consuls, embassies

Service sector

Traditional mail order companies

Publishers and printers

Distance selling

Public administration agencies

Healthcare sector

Chemical and pharmaceutical industry

Global players

Manufacturers of consumer and luxury goods

Companies with international subsidiaries

Tourism industry

Drivers and barriers

reasons for and against cross border shopping

Main drivers for cross-border on-line shopping

1. Price

lower prices, compare prices, better price due to lower taxes and exchange rates

2. Exclusive products

Not sold in own country

3. Wider range of products

4. Convenience

Any time of the day

Main barriers for cross-border on-line shopping

1.No need

Can find everything I need in my own country

2. Lack of trust

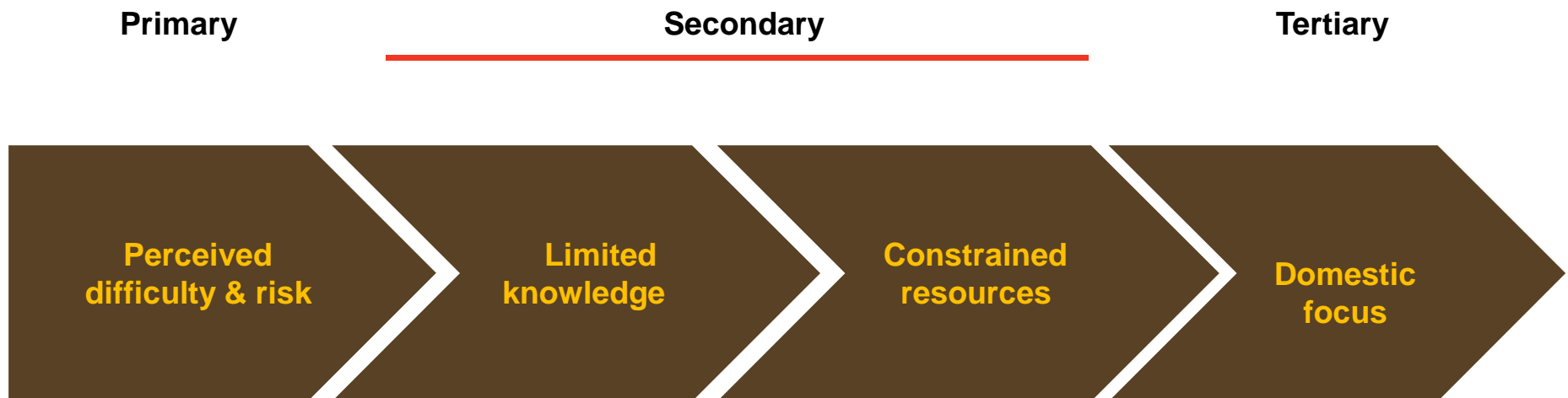
Quality of goods, not confident in receiving goods, warranty

3. Possible high delivery costs

4. Complicated & long return processes

Source: IPC Cross border e-commerce report 2010

e-Tailers are sceptical what prevents e-Tailers from selling cross border?



Source: IPC Cross border e-commerce report 2010: Interviews with e-retailers from top 250 in five European markets and the US

What consumers are looking for when ordering online from cross-border (cross-continental)

certainty

Private consumers seek for total cost transparency and certainty of no additional costs. As long as the total cost (product + delivery) is less or equal to a domestic order, they will make the purchase.

predictability

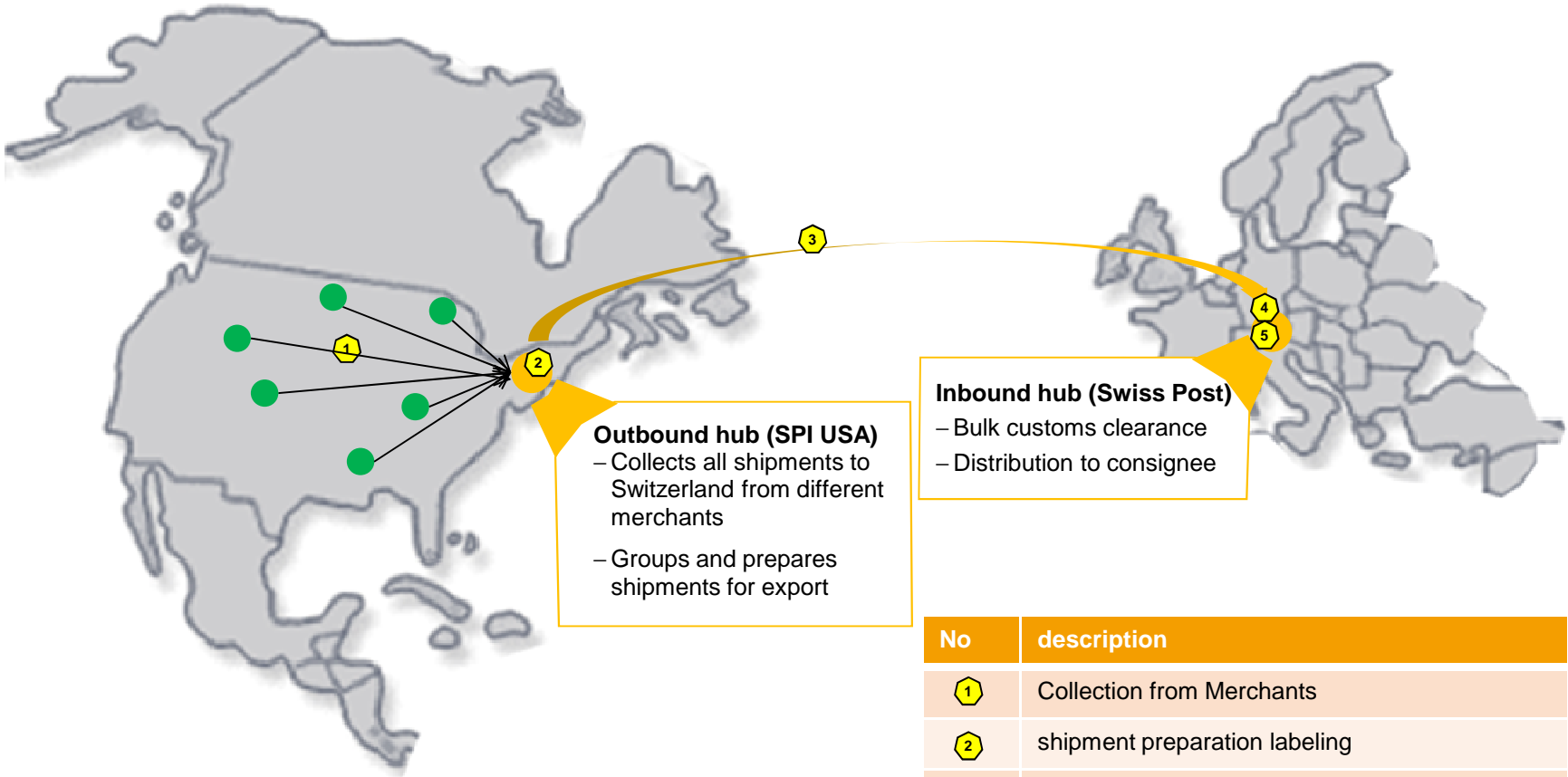
Private consumers want to have the products delivered within the time promised. For the customer experience it is much better promising 5 days and keeping 5 days then promising 3 days and having 4 days. Predictability is more important than speed.

trust

Especially when buying from USA or Asia, European consumers search for trustworthy providers.

Swiss Post's outbound process model for USA

addresses small and medium enterprises



Outbound hub (SPI USA)
 – Collects all shipments to Switzerland from different merchants
 – Groups and prepares shipments for export

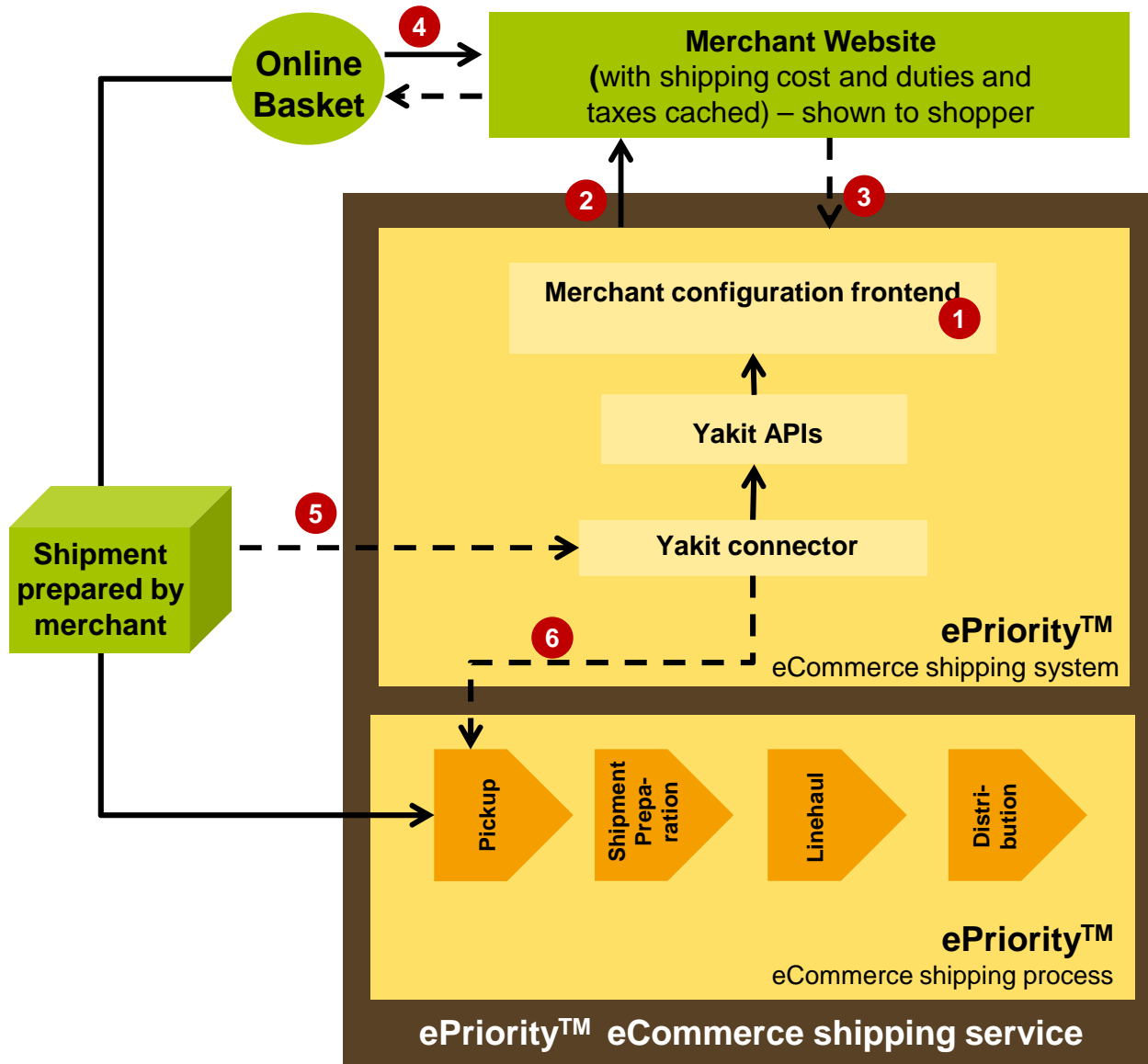
Inbound hub (Swiss Post)
 – Bulk customs clearance
 – Distribution to consignee

No	description
1	Collection from Merchants
2	shipment preparation labeling
3	Linehaul
4	Customs clearance, duties and taxes
5	Distribution

● = merchants

ePriority™ enables Flat World e-Commerce

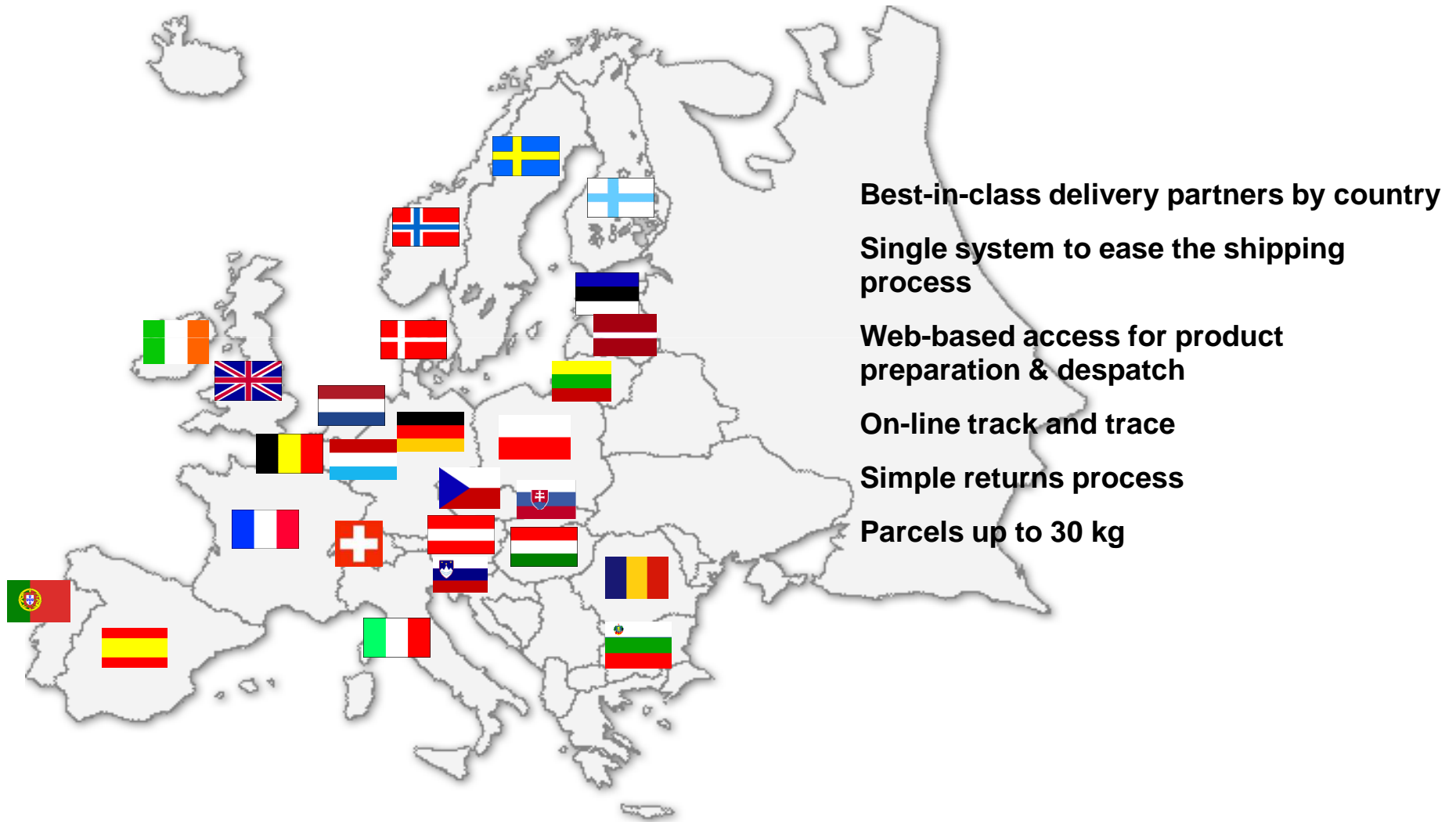
puts merchants and consumers in control of shipping



1. Merchant configures portal
2. Merchant submits catalog items
3. Gets exact shipping rates and duties and taxes for each destination country, adds to website
4. Consumer sees exact Total landed cost in shopping cart. Buys!
5. Merchant ships by sending an electronic manifest to Yakit connector
6. Yakit connector initiates/controls shipping process – prepays duties and taxes as appropriate. Track and trace data provided periodically to the Merchant and/or Consumer

B2C Parcel

supporting e-commerce with European coverage



Best-in-class delivery partners by country

Single system to ease the shipping process

Web-based access for product preparation & despatch

On-line track and trace

Simple returns process

Parcels up to 30 kg

U.S. inbound Packet and Parcel Service

Hong Kong electronics merchant



Process overview

control, reliability and service excellence

EXPORTING MERCHANT



Delivery of Product to SPI*



Logistics ex Hong Kong

Product prepared for export to U.S.

Product trucked to Hong Kong Airport



Airfreight Delivered to LAX/JFK



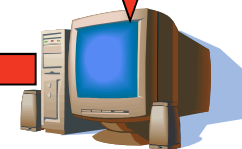
United States Postal Service Delivers to Client



SPI U.S. Prepares for Local Delivery Hand Over



Arrival at LAX/JFK for Clearance



YOUR CUSTOMER

Benefits

supporting and enabling business growth

- ✓ Local look – compete with local sellers
- ✓ Fast transit times – two-tiered service
- ✓ On line tracking – greater control
- ✓ U.S. Return address – customer friendly
- ✓ Label & barcode software provided – ease of use
- ✓ Packets and parcels with value < \$200 each



Summary – customer benefits available today

1. experience	Customers need experience in global e-commerce distribution through reference case studies which respond to customer needs.
2. reliability and quality	Merchants can benefit from our unrivalled market knowledge, service excellence and commitment to 'Swiss quality'.
3. value-added service	Tailored services for Europe and the United States offer cost transparency, track & trace, returns management, customs and fiscal representation, e-commerce portal design and management.
4. excellence delivered	Multinationals and SMEs seek to entrust their global supply chain, logistics and distribution needs to the world's leading postal operators.

Excellence delivered.