

# 10 tips for doing business with European buyers of metal and plastic parts and components

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What needs and wishes of European buyers should I take into account if I want to build a fruitful business relation with them? This study answers this question through a list of 10 important tips. If you as Small or Medium sized exporter are already doing business in Europe you can use these tips to improve your relationship with buyers and gain a competitive edge. In case you want to start with doing business in Europe you can use these tips to prepare for the first contact with buyers. The tips provide you a better chance at convincing them to buy from your company. What advantages or solutions can your company provide?

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## 1. Make the difference by excellent communication.

European buyers often complain about the poor communication from exporters from developing countries. They get frustrated about suppliers who don't reply to their e-mails, who are slow in responding to inquiries or do not respond at all, and who do not keep on updating them about the status of orders and shipments or in case of any problem or urgent matter. Clear and fast communication is an essential condition if you want to get into business with European buyers. Here are some examples what EU buyers will appreciate:

- Reply to each e-mail within 24 hours and confirm any required action including what and when.
- Call the buyer first in case of an e-mail from him that has an urgent issue.
- Keep buyers regularly updated about pending issues like quotations, status of orders, deliveries and shipments.
- Inform the buyer on-time in case of a serious problem.
- Be reachable by phone and assure that buyer knows who to contact in your company in case you are not in.
- Notify the buyer in advance in case of holidays and festivals.

## 2. Develop business relations by Face to Face meetings.

Buyers appreciate face to face meetings when doing business. Note that buyers get many e-mail from overseas suppliers who want to get in touch with them. Most buyers don't even take the effort to open these e-mails. A visit to their company will be appreciated and makes the difference. For getting an appointment you should send an e-mail to the buyer in which you tell about the benefits your company can offer. Within two days after the e-mail you call the buyer for a possible meeting. Buyers find it important to get to know the supplier before starting any initiatives for developing a business relation. Meetings with buyers at his company offer the best opportunities for doing business with them:

- Establishing a good personal relation is essential for doing business with buyers.
- Getting to know the buyers organisation, product applications and requirements in terms of products, quality, certification, logistics, supply chain and packaging.
- Possibility to meet with others who also are involved with suppliers selection like managers from sales, R&D, engineering, manufacturing, quality and logistics.

On preparation for the meeting:

- Always confirm your visit by e-mail including date and time.
- Go through all your past correspondence and important documents and take them with you.
- Make an agenda on issues you want to discuss and send it to the buyer prior to the meeting.
- Check the buyers company website for getting a clear picture and to know more about the company which will help you to prepare the meeting and for drawing up the right questions.
- Prepare a good PowerPoint presentation about your company, processes and products.
- Dress appropriate in line with customers' expectations. This varies per country.

## 3. Be a reliable partner to your buyer.

Most buyers will find reliability of their suppliers the most important aspects when starting or maintaining a business relation with a supplier from a developing country. In the start buyers don't know your company and are looking for opportunities or solutions you can offer without too much risk. In Europe reliability is a key issue related to high quality requirements, short delivery times as well on the need of flexibility within the supply chain. For doing business in Europe your performance should be within the agreed delivery time, at the right quantity of the right quality at all times. Beside these conditions your company should also be flexible in cases of unforeseen demand or emergencies. Next recommendations count to assure your reliability:

### Tips:

- Be sure to meet all quality requirements including all standards mentioned in specifications.
- Quote a realistic delivery time that you certainly can meet.
- Get a signed agreement within your organisation on price, quality, delivery time from the managers involved before sending in a quotation or acceptance of an order.
- Control your processes in terms of speed, efficiency and quality.
- Communicate clearly and timely with your buyer.

## 4. Provide cost savings.

In most cases your first meeting with a buyer will be at a European trade fair. Buyers are always looking for cost saving possibilities as this is one of their main tasks assigned by their management. Therefore buyers are interested in your price level and will test you on this by sending an inquiry. Note that many buyers will sent the same inquiry to other companies they met at the fair. Now it's time for you to make the difference. Before sending in your quotation be sure about the price you offer. Here are some recommendations to improve your chance of getting into business:

### **Tips:**

- Ask the buyer when the inquiry is not clear, incomplete or technical specifications are missing.
- Be sure to calculate an accurate cost price, prevent miscalculations as in the start, in many cases, you only get one chance.
- Calculated profit margins in the sector metal parts and components range from 5% to 10%.

High profit margins will reduce your chances.

- Look for opportunities you see for reducing the cost of material or manufacturing in case the design of the product could be changed. Discuss this with the buyer before you send in the quotation or mention it in the quotation as an option.
- Be sure to make your quotations clear and professional.

## **5. Make a professional quotation for a good first impression.**

Buyers will appreciate your quotation in case it is clear, complete, tidy and professional both in content and appearance. They will get a first impression about your company based on your quotation. In this stage you can make the difference against other suppliers and increase the chance of getting into business. Important content of quotations are:

- Suppliers company address, logo, contact details, the buyers contact details, quotation date, nr., and revision, validation date, product description, quantities offered, technical and material specifications (most cases drawing nr.), unit price, currency, delivery time, delivery conditions based on Incoterms, payment conditions.
- If applicable also mention: Tooling cost, method and treatment of (seaworthy) packaging, material certificates, supply with inspection or test reports, fluctuation clause on raw material cost or currency.

## **6. Know the TCO - Total cost of ownership.**

In Europe buyer focus has moved from unit price to total cost of ownership. In the past cost saving was in most cases based on comparing the buying price between current and alternative suppliers. Nowadays buyers also include other selection criteria such as cost of communications, transport cost, quality inspections of incoming goods, repairs and replacement of rejected products. Buyers that pay attention to these cost will tend to focus more on near shoring. When doing business with European Buyers you should always find ways to reduce the Total Cost of Ownership (TCO):

### **Tips:**

- Be a reliable partner for your buyers company at all times. Late deliveries and poor quality will always cause considerable cost. Buyers will charge the cost to your company.
- Develop packaging that will minimize the cost of transport and cost of handling at the customer while maintaining product quality.
- Arrange for quality inspection reports which will minimize cost of quality control at customers.
- Be sure to deliver the right products, in the right quantity and at the right quality at all times.
- Discuss with the buyer any opportunity you see for reducing the cost of ownership.

## 7. Get control on risk and delivery conditions.

Buyers want to reduce the risk by using [Incoterms](#) (International Commercial Terms) which 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 contract with forwarders. Smaller companies may prefer DDP to compare your conditions with local sources. Freight cost is an important aspect of the logistic costs and can be between 3 and 10% of the invoice value of goods. Be prepared on negotiations with EU buyers on delivery conditions:

### Tips:

- Understand the Incoterms and which risks they mean to your company as well for the buyers company.
- Contact and use professional forwarders for costing and transport.
- Get experienced with transport cost involved in shipping door to door by sea and airfreight.
- Know the shipping lead time from your door to the door for determining delivery time based on the delivery condition.

## 8. Make your packaging a part of your promotion.

Buyers in Europe care a lot about proper and cost efficient packaging. The condition in which your shipment arrives in the buyers company warehouse may either boost or damage the confidence of the buyer and his organisation in your company. Furthermore packaging that is firm and easy to remove during unpacking will be appreciated. Many exporters from developing countries underestimate the importance of packaging. Next aspects should be taken into account on packaging when you want to do business in Europe:

- Your packaging should apply with EU regulations. The CBI market intelligence platform has described in product factsheets what packaging requirements are. Have a look at one of the available [product factsheet](#) within the sector metal parts and components.
- Develop a safe, attractive, and efficient packaging for you exports that will prevent damages during transport and will strengthen your image.
- Discuss the packaging method with the buyer also to assure easy handling and effective storage in his companies warehouse.
- Use wooden crates strengthened with metal or plastic strips and in case of small size parts in combination with wooden boxes.
- Be sure that products and boxes cannot move inside the packaging and fill up empty spaces.
- Label the shipment with clear inputs on identification during transport including quantities, weight, producers name and delivery address.
- Promote your company on the packaging unless customers specifications don't allow it.

## 9. Promote your country.

European buyers are in many cases not aware of the possibilities to outsource from certain developing countries. In some cases a developing country can have a bad image and therefore buyers are reserved on cooperation with exporters from these countries. In other cases your country might not yet be known by buyers on possibilities to outsource. In contacting and meeting European buyers you should also promote the positive aspects of your country. This can be for instance lower labour cost compared to other countries, young population or strong workforce, industrial production growth rates, technical developments, improved infrastructure, new or existing resources, climate and natural beauty.

## 10. Seek advice from successful exporters.

Learn from exporters from developing countries who became successful in doing business with European Buyers. Try to talk to them and get their inputs and tips on how to start doing business with European buyers. Learn from the mistakes they made at the start. Most of them had similar experience when developing a sustainable business relation with European buyers. Their advice:

*'Buyers need to have trust in the exporter they deal with. By keeping in touch with buyers, you are building on a mutual co-operation. In a way, it is like a marriage. The better you understand and trust each other, the higher is your chance of success,'* Peter Lichthart (CBI expert).

### **Tips:**

- Understand the needs of the buyers.
- Communicate in the right way.
- Understand the culture of the business.
- Visit to and meet with EU buyers on a regular basis, at least once or twice a year.
- Be ambitious and show commitment.
- Success comes from your inside.