CASE STUDY: NIKIN

Delivering Sustainability Beyond Borders:
How a Small Business Enhanced its Shipping Experience to Grow Repeat Business by 40%
In just three years, Swiss entrepreneurs Nicholas Hänny and Robin Gnehm went from university students to running a sustainable clothing line, with a revenue of over €1 million. A remarkable journey of building a successful small business and how UPS has helped them to break into new markets.

Childhood friends Nicholas and Robin had a vision of creating a clothing line rooted in the nature in which they grew up. With a start-up capital of only 5,000 Swiss francs and a pine tree logo inspired by Robin’s hikes through Canada they launched NIKIN. This environmentally conscious clothing line balances sustainability with affordability.

“We realised that the price of sustainable products was often too high”, says Nicholas.

“THE WHOLE POINT OF SUSTAINABILITY IS MISSED IF ONLY A FEW PEOPLE CAN AFFORD IT.”

NICHOLAS HÄNNY
Guiding Principles

For every item of clothing sold, NIKIN makes a donation to One Tree Planted. This non-profit organisation plants trees in areas of the world affected by deforestation. More than a gimmick, it is central to the company’s philosophy that many little steps in the right direction can have a big impact on our ecological footprint. Likewise, NIKIN continuously strives to balance sustainability, affordability and financial viability as the company has grown.

An example of this is where NIKIN sources its garments. Faced with high minimum order quantities from suppliers, their limited start-up capital meant they could only afford to source from Asia. However, once they established a healthy cash flow, they moved much of their supplier base closer to home, sacrificing their margin in the process.

“We believe in the concept of conscious capitalism and shared value. I think that as long as you give value back, you are also allowed to take a bit, and we need to take a bit in order to grow. We want to prove that you can be both financially and environmentally sustainable.”

NICHOLAS HÄNNY

“Individually our products are less profitable than in the beginning, but much more sustainable. We keep our supply chain as short as possible, sourcing directly from manufacturers and selling directly to consumers. This allows us to protect our margins while staying true to our philosophy of remaining both sustainable and affordable.”

Today NIKIN’s products are almost exclusively manufactured in Europe, using sustainable and fairly produced materials such as GOTS (Global Organic Textile Standard) certified cotton and recycled polyester. Even in their operations, they only use tree-free paper made from sugar cane waste.
To keep its prices down, NIKIN set up its own online shop to sell directly to consumers. They immediately invested in digital advertising on Facebook and Instagram to drive traffic. Skilful targeted advertising quickly built up a customer base at home and across the Swiss border.

“That initial success was a combination of digital advertising, affordable pricing, and providing a range of payment options. In Switzerland, for example, payment by invoice is preferred by our customers, while in Germany it’s SOFORT and PayPal.”

NIKIN faced the same challenge as any small businesses looking to expand to new markets. How do you compete with businesses who have a local presence? Consumers expect the frictionless customer experience pioneered by the international and regional online marketplaces. NIKIN made the conscious decision not to sell through these channels in order to protect their brand equity and ensure online searches only drive traffic to their site.

But NIKIN needed to grow and customer ratings indicated that their shipping capability was a barrier. EU-based customers rated their clothes highly, but the shipping experience was deemed unreliable and poor. Nicholas and Robin made the decision to switch to a logistics provider that could scale their business across borders.
Following an analysis of NIKIN's supply chain and pain points, UPS implemented several solutions to optimize the end-customers' shipping experience.

“As a small business we were surprised by the amount of attention UPS paid to our needs. In the first month UPS representatives were constantly on-site, conducting workshops with our logistics and customer service teams, setting up label printers and validating our product classifications for customs clearance” says Nicholas.

“We brought in UPS because they offered us the right mix of value and price. Our online ratings showed that you can save money on shipping, but if that shipping is unreliable you’ll end up paying a higher cost by losing out on repeat business. So it’s important to find the right balance.”

NICHOLAS HÄNNY
Cracking Customs Brokerage

The first part of NIKIN’s supply chain to be optimized was at the border. Without a physical presence in the EU, NIKIN needed an EU-based entity to act as their customs declarant.

“If you want to know how to advertise and sell goods online, you can easily find all that information. But looking online for extensive information on customs brokerage, especially shipping from Switzerland to the EU, is a real pain. We couldn’t find anything and were afraid of getting it wrong” says Nicholas.

UPS’s World Ease® service then enables the swift flow of shipments through customs to NIKIN’s customers across the EU. With this customs clearance solution, designed for businesses that ship across a customs border to multiple recipients, UPS consolidates multiple parcels into a single shipment at origin. Once cleared as a single shipment, it’s deconsolidated back to its individual parcels, after which they are delivered to the recipients. This consolidated clearance saves time, money and paper compared to single clearances, and importantly enables UPS to clear all of NIKIN’s EU volume in its Cologne hub, which has an on-time release rate of approximately 99%.
UPS can claim for customs duty relief for any individual parcels that have a value below the customs threshold, above which duties are charged. This ensures NIKIN doesn’t pay any unnecessary duties. All parcels are shipped Delivery Duty Paid (DDP), meaning that if a parcel’s value is above the threshold, UPS charges the duties back to NIKIN so their customers aren’t presented with any unforeseen costs.

These solutions have reduced shipping times by up to three days. They ensure that NIKIN’s EU customers have the same experience when they buy their goods from NIKIN as they do when shopping within the EU.

“It was vital for us that we had as little to do with the whole customs process as possible, so it is great that we can rely on UPS to handle it for us. Our cross-border customers no longer have the pain of having to wait longer or pay an additional fee to receive their parcel, just because NIKIN is based outside of the EU. Having UPS as our Importer of Record takes away a lot of the worry and responsibility. This helps us focus on what we’re good at, like marketing, making clothes, and planting trees.”

NICHOLAS HÄNNY, Co-founder, Nikin
Enhancing the Delivery Experience

Consumers are increasingly empowered and they want choices that allow them to control their experience. With the UPS Access Point™ network NIKIN’s customers have a broad choice of delivery locations which can also be a sustainable alternative to home deliveries.

During check-out on NIKIN’s online shop, customers can choose to have their parcels delivered to a UPS Access Point, which is a nearby retail location where they can conveniently collect their parcel for a period of 10 days. Offering this lower cost delivery option at a price differential to home delivery gives consumers more cost control without having to sacrifice speed while also increasing successful first time deliveries. The density of the UPS Access Point network gives consumers a wide choice of locations to plan their delivery into their daily routine. By reducing the amount of single home deliveries NIKIN also reduces the carbon footprint of its shipments.

The day before their shipment is due to be delivered, UPS automatically sends the recipient an email or SMS notification. This notification provides an estimated delivery window of 1-4 hours and the option to redirect the parcel. Redirect options include delivering to a UPS Access Point, delivering to a neighbour, leaving the parcel at a safe place within the original address or changing the delivery date.

This enhanced delivery experience has reduced the number of missed deliveries and the workload of NIKIN’s customer service team. All of NIKIN’s deliveries are shipped as UPS Carbon Neutral, whereby the carbon emissions from each shipment are offset by planting trees.
Post-Sales

Returns are an inescapable reality of e-commerce, and if well managed they can encourage repeat business. Through the UPS Returns Manager NIKIN is are able to control their returns and give consumers access to return labels. Should any issues arise, NIKIN is able to respond quickly by using UPS Quantum View® to manage their shipping information securely and efficiently.

“Our logistics and customer service teams noticed a considerable improvement in the data quality UPS Quantum View provides, versus the previous tools we used. It provides us real-time shipment visibility that increases the speed at which we can resolve any customer issues”.

NICHOLAS HÄNNY

Measuring Success

In the year since UPS was brought on board to help with their European expansion, NIKIN noticed considerable improvements in their orders and customer satisfaction:

- Repeat business grew by 40%
- Overall orders increased by 20%
- The online customer satisfaction score increased from 4.6 to 4.87 out of 5
- The amount of emails to the customer service team reduced significantly
“In the clothing business, if you do not continue to evolve and innovate, then in two to three years you are gone. Switching to UPS helped us to take that next step. The improved customer experience we now offer has been vital to our expansion into new markets. We are now in our fourth year and we remain entirely self-sustainable, funding our business through our own cash flow” says Nicholas.

Nicholas and Robin have come a long way in a short time. What started as an idea between two friends has grown into a company of 26 employees. What hasn’t changed is their philosophy.

“WE DON’T WANT TO GET ON OUR SOAP BOXES AND LECTURE PEOPLE ABOUT THE ENVIRONMENT. WE AREN’T PERFECT EITHER, BUT BY MAKING INCREMENTAL CHANGES WHERE WE CAN, WE HOPE TO MOTIVATE OTHERS TO DO THE SAME.”

NICHOLAS HÄNNY
Find out how UPS can help you grow your business:

ups.com/smallbusiness