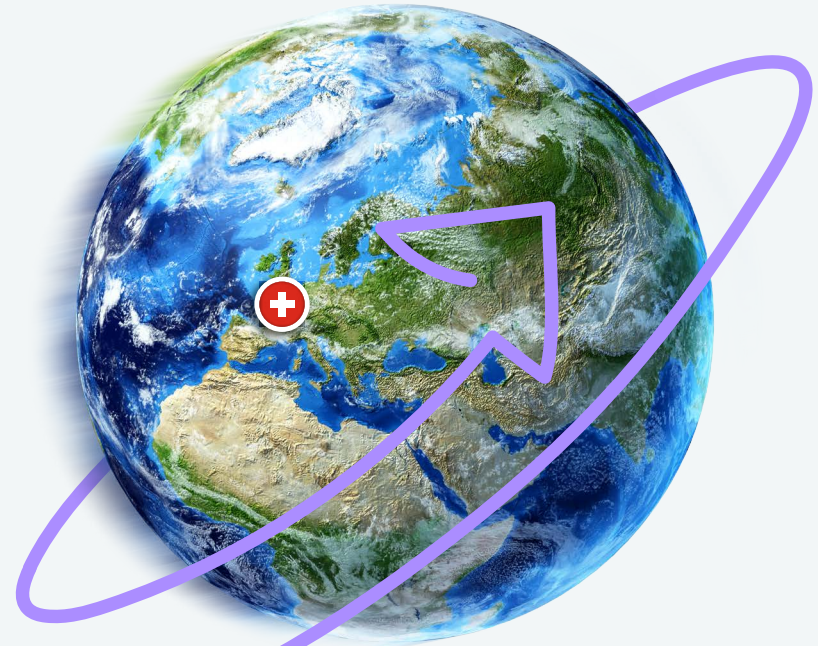


GLOBAL RETAIL GUIDE

Expanding into Switzerland

Thinking about entering a new market?

What details do you need to consider to successfully launch?



fluentcommerce 
order management. accelerated.


EMAKINA

Contents

- 
- 03 INTRO
 - 04 COUNTRY STATISTICS
 - 05 ESTABLISHING A PRESENCE IN SWITZERLAND
 - Payments**
 - Local Sales Tax**
 - Carriers**
 - Fulfilment & Sustainable Fulfilment**
 - Returns**
 - 09 SHIPPING INTO SWITZERLAND
 - Payments**
 - Local Sales Tax**
 - Carriers**
 - Fulfilment & Sustainable Fulfilment**
 - Returns**
 - 11 CONCLUSION

Introduction

More and more retailers and brands are expanding where they sell. Not just within their home countries, but across borders as well. There are many variables when entering new markets—you must adjust your operations and processes while also taking cultural norms into consideration. Take for example local delivery needs, carrier options, and customer expectations—what's expected from you as a seller? And how will you handle returns, customs, and taxes? There are many details to take into account. The key? Finding the right balance of your core processes that can stay the same across regions—and then only adjusting certain rules as necessary to accommodate local needs.

In 2020, the world was upended due to the COVID-19 pandemic. Ecommerce processes and habits were forced to innovate and change around the world. This was no exception for ecommerce companies in Switzerland. According to J.P. Morgan's 2020 E-commerce Payments

Trends Report, while cross-border shopping was already prevalent in the Swiss ecommerce market—with a culture of crossing the border to pick up online orders from Germany and France—the travel restrictions put in place from the pandemic helped domestic online merchants win business from local consumers. And while Switzerland has a strong tradition of luxury brick-and-mortar retail, there was a migration by domestic luxury brands to ecommerce in 2020 as needs of consumers shifted due to the pandemic.

Considerations as you explore expansion

Expanding into a new market means accounting for local differences and adjusting process requirements. But you need to be even more granular when exploring a possible expansion. Are there any restricted products? What sales channels do consumers prefer? How about

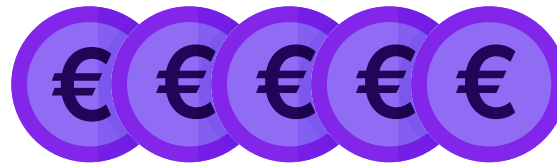
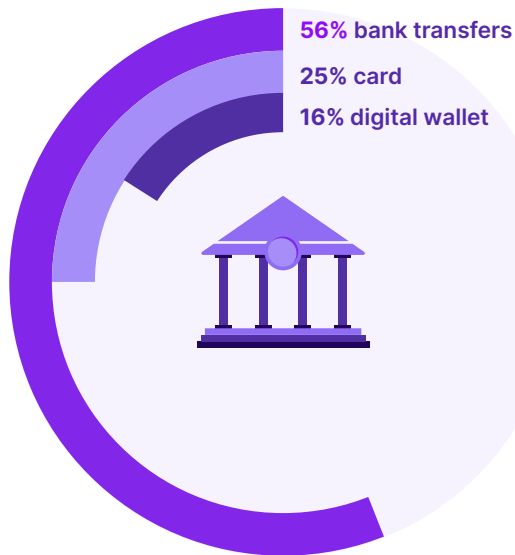
marketplaces? Is a presence required for said marketplace? What are the methods of payments used for online purchase? These questions—and more—need to be answered before you can expand.



Switzerland Ecommerce Statistics

Preferred ecommerce payment method

Note that data is from 2019



ecommerce sales

9.3B EUR

ecommerce represents

9%

of Swiss Retail



43%

of ecommerce is completed on a mobile device



75%

consumers have used their smartphone to shop online

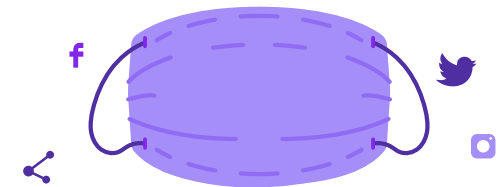


89%

of the population use ecommerce



Social Media exploded due to pandemic



Establishing a presence in Switzerland

Whether you plan to open stores, a distribution center and/or use a 3PL to distribute products across Switzerland, there are some aspects that must be considered when entering the Swiss market.

General Requirement

Product restrictions

Many countries have restrictions on certain products that can be sold online or otherwise distributed. While Switzerland has no specific law regarding ecommerce sales—for example, alcohol and cigarettes can be sold online—there are certain goods and products that are prohibited or restricted. [Review the full list of bans and restrictions.](#) Be diligent when researching your product to see if any restrictions apply.

Preferred sales channels

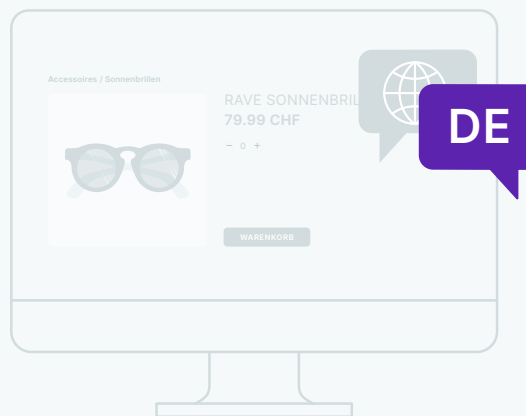
You want to ensure you sell your goods where the consumers are looking. So, what sales channels do consumers in Switzerland prefer?

The top channel is the brand or retailer's own website.

Consumers expect to purchase in their local language, so it is mandatory for the brand website to be available in German, French and Italian, and increasingly, English is also expected.

When it comes to marketplaces, popular ones include:

- Digitec (electronic appliances)
- Galaxus
- Brack
- Microspot
- Zur Rose (health and cosmetics)
- Dein Deal



Payments & Local Sales Tax

Payments

Payment methods range from using credit cards (Mastercard, Visa and AMEX) and PayPal to Apple Wallet and Klarna. Other popular payment methods include Sofort, RatePay, Twint, Google Pay and bank transfers.

Bank transfers remain a very popular method of payment, representing 56% of all ecommerce payments, thanks to domestic brand PostFinance*, which is the 112-year-old financial services arm of the national post service Swiss Post.

Local sales tax

What is the local sales tax structure? Are there exemptions? These are important details to know before you expand. The standard tax rate in Switzerland is 7.7%, and there is a reduced rate of 2.5% for certain goods, including food, books, newspapers, medicines, and other consumer goods.

When looking at exemptions, typically services in the education, culture and healthcare industries are exempt from the local sales tax.

Standard tax rate:

7.7%

Reduced rate:

2.5%

Carriers & Fulfillment Preference

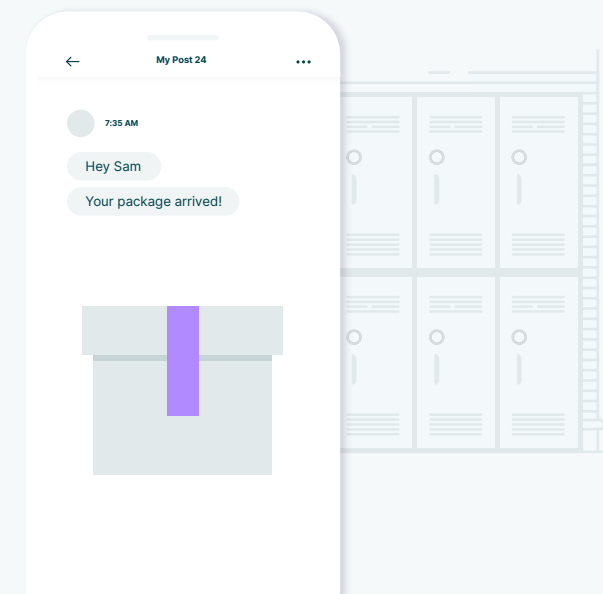
Switzerland most commonly uses two local carriers to deliver goods: Swiss Post and DHL. The total purchase cost of goods, including transport costs, is a key topic as Swiss consumers are frequently purchasing items online from international merchants—65% of all online shoppers have done so.

To succeed in the Swiss market, quick delivery times are expected by consumers. This rings true no matter whether goods are being delivered from a domestic or international seller.

Consumers typically expect that fulfillment of goods happens via home delivery, click and collect, via lockers—using a service called My Post 24—or third-party pickup locations called PickPost. Both My Post 24 and PickPost are services from the local carrier, Swiss Post.

Let's explore those two options.

My Post 24 are lockers that can be rented for 24-hour periods and are usually located in shopping areas outside of city centers. This service is free of charge, and shoppers can specify the address



of the locker for their delivery address during checkout. Shoppers can choose to be notified about arriving mail via email or text message, and simply need to scan a QR code at the locker to collect their goods.

PickPost, in comparison, offers pickup locations as opposed to lockers. They have over 700 collection points around Switzerland that consumers can send their deliveries to—including train and petrol stations or post offices. While opening times of these collection points may sometimes be inconvenient, this service is also free of charge and offers consumers another fulfillment option.

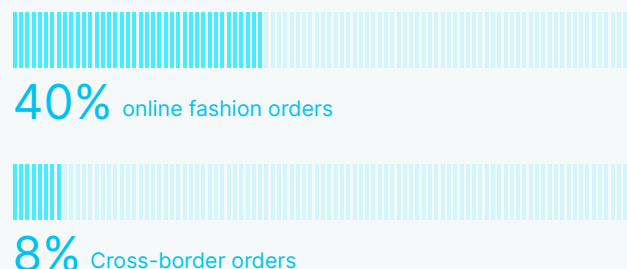
Home delivery is the most popular of all fulfillment options. While next day delivery is the trend for the major retailers, delivery from abroad typically requires a longer delivery time and the Swiss do not expect cross-border goods to arrive as quickly as domestic purchases.

Sustainable Delivery

Sustainability is growing around the world.

In the Swiss market, sustainable fulfillment practices are increasing, with the likes of electronic delivery vehicles, sustainable packaging, as well as light-weight packaging, due to the calculation of customs tariffs—which are calculated not on the value of the goods, but on the total weight.

Return rate:



Returns

Like many around the globe, Swiss consumers expect an easy returns process, although only about 30% of online businesses offer free returns.

When it comes to shipping a return, consumers expect the return shipping label to be included in the package, or the customer should be able to generate a return shipping label online to print themselves. Consumers also expect to be able to return their online order in-store.

There is a high return rate when it comes to online fashion orders—about 40%—and yet a very low rate of 8% when it comes to returning goods ordered cross-border.¹

This is likely due to a specific Swiss law which does not grant consumers the right to cancel online purchases, and likely leads to the high return rate. However, it is possible to withdraw from a sales contract depending on the online merchant's terms and conditions of sale.

Heed this advice from **Thierry Willer, Managing Director** Emakina CH

“Switzerland is unique in that it is an island in the middle of Europe. **Because of its geographical location, sellers must be diligent when it comes to details concerning logistics.** And the Swiss has imposed complex rules and regulations surrounding customs, which

can complicate matters. But if a seller can nimbly wade their way through these rules and nuances, they will be rewarded with an attractive market of consumers looking to buy from international companies.”



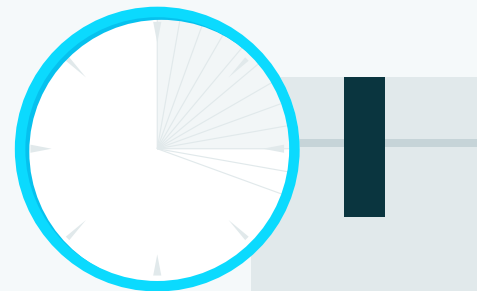
Shipping into Switzerland

Looking to expand into Switzerland, but prefer not to open a store or distribution center? You can instead choose to ship orders into the country from outside locations—but keep these factors in mind.

Payments and local taxes

While payment types remain the similar whether you are selling in Switzerland or shipping goods into the country, there are nuances for international retailers when it comes to collecting sales tax. Import tax is not levied if CHF does not exceed 5.

However, any international companies who achieve a turnover of at least CHF 100,000 from small goods will be liable to tax and must be entered into the Swiss VAT register.



Average processing time
is a minimum of

48 hours

Customs and Tariffs

You need to plan shipping accordingly when it comes to customs processing time. On most ecommerce shipments, the average processing time is a minimum of 48 hours. Make sure that this information is either factored in and clearly communicated with customers so you are setting the right expectations on delivery time.

Retailers and brands have two options for cross-border selling: DAP or DDP.

DAP: Delivery At Place

With this option, the seller is responsible for the delivery of the goods—including the transport costs—to the buyer's destination. Importantly, the costs of carrying out all import formalities or formalities related to import duty in Switzerland are explicitly excluded. What does this mean? It means that the recipient—the buyer—is responsible for paying all duties related to the import or customers in Switzerland, as well as the import sales tax.

DDP: Delivered Duty Paid

Alternatively, with DDP the seller delivers the goods at their own expense and risk to the

buyer's destination. The seller must complete all the necessary formalities—including all associated costs, import duties or customs costs.

It is noteworthy that Switzerland is the only country where customs duties are calculated by weight, and not on the value of the product(s). This means that certain goods, such as clothing for example, suffer from high customs duties.

Carriers and fulfillment

Many of the same carriers in-country apply to shipping goods into Switzerland, however DHL has set up an extended network that competes with the local company, Swiss Post.

Returns

Who pays for return shipping? And how quickly are refunds processed? These are all details you should have ready.

Buyers will expect that retailers provide clear communication and outline the returns process, especially when it comes to customs duties.

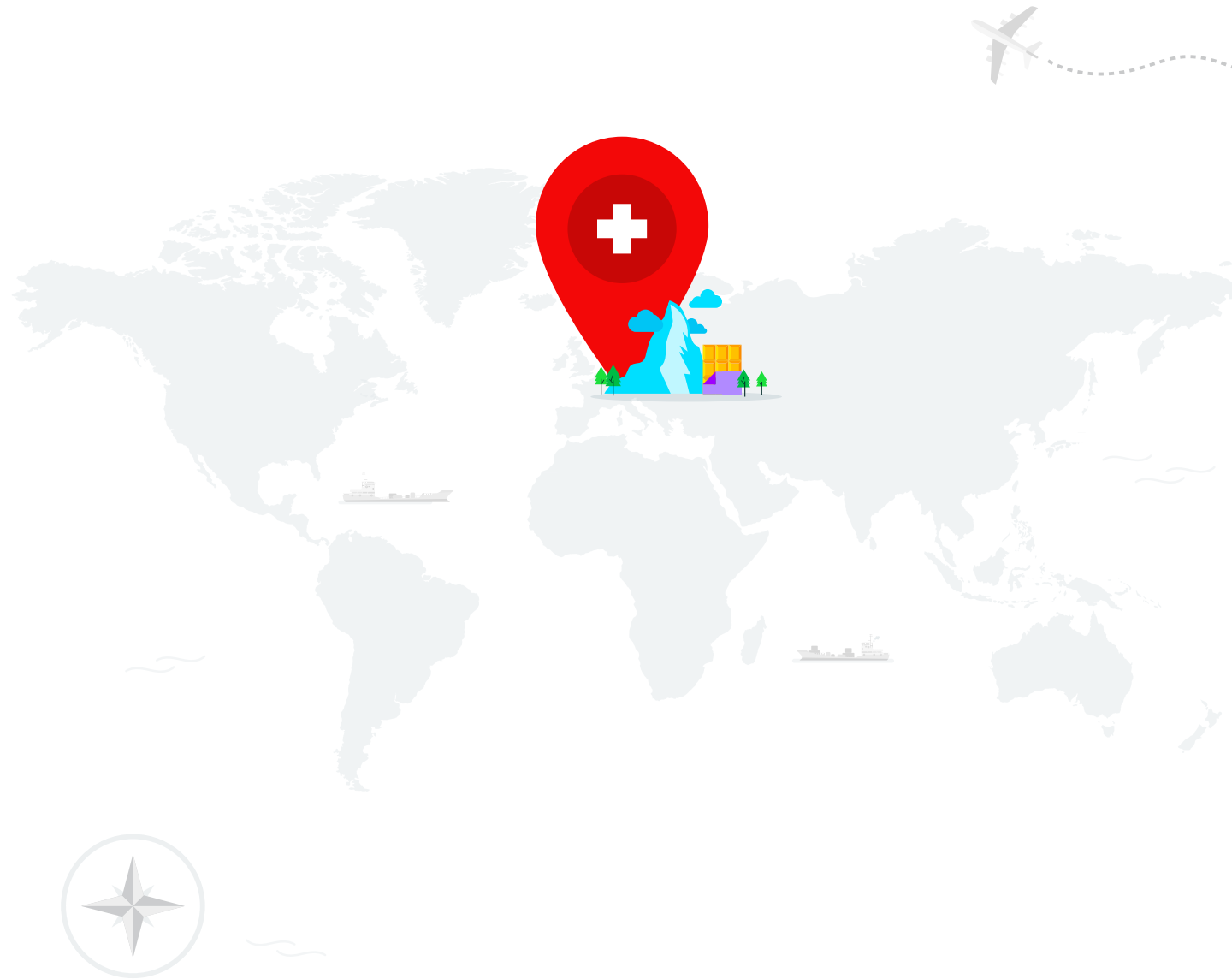
Customs duties are calculated by weight



Conclusion

Switzerland is a wealthy country. And with products being comparatively more expensive to purchase when using the Swiss franc, domestic consumers frequently look for opportunities to spend their money with international sellers where they can typically find products at a lower cost. There is already a huge swath of the population—89%*—that is accustomed to, and uses, ecommerce. Plus, Swiss Post is supporting ecommerce growth in the years ahead with advanced delivery technologies.*

Are you ready to expand into Switzerland?



About Emakina

Emakina is customer-centric and advises large global companies and SME clients on how to design and deploy the best integrated approach, built around the user.

Today's users are empowered to find, choose and share opinions about your brand. That's why we focus on satisfying their desires and expectations. As user advocates, our talented experts work tirelessly on their behalf. Because we know that every interaction impacts the value they attach to it. So, it's the timing, relevance and quality of the experience that gives it a competitive advantage.

Learn more: www.emakina.com/en-ch/company

About Fluent Commerce

Fluent Commerce is the leading provider of fully customizable cloud order management to merchants and brands who want to provide a premium omnichannel fulfillment experience, profitably. We enable retailers and brands to roll out quickly and scale as needed, anywhere around the globe.

Learn more: fluentcommerce.com

Sources:

* <https://www.jpmorgan.com/merchant-services/insights/reports/switzerland-2020>

¹ <https://logisticsmatter.com/need-know-e-commerce-returns-europe/>

Contributors



Yves Borgniet

Managing Director
Emakina.CH



Thomas Hindre

Head of Sales,
Southern Europe & MEA
Fluent Commerce



Create a profitable global fulfillment strategy with a modern order management system

See it in Action!

To learn more about how Fluent Order Management can help you provide a seamless shopping experience, schedule a demo today.

[Get a Demo](#)

fluentcommerce.com

fluentcommerce 
order management. accelerated.