

## 8 tips for doing business with European buyers in the cosmetics ingredients sector

To be successful in exporting your cosmetics ingredients to European buyers, there are particular characteristics that you must pay attention to. Here we highlight 8 characteristics. If you and your staff master these characteristics, you will increase your chances of becoming a successful exporter and staying successful.

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## 1. Adapt to the business culture in the cosmetics ingredients sector

You need to know about the business culture in the cosmetics ingredients sector. It will help you in your interactions with your prospective buyers. Your prospective buyers will be consciously and subconsciously observing you and your behaviour, which ultimately boils down to an ongoing assessment of the risk of doing business with you.

The first point to mention about the business culture is that the cosmetics ingredients sector is part of the chemicals industry. Many exporters who are already successful in the food ingredients sector often do not make it in the cosmetics ingredients sector because they do not pay enough attention to this characteristic. Even if your ingredient is of natural origin, organic certified or from the wild, the common denominator is that it is part of the chemicals sector, which concerns chemical substances and mixtures. The watchwords are safety and efficacy.

In addition to the technical language of specifications (Technical Data Sheets, Certificates of Analysis and Safety Data Sheets), there are sector-specific terms and regulations to be aware of, such as Registration, Evaluation, Authorisation and Restriction of Chemicals ([REACH](#)) exempt or REACH registered, Natural Complex Substances, INCI registered, Chemical Abstracts Service (CAS) numbers, toxicological assessments and allergen declarations. Furthermore, as the cosmetics industry is concerned about corporate social responsibility and natural origin, the language includes terms like Nagoya Protocol, Access and Benefit Sharing (ABS) compliance, Supplier Ethical Data Exchange (SEDEX) membership, Fair Trade certified, [COSMOS](#) and [NaTrue](#) approved.

Most business contacts are made by email or over the phone, which is followed by the electronic exchange of documentation, sending samples and a company audit. If there is still an interest in your product(s) after this, then a face-to-face meeting works best. This can be arranged at a trade show in Europe. The supplier and product approval and ordering processes take time and it is fine to work with the calendar of major trade fairs such as [in-cosmetics](#). It is not necessary to be an exhibitor when you attend for the first time if the focus is to meet potential customers.

### Tips:

The cosmetics ingredients sector is part of the chemicals sector. Familiarise yourself with regulations and terms that apply to your ingredients. These include REACH, INCI and CAS numbers.

Become familiar with the technical language of this sector.

Ensure that some of your staff have a technical/chemicals background.

Be patient and diligent. There are many stages before you may get to discuss a purchase order.

## 2. Carefully set your prices

In any situation where you are likely to meet buyers, it is imperative that you have your pricing information ready. Do not go to market until you have worked out your prices and pricing strategies.

Preparing pricing information starts with preparing accurate cost information. What does it actually cost to procure, process and deliver your goods to a certain point in the supply chain? What is the break-even analysis for your entire business? What margins have you attributed above break-even? Without knowing these details, you are at a disadvantage when presenting pricing information to existing or potential customers.

Know the different international commercial terms ([Incoterms®](#)) for your products. Typically, buyers want to know the FOB (Free on Board) price for your goods, where the carrier is decided by the buyer. Know how to calculate this price. Also prepare price points for other Incoterms such as CIF (Cost, Insurance and Freight) and DDP (Delivered Duty Paid).

Cosmetics ingredients are sold in different size units. Ingredients can be sold in units of 25 kg up to container loads. Generally, the more expensive the ingredient, the smaller the unit size. Note that products are sold by weight, not volume, so quote on a per kg or per megatonne basis. Discounts are anticipated for larger quantities. Work these out accurately based on the higher or lower unit price for handling, transporting and warehousing the goods.

Apart from some retail prices for individual cosmetics ingredients, there are very few examples of prices for individual cosmetics ingredients published on the internet or in directories. If you find pricing information that relates to your price points, this can be a useful reference, but as it is not absolute, you should not rely on it.

### Tips:

Make sure you have your prices worked out before going to market.

Know your costs and your break-even sales before calculating your prices.

Offer prices based on [Incoterms](#) for a range of points along the value chain.

Remember that goods are sold by weight, not volume.

Do not rely on pricing information available on the internet.

## 3. Adapt your sales pitch and marketing materials

European buyers of cosmetics ingredients are looking for ingredients that are innovative, ethical, natural, and have unique or interesting origins. These are key selling points to include in your sales pitch and marketing materials and they can be applied to both existing and new ingredients.

Innovation, for example, could be applied to the supply chain or the process, not necessarily to the ingredient

itself or its properties. Innovative ingredients will have similar properties to existing ingredients. A new vegetable oil, for example, will be similar to other vegetable oils or a new plant extract that has proven anti-aging properties.

'Ethical' means that at the very least you need to have policies and procedures in place that exemplify your commitment to being responsible for managing an ethical supply chain and an ethical company. It does not necessarily mean Fair Trade certified, although there many types of cosmetics ingredients lack Fair Trade certification. You could start by applying the [SEDEX system](#) to your business and supply chain.

Origin is another important selling point and also underlines the need for traceability. Maybe your ingredient is harvested or grown somewhere different than the usual sources? A well-known example is the case of tea tree essential oil. For years this was known as an Australian product, until [EarthOil](#) started to produce it in Kenya and started to compete successfully with Australian sources.

Natural is a long-term trend that is still relevant and important for the cosmetics industry. It is worth highlighting that your ingredients are natural, and certification from COSMOS or from NaTrue, for example, can be an advantage.

Whenever possible, look to combine these selling points into one product. [Zuplex](#) is an example of a company that sells a proven anti-aging extract from an indigenous plant found in South Africa. It is harvested by a women's organisation and sold to a processing company that complies with the Nagoya Protocol, has incorporated the women's organisation as a shareholder and has established targets for reducing its energy and water consumption as well as its waste. This ethical approach is attractive to many companies.

### **Tips:**

Include products in your offer that are innovative, ethically sourced, natural and with an interesting or new origin.

Highlight these attributes in your sales pitch, in your marketing materials and on your website.

Consider third-party certification of any of these attributes, as this is an advantage.

## **4. Connect with government and non-government agencies**

Being part of an export promotion programme can help increase your chances of doing business with European buyers. Putting it another way, the investments that you will likely have to make in order to meet European requirements will be more likely to yield a return when you work with expert agencies that know about exporting.

Organisations that implement export promotion programmes have a structured approach to supporting exporters, including training, coaching, distance guidance, trade fair participation and matchmaking with European buyers. They hire European sector experts who advise exporters on how to meet the market requirements and buyers' expectations.

It is recommended that both existing and aspiring exporters investigate the availability of export promotion programmes in their country. Usually there are no costs to join these programmes. However, companies must make commitments to implement the changes recommended by the sector experts. Once the exporters are ready for the European market, a typical next step is that the export promotion programme organises a stand at a relevant European trade fair. The costs of participation by the exporter are often subsidised by the organisation.

Export promotion programmes invite prospective buyers to various events where they can find out about and/or get meet exporters. This network is also key to the success of the programmes. Introducing exporters to buyers in the European sector experts network amounts to an automatic recommendation to the buyer.

The most important European agencies operating in the cosmetics ingredients sector are the Centre for the Promotion of Imports from developing countries ([CBI](#)), the Swiss Import Promotion Programme ([SIPPO](#)) and the Import Promotion Desk ([IPD](#)).

CBI offers an export coaching programme with a comprehensive range of activities for exporters, including in-country training, company visits, coaching, distance guidance, multiple trade fair participation, and market information. CBI works with senior sector experts who work closely with the exporters during the export coaching programme. CBI also works with Business Support Organisations (BSOs) that help exporters develop their export businesses.

SIPPO focuses on training and development exclusively for selected BSOs in the countries of origin, training and coaching the BSO staff to increase their capabilities to provide improved services to exporters.

IPD provides a platform where exporters from selected countries can meet European, especially German, importers. They also prepare market reports.

### **Tips:**

Actively seek out government and non-government agencies to support your export activities.

Involve your staff in training activities, so that they acquire more skills and experience.

Plan your investment in an export promotion programme in the same way as you would plan any other investment and be prepared to implement the recommended changes.

Work with local business associations to access services available to other companies in your sector.

Work pro-actively with sector experts and be prepared to share your company information, so that they can give you the most appropriate and relevant advice.

## **5. Organise your product documentation**

A [comprehensive dossier of data and information about your cosmetics ingredient](#) (see the link to CBI market information) will facilitate your communications with existing and prospective customers. Developing such a dossier and thoroughly understanding the contents will allow you to anticipate their questions and meet their expectations of being a knowledgeable and reliable partner.

The dossier should contain all the known data and information about the ingredient, including safety, efficacy, claims, patents, ethical and corporate social responsibility, health and safety, production, supply chain and traceability and updated price lists. The main documents to be included in the technical dossier are the Technical Data Sheet (TDS), Safety Data Sheet (SDS) and Certificate of Analysis (CoA).

[Safety Data Sheets](#) (see the link for a sample SDS for cardamom essential oil) contain information on potential hazards, storage, and handling of ingredients. Based on the information in SDSs, European buyers will be able to make assessment of potential hazards in regard to sourcing your ingredients.

[Technical Data Sheets](#) (see the link for an example of a TDS/Product Specification) are also called Product Specifications. This document contains compositional data about the ingredient (all batches should conform to

this) and other technical characteristics, including certifications, registrations (REACH, IECIC), reference to industry standards and tariff codes.

**Certificates of Analysis** (see the link for an example) contain analytical data that relate to the product specification. CoAs include test results, dates of the tests, method used, and contact details of the laboratory (if tested by a third party). Buyers usually carry out their own tests in order to ensure safety and quality of every batch and to verify that the product matches the data in the specification.

The whole dossier is an internal document and not for circulation outside the company. However, the data and information should be used to prepare key documents such as the Product Specification, Safety Data Sheet, and promotional materials.

Grey literature should also be kept in this dossier, as well as information on where this ingredient is used in cosmetics and foods, especially information about any final-product companies using this ingredient (if available). Grey literature refers to research that is either unpublished or has been published in non-commercial form. Examples include government reports, conference proceedings, fact sheets, dissertations, maps and images, and photographs.

The development of the relationship with the buyer starts by sending product documentation and completing a supplier questionnaire. Having all the information in one place will facilitate this process.

### **Tips:**

Prepare detailed, complete and accurate product documentation to meet buyers' requirements and expectations. Accurate and complete documentation is the fundamental basis of your business. Use the product information in the product dossier wisely. It is strictly internal. Use it to prepare public information such as product information documents and communication materials.

Ensure that all departments of the company supply chain/procurement, technical, marketing and finance/administration contribute to the dossier.

Identify whether laboratories in your own country can carry out all or some of the analytical tests.

Do not copy SDSs from the internet. Work with laboratories and chemists to prepare your own based on your own research. Study [REACH](#) and [GHS \(CLP\)](#) regulations.

Ensure you have a budget to prepare the technical documentation. Costs can be high, especially for new ingredients.

## **6. Meet common buyer requirements**

Buyers are looking for quality, price and reliability. Quality covers not only the product quality, but also the company and the supply chain. Reliability covers not only logistics, but also raw materials, processing and communications. Price is value for money, rather than the simple comparison of one price against another.

The quality of your product is classically presented as a Product Specification, Certificate of Analysis and Safety Data Sheet. These three documents must accompany every product you are offering. The Product Specification must include the INCI name, the CAS Number, a statement about whether the ingredient is registered in the Inventory of Existing Cosmetics Ingredients in China (IECIC), and ideally the tariff code for your ingredient. If your ingredient is not [registered in the IECIC](#), some multinational companies will not be interested in purchasing that ingredient because it cannot be used in products sold in China. However, there are many other markets in the world where your ingredient could be offered for sale in cosmetics products if it meets the requirements for

safety and efficacy. For more information on buyer requirements, see the [CBI study](#) on which requirements natural ingredients for cosmetics must comply with to be allowed on the European market.

Quality also includes an assessment of your company. A quality company pays attention to corporate social responsibility, financial strength and documenting all the factory operations. You will be expected to have policies and procedures in place that cover key areas of labour, health and safety, environment and doing business, with targets set and measured. [SEDEX](#) is a starting point for an ethical audit. You should have carried out an assessment of financial strength measured by sales data, experience of exporting, production capacity and potential share of your business that the new buyer may take. The buyer will be unlikely to want to buy more than 60% of your production capacity or represent ideally more than 30% of your total sales (with few exceptions). Having documented processing operations, using at a minimum the Hazard Analysis and Critical Control Points ([HACCP](#)) methodology, and ideally following Good Manufacturing Processes ([GMP](#)) and ISO9001 systems, are good practices that will help you stand out from other companies.

Supply chain quality is assessed by traceability, i.e. knowing where and from whom the raw materials originate. Certification schemes, such as organic and natural, have the benefit that they build in traceability. If you don't want or need organic or natural certification, consider how to offer a similar matching guarantee of traceability.

Reliability is assessed by On Time In Full (OTIF) deliveries. It is also assessed by demonstrating certainty about available quantities of raw materials, demonstrating certainty about organising the logistics and being reliable in communication.

### **Tips:**

Apart from product quality, pay attention to your company's ethical performance. This is important.

Make sure you have evidence about the availability of your raw materials, especially if wild harvested, and their traceability.

Ensure that you know the production capacities of the equipment and the available surplus capacity, and that you have standard operating procedures.

Use the SEDEX platform as a minimum to organise the presentation of your ethical performance.

As a minimum, invest in developing HACCP quality control systems and developing standard operating procedures for the whole factory. Ideally invest in management systems such as ISO9001.

## **7. Prepare in advance before visiting an industry fair**

In Europe, the most important trade fair for cosmetics ingredients is [in-cosmetics](#), held every year (usually in April) in a different European city. Most of the 800+ exhibitors are European suppliers and distributors of ingredients, although increasingly there are suppliers from around the world. in-cosmetics has a good website with details of the exhibitors and events taking place over the three days. It is the starting point for planning your visit.

When preparing to visit in-cosmetics, one of the most important activities is to set up appointments in advance. Of course, there will also be opportunities to meet the companies who are exhibiting at the trade fair. However, setting up meetings before you arrive at the fair puts the ball in your court for growing your business.

It could be that some of the companies you want to meet are not exhibitors at this trade fair. Given the importance of in-cosmetics, it is likely that they will also be visiting, which creates an opportunity to meet them. Companies you contact in advance could be existing customers, previous contacts, or companies on your list of

top ten ideal customers. Aim to set up at least three appointments each day at the trade fair with such companies.

Research exhibitors before you meet them to identify opportunities. Consider the following questions:

- What is their role in the supply chain?
- Are they a competitor?
- Are they a distributor or manufacturer?
- What is their existing product range?
- Do they already sell your ingredients or other ingredients from your region?
- Do they exclusively represent certain manufacturers with the same ingredients you have?

Companies, especially exhibitors, may say that they will see you at the trade fair, and there is no need to make an appointment. Don't be put off by that. Make a second request to set up an appointment. Remember that exhibitors have invested in exhibiting at in-cosmetics primarily to sell their products and not meet suppliers.

Use LinkedIn to find out who works at the company. Ideally, you will want to meet the Purchasing Manager. However, if the company you want to meet is not already selling your ingredient or ingredients from your region, and is not a competitor, you have the opportunity to talk to the sales staff to explain why they should be selling that ingredient.

Don't bring samples as a visitor to the trade fair. It is more important to have your business card and a small brochure about your company and products. The only exception here is essential oils. Given the difficulties of sending samples of essential oils by post and courier, some customers may be happy to accept a properly labelled sample with technical documentation such as a Certificate of Analysis.

Your visit to in-cosmetics would not be complete without attending some of the presentations on new products and trends. Study the in-cosmetics website beforehand to identify what is of interest. The product presentations are particularly useful. They are a great way to observe how suppliers present information to their potential customers and what type of information is included in the presentation.

### **Tips:**

Visit in-cosmetics to meet existing and new customers and get to know the industry.

Invite your customers and prospective customers to meet you even if they are not exhibiting.

Don't approach an exhibitor without first having researched what they do.

Study the floor plan to find areas suitable for meeting non-exhibitors, such as cafés and seating areas.

Don't bring samples, except small bottles of essential oils (labelled and with a CoA) (for suppliers of essential oils).

## **8. Build long-term relationships with buyers**

Once you are in business exporting your ingredients and getting paid for them, you need to build on that achievement so you can maintain the orders and find new business, or, put another way, so you can achieve sales targets for the current year and prepare sales targets for next year. It is important to work within the framework of performance and take appropriate actions if actual performance does not match targeted performance. Ensure that a culture of performance, targets, reward and openness is established and maintained in your company.

Targets can be established for any area of the business. Targets on the supply and processing side of the business tend to focus on cost reduction and value for money. Targets on the sales side of the business focus on sales value as well as prospective sales and the ratio of sales contacts to sales contracts. Involve your staff in developing these targets. Company owners and senior managers have a role to ensure that the targets are **SMART** (Specific, Measurable, Achievable, Relevant and Timed) and move the company forward towards its goals. Set up regular, weekly meetings with the department managers to review the progress against the targets, identify areas that are drifting off course and take corrective action quickly.

After every new order is placed with a new customer, it is good practice to review that order internally and identify what went well and what you can put in place to improve the entire order process in the future. This has two objectives: (1) to achieve greater efficiencies within your company and (2) to achieve better customer service.

Once per year, request that your customers provide you with an evaluation of the previous year's business, again broadly asking the same questions about what went well and what can be improved for the future. Combine this with the annual review of orders and plans for the following year.

When you are in business with international customers, you might only receive 2 or 3 orders per year, and those might be the only communications you have with that company. That is the minimum level of communication necessary to maintain that relationship. Think about developing a newsletter or active social media to communicate with your existing and future customers. Social media and tracking website traffic in particular are essential elements of building your business. Furthermore, ask the principal contact at your customer's business if they would like to receive an article for their own newsletter or website, so they can use it for their own communications.

### Tips:

Establish a performance culture based on targets, measurement and transparency.

Encourage frequent, open communications within the company, so that performance issues in daily business can be addressed quickly.

Review your performance as a supplier with your customers. Take appropriate actions on the feedback.


Review the sales performance process with your staff after every order.

Keep your existing and new customers aware of your business through active social media and marketing communications.


This study has been carried out on behalf of CBI by [Ecovia Intelligence](#).

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