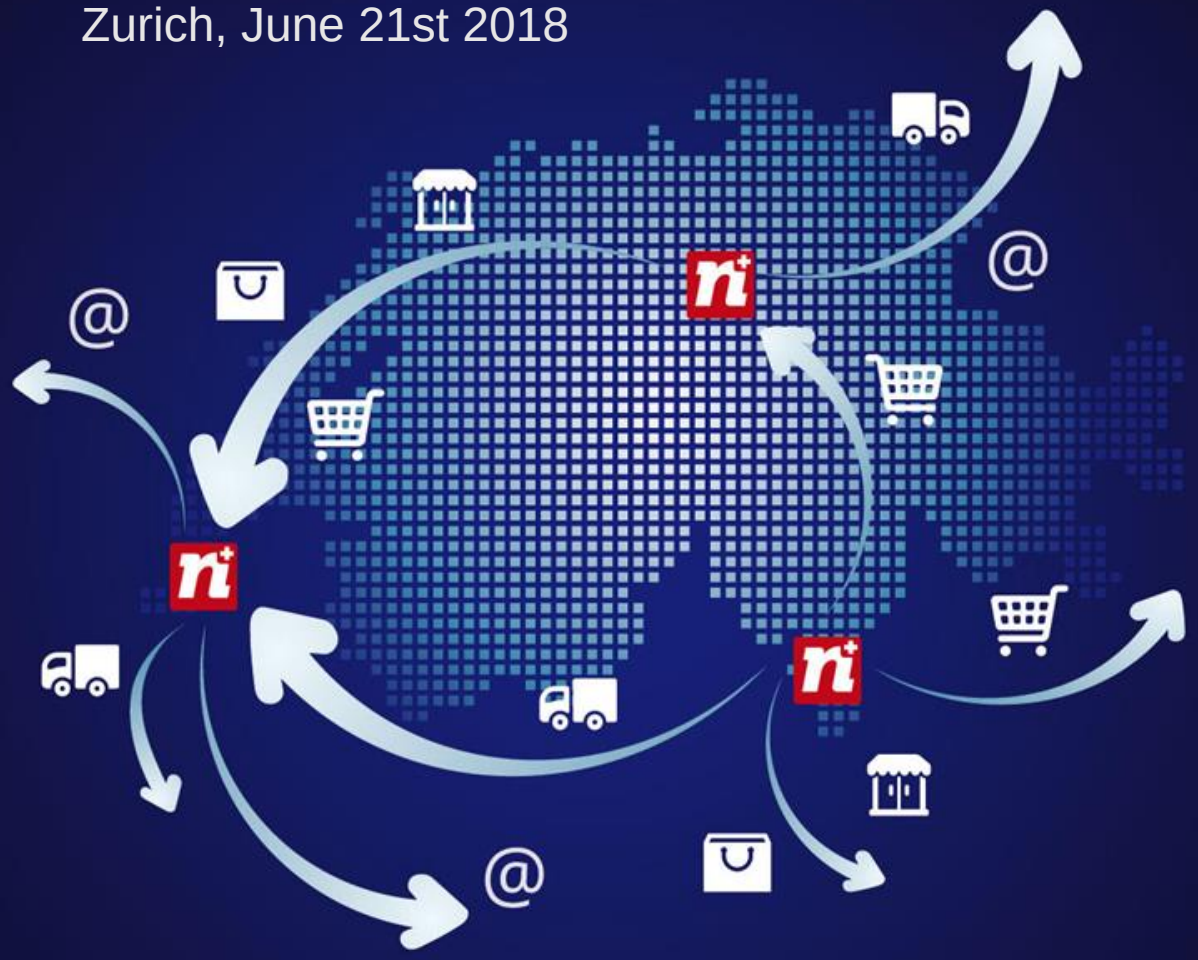
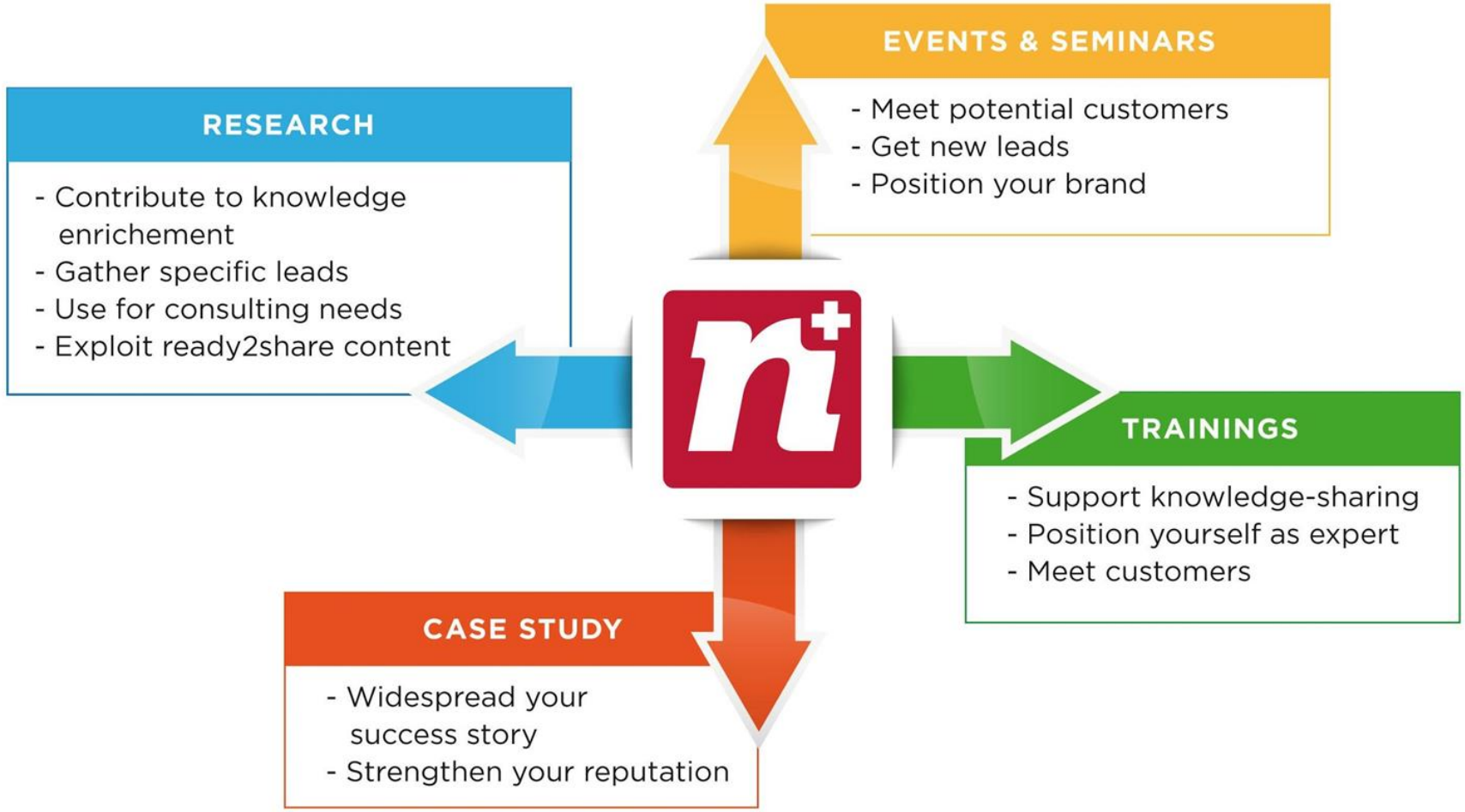
netcomm suisse
ecommerce association

Internationalization through e-Commerce

Zurich, June 21st 2018



NetComm Suisse Key Services



NETCOMM SUISSE OBSERVATORY
2018 PLANNED RESEARCH

- Women in e-Commerce and Digital - May 2018
- Barriers to international e-Commerce - June 2018
- Myth and reality of Omnichannel retailing - September 2018
- Drivers of adoption of B2B e-Commerce in Switzerland - October 2018
- HR challenges for Digital processes - November 2018
- B2C Online and eCommerce behaviour in Switzerland - November 2018

observatory netcomm suisse

Barriers to e-Commerce Internationalization

HIGHLIGHTS from a Netcomm Suisse Research Project supported by ASENDIA and in collaboration with S-GE

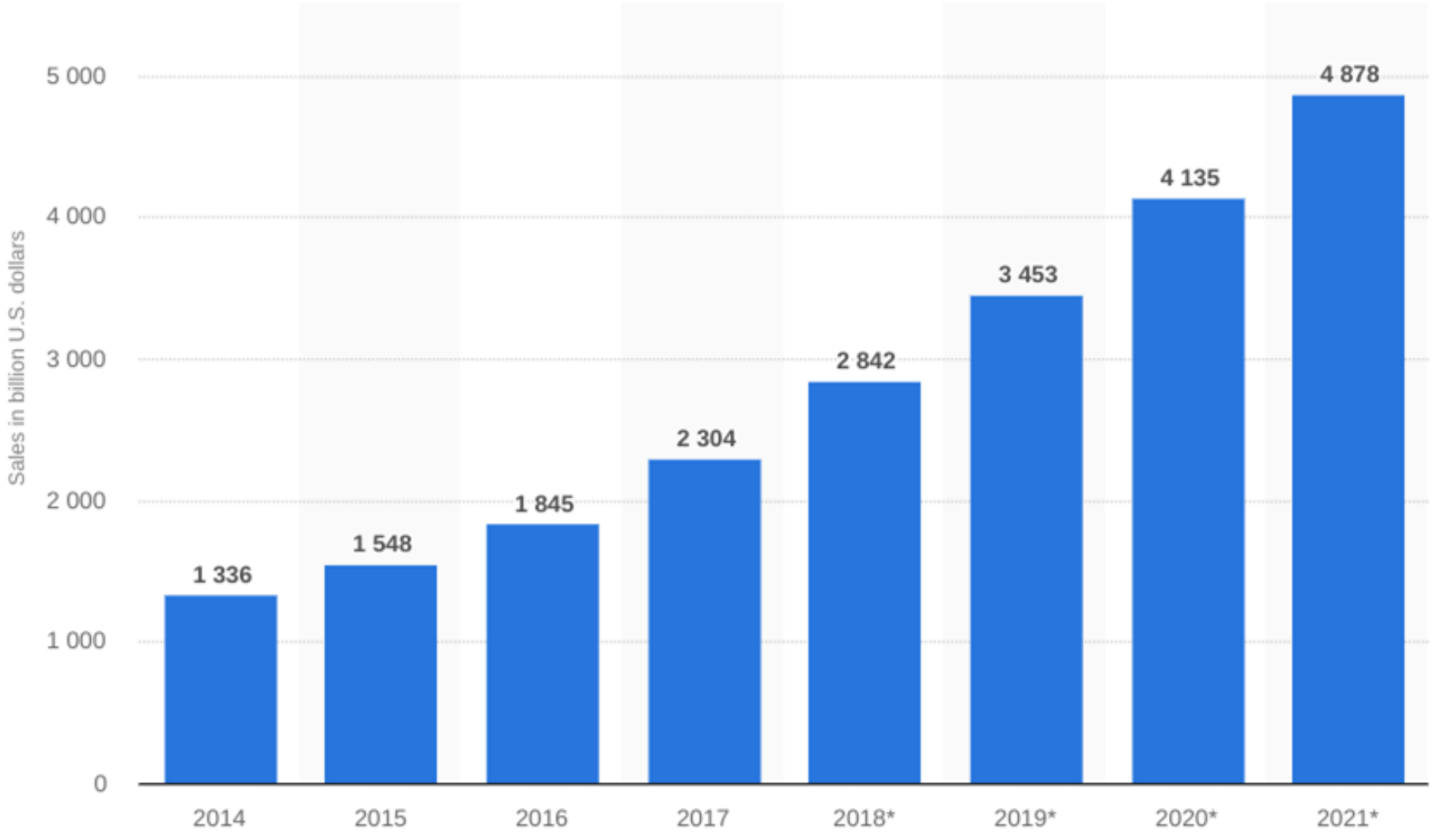
Zurich, June 21st 2018

SWITZERLAND GLOBAL ENTERPRISE

enabling new business

ASENDIA

WORLDWIDE E-COMMERCE WILL REACH 15% OF TOTAL RETAIL SALES BY 2021 AT $4.9Tr.

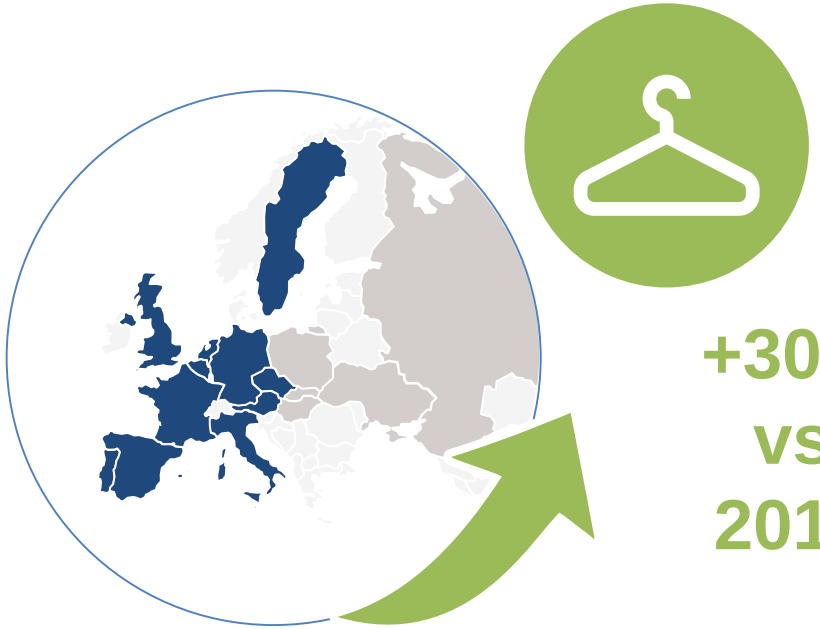


Source: Forrester 2017

ONLINE SALES ARE GROWING FAST ACROSS ALL CATEGORIES

(Europe, Value, 2016)

Apparel: 17,1%



+30%
vs
2013

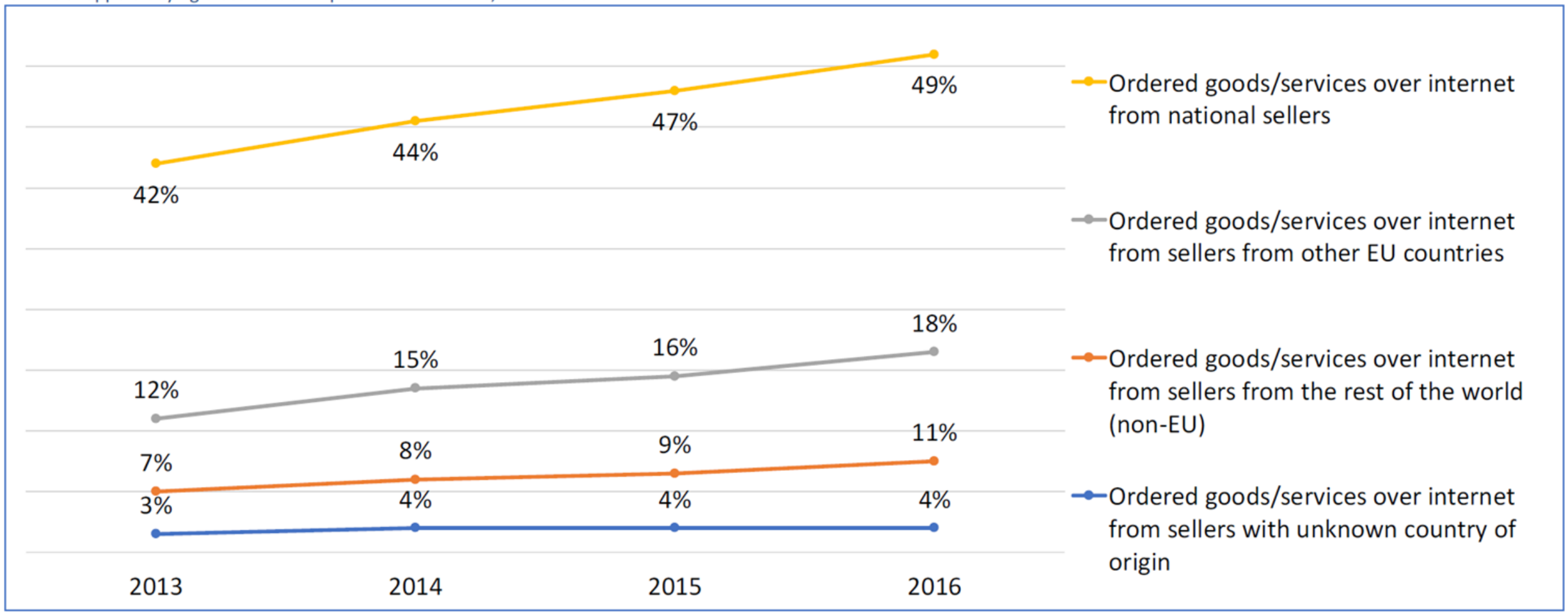
Tech Consumer Goods: 23,7%

+36%
vs
2013

Source: GfK , Kantar Worldpanel & Sita Ricerca Consumer Panels | clothing
Source: GfK Retail Panel | CE, IT, OE, MTG, Photo, Telecom, SDA, PersDiag, MDA
Sales figures of Smart-Mobilephones are calculated with “Non Subsidised estimated Prices”

CROSS-BORDER E-COMMERCE GROWTH
(EU Perspective)

Online shoppers buying cross border in previous 12 months, 2013-2016



[1]Consumer Behavior: Cross-Border Shopping. Source: Eurostat, 2016.

CROSS-BORDER E-COMMERCE: SWISS ONLINE EXPORT / IMPORT ANALYSIS

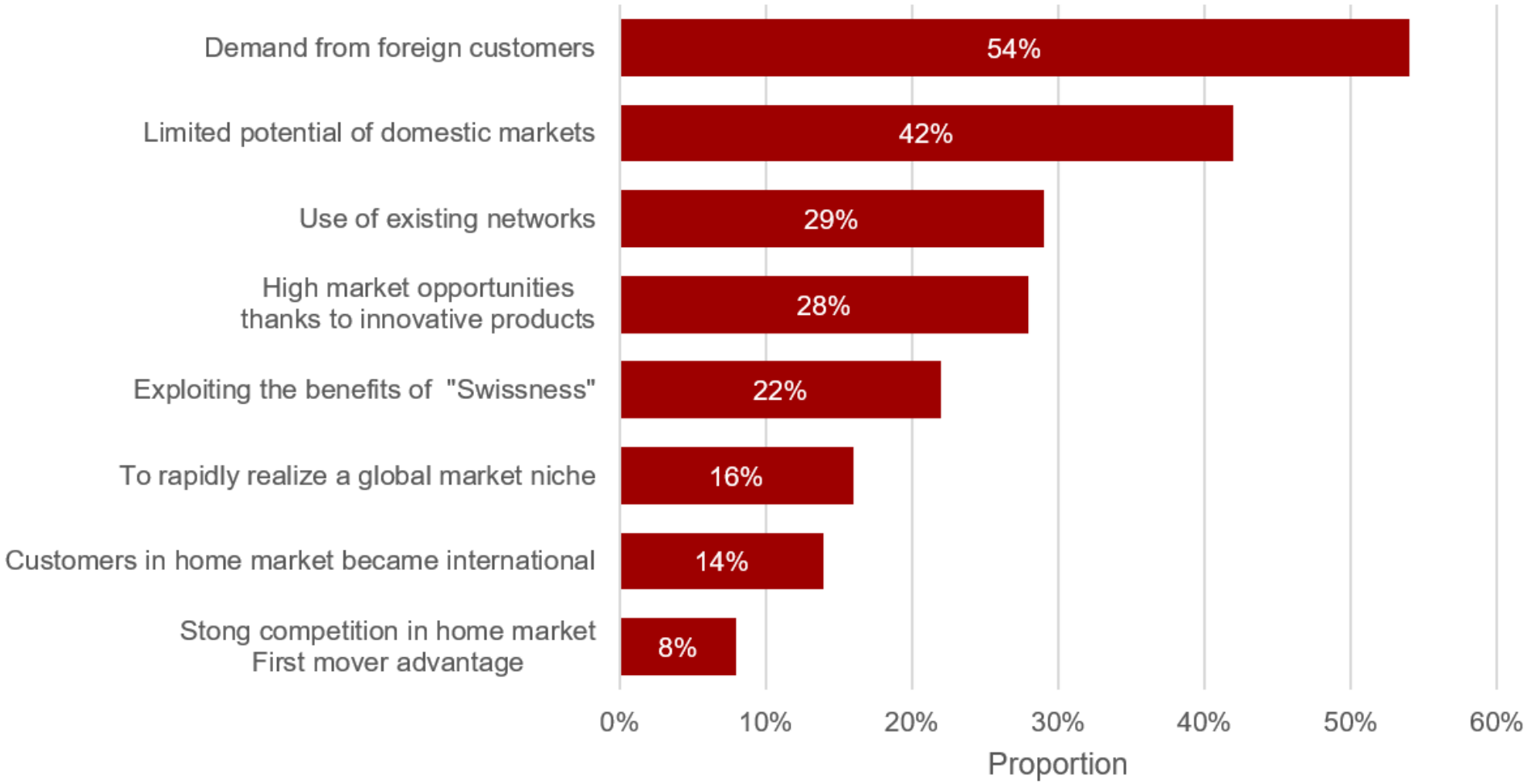
Base: online shoppers 16-65 y.o

Swiss online shoppers purchase from…	Nr. of individuals
Germany	1.581.000
France	744.000
China	713.000
USA	682.000
UK	403.000
Italy	248.000
Tot cross-border shoppers:	**3.100.000**

Foreign online shoppers buy in Switzerland from… *(at least one purchase on Swiss e-Commerce websites)*	Nr. of individuals
GERMANY	502.000
Shanghai	468.000
FRANCE	413.000
UK	412.000
ITALY	257.000
SPAIN	217.000
KOREA	160.000
New York	117.000
Moscow + St. Pet.	41.000
Tokyo	14.000
TOT (10 market / areas)	**2.601.000**

MAIN REASONS FOR INTERNATIONALIZATION OF SWISS SMEs

n=609, selection of multiple factors possible

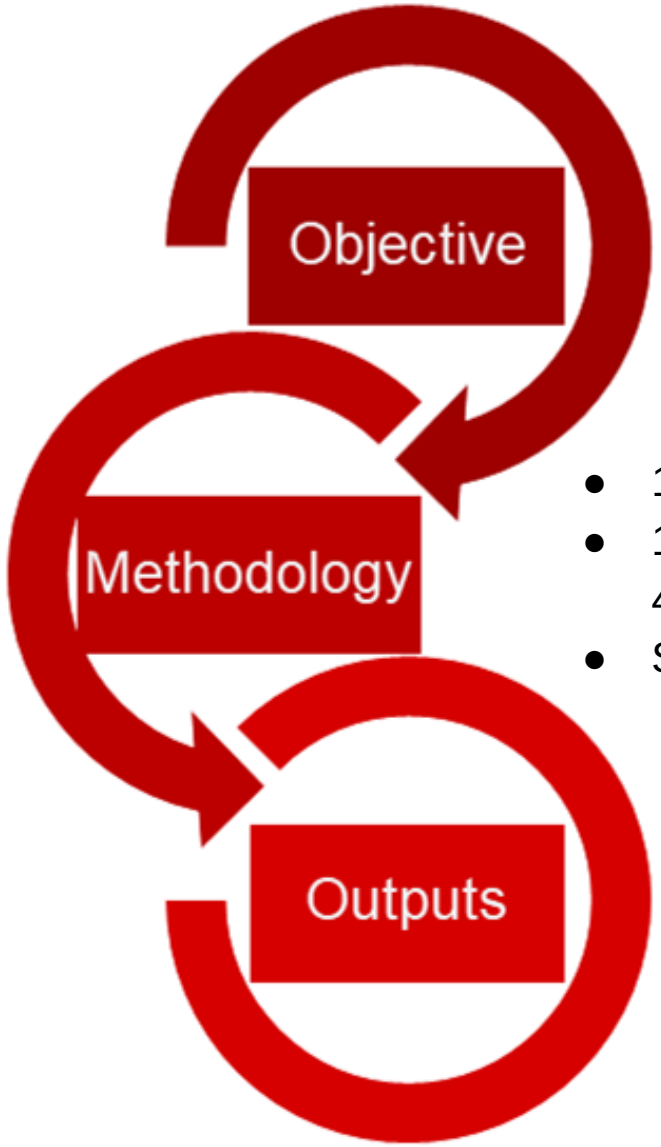


Source: Swiss International Entrepreneurship Survey 2016, Fribourg School of Management

BNP PARIBAS
The bank for a changing world
BNP PARIBAS OPEN
WTA
MASTERS 1000
ATP

WTA
ATP
BNP PARIBAS
OPEN

RESEARCH OBJECTIVES AND METHODOLOGY

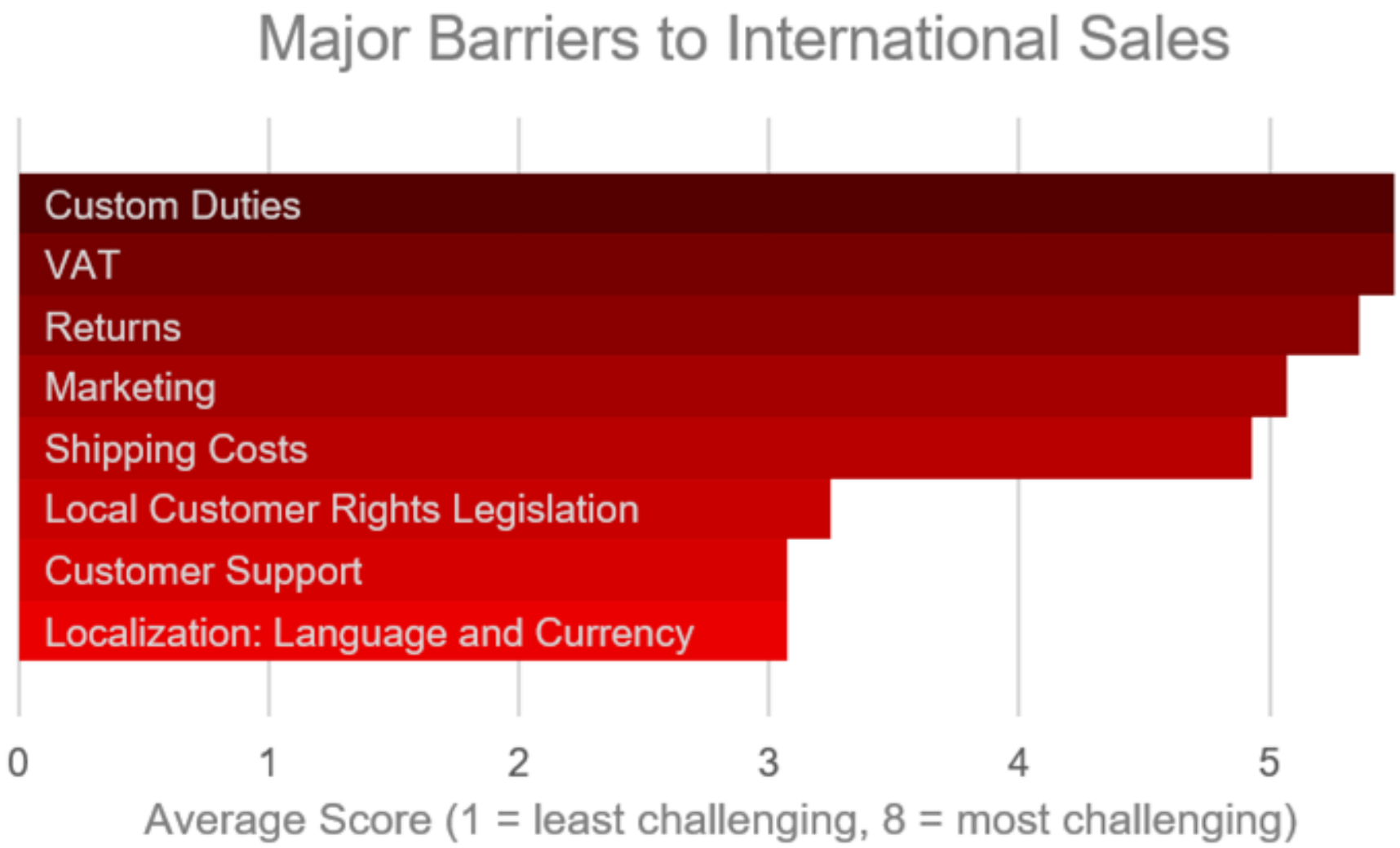


- Identify major challenges to e-Commerce internationalization
- Identify Swiss merchants' needs
- Highlight best practices

- 18 interviews with e-Commerce executives
- 15 in-depth questions, on the phone during 45 minutes
- Scheduled between April 24 and May 18

- Report for NetComm Suisse members
- Two in-depth case studies

MAJOR CHALLENGES OF INTERNATIONAL e-COMMERCE INITIATIVES



CHALLENGE #1

CUSTOM DUTIES

- Different custom fees
- Complex documentation
- Lost shipping time
- Staying informed about changes
- Demands dedicated resources

SOLUTION

- Include all duties in price
- Standardize the process
- Start with a few countries

"As we are selling only one kind of goods, we know how much the custom duties are and can calculate them quite easily."

CHALLENGE #2

VAT MANAGEMENT

- VERY complex rules
  - VAT rates
  - VAT-free thresholds
  - Registration thresholds
- If no registration: Customer pays at delivery
- Demands dedicated resources

SOLUTION

- Include VAT in price
- Standardize the process
- Start with a few countries

"VAT and custom duties are a part of our daily business. We have to learn how to deal with them."

CHALLENGE #3

RETURN MANAGEMENT

- Cannot be fully prevented
- Double shipping costs
- Additional work
  - Organization return process
  - Coordination with customers
  - Reclaim of VAT and custom fees
- Customized goods: no resale

SOLUTION

- Key: Customer satisfaction
  - High quality standard
  - Impact on brand reputation
- Control the causes as far as possible
- Keep process for customers simple and convenient

"Control the potential causes of returns. But have in mind: They will come. Be ready for them."

CHALLENGE #4

INTERNATIONAL MARKETING

- Knowledge of foreign markets
  - Biggest players and main competitors
  - Customer preferences
  - Strategic positioning
- Finding new customers
  - Swiss product: less price sensitive customers
  - Choice of communication channel

SOLUTION

- Analyze the market before you enter
- Work with local partners
- Confirm your market niche
- If selling commoditized good: service as your USP

"Abroad you have to figure out AGAIN to whom your product might be interesting"

CHALLENGE #5

SHIPPING COSTS

- Outside CH: quality of delivery services inconsistent
- Shipping from CH: price discrimination by global operators
- Strongly related to VAT and custom duties

SOLUTION

- Choose your logistic partner carefully
  - Quality of delivery directly impacts your brand
  - Cost not the only criteria

"Customers relate satisfaction with our logistic partner to the overall experience with our brand."

RESEARCH KEY TAKEAWAYS:

- Do your logistics homework properly, to reduce process complexity as far as possible
- Shipping costs are not the only variable to consider
- Focus initially on a few markets
- Re-assess brand positioning in each foreign market
- No need to reinvent the wheel:

  Work with partners that are familiar with foreign markets

SWITZERLAND GLOBAL ENTERPRISE
enabling new business

ASENDIA

netcomm suisse
ecommerce association

http://netcommsuisse.ch/Research.html

LUGANO
Centro Galleria 1A
Via Cantonale 1 - 6918 Manno
T. +41 91 210 47 36

ZURICH
c/o digitalswitzerland
Sihlquai 125 - 8005 Zurich CH
T. +41 44 500 21 73

GENÈVE
c/o FONGIT
Blue Box, Chemin du Pré-Fleuri 3
1228 Plan-les-Ouates CH
T. +41 22 510 71 03

info@netcommsuisse.ch
www.netcommsuisse.ch