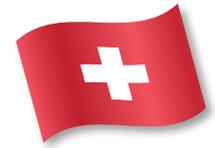


GOING GLOBAL EXPORTING TO SWITZERLAND

A guide for clients



WHY EXPORT TO SWITZERLAND?



As one of most competitive economies in the world, it has one of the highest rates of GDP per capita anywhere, an attractive tax regime, a stable legal and political system, a flexible labour market and a highly-educated workforce.

With a population barely double that of our own, Switzerland is the 12th largest market globally for sales from Enterprise Ireland client companies with exports of €340.7m to Switzerland in 2018, an increase of 12% on 2017⁵.

For Irish exporters, the Swiss market is attractive not least because of its high-purchasing power and good payment habits. Payment defaults and returns rates are significantly lower than elsewhere, and low VAT rate at 8% is much lower than in other EU countries.

The Swiss are at the forefront of innovation. It is the world's most innovative country, according to the Global Innovation Index 2018⁶. Almost 3% of GDP is invested in R&D.

Many Irish companies have found customers in Switzerland to be much more open and ready to adopt an innovative new product or system compared to larger markets nearby. This "early adopter" reputation is recognised elsewhere in Europe, and as such, winning Swiss business carries a lot of weight. Therefore, in a strategy to internationalise your business, gaining a foothold in Switzerland can be a springboard to selling onwards into nearby European markets and beyond.

Switzerland is home to leading industry clusters, for example the Life Sciences cluster in the northwest region of Basel. In addition to chemical and pharmaceutical firms like Novartis, Roche, and Syngenta, it encompasses a dense network of Medtech, Biotech, and Nanotech companies.

SWITZERLAND IS AN INTERESTING MARKET BECAUSE

Acquiring an ever-greater relevance is the **Swiss Information and Communications Technology (ICT) sector**, with companies such as IBM and Google establishing offices in Switzerland.



Switzerland has a strong reputation for the quality of its **engineering**, embodied by giants such as ABB, Alstom, Bombardier, Sauer and Schindler.



Geneva, Lugano and Zug are key **trading hubs for commodities**. Renowned companies such as Vitol, Glencore and Cargill are based there.



Switzerland is a **high-tech export nation** in need of sophisticated high-end component suppliers. Since Switzerland is an expensive country to manufacture, the focus is largely on new technology and high-quality subcomponents.



Some of the world's largest **banking and insurance providers** including Zürich Insurance, Swiss Life, Credit Suisse, UBS and Julius Baer are located in Switzerland. The sector is spread between Geneva, Zürich, Basel and Lugano.



GET READY TO DO BUSINESS IN SWITZERLAND

Like the watches for which they are famous for, the Swiss value precision. Usually rational and understated by nature, Swiss businesspeople are swayed by details, facts and figures rather than bluster and claims that can't be supported. The more information that you can provide about your product or service, the better they will be able to evaluate its merits and come to a decision. Technical presentations, rather than sales-led or marketing-driven messages, are the best way to convince a Swiss audience.

The phrase "liefere nöd lafere" sums up their approach to business. It means: "Deliver, don't just talk about it."

Accordingly, Swiss customers expect you to do what you say and to fulfil any commitments you make. What may seem like conservatism in their business culture also has its advantages: a Swiss company is unlikely to change suppliers on a whim, since it makes decisions based on medium and long-term thinking. Irish companies that are successful can generally look forward to a strong working relationship over several years.

Switzerland is known for being an early adopter market and for innovation. Swiss organisations are open to trying a new product or service, provided there is sufficient value demonstrated to them by doing so.

The Swiss market is not especially cost-sensitive; customers are unlikely to argue on price, provided you can show value and that all aspects of the deal are clearly stated. However, Swiss customers will expect you to at least meet, if not exceed, the terms of your agreement, and to continually deliver over the lifetime of the contract.

Detailed documents and product specifications are highly valued in Switzerland. When speaking to a potential customer about setting up a meeting, offer to send them some documentation about your product or service. Bear in mind that while their spoken English may be good, your counterpart may appreciate having this material translated.

Business Meetings in Switzerland

The Swiss may have a reputation for being meticulous. When presenting in Switzerland, Irish companies should be prepared to answer a lot of questions and provide high levels of detail. The key is to listen closely to what the customer really needs, as opposed to leading with what your company wants to sell.

Supporting your pitch with verifiable data will also help to convince your hosts. For example, if you say you can save costs or reduce inventory by a particular amount, you will need to specify exactly how much.

Meetings and presentations

Meetings should ideally be scheduled one to two weeks in advance. Swiss people may want to know whom they are meeting and so it is a good idea to provide names, titles and positions of responsibility of those attending ahead of time.

Seniority is important in Switzerland – at meetings attended by many people, introduce the highest-ranked members of your team first. Furthermore, it's good practice to address someone first by his or her professional title, such as Dr, then their surname. Only use their first name when invited to do so.

Ideally, you should arrive at least five minutes early and be sure to phone ahead if you think you'll be late. Arriving 15-20 minutes ahead of time will impress the Swiss while tardiness will cause offence.

Meetings will follow an agenda with the actions to be covered which is usually prepared and circulated to all parties expected to attend, and is then followed strictly once the meeting is underway.

Presentations should get to the point quickly using direct, clear and logical language. Also, it's a good idea to give a brief summary of your presentation before launching into the formal pitch.

More so than in many other countries, the Swiss are keen to exchange business cards, so be sure to bring plenty of them when you travel there.

Common pitfalls

The Swiss are extremely attentive and it is rare that a Swiss person will forget what has been said. The Swiss can be rather earnest, so it is advisable to avoid making jokes until you are sure of your ground. If all goes well, though, Irish exporters can expect long-lasting supplier relationships.

Auditing

While innovation is welcomed and actively sought, the Swiss are risk-averse. You can expect they will want to conduct rigorous checks on any potential supplier and its business processes. Swiss companies expect a lot of communication before entering into a partnership.

Many Swiss customers like to visit a potential partners facilities as part of a thorough risk-assessment process, and they may also perform full due diligence before choosing a supplier.

In some cases, this "supplier auditing" process extends to wanting to speak with the Irish company's current customers, so facilitating contact between your counterpart and current customers will be appreciated.

Routes to market

Heavily reliant on exports, the Swiss are naturally open to discussing business with international companies, and this attitude extends to their willingness to meet with Irish companies and discuss possible opportunities for partnerships as well as sales.

Direct sales from Ireland

This willingness to work with international companies is a plus for Irish firms as it means that you won't be required to set up a presence at an early stage of market development. It's been said that Swiss organisations are less concerned about whether or not you have a formal presence in the country, as far more important factors are the quality of your product or service, the attractiveness of your offer and how it solves a business problem.

You may be able to meet a prospective customer at a trade show and arrange subsequent presentations through direct contact. However, you can expect to be questioned on your company's ability to follow up on commitments it makes, as this is a hallmark of Swiss business culture.

Partners

Your route into a new market is usually smoother when you have a local partner. This usually leads to higher levels of sales, however you may be sacrificing margin. Unlike in other overseas' markets, partners are not essential in Switzerland and many Irish companies have been able to sell directly.

Enterprise Ireland recommends first making a business case for working with a partner or not; don't assume by default that you need to have somebody on the ground to represent your company. In a market where middlemen are not essential to doing business, it makes sense to look for the most cost-efficient route for your company.

Consultants/commercial agents

Working with a self-employed consultant who represents your company as an outsourced salesperson is an attractive option in Switzerland for several reasons: the cost of employing a full-time member of staff in the market can be considerable, as Switzerland is one of the world's most expensive countries. What's more, while it's possible to conduct many business dealings through English, working with an experienced business development executive who has good contacts can help you to build sales leads more quickly at an early stage.

Swiss companies will appreciate if you have a locally-based representative in the market, as it's seen as a sign of your commitment. If that is not possible, however, they would almost prefer to deal with an Irish executive who visits regularly, rather than with a sales agent based in France or Germany, who has been assigned the Swiss market.

Enterprise Ireland's office in Düsseldorf, which is responsible for the Swiss market, can provide lists of possible agents and can contact potential representatives in the market. It can also broker contacts with business accelerators – experienced consultants with contacts and expertise in a particular sector who now provide their services to companies looking to sell into the region.

Some funding may be available to enlist the services of a business accelerator. However, this is usually for a fixed term and you should set aside sufficient funding to continue working with this consultant beyond the initial contract in order to keep up momentum in the market.

Lastly, keep in mind the cultural differences between the regions in Switzerland. This may necessitate having to employ different agents depending on the region you are targeting.

Distribution

Switzerland is a landlocked country, so you should keep logistical factors in mind if you plan to supply products to the market via a distributor. While the transport infrastructure is of a very high standard, there are certain restrictions around the height, width and weight of freight vehicles, and limits as to when they are allowed to travel on the roads.

Seek advice on sourcing an appropriate distributor for your product. Switzerland Global Enterprise (see <https://www.s-ge.com/en/sbh>) has a domestic network within Switzerland that includes the various cantons' chambers of industry and commerce. This may be a useful point of contact when trying to identify potential partners.

THINGS TO CONSIDER

The market landscape

What is the size of your target market? Is it dominated by a few, strong players or fragmented with many small competitors?

Market trends

What are the current market trends for the sectors you will be targeting? If there is an obvious gap in the market, find out why: it may exist for a reason.

Target market

How does your target market make buying decisions? Who are the relevant decision makers - what are their job title and responsibilities?

Market segmentation

Who are your most likely customers, where are they located, how and what else do they currently buy, who are their influencers and what 'need' are you fulfilling?

Market competition

Who are your rivals in the market and how do their offerings compare with and differ from yours?

Market research resources

Being abreast of local market trends, especially in your sector, will help enormously when it comes to building your knowledge about the Swiss market.

Enterprise Ireland's Market Research Centre offers client companies access to market intelligence in the form of company, sector, market, and country information to explore opportunities and compete in international markets.

KEY GROWTH OPPORTUNITIES IN SWITZERLAND

Switzerland is a high-tech export nation in need of sophisticated high-end component suppliers. Since Switzerland is an expensive country for manufacturing, the focus is largely on new technology and high-quality subcomponents.

A strategy to internationalise your business gaining a foothold in Switzerland can be a springboard to selling onwards into nearby European markets and beyond.

Life Sciences

Switzerland's pharmaceutical cluster includes two of the world's largest companies in this sector, Novartis and Roche, as well as others such as Janssen-Cilag, Serono and Weleda. It is also home to significant European operations for multinationals such as Pfizer, Baxter Healthcare and AstraZeneca. The sector employs more than 38,000 people.

Switzerland is Europe's biggest producer of pharmaceutical products. The manufacture of basic pharmaceutical products and manufacture of pharmaceutical preparations in 2019 are projected to be worth \$28.37 billion and \$69.1 billion respectively⁷.

Pharmaceutical products are also the second largest import category for Switzerland with imports of \$28.72 billion in 2017⁸.

In terms of R&D spend in the pharma industry, the 24 Interpharma companies spent a total of 96 billion CHF on research and development worldwide in 2017. Of this, 7 billion CHF was invested in Switzerland. Over the last decade Swiss-owned Roche and Novartis have consistently spent more on R&D than other big pharma groups⁹.

Switzerland is also home to over 300 biotech companies employing more than 14,300 people, and investing over 1.85 billion CHF in R&D in 2018. The biotech clusters are widely spread – not only in Basel but also Zürich, Lake Geneva and Ticino¹⁰.

The medical technology sector includes 1,400 companies. This includes manufacturers of medical devices, suppliers, distribution & sales companies and service providers. Growth in the medtech sector has been stable for years and is regularly well above that of Switzerland's GDP¹¹.

Switzerland has close cooperation between universities and the private sector. This results in a high research productivity in the biotech sector.

Startups and spin-offs are supported by world-class research institutions and excellent infrastructure of technology and innovation parks. Start-ups and resettlements of foreign companies receive up to 10 years full or partial exemption from corporate and capital taxes at cantonal level.

Life sciences companies – from emerging start-ups to multinational enterprises – face new challenges in a rapidly changing health care ecosystem. Payers and regulators are increasing scrutiny and accelerating the transition to value and outcomes. Big data and patient empowering technologies are driving new approaches and enabling transparency and consumerism.

The future prospects are promising according to the Swiss Biotech Association. A full development pipeline and the quality of its patents would secure a strong, competitive role for Swiss biotechnology in the world market in the long term.

Financial Services and FinTech

The financial sector remains an important pillar of the Swiss economy. Some of the world's largest banking and insurance providers including Zürich Insurance, Swiss Life, Credit Suisse, UBS and Julius Baer are located in Switzerland. The sector is spread between Geneva, Zürich, Basel and Lugano.

Switzerland has more than 320 banks, 250 insurance companies and more than 2,300 pension funds.

The Swiss finance and insurance sector employs more than 200,000 people.

With the adoption of the new banking regulation and the creation of a business model-neutral fintech license, Switzerland is doing pioneering work: Market entry barriers for fintech companies will be reduced in the future and the competitiveness of the Swiss financial center sustainably strengthened.

The lending business remains an attractive business for Swiss banks, however, Swiss banks are increasingly investing in new distribution channels and new technologies, and partnerships with non-banks, such as fintech companies.

Digitisation is the most important driver for long-term structural change Swiss banks are undergoing. In previous years, the majority of banks saw digitization above all as an additional sales channel, which complements the existing business. Nowadays Swiss banks are increasingly recognizing the potential of digitization.^{12 13}

With the increase of digitalisation professional and secure handling of data has become another the central challenge for the Swiss finance and banking industry. Cyber Security is a current focus. Because of its tradition of banking secrecy and data protection, Switzerland is fertile ground for cyber protection services.^{14 15}



Information and Communication Technology (ICT)/Datacenters

The Information and communication technology (ICT) is a key growing sector for the Swiss economy. It is the 7th largest sector of the economy with a gross added value of CHF 29.7 billion (2015)¹⁶.

Digitalswitzerland an initiative recently launched by the Swiss Government uses a variety of activities to promote startups. It is intended to establish Switzerland as an attractive option for innovative young companies. Startups and newly-established foreign companies are eligible for partial, or in some cases complete, exemption from corporate and capital taxes at cantonal level for a period of up to ten years. This initiative reflects the commitment of the Swiss Government towards its strategy to promote the ICT sector.

Universities like the ETH Zurich cultivate intensive research collaborations with global IT players. Private research centers such as the IBM Research Laboratory, the European research center of Google or the Disney Research Lab are located in Switzerland.

Switzerland offers a fertile environment for app and game developers. In 2017, around 80 companies were involved in game development, some of which have already been awarded international prizes for their games.

Switzerland's dense cluster of data centers provides a robust and leading data protection environment. Switzerland occupies 3rd place in the Data Center Risk Index, which classifies 37 countries according to key risks for the operation of secure data centers.

Start-ups and newly-established foreign companies are eligible for partial, or in some cases, complete exemption from corporate and capital taxes at cantonal level for a period of up to ten years.

Growth segments within this sector are: Enterprise Software / Business Process Engineering and -Outsourcing / Enterprise Resource Planning, IT-Security / Software as a Service (SaaS) / Big Data Solutions and Internet Technology / Content Management System (CMS) / E-Commerce.

Switzerland offers good availability of IT experts, combined with one of the fastest average internet connection speeds.

Engineering

Switzerland has a strong reputation for the quality of its engineering, embodied by giants such as ABB, Alstom, Bombardier, Sauer and Schindler.

Switzerland ranks second in a comparison with other countries for per capita machinery exports. The industry invested more than 2 billion Swiss francs into R+D in 2015, representing almost 12% of the entire R+D expenditure of the Swiss private sector.

The Swiss MEM industry is highly advanced in terms of its integration of innovation and production processes. This includes, in particular, the implementation of technology developed by the ICT sector.

One of the world's densest networks of free trade agreements gives companies in Switzerland access to key export markets, including the EU and China. With an export share of 60%, the EU is by far the most important market for the MEM industry¹⁷. In international comparison, Switzerland occupies second place in the per capita export of machinery.

Supply Chain Management and Logistics

Switzerland has a large number of multinational companies that successfully use integrated supply chains to combine tax and customs with pure commercial and logistical considerations.

The FM Global Resilience Index 2019 which ranks countries on the resilience of their business environments ranks Switzerland as 3rd, putting it ahead of most European countries including Luxembourg, Sweden, Germany, the Netherlands and Ireland¹⁸.

As for the future of logistics, the Swiss are looking to digitalisation as an important trend.

Non-governmental organisations (NGOs), Associated Agencies and International Sports Federations Switzerland is known for its tolerance, neutrality, and diplomacy which has attracted hundreds of international organisations from the United Nations to world sports federations. There are many international non-governmental organisations (NGOs) which base their headquarters or significant operations in Switzerland such as the WTO, the WHO, the International Bureau of Education, the Red Cross, ISO and CERN, to just name a few. They range from human rights, education, healthcare to environmental conservation. Most of the NGO opportunities in Switzerland are centred around Geneva and with the United Nations and some 250 associated agencies. Also, many sports organisations have chosen Switzerland as their country of residence, such as the International Olympic Committee (IOC) in Lausanne, the UEFA in Nyon and the FIFA in Zurich.

By their nature, NGOs have an international outlook and are open to working with small and medium sized companies. The decision-making process is longer as there are more stakeholders involved and consensus needs to be reached. Long lead times of up to five years are common.

However, there are large potential rewards from the NGO sector. Irish successes to date have involved innovative or niche software and services, such as in e-learning and HR management.

HELPING YOU SUCCEED IN SWITZERLAND

Enterprise Ireland assists clients entering new markets with:

Pre-visit support

- Sector overview
- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary

In-market support

- Introductions to buyers and decision makers
- Identification of potential partners
- Facilitating buyer visits to Ireland
- Assistance with product launches and workshops
- Securing reference sites

International trade events

- Inward buyers' missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Market study visits
- Client knowledge seminars
- Networking events with market contacts

Additional supports

- Introductions to specialists in all areas, including legal, recruitment, PR and taxation

Access to mentors

Enterprise Ireland has built up an excellent network of individuals who are available to work with Irish client companies looking to develop their business.

After you get there...

As a first-time entrant to the Swiss market, your brand may be totally unknown. To build market presence as efficiently as possible, take an integrated approach to marketing including:

Hard copy corporate marketing materials are an important way of establishing your credentials and

are a useful sales tool at trade fairs. They can, but it is not necessary, for them to be translated into German. As the English language is widely spoken amongst Swiss corporations, it is better to provide a flawless company brochure in English than a badly translated one in German (and note: there are many nuances between the German language and Swiss German).

Marketing material should include an overview of your product or service, contact details and, if possible, a significant customer endorsement.

Company websites must be updated to accommodate Swiss enquiries and sales, as well as being an online brochure. Have a Swiss language landing page with news relevant to the Swiss market and localised functionality, such as the inclusion of an impressum, or imprint.

If you are selling your products online, Swiss consumers appreciate a Swiss URL (.ch) address.

Social media is a good way of building up a network in Switzerland. Preferred business networks are LinkedIn and XING (www.xing.com). Also, Twitter, Instagram, Facebook and YouTube are popular among the Swiss. According to an analysis done by Oliver Wyman, a consultancy agency, 53% of the bosses of Swiss Market Index (SMI) companies profile themselves in social networks and are more active than their colleagues in the German-speaking neighbouring countries.

It is interesting to note is that women in management positions are more likely to be present on social media than their male counterparts. In Switzerland, 85% of the female management members of SMI companies are active on social networks, while the proportion of men is 60%.

Switzerland is one of the most-highly digitalized countries in the world. Switzerland has the world's highest concentration of broadband connections and, with an average speed of 16.7 Mbps, enjoys the fastest internet connection in Europe. The use of mobile devices has increased in 2017 according to Statista GmbH (a renowned research institute). Many Swiss obtain their daily information, email and news from their smartphone.

References

1. (source: IMF. (April 15, 2019). Switzerland: Total population from 2014 to 2024 <https://www.statista.com/statistics/263752/total-population-of-switzerland/>)
2. (source: IMF. (April 15, 2019). Switzerland: Growth of the real gross domestic product (GDP) from 2014 to 2024. <https://www.statista.com/statistics/263611/gross-domestic-product-gdp-growth-in-switzerland/>)
3. (Source: IMF. (April 15, 2019). Switzerland: Gross domestic product (GDP) per capita in current prices from 2014 to 2024 from <https://www.statista.com/statistics/261356/gross-domestic-product-gdp-per-capita-in-switzerland/>)
4. World Bank. (April 24, 2019). Switzerland: Unemployment rate from 2008 to 2018 <https://www.statista.com/statistics/263707/unemployment-rate-in-switzerland/>
5. Enterprise Ireland Annual Business Review, 2018 - cumulative exports to Switzerland and Liechtenstein.
6. Global Innovation Index https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2018.pdf
7. Eurostat. (April 1, 2019). Industry revenue of »manufacture of basic pharmaceutical products« in Switzerland from 2011 to 2023 <https://www.statista.com/forecasts/397996/manufacture-of-basic-pharmaceutical-products-revenue-in-switzerland>
8. Trading Economics <https://tradingeconomics.com/switzerland/imports-by-category>
9. Swiss Global Enterprise <https://www.s-ge.com/en/article/news/20183-pharma-rd-investements> ; <https://www.evaluate.com/vantage/articles/data-insights/other-data/swiss-big-pharmas-top-research-spending-tables>
10. Swiss Biotech Report 2019. [https://www.ey.com/Publication/vwLUAssets/ey-swiss-biotech-report-2019/\\$FILE/ey-swiss-biotech-report-2019.pdf](https://www.ey.com/Publication/vwLUAssets/ey-swiss-biotech-report-2019/$FILE/ey-swiss-biotech-report-2019.pdf)
11. Swiss Global Enterprise, SWITZERLAND AS A MEDICAL TECHNOLOGY HUB: <https://www.s-ge.com/sites/default/files/publication/free/factsheet-medtech-en-s-ge-2018.pdf>
12. <https://www.s-ge.com/sites/default/files/cserver/publication/free/factsheet-fintech-schweiz-s-ge-2018-06.pdf>
13. https://www.s-ge.com/sites/default/files/cserver/publication/free/factsheet-finanzplatz-s-ge_0.pdf
14. https://www.swissbanking.org/de/medien/statements-und-medienmitteilungen/bankenbarometer-2017-stabilitaet-auch-%20in-widrigem-umfeld/20170831-5130-dok-bankenbarometer-2017_de.pdf” https://www.swissbanking.org/de/medien/statements-und-medienmitteilungen/bankenbarometer-2017-stabilitaet-auch-in-widrigem-umfeld/20170831-5130-dok-bankenbarometer-2017_de.pdf
15. <https://www.swissbanking.org/en/media/positions-and-press-releases/swiss-financial-sector-remains-an-important-pillar-of-the-economy-despite-the-challenging-business-environment>
16. ICT Switzerland <https://ictswitzerland.ch/en/topics/economy/facts-figures/>
17. Swiss Global Enterprise, THE SWISS MACHINERY, ELECTRICAL AND METAL INDUSTRY <https://www.s-ge.com/sites/default/files/publication/free/factsheet-mem-en-s-ge-2018.pdf>
18. FM Global Resilience Index 2019 <https://www.fmglobal.com/research-and-resources/tools-and-resources/resilienceindex>

CONTACT DETAILS

Vincenz Wagner

Senior Market Adviser Switzerland

Enterprise Ireland DACH Office

Derendorfer Allee 6, 40476 Duesseldorf

Tel: +49 211 470 59 39



Ireland's European Structural and Investment Funds Programmes 2014-2020.
Co-funded by the Irish Government and the European Union.

© Enterprise Ireland August 2019