

How to do business with European motion drives, control and automation buyers

What do European buyers consider before entering into a partnership with a new supplier from a developing country? Whether you are an existing exporter to Europe or whether you are prospecting for the first time, this document is intended to provide guidance on how your company might acquire new business or improve existing relationships with European clients.

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1. Make the difference by excellent communication

When selecting new suppliers from developing countries, European buyers focus primarily on the prospective supplier's ability to communicate – even before considering price and quality. Without good communication, nothing else will be relevant.

As an exporter, you must be able to respond to requests promptly and keep your promises. Most importantly, you must be able to communicate both good news and bad news to the customer. Although good news is obviously easier to convey, communicating about bad news is vital as well, however difficult it may be to deliver to the customer. For example, if a delivery is delayed, it is of great importance for the customer to be informed in advance. Once they have been notified, clients are usually able to manage the situation with few negative consequences. If the customer has to contact you to determine why a delivery is late, this breaks the trust that you have established and causes dissatisfaction with your service. Such consequences are difficult to overcome.

The following are several examples of what EU buyers appreciate and expect:

- Acknowledge receipt of any email within 24 hours and confirm your proposed action, including the action to be taken and when it will be undertaken.
- For urgent issues, respond by telephone.
- Keep buyers regularly informed and updated about outstanding issues (e.g. quotations, the status of orders, delivery times and shipments).
- Inform the buyer as soon as possible if a shipment is likely to be delayed and what you are doing to resolve the problem.
- Be available at all times by telephone, in order to provide the customer with easy access. If you are not available, send details for the contact who will act in your absence.
- Notify the buyer in advance of any work closures due to forthcoming of holidays or festivals.

2. Develop business relationships through face-to-face meetings

For exports, success is rarely achieved by email alone. More commonly, success depends upon meeting the prospect face to face. In many cases, B2B meetings at the customer's premises are the most successful way of achieving quick success. Once you have identified the correct contact, call that person on the telephone and

make an appointment to visit the company. These meetings often include a tour of the company, and they can allow you to determine immediately whether you can meet all of the supply criteria.

Buyers attach considerable importance to getting to know their suppliers before taking any initiatives to develop business relationships. Meetings with buyers at their own companies offer the best opportunities for doing business with them:

- Establishing a good personal relation is essential to doing business with buyers.
- Understanding the supply criteria is crucial to success. Supply criteria might include supply style (the way in which the customer would like for you to supply the products in order to meet delivery deadlines, to ensure just-in-time delivery, to optimise warehouse space or achieve other purposes), scheduling, packaging, possible audit requirements, administrative and documentation requirements, payment terms and logistics.
- When on site, you should meet with all the other influential parties within the company (e.g. sales managers, quality personnel, design and warehouse staff).

When preparing for the meeting:

- Always confirm your visit by email, including date and time. Do not be late.
- Ensure that you have examined the company website and downloaded any literature that is available from the website. Read it, and look for quality clues and other information that could be useful when preparing your own offer and when seeking product advantages and product differential.
- Take with you all documents that you will need in order to convince the client of your quality and production process checks.
- Design a PowerPoint presentation about your company that is informative, but relevant and to the point. The presentation should include details concerning your processes and products, and it should provide sufficient information in terms of your product advantage.
- When visiting clients in Europe, business attire is recommended.

3. Be a reliable partner to your buyer

When selecting a new supplier, most buyers are looking for a long-term relationship. Exporters should also seek long-term relationships.

Success in establishing a long-term relationship demands reliability in all aspects of supply. You should also be able to provide elements of flexibility and be willing to exceed the customer's expectations.

To ensure reliability:

- Be sure to meet or exceed all quality requirements, including all standards mentioned in the order specifications.
- Quote a realistic delivery time that can be met.
- Before submitting a quotation or accepting an order from a customer, obtain a signed agreement from the relevant managers within your organisation concerning price, quality and delivery time.
- Control and manage your processes in terms of speed, efficiency and quality.
- Communicate clearly and regularly with your buyer.

4. Provide cost savings

Your first meeting with a buyer may well be at a European trade fair. Buyers visit these fairs with the sole intention of finding new, reliable suppliers who can reduce their current costs on components. This is their task.

The enquiries that customers make at trade fair or in follow-up are intended to test your ability to meet their target price. Use the meeting as an opportunity to determine exactly what their target price actually is. If you can meet or beat this target price, all is well and good. Nevertheless, you should not reduce your price so much as to incur a loss on the order, with the hope of charging a higher price in the future. This will not happen. Ensure that your prices are accurate and that they reflect a reasonable level of profitability for your company.

The following recommendations could improve your chances of becoming a supplier:

- Ask the buyer for clarification if an enquiry is unclear, incomplete or lacking technical specifications. Do not make any assumptions concerning aspects of material or technical requirements.
- Be sure to calculate an accurate cost price to prevent miscalculations from the start. In many cases, you will have only one chance.
- If you are able to optimise the design or life expectancy of the product against the current specifications, you should offer this service. Buyers like to know that their suppliers are innovative and able to improve on total lifetime costs.
- Be sure to make your quotations clear and professional, including freight terms and the agreed-upon payment terms.

5. Create a professional quotation in order to make a good first impression

Ensure that your quotation is written in a professional manner and that it reflects well on your company. As in the case of meeting someone for the first time, first impressions count, and it could be a differentiator between your company and a competitor.

The following are amongst the most important items to include in a quotation:

- Your company address, logo and contact details;
- The buyer's contact details;
- Quotation date, number and revision;
- Validation date;
- Product description;
- Quantities offered;
- Technical and material specifications (with drawing number, if applicable);
- Unit price;
- Currency;
- Delivery time and conditions, based on Incoterms;
- Agreed-upon payment conditions;
- If applicable, also mention: tooling cost, method and treatment of (seaworthy) packaging, material certificates, supply with inspection or test reports;
- Include any clauses concerning the cost of raw materials fluctuations in currency that might affect your selling prices.

6. Know the TCO - Total Cost of Ownership

One trend for European buyers has to do with a shift in focus from unit price to the total cost of ownership (TCO). In the past, cost savings were based primarily on comparisons between the buying prices of current and alternative suppliers. Buyers are now becoming more aware of such 'soft' savings as the cost of communications, transport costs, time and money spent on the quality inspection of incoming goods, repairs and replacement of rejected products. Buyers that have incurred costs beyond the product price are more likely to favour suppliers closer to their own facilities. Therefore, when doing business with European buyers, you should always find ways to reduce the total cost of ownership:

- Be a reliable partner for your client at all times. Late deliveries and poor quality will always mean considerable cost and anxiety for buyers. Buyers are likely to charge these costs back to your company or withhold payment.
- Develop packaging that will minimise the cost of transport and the disposal costs that your customer must pay for packaging material. Nevertheless, it is important to ensure that product quality is not jeopardised in transit.
- Provide your own quality inspection reports, which could minimise the cost of quality control at customer's facility.

- Ensure that all products are inspected and counted accurately prior to dispatch.
- Discuss with the buyer any suggestions you might have for reducing the total cost of ownership.

7. Gain control over risk and delivery conditions

Buyers aim to reduce risk by using [Incoterms](#) (International Commercial Terms) that are favourable for them. The most commonly used Incoterms are FOB, CIF, DAP and DDP.

Buyers representing multinationals prefer to use EXW or FOB, as they usually have their own global contracts with forwarders. Smaller companies may prefer DDP, in order to compare your conditions with those of local sources. Freight costs constitute an important aspect of the logistic costs, possibly accounting for between 3% and 10% of the invoice value of goods. Be prepared to negotiate with EU buyers concerning delivery conditions:

- Be sure that you fully understand the Incoterms and how they may affect your company in terms of both cost and the associated risks, as well as with regard to how they may affect the buyer's decision to award the order.
- Contact and use professional forwarders for costing and transport.
- Become fully familiar with the transport costs involved in the shipping door to door by both sea and airfreight.
- When determining delivery time, be sure that you know the shipping lead times from your door to the customer's premises, based on the proposed delivery method.

8. Make your packaging part of your promotion

The condition in which your shipment arrives at the customers' premises is just as critical in the order procedure as any other activity undertaken to satisfy them. You can be sure that the first delivery will be scrutinised upon receipt, with a report provided to the buyer. In addition to affecting the payment of the order, the condition of the packaging and the protection of the goods purchased therefore play an essential role in determining the possibility of a second order.

Customers also appreciate packaging that is firm and easy to remove during unpacking. Many exporters from developing countries underestimate the importance of packaging. You should consider the following aspects when seeking to do business in Europe:

- Your packaging should comply with EU regulations. The CBI Market Intelligence Platform offers [product factsheets](#) what packaging requirements that describe packaging regulations.
- Develop a safe, attractive and efficient packaging method for your products that will prevent damage during transport, in addition to strengthen the image of your company.
- If no packaging specification has been requested, discuss packaging methods with buyers in order to ensure easy handling and effective storage at their corporate warehouses.
- Use wooden crates reinforced with metal or plastic strips and, in the case of small parts, in combination with wooden boxes.
- Be sure that products and boxes cannot move inside the packaging, and fill any empty spaces.
- Label the shipment with clear identification during transport including quantities, weight, your company's name and the delivery address.
- Promote your company on the packaging unless prohibited by the customer's specifications.
- Be aware that disposal costs are charged for packaging. Your customers will therefore not be happy with excessive packaging.

9. Promote your country

European buyers may not be very knowledgeable about your country or the possibilities that may exist for them to import from it. Be sure to provide information on your country in a positive way. Many misconceptions about developing countries may be out of date or misunderstood.

In promoting your own company, be aware that you are likely to be encouraged to provide details concerning

your country's infrastructure (e.g. roads, ports, airports) in relation to your own location.

You may also be encouraged to provide details concerning the labour costs and technical qualifications of your staff.

Should the customer wish to visit you, be sure to offer and provide safe travel to and from the airport.

10. Seek advice from successful exporters

Learn as much as you can from existing exporters from your own country (as well as from other developing countries) who have been successful in doing business with European buyers. Use their experiences to learn what to do and not to do when starting to export to European buyers.


Their suggestions are likely to include the following:


- Understand and recognise the buyer's requirements and conditions.
- Communicate regularly.
- Understand the nature of your customer's business.
- Meet with EU buyers on a regular basis, at least once or twice a year, preferably at the customers' premises.
- Be enthusiastic and committed.
- Manage every aspect of each enquiry or order.

'Exporting companies have few chances to make mistakes, and buyers usually have many choices and offers from known companies. They do not wish to accept any excessive risk; they are looking for reliability and trust in the exporters with whom they choose to do business. Regular communication is essential in order to keep the buyer informed, engaged and positive about your level of service,' Malcolm Sheryn CBI expert in Motion Control.

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