

Exporting Garments to Europe

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1 Foreword

This text is at the same time a reflection on and a general analysis of “The European buyers of Mid-range and High-end Prêt à Porter garments”. Without doubt, the title would be more precise, although less formal, if we would call it **“How to catch the interest of the spoilt children of the European fashion world”**. This European market is the leader worldwide for textile products, ahead of the United States and Japan.

“No winner believes in chance”... your success in exports will be the product of a thorough preparation.

My sole ambition today is to share with you my experience which will be our starting point in order to think together about the multiple dimensions that a relation with a European buyer can imply, from the first contact to the delivery of an order.

As we are normally occupied with our daily business we rarely have time to think globally and more thoroughly about our export business. This text which originally has been prepared for a seminary organized in Peru will offer us this opportunity.

Among the things I will tell you, you undoubtedly already know a good deal; maybe you will learn some additional details and if they are useful for you, this presentation will not have been in vain.

We will use the following methodology: first trying to establish a profile of these “spoilt children” because they will be your partners in the talks with European companies. Afterwards we will analyze some possible ways to approach a company and the main advantages and disadvantages of each method. Once the customer is interested, you have to propose your products to him and we will

think about what to propose and how to do it. We will try to understand what a European buyer expects concerning communication, terms etc. Finally if the negotiation was successful, an order could be placed and we will look at the main phases of order management and the buyer’s requirements.

Before we fully delve into the subject I would like to clarify the following: I am giving you my strictly personal opinion which will commit only me and in no way SIPPO. This opinion, built on my own experience in the textile production abroad during the last twenty years naturally has a particular orientation; I have always worked for high-end European labels, most of the time with knitwear, generally elaborated with natural materials. You always have to bear in mind this fourfold context; I know very little about the North American mentality and the way the North American market works, nor about low-cost products, nor about synthetic fibres, and very little about the production and distribution chain of woven products and items.



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2 Introduction

2.1 Why spoiled children and who are they?

First of all, I think it is good to remember that fashion was born in Europe, exactly in 1871 when M. Worth opened the first fashion boutique in Paris and started to sign his garments like a work of art. In this way, with Paul Poiret, he became the first stylist or designer For a century and a half, Europeans have been immersed in fashion.

Dear producers and exporters, when your products arrive by courier express or by means of a local agent to the offices of a European label, they will be examined by 2 professionals:

ces of inspiration. They go to textile archives, art libraries, expositions and galleries. By means of regular visits they establish close relations with creative industrials (spinning mills, weavers, knitwear producers, dyers, printers, etc.); they continuously read fashion magazines, fashion forecasts, surf through the internet, go shopping actively, always with their eyes open to what they see people wearing in the streets of the European capitals where the majority of them live. And if they don't do all this by themselves, they have people who do it for them; always looking for new ideas. They participate assidu-

THE BUYERS^[1]

THE STYLISTS



This couple I call the “spoilt children”, so we will try to establish the profile of those who will examine your products. It is important to know with whom you are dealing in order to prepare yourself and to try to adapt your product, as well as your sales pitch to these two persons.

- Both have been immersed in the fashion culture for years: that means decades. Along their career they have worked for different labels, attended multiple fashion events (catwalks, creation and disappearing of labels, fairs, seminars or training courses, etc.).
- Stylists are familiar with fashion history, with the collections and styles developed by the famous designers of the Twentieth Century; some of them have considerable expertise in this field. Certainly they have visited the main European museums in order to look for sources

of inspiration. They go to textile archives, art libraries, expositions and galleries. By means of regular visits they establish close relations with creative industrials (spinning mills, weavers, knitwear producers, dyers, printers, etc.); they continuously read fashion magazines, fashion forecasts, surf through the internet, go shopping actively, always with their eyes open to what they see people wearing in the streets of the European capitals where the majority of them live. And if they don't do all this by themselves, they have people who do it for them; always looking for new ideas. They participate assidu-

- There are also many who travel to New York, London, Paris, etc. once or twice a year, just before preparing the collections... to do their “Shopping” ... this means buying or taking pictures of models of competing labels or of little known labels in order to gain inspiration. Naturally these travels serve also to get a taste of the tendencies of the moment.
- Along their professional life these buyers and stylists will have met hundreds of local and foreign suppliers. They have had many collections in their hands and in their sight; they are continuously sought by new producers (brochures, photos, and daily letters received by post or internet).

^[1] I understand among buyers in the broad sense for example, the person responsible for the development of a product, or the product manager if we are referring to a private label, a collection buyer or a strict commercial buyer in the case of a sale of a collection – see chapters 4.1, 4.2 and 4.3 of this document in order to get all the details about the difference between private labels / collections and its effect on the profiles of your partners you talk to.

You will understand now why they are a little bit like “spoilt children”; they have seen a lot, they have known much, they have worked and “possessed” a lot – fabrics, garments, styles – but as a German philosopher said “frequently possession diminishes the possessed object”; these spoilt children always need something new.

This real obsession for novelty, this imperative requirement for constant renewal constitutes, as you know, one of the main principles of the fashion phenomenon ... for you, as suppliers, this will be the main entry gate to obtain access to the labels.

Because certainly the decision makers, the buyers and stylists have seen a lot, but not everything, and they know also that it is absolutely impossible for even the toughest stylist to explain (and even less so to foresee) with certainty why a certain fashion is successful and another not. In reality, no stylist is capable of knowing in advance if his collection will function (that means if it will sell). This means that stylists and buyers never know with absolute precision what they are looking for, they are on the lookout for all interesting propositions which they could integrate into their collection concept, a concept which is never rigid, but always open ... at least until the collection is fully finalized.

Here is your opportunity, ladies and gentlemen, this little window open towards the world, to which buyers and stylists regularly turn to let fresh air enter the universe of their label.

Thus, the 3 questions we should think about are the following:

- 1. How to reach this little window?**
- 2. What products shall be presented in the frame work of this little window to bring excitement to the bored faces of our spoilt children? ... And also when and how shall the products be presented?...**
- 3. How to address your European conversation partners face to face?**

3 Ways to get access to buyers

There is a double target:

- a) To awaken the interest of a fashion company.
- b) To arrange for your products to reach the hands of the buyers and/or stylists for their examination.

The main ways possible to get access and the relation of efficiency/investments (criteria and points of view are strictly personal...) are, in my opinion, the following, qualifying their efficiency on a scale of 1 to 10.

- **Direct contact by courier:**
 - Efficiency 1/10
 - Weak investment
- **Contact by means of your own website**
 - Efficiency 3 to 5 /10
 - Significant investment (but it pays off in the long term)
- **Fair participation**
 - Efficiency 5/10
 - Quite significant investment
- **Business trip**
 - Efficiency 6/10
 - Significant investment
- **Rely on a local agent**
 - Efficiency 8/10
 - Very significant investment

3.1 Direct contact by courier (post or internet)

I think it has very limited efficiency for the following reasons:



a) Buyers receive a lot of requests daily that they don't have the time to handle and frequently not even to read.

b) The brochures and photos sent are of very mediocre quality in 80 % of the cases and "don't excite interest". The products and colors chosen aren't compellingly within the fashion tendency.

c) Generally mailings aren't much directed towards the target and are impersonal (same mailing sent to all clients) because the manufacturer didn't have the means or hasn't taken care to analyze the product line of the potential client in sufficient detail in order to adapt his sales pitch and his offer.

d) The manufacturer remains for the potential customers a perfectly unknown person, and rare are those who are disposed to launch themselves into an adventure with a person they don't know and who has sent them material via a simple courier.

e) The dimensions of hand feel and sight, which are basic for fashion articles, can in no way be transmitted in a mailing.

Personally I wouldn't recommend this step.

3.2 Contact by means of your own website

In this case it is the buyer who takes the initiative to visit your website which is a great advantage compared with the preceding option where you were the person who requested the attention. Nevertheless, I consider the efficiency of this method quite limited for the following reasons:

a) A website is a double-edged sword.

In reality, it is very unusual to find good websites. To create an esthetically attractive and well designed website requires real expertise, a financial and personal investment that very few companies can assume and handle satisfactorily. Many of companies “tinker around” with their website in order to spare money.

Personally I prefer no website to a mediocre one. A mediocre website can damage the image of your company and will harm you more than serve you.

Don't forget that, due to their profession, the majority of buyers are very sensitive regarding esthetics and will instinctively associate the quality of your website with the quality of your products ... and I would say that this is a perfectly natural and legitimate association. Who will believe that you will treat your products with all the necessary care if you don't prepare your showcase with the highest standards? How will you take care of your client's products - that means your client's image -5 if you aren't capable of caring for your own image? ... Yes, today people judge by appearances! ... (Although sometimes appearances can be misleading!)

b) On a website, the dimensions of hand feel and sight, the importance of which for buyers and stylists we have already stressed, will always be absent.

In my opinion, a website can be a very efficient commercial tool if it is excellent estheti-

cally, regarding information (quality and precision of the information) and technically (quick to open, fluid) and your company is capable of answering the buyer's information request within 48h maximum. If not, it is useless wasting your money constructing a mediocre site; it will turn against you! ... and the objectives you aimed for (it's exactly the same for a brochure).

Don't forget that the investment in a website is a long-term investment. The website can serve you several years (naturally you have to update it regularly, but this can be considered as maintenance).

3.3 Participation at a European fair and follow-up after the fair

In this case, the first point to analyze is strictly this: at what fair will I participate?!... There are so many in all parts of Europe throughout the year. In view of the fact that the investment is significant, you can not afford to err. The selection of the fair will depend on various factors, among them:

- Target season: summer or winter products?
- Target product: fair with products for adults or children? Street wear, teenagers, jeans or more classical products?
- Your budget: costs of renting a booth, traveling and hotels can vary widely according to the country and fair.
- Target customer
- Target market / country

To receive guidance for this selection you can advantageously consult the public export-promotion organizations active in your country, institutions such as SIPPO and the webpages of the fairs concerned. You can also – and above all! – speak to people around you, to eventual contacts in Europe in order to obtain their opinion on one fair or another.

I believe, having learnt, that the European fairs don't work in the same way than American fairs; but unfortunately I have no experience with North American textile fairs. I was told that in the USA orders are frequently placed directly at the fairs and purchase contracts are signed at the booth. If it is true or false doesn't matter, but if you participate at a European fair it is infinitely improbable that this will happen.



Your main objective won't be to collect orders, but to find potential clients, establish contacts that you have to make bear fruit afterwards. Thus, it already appears to be clear here that "the follow-up after the fair" is as important if not more important than the fair itself. We will come back to this point later on --- for the moment, let's take a look at the main advantages of textile fair participation:

- First of all we learn modesty!...Yes, the thing that strikes one most during first-time fair participation is this much too large offer, this oversupply, "Your jaw will drop!"... In the physically reduced space of a textile fair, two main characteristics of the liberal consumer societies are immediately and violently apparent: an extremely important offer and its direct consequence, very serious competition.
- This supply and this competition are for you a challenge as well as an opportunity.

The large concentration of companies that work in your sector all in one place gives you the unique opportunity to see and learn from your competitors. You will stroll through the corridors for hours, which implies that two persons from your company should be present at the fair. This is indispensable in order to learn the most you can about the products (designs, quality, colors, presentation, labels,

etc.), prices, marketing orientation, and commercial organization etc. ... of your competitors. This will be a real gold mine of information and ideas for you from which you can become inspired to improve the operation of your own company.

Isolation in the fashion world is the worst thing that can occur to you. You have to get forcefully in regular contact with your competition ... the competition is tough!, and a fair is without a doubt the best place for it.

- Certainly the main interest regarding fair participation is to establish contacts with potential buyers. There is no miraculous recipe for it, but below we will try to give you some basic rules regarding the product, its presentation, information that has to be available, orientation of the sales pitch when you are face to face with a buyer, etc... rules I think useful to consider in order to increase your chances of success at the first contact.
- At each fair, you will also find a lot of booths selling publications about the fashion and textile world – fashion forecasts, color charts, market information, technical magazines, etc. This can be extremely useful, all the more so if this kind of publications is not regularly available in your country. The catalogues about



fashion tendencies are expensive (from 600 euros to 1300 euros or more), so you have to analyze your needs.

- The other major interest of the fairs is outside the fair! ... These events are systematically organized in big European cities in which we find a concentration of important fashion boutiques and department stores that we recommend visiting. This is always instructive. It

is indispensable to get a minimum knowledge of the retail network of your target markets. Naturally you will also discover the fashion in the street, another inexhaustible source of information.

- If additionally you have the opportunity to visit two or three European countries in the same period, you will immediately recognize the differences in taste between them. For example if you participate in July at the CPD fair in Dusseldorf, Germany, you can't miss strolling along the famous Königsallee. On this main thoroughfare (and its side streets) you will find a very important concentration of boutiques and commercial centers, mostly in the high-end range. Register your visual impressions (colors, models presented, forms, prices, etc...) and jump on the first plane or train heading in the direction of Paris. Perform the same operation there (in the area of the Opera with the big department stores Printemps and Galeries Lafayette, the Rue de Rennes and the 6^{ème} Arrondissement, the Marais quarter etc.) and compare what you have seen on each side of the Rhine; here you will have material for a long speech.

- In order to conclude this fair subject: if participation at a fair is well oriented towards the target and well prepared, if you don't go with the vain idea of collecting orders, but more to establish contacts and consolidate your fashion culture, to look for new inspirations, to get in touch with your competitors and the market, in this case the results of a fair participation can only be positive for your company. But there is one condition! Follow-up after the fair has to be excellent. Unfortunately often this is the point where everything becomes complicated!!...

- Later on we will see the expectations of a buyer regarding communication, sample sending, information gathering, etc. ..., it doesn't matter if this is after a direct contact, after fair participation or a business trip; the expectations are always the same. If you don't answer with the required timeliness and precision, you will reduce all your possibilities to zero and your investment (fair participation or business trip) will have been in vain.

In other words, before you participate in a fair, make sure that your company has enough human resources to handle the demands coming from certain buyers you have contacted quickly and professionally. If you don't feel ready, it's better to postpone your participation to another season.

If you have the capacity, then fair participation can be very usefully associated with a business trip. We will talk briefly about it in the following point.

3.4 Business trips



I will be short on this subject. A business trip requires you to have established contact with potential customers (be it directly or by previously participating in a fair or through an agent or other intermediary) and in this case you will find yourself face to face with buyers. We will speak subsequently about their expectations and your sales pitch.

I would like to say a word about reconnaissance trips. Certainly good luck is with the audacious and once again there is no definitive recipe, but to arrive in a European country with two suitcases full of samples in order to arrange direct meetings locally is in practice extremely random and, in general, not very efficient (but once more there are always exceptions that confirm the rules; high spirits and energy can go a long way!).

The more thoroughly a business trip is prepared in advance, the more chances of success you will have. You must receive confirmation of meetings with your customers before you leave; you have to know on exactly which season you will work with them and you need to have defined the outline of their demands before you travel.



3.5 Rely on a local agent

In my opinion, this is by far the most efficient and appropriate way to get access to a market. Without a doubt it is also the most expensive way But efficiency pays off, especially in business.

a) Why rely on the services of an agent?

For two simple reasons: specialization and team work.

- Specialization is other reality of the modern world from which you can't escape (even if there is nothing so irritating as this community of experts that are often more technocratic than democratic). Each day the business is becoming more demanding regarding efficiency and makes us concentrate increasingly on our field of expertise and rely on others for things that aren't within our speciality. In this way we apply the simple principle of "concentrating on what you know best".

One field of expertise – undoubtedly the one applicable to most of you – is the management of a garment manufacturing company and customer service. A second and very different one from the first is selling garments to foreign buyers.

- Choose! You can't do both efficiently due to lack of time, lack of energy, lack of pleasure maybe, lack of sufficient expertise and also because certain qualities that are valued in a given environment can be counterproductive in a different context.



If you are a passionate salesman, then give the management of your company to a third party and go out conquering export markets. If this is not the case, you should very seriously consider relying on a commercial agent in order to find a ready market for your products. An agent is a professional in making contacts; his speciality is establishing a relationship with potential buyers.

You and your agent will work together; necessarily specialization foments team work.

b) What is a good agent's profile?

Once more this is a strictly personal opinion. I would say that the main qualities of a good agent are the following:

- A positive personality, and he has to be really motivated to work with you as a team in order to achieve together success. Without motivation nothing is done. It's your task to propose a nice project and a beautiful story to him.
- The agent must love your products. This is even more important if we speak of a product – a fashion article – with a strong emotional and sentimental content; "you love it or you don't love it". An agent who doesn't love the product can't sell it ... It is your task, dear manufacturers; to make sure that your agent loves your products ... This requires that you love them yourselves! ... We will consider this as a given...
- The agent has to have a notorious taste for sales, to look out for new clients continuously; ideally he should be "hungry" ! ... for success, for reputation, for making money etc.... This may seem obvious, but sometimes it's good to remember the obvious. There are still what we French call "agents boîte aux lettres" (mail box agents) – a specie of parasite fortunately in danger of extinction (competition oblige) that spend most of their time sitting in their offices forwarding email between you and your customers, almost never playing an active role Avoid them like the plague!

- Naturally the agent must have a contact network in the fashion and textile world. It's your task to secure it by speaking with different candidates and by studying their professional careers. Verify that the contacts correspond to your product line (if you sell alpaca pullovers and your agent has a 15 years experience in upholstery sales, he isn't the most appropriate person).

According to his experience, meaning the agent's age, his contact network may vary in size. A thin address book can be compensated by the energy displayed in order to get new contacts Sometimes one single successful meeting is sufficient to open many other doors afterwards. Please never forget that in each country a fashion micro-universe exists in which everybody knows everybody ... Due to this situation we have the proverb "it takes years to build up a reputation and only one day to lose it".

- The factor of the agent's geographic proximity is also an important element that has to be considered before making your decision on one.

A common characteristic of many European countries (in the first place, France) is the concentration of a lot of fashion companies and the brand's style and purchasing departments in the capital or major cities. The agent should also be located there, because proximity to the customers is a decisive factor for success (the proximity to your different suppliers also). Contacts between agent and customers is almost on a daily basis, the agent visits customers regularly, they have lunch together, call each other sometimes several times a day The relationship is close, on-going and personalized. Generally an agent concentrates on one country but some of them work in several countries.

- At the beginning the agent works at home with no problems because most of the time it is he who will visit customers with the samples he receives from you. Later on, you can consider buying or renting an office / show-

room, but the turn-over must justify it because the investment is very high (approx. 3000 USD monthly for a small office in Paris and approx. 400,000 to 450,000 USD for buying a small, approximately 60 m2 office in an appropriate quarter of Paris).

- No competition. Certainly your agent won't be working for you exclusively (unless you can grant him a sufficient salary to justify this exclusivity). Probably he will work for other brands and products. Nevertheless this isn't a problem if these products aren't in direct competition with yours. It's your task to check this.
- Finally the agent must communicate with you perfectly. A good linguistic capacity is indispensable (for example, mastery of English).



c) How to find an agent?

Here again, no recipe. You can find them on the occasion of a fair, you can try putting an advertisement in specialized textile magazines of your target country, you can look on the internet, you can take advantage of your personal contacts in Europe, rely on the help of commercial attachés of your Embassy, see if "commercial agents' associations" exist, etc. etc.; follow all leads. If you look for a young agent without necessarily a lot of experience, you can try to get in contact with commercial schools, textile schools, use small advertisements, etc.

To find an agent, a good one, is often a long, difficult task, but once you have found the correct person, this can really become interesting.

d) Formalities, role and salary

Once you have identified your agent, I think it is good to agree on your respective roles, on the operation modality and on his salary. To formalize this agreement with a contract (with the help of the services of a specialized lawyer) can be very useful because this obliges you a priori to revise your project in detail, as well as the collaboration rules which limit the risk of confusion and dispute between the parties afterwards.

Agent contract forms exist that can serve as a basis for your specific contract. I am sure you will also find them in your country.

- **Agent's salary.** As you know, generally an agent's earnings are based on a commission calculated on the amount of orders placed. In Europe the commission rate is between 5 and 10 % ... it depends on the role the agent will play. Certain agents may request a fixed income and a commission (in this case it is lower). Take care to define clearly the base on which the commission rate will be applied ... price ex factory? FCA price? CIP price? Price sold to the customer? You should always define this clearly.

- **Agent's role:** Before starting to work with an agent, you should absolutely define the role he should play very precisely with him. In order to simplify this situation, would say there are two possibilities:

- **The contact agent**

The contact agent will limit his work in establishing contact with the customer for you and then will leave the game. It will be your task to continue on and manage all communications and exchanges directly with the buyer. In this case you won't use the agent anymore for this customer.

- **The managing agent**

The managing agent will – after he has put you in contact with the customer – continue to play a very active role as the intermediary between you and the buyer. The range of his performance and services can be particularly wide.

Our profession makes us manage numerous details: fabrics, weights, colors, yarn titles, gauges, measures, styles, embroidery, prints, particular trimmings, sewing types, washing, tags, packing, delivery dates, price offers etc.



When you start to work with a new customer he will inform you almost daily about all these technical, stylistic or commercial details (it is even more indispensable if the customer is new!) and will regularly confirm his choice between different options you have submitted him.

So, your agent can become the obligatory intermediary between you and your customer; all communication will be sent through him, he will, among other responsibilities, ensure that:

- The customer communicates all the information you need in order to advance your work (continuous follow-up on the buyers or stylists, because they are always in demand and have too much work...).

- You respond precisely and timely to the requests of the customer (he will ask you again if this isn't the case).
- Samples, prototypes, swatches, lab dips, different tests, etc. you have sent him are delivered to the customer, often personally, and sometimes immediately obtaining comments or confirmations that you will receive from him almost in real time (agents send their mail directly from the customer's office during the meeting).
- Customers are visited regularly to obtain comments on samples they have received, attending the fitting meetings and immediately communicating the touch-ups, speaking with the stylists and defining their orientation and needs for the next season, etc.
- Your position regarding the client and your interests are defended in case of problems ... naturally if your position can be defended!
- You receive help interpreting certain models or designs (the files sent by customers are always subject to interpretation to different degrees).

It's your task to communicate all the elements you need to the agent. He will play the role of a go-between and analyze the responses of the customer with your requests in mind and react immediately if information is missing or if it is incomplete.

This service that doesn't appear to be much is infinitely useful for you! Effectively, you have a person you trust who knows the file (at least some aspects of it ... it's your task to define which ones with your agent) available in situ, a person who is close to the customer, speaks his same language, shares the same culture, can contact him, make the follow-up, visit him at any moment Imagine the time you gain and the efficiency of such an ally! In the fashion sector quick reaction is the key!

But caution! ... You can not request EVERYTHING from your agent; you can't turn him into an export account manager because in this way he would leave his field of expertise which is sales!!... Thus, it is your task to find balance with him, to define where he can help you and where you have to manage alone and directly with the client ... don't continuously burden your agent – as I do too often – with requests regarding unbearable technical details, tags, shipping marks, etc.

Naturally, if the level and the quality of performance of a managing agent are superior to what a simple "contact agent" offers, his commission rate will be also higher.



In this way we conclude the different possible ways to approach a customer. But once the first contact has been established, there is a lot to do!... What products shall I show him and when? In what way? How to address him? We will talk about this subject now.

4 What products to present, when, in what way and how to address buyers

Your establishing contact worked out, a buyer is interested and you send samples by express courier or you travel personally to meet the buyer with your products in hand, or he visits you on the occasion of a fair, or your agent acts in your representation and visits the buyer with your samples. It doesn't matter which way you choose, all approaches are valid.

Here you are in front of this little window we spoke of at the beginning, the spoilt child looks at you ... it's your task to awaken his interest ... if not, quickly, very quickly he will immediately shift his gaze to an other supplier!

your customer's specific instructions) – that will have direct influence on your internal organization, your sales and prices strategies, your commercial contacts and your work schedule. We will try to explain these implications according to the method for which you have opted.



But first I think it's interesting to emphasize the following: it is highly probable (but this would require a thorough study that may already exist elsewhere) that the first method is more adapted to a certain group of European countries and the second one to a different group of countries. I am, for example, now convinced that to enter the German market seriously (and undoubtedly the Swiss market) a solid collection is almost indispensable. This is less of a requirement if you want to work in the French or English market.

We could imagine a type of geographic map of Europe where for each country we see the percentage of possible, theoretical success according to the method used. For Germany, for example, the numbers could be the following: percentage of average sales success based on a collection: 75 %, percentage of probable sales success based on the private label method: 25 %. Undoubtedly for France the statistic would be closer to 50 % / 50 %.

But coming back to the most important implications for you as a supplier if you chose one option or the other.

4.1 Collection or private labels

As you know there are fundamentally two ways to work as a supplier on the European market (and naturally also in others). These two ways are very different, but not necessarily mutually exclusive.

You can:

- a) **Sell a completed collection, meaning a finished product. The client can only buy what you suggest.**
- b) **Suggest fabrics and your know-how to manufacture models according to the customer's instructions and specifications. This is the "private label" option (the client manufactures his products with the materials you suggest to him).**

These two basic ways to proceed – once more, one doesn't exclude the other (you can perfectly well sell your own collection and at the same time manufacture according to

4.2 Collection

You've decided to sell a finished collection.

a) Influence on your sales strategy

You have to define your target market precisely (country and geographic situation); for example you won't prepare the same collection if the target market is France or Germany. Looking at it from a broader perspective, we have to distinguish between the North European market and the South European market.



b) Influence on your internal organization

The inevitable requisite is to have a creator / stylist to prepare the collection. In view of the above, the sales strategy determined for the collection will be for a precise market. Preferably, the stylist should have a good knowledge of the consumers' taste in the target market and know the tendencies of that geographic area.

You have to invest in good colors (buying and dying yarns according to the minimums requested by the spinning mills) and this also goes for all appropriate accessories, so that the collection will be perfectly homogeneous and well presented esthetically. This can represent a significant investment.

c) Influence on the work schedule

Developing your collection requires that you contact your potential customers later than in the case of collaboration within the frame-

work of a private label. In fact, it is a difference of several months.

An example will demonstrate the subject of this work schedule better than a long explanation: in Europe, the private labels will start to work on the winter season of the following year (winter 2007/2008 if we are in 2006) between June (the earliest ones) and September (the latest ones) of the present year. This work on the preparation of the collection will continue until October / November. Afterwards you have to manufacture the collections requested so that they are in Europe by mid-January at the latest. That means that the start of your collaboration with clients will be between June and September of the present year.

On the other hand, if you prepare your own collection, you will have time until December to do so and the collection should be in Europe in January. So January will be the time when you will contact your customers (at the fair, through your agents, or by means of a business trip); that is, approximately 6 months later than when working with private labels.

d) Influence on your commercial partners

If you sell a collection, in principle you will have few or no relationships with stylists, persons responsible for product development (product managers) or people in charge of production management and control. Your main partners will be the traders and the buyers. This is completely different if you work for private labels.

e) Influence on your price policy

If you offer a "ready" collection, your unit prices could be higher than in the case of a similar article developed for a private label. In fact the product you propose involves significant research and development (materials, stitches, colors, cuts, etc.), style and creation components. All this creative work has a cost with an automatic repercussion on the sales prices (and obviously) also on the cost price.

4.3 Private labels

You decide to work for private labels.

a) Influence on your sales strategy

In this case, the market concept could be wider than for a collection and the style necessarily has to be more target-oriented as we have seen in chapter 2.2.

If you work for private labels, you offer the materials, your technical know how and a production capacity, in other words the ingredients (to use a culinary expression) or inputs (to use an expression from the computer field). Consequently, the product definition is very weak; your ingredients or inputs could interest buyers from very different geographic and cultural areas. They will give you the recipe or the program to combine ingredients or inputs in order to get a perfectly defined product that will satisfy the particular demands of their own market.

Thus, you have a wider selection of potential markets available to you. It's your task to select them according to your preferences, the privileged contacts you might have in one or the other market, the languages you speak, and the adaptation of the products you are capable of offering to satisfy the demand of the markets concerned. Some market analysis is always a must.

b) Influence on your internal organization

Although you can't develop a structured, complete collection, you can without a doubt show your know-how in a simpler way and give value to the materials you are accustomed to working with.

You won't necessarily need a stylist, at least not as much as when you have to develop a collection. Your investments in yarns, in dying operations, in accessories, etc. will be more limited than in the previous case. You will develop more swatches and not necessarily a lot of models, but basics.

In other words the investment and organization will be less strenuous than when you have to prepare a collection. This manner of working can be suitable for small or medium size companies that don't have yet very solid investment capacities.

c) Influence on the work schedule

Your schedule will be totally different from the one you would have if you were working on a collection. You will start your work with the customers earlier (approximately 12 to 18 months before delivery of the orders).

To use the example from the previous chapter again, the European private label customers start to work on the winter season of the year X (delivery between May and August of year X in order to exhibit it in the boutique from September on) in June/July of the previous year (year X - 1). Certain ones can even start earlier, in March of the year X-1 for example.

Thus, you have to be ready and well-timed, presenting your ingredients precisely at the appropriate moment. This will take place much before a supplier that develops collections will start his relationship with the customer.

Each customer operates according to his own schedule, so coordinate with each one as to when you have to start your commercial work.

d) Influence on your commercial partners

Once again, your role is to propose (the best possible) ingredients with which the chef can prepare new recipes and the chefs in a fashion company are the stylists and buyers / product managers ... the spoilt children we have already discussed at length.

If you work within this framework you will rarely have contact with the people from the commercial department. It will be the stylists and product managers that will make internal contact with the commercial department of their company, so that the latter can evaluate and give their opinion as expert salesmen about the commercial suitability of the product they have asked you to produce with the ingredients you proposed.

e) Influence on your price policy

You can't sell a dish prepared with your ingredients according to a recipe dictated by your customer at the same price as a dish prepared with your own recipe.

Supplying only the ingredients is relatively simple, but additionally proposing the recipe for preparing a delicious dish crowned commercially with success is effectively more difficult. This is all the secret and magic of excellent recipes; they have a high cost.

In the field of private labels the competition is tough, the added value of the product you propose is smaller than in the case of a collection, thus the pressure on price is higher.

- Try to follow fashion tendencies but don't be obsessed by the idea of a collection. Learn also to orient the buyer's view.

- Try to follow fashion tendencies



Do we have to speak of a "fashion tendency dictatorship" as a kind of cheerful prelude to the sacrifice of the famous "fashion victims"?... that would be going too far and would be an overly simplistic scheme. A tendency isn't carved in stone and has nothing dogmatic. Regarding the victims, they have rather consented, haven't they?

If possible, you certainly should present products that are within the "fashion tendency". In our profession it is an inevitable obligation to be somewhat (or thoroughly?) informed about the evolution of taste, colors, forms, structures, etc. Nevertheless I have to admit that there are some difficulties inherent to tendencies:

- Information about tendencies isn't always easy accessible. As it is distributed among different means of support (magazines, websites, specialized studies), we don't always know where to find it and how to estimate its quality and appropriateness.

4.4 What products to present?

a) Always think about production

You have to present a product that you are certain you are capable of having full command over its industrial fabrication within the limits of your production capacities. Frequently manufacturers develop special samples in order to impress buyers and afterwards they are absolutely incapable of reproducing them industrially. That has to be avoided. There is nothing so exasperating as discovering an interesting product and receiving the following answer when inquiring about minimum orders: "Oh! No, we can't manufacture it; it was just a prototype for the booth!"

- Access to these information sources isn't free of charge and the availability of sources of written supports (magazines, revues, fashion forecasts) can vary widely from country to country.

- Afterwards, there is the problem of reading and interpretation and then its appropriate use for practical objectives. These are questions that a lot of companies pose to themselves. Not everybody has a stylist nearby or an interpreter / translator of fashion tendencies.

- Another doubt frequently present is if these tendencies are valid for all the European markets or only for certain markets. In the latter case, which ones?

In this field SIPPO is doing excellent work editing a CD with fashion tendencies each season. Here some websites that could be useful for you:

www.sippo.ch/fashionforecast

www.dorlastan.com/96/Fashion_Trends_2007.htm

www.fashiontrendsetter.com/content/color_trends.html

www.cbi.nl/marketinfo/cbi/?action=showDetails&id=56

www.fashionsnoops.com/

www.kissmestace.com/archives/2007-01/style-trends-2007/

www.style-arena.jp/index_e-htm

www.hel-looks.com

www.facehunter.blogspot.com

b) Don't be obsessed by the idea of a collection; learn also to orient the view of buyers.

As we have seen, it isn't easy to use tendencies in order to prepare a coherent collection. You can rely on the services of a stylist (preferably a good one!), you can also decide to take some aspects of the tendencies into account, for example the colors or the stitches in knitwear. In this case, you are tending more towards a kind of offer for private labels.

Often the model design is the most difficult part to ascertain. If you believe that your collection isn't sufficient coherent (try to get the advice from somebody from outside), then it's your task to turn the attention of the buyers toward what you know best. This means:

- Propose simple, basic models in nice, trendy colors; you have to project them in order to invest in yarn and dying.

- Take special care in the appearance, hand feel, assembly and trimming;
- ... and compensate for the inexistence of a collection by proposing, for example..
- **If you are a knitwear manufacturer, a lot of big swatches (40 x 40 cm atleast) combining and varying:**

- materials
- stitches
- gauges
- ends
- colors
- densities
- finishing
(washed, scratched etc...)

- **Samples of the finishing and assemblies you are capable of doing, so the buyers will note your know-how.**

c) Don't pretend to be a stylist

A buyer and, even more so, a designer will always excuse you for a certain weakness in style, especially if you clearly say to him, "I am not a stylist, but a manufacturer, and I am here to present your stylist's new ideas, materials, stitches and hand feels that you could integrate in your collections. For the designs I count on you; for the rest you can count on



me. Let's see what we can do together (for private labels).

This is a honest, coherent speech because, in my opinion, it is unrealistic to believe that each textile company is capable of developing a beautiful collection. To pretend to be a stylist is to lie to your self, to run the risk of being turned down by the buyers from the start by showing them bad or mediocre models. You will have much more opportunity to attract the attention of a buyer with a beautiful range of swatches than with a bad collection.

4.5 When to present your products?

We have already mentioned a bit (chapters 4.2, point c, and 4.3, point c) the European fashion calendar, here some additional precisions.

a) Pay particularly attention to the fashion calendar

Fashion is extremely fluid, but there is nothing so rigid as the calendar for its seasons, at least in Europe.

b1) For a supplier oriented towards private labels, the European Fashion Calendar is approximately the following stylists and designers work on:

- The summer season
(of the following year = year $X + 1$) between mid-February and mid-April of the present year (year X)
- The winter season
(of the following year = year $X + 1$) between the beginning of September and mid-November of the present year (year X).



Naturally there are exceptions to the rule (certain companies start their studies 2 until 6 month earlier), but in general these dates are respected by most of the fashion companies.

b2) For a supplier who is working with his own collection, the European Fashion Calendar is approximately the following:

- The summer season
(of the following year = year $X + 1$) will be sold in June/July of the present year (year X)
- The winter season
(of the following year = year $X + 1$) will be sold in January/February of the following year (year $X + 1$)

If you dispatch samples or even more so if you decide to travel to Europe, always coordinate your dates with the fashion calendar and obviously with the working modality you have chosen (collection or private label).

It is very important to synchronize your operations with the rhythm of the stylists that prepare the collections and of the people from the commercial department that buy them.

This schedule is absolutely unmerciful. If you are not with the rhythm, you are out ... and the customer will immediately switch to another source

c) Verify fair dates

For example, between January / February and September / November there are many fairs all over Europe. The most important ones attract a strong contingent of stylists and buyers. If you plan a business trip at that time, it is very probable that you will obtain very few meetings because most of the decision makers are at the fairs. Become informed before you leave.

4.6 How to present and dispatch your products?

Like it or not, the product you will show will be the mirror of your image. The spoiled children trust in appearances and in this particular case, they are right. A poorly presented product is absolutely unacceptable.

Be it a first meeting or a first delivery of prototypes to the buyer that has asked you to develop them, production samples, salesmen samples or -- even more so -- a collection, the requirements are more or less the same.

a) One only rule for samples: perfection

From every point of view a sample has to be perfect. Let's take the example of a pullover because among you there are a lot of knitwear producers.

- The knitting and the tension have to be perfectly regular, without the least defect inside or out.
- The dying must also be perfect (without stripes, differences in shade, etc.).
- The making, assembly and trimming must be mastered.
- Measurements absolutely respected (within the tolerances).
- The different elements of the garment have to be in perfect balance regarding the symmetry of the piece (sleeves with the same length, pockets at the same height, armholes at the same level, etc.).
- The optimum hand feel.
- Systematic burling of the pullover on the outside and also on the inside (cut or hide all threads).

- Exemplary cleanness (not the least bit stained).
- Accessories used on the piece (buttons, zippers, studs) according to the color of the garment and perfectly attached.
- Steam-ironed.
- Elimination of unpleasant natural smells or those that come from a chemical treatment.
- Etc., etc...

b) Importance of labeling

I can never repeat it enough: the labeling of samples / swatches is an absolutely necessary, important operation.

It is imperative that each sample sent or shown to a buyer has its appropriate label. We advise reserving a part of the label surface to note observations about the article. Generally it could contain the following indications (in English, especially for knitwear):

- Company name
- Address and country
- Phone and fax (always indicating the country and city code)
- E-mail
- Date
- Customer
- Season
- Reference
- Description
- Composition
- Yarn count
- Ends
- Gauge
- Stitch
- Weight / density
- Color
- Remarks
- Leave space that can vary according to the item.

Attention to the vocabulary and abbreviations used in communication! Here is an example from Peru: if you send a buyer a label indicating 100% PPGM suede, etc... he can't guess that it is an "interlock in 100% combed, gassed and mercerized Pima cotton".

Please use generally known English terms and not the local vocabulary.

An article sent without label or badly labeled has all the probability of being rejected immediately because it isn't professional.

c) Reference creation system

If possible, keep a double of all samples and swatches you have sent. As this isn't always possible, you have to create an adequate reference system that allows you to identify the product precisely, based on its reference number.

Digital photos are excellent tools that allow not systematically keeping countertypes ... but a digital photo says nothing about the weight of the cloth, the yarn titles, the composition or the hand feel etc... so always complete the missing information and that not detectable by a visual analysis.

It is very embarrassing to receive a message from a buyer who asks you for details about one or another of your references and to be incapable of answering him because nobody in your company remembers which product corresponds to what reference.

d) Folding and packing

Fold the pieces carefully, preferably with tissue paper for the prototypes you send by courier.

- Choose a bag with good quality and a self-adhesive strip.
- Don't forget to affix the label with all the information!...

- Put only one piece per bag and don't press the articles together, this can be very bad for their presentation and can cause signs of wear and tear in certain cases.

e) Sample sending by express courier

This is one of the most frequent operations in our profession. We systematically rely on express couriers.

- Start asking the buyer if he has a preference regarding a specific courier company (Federal Express, UPS, DHL etc..), also tell him if you have special agreements with a service supplier.
- Avoid pressing the pieces together too much.
- Assure you that you have the precise address of the consignee with a postal code, a telephone number and an appropriate contact within the company.
- Be specially careful with the documentation: the bill and the certificate of origin; if the latter is required, the documents have to coincide! Frequently there is a limit – a value – below which articles can enter a European country of destination with a simple invoice. If this limit is surpassed (corresponding to the total amount of the invoice) other documents might be requested (certificate of origin or others depending on the country of origin and the bilateral / multilateral treaties between your country and the country of destination). Ask your customer; he might know this information. If not, he can put you in contact with a freight forwarder.
- From the time articles are dispatched, immediately send your customer the coordination dates of the package or its AWB-Number as part of your regular routine. All express courier companies have a tracking system for packages that can be consulted via internet by indicating the number of your package.

4.7 How to address buyers and with what sales pitch?

Here again, no rules, maybe just some simple recommendations:

a) Calling card

The calling card has an undeniable practical, useful side. A calling card should necessarily contain the following elements:

- Name of your company
- Your name and position within the company
- Address: The address should mention the city and the country
- The phone / fax number must include the country code (for example +51 1 432 32 33)
- E-Mail address, website

Recently I have seen companies that wish to export, equipped with calling cards indicating only the name of the quarter of the city (capital), but not the name of the city nor the country! And the phone number contained neither the code of the city nor of the country ... this is the ideal recipe to exasperate a buyer.

b) You don't sell a product, but a story ...make it a beautiful story

In the introduction we have sketched the profile of the spoilt children of European fashion. Which are the outstanding characteristics of this profile? Buyers and stylists live in a universe where the search for newness becomes an obsession, in a universe where a certain continuous façade of passion is requested (the façade is enough ...), a universe where the imagination needs to nurture itself continuously from new sources that always come from outside (were the internal sources a bit depleted?).

It's your job to try to be one of these sources and to quench this insatiable thirst for novelty by stimulating the imagination of your buyers.



Depending on your geographical origin, certain elements can work in your favor. Let's take Peru for example: in the European imagination, Peru represents the Andean world with a strong, positive image and a lot of charm. It may be, and it is even very probable, that this perception is founded on completely erroneous historical, sociological and cultural bases, but in the end this is unimportant! It can be compared with the fascination that some people have with Paris. It comes partly from the realm of the irrational, but it functions perfectly! ... and the easy-going experts in marketing don't ask for more ...

So, dress your product with all this imagination. For this purpose you should know the outstanding elements of your country's history with a special inclination towards its textile history and God knows that in some cases it can be rich!, but without a doubt this is already something that a good number of you know.

Good knowledge of your own textile environment will be a real trump card in your discussions with stylists and buyers.

But although the spoilt children will be incredibly sensitive to the richness of this environment, that factor can in no way compensate any weakness of your product. You also have to offer an excellent product. Beautiful marketing doesn't make everything right; it is simply there as an additional trump card.

c) Avoid overly technical speeches:

Unless the customer so requests, don't enter into technical details; it's irritating and doesn't often interest the spoilt children.

d) Promote your materials and products objectively and with documentation:

Don't assume that buyers are naïve, be objective, and don't try to mislead them. The quality inherent to your fibers and products are sufficient in themselves; it's unnecessary to invent tales.

Objectivity toward the buyer is a real requisite.

e) Have perfect command of all the information directly or indirectly related to your product:

A buyer will always wait for precise answers on your part. You have to be ready to respond on the most current topics, such as the following:

- Which are the main qualities of the fibers available in your country?
- What is special about them to make them interesting to a buyer?
- What types of blends are available?
- What yarn titles are the most common?
- What gauges do your machines have and which yarn titles do you generally use?
- Which are the average terms for yarn delivery?
- What are the minimum quantities per color / plain color? In chiné / mélange?
- What washing methods do you use for your products?
- How is your quality control organized?
- What are your average production terms?
- For what customers have you already worked?
- Which are the minimum quantities you request per model and per color?
- How much do you charge for the first prototypes? for the salesmen samples ?
- How much time do you need to develop a first prototype (no matter what color)?
- How much time do you need to develop lab dips?
- Can you produce buttons, zippers, woven labels, bar codes, size labels, and cardboard tags locally? What are the minimum quantities?
- If we send the inputs from Europe, what documents do we have to supply? How do we have to issue the invoice? Do we have to pay customs duties?
- Can you prepare shipments with individual cardboard boxes for each Boutique?
- Can you supply us with a precise size of cardboard boxes for our production?
- What qualities of plastic bags are available in your country? Can they be recycled?
- Can you embroider and print? How many colors?
- Can you embroider by hand with sequins?
- Etc... etc... etc...

This list is far from complete; a buyer and even more so a stylist or a person responsible for product development can question you on multiple details. If you don't know the answer, above all say so and avoid inventing or guessing answers. Verify and answer later.

f) Learn to say no:

This is fundamental!... If a demand of a buyer doesn't fit with that what you feel capable of doing, immediately say no.

Responses such as "Maybe it would be possible; we could study it," will often make you get carried away - you and the buyer who will make accusations about your performance afterwards ... in endless discussions that will make you waste a lot of time.

g) Be precise regarding prices:

All the samples sent must be accompanied by a price, which can be by means of a price-list sent together with the parcel or separately by mail.

- A price always has to be accompanied by an incoterm related with a geographic location. A price without incoterms and the geographic location has absolutely no usefulness.

Example: ref. UB.132: USD 18.50 will absolutely say nothing. Is it a price Ex Factory? A price FCA? FCA where?..

Correct price indications:

USD 18.50 FCA NAIROBI
USD 25.00 CIP CCDG PARIS AIRPORT
USD 32.45 DDP BERLIN

- The buyers are often interested in obtaining prices per group in increasing quantities (for example from 250 to 500 pcs., from 501 to 1,500 pcs., from 1,501 to 3,000 pcs.).
- It is always very useful to give the buyer an instantaneous answer (during a meeting for example) on the precise price of a model that he shows you and in a specific quality. You have to be prepared for it.
- Always state what your price offer includes:

- Buttons?
- Replacement buttons?
- The little bag for the replacement button?
- The brand tag?
- The size tag?
- The fabric content tag?
- The cardboard tags?
(hanging tags or swing tags)
- The plastic bag? (plain or printed?)
- Tissue paper
- Code bar?
- Etc... etc..

- Be precise. It is very unpleasant for a buyer to note after having advanced far on a program, that the price didn't include this or that element. It's your responsibility to state in a first offer exactly what is included in your price.

- A lot of European buyers request prices CIP airport of their respective countries (CIP Paris CDG airport, CIP London Heathrow, CIP Amsterdam Schiphol etc..).

- You can't refuse to offer CIP prices with the excuse that you are accustomed to offer FOB prices. It's your responsibility to make the effort and ask the freight forwarding agency or the airlines. Take the ratio weight / volume into account. Ask your customer to give you an idea about quantities. Then make a cautious estimation of the weight and the volumes of each style, consider the size of the cardboard boxes you will use and calculate the CIP price. This is part of your job as exporter.

- I would like to take this opportunity to say a word about the importance of being well informed about incoterms. They are a necessary, very useful tool for international commerce. They determine the respective responsibility of the buyer and the seller within the framework of an international transaction. Undoubtedly there are excellent publications in your country about this topic. To consult them is always enriching. If not, ask your banker for details on this subject. It is absolutely necessary to know the incoterms if you work with a letter of credit (documentary credit).

h) Listen to the buyer's and stylists' demands

- It occurs too often that we go to a meeting convinced that this article in our suitcase will absolutely dazzle the buyer. It's one of the first articles we take out and it is immediately put aside; the buyer even doesn't look at it It's a strong blow for our ego, not good for your confidence, but above all in this case, don't insist ...



- Frequently you will be surprised to see the choice of the spoilt children, products that maybe you thought would have no opportunity or that you considered mediocre or bad.

i) "Magical name" that open doors for you

- If you already export to relatively well-known customers, always mention it to your buyers. To work for certain brands in the fashion field is equivalent to a reference or a quality label that very well may open doors for you.

Communication and reactivity, basic elements of order management

You have contacted a buyer, he has accepted to meet you and / or see your products, he has been seduced by some of them, he asks you to study models and make samples, and he finally places an order.

What does he expect apart from a good product that he has already partially identified?

He expects good quality of service from you... and good quality of service is, first of all, good communication and reactivity.

more you try to resolve the problem early, the more chances you have to come out with a minimal loss.

As soon as you notice any blocking, inform the customer and always propose possible options.

5.2 Reactivity and terms

Reacting quickly is important in all kinds of commercial activities, but even more in the fashion sector where the calendar imposes a merciless seasonal pace. If collections are delivered 10 days late, a good part of the orders or the whole season escapes you.

At the beginning of each season it is indispensable to make your European customer confirm the deadline for the reception of salesmen samples or the collections. Based on this information you will, in coordination with the buyer, establish your time schedule in which all the main phases through the elaboration of the samples or collections must appear.

Afterwards, it's your job to estimate if you are capable of fulfilling the plan; it's exactly the same in the case of production.

Generally the maximum terms a European customer can accept are the following:

- 10 to 15 days for the first prototypes (according to the quantity and complexity) with yarns from stock. This condition is normally accepted by most customers.
- 10 days for lab dips
- 45 to 60 days for salesmen samples
- 90 days for a production

Exceeding this, it is very difficult to work.

5.1 Communication

It matters little whether you communicate directly or through an agent with your client; the approach is the same.

- All e-mail messages must be answered within 48 hours at the most.
- Answer all questions and all details precisely, don't leave anything out.
- Analyze each e-mail message, each measurement table and each technical sheet as soon as you receive it and ask immediately for missing details.

Confronted with a problem, there is only one good reaction:

- Inform the customer as soon as possible.
- Propose immediate solutions.

The worst thing a supplier can do is to hide the difficulty. Inevitably it will show up later and the consequences will be worse because there will be less time to react. The

5.3 Effects of high and low season

In this profession no matter if we opted for the collection or private label system, the phenomenon of low and high season exists. What is this all about?

We have seen the extreme rigor of the European fashion calendar; with rare exceptions almost all production of a given season is manufactured within approximately 3 months: May, June and July for the winter season and December, January and February for the summer season. These 6 months where the percentage use of production capacity is at the highest level is called high season.

Under this seasonal pressure, it regularly occurs that suppliers (spinning mills, weavers, dyers, printers, etc.) extend their delivery terms during the high season. The accumulation of individual terms can lead to delivery term extensions that are rather unreasonable.



What can we do in order to limit the impact of this risk?

You have to inform customers in advance about this possibility and try to determine responses with them:

- Could your customer advance his planning? Would it be possible to begin fabrication of the prototypes and/or the collections earlier in order to confirm the orders quicker, allowing you to place your yarn (cloth, etc.) order earlier in the season and, thus, benefit from better delivery terms?
- Would your customer agree in advance to a certain yarn or cloth volume, in ecru for example (doing it alone or with you, the financial aspects have to be considered)? Thus, when the order is confirmed you only have to

dye the yarn / cloth already available in ecru and adjust the quantities that are lacking (and make two deliveries).

- Would your customer agree to work with a similar quality which is less in demand and, thus, available sooner?
- Try to see if you can obtain the same yarn / cloth with another supplier (caution with lower quality!).
- As a last resort, try to negotiate with the suppliers.

So, this subject of terms is absolutely fundamental.

In the fashion sector the best product in the world loses all its value if it is delivered late.

Lastly, don't forget that certain elements will directly influence your capacity to fulfill the terms you agreed on.

- If your customer has to send you inputs from Europe, for example, make sure that he does it on a timely basis. Give him a deadline for the reception of materials in your country (and supply him with all the advice and help necessary to issue the expedition documents, so that the customs formalities will go smoothly when the materials enter the country).
- If the start-up of production depends on the approval of the samples by the customer, set a deadline for sending you this approval ... this naturally requires you to send him these samples on a timely basis... you see the importance of handling these planning details well.

Finally, carefully prepare and analyze your planning (Work Information Planning, WIP); establish deadlines for your production team as well as for your customer.

5.4 Administrative export management

To conclude, I would like to say a word about the administrative export management.

There is really nothing so frustrating than to see that an order comes perfectly on time out of the production lines and arrives 10 days late to the buyer due to bad management of the administrative part of export... months of effort are in vain due to a document completed incorrectly or sent to the wrong destination.

a) Export documents

Be extremely careful regarding the shipment documents required by the buyer, even more if you work with documentary credit!

It happens frequently that the shipment address, the address of the invoice and the destination address are different. Frequently you are asked to issue the certificate of origin Form A directly at the buyer's import service, the goods are at the warehouse, and you are asked to issue the invoice using the address of the company's headquarters.

Other frequent mistakes:

- Different quantities on the invoice and the packing list.
- The weight on the certificate of origin differs from the weight on the packing list.
- Errors in the custom tariff number
- The invoice doesn't mention the composition of the pieces.
- Within the framework of a documentary credit sending the certificate of origin to the bank instead of sending it directly by express courier to the buyer.
- Wrong address on the invoice

- The Air Way Bill is issued with the wrong name!... (the AWB is nothing less than the ownership title of the goods, I will let you guess the possible consequences of such a mistake!...)

All these errors generally lead to the blocking of the goods by the customs authorities of the buyer's country, waiting for a correction. In most cases, this requires that new, original documents be sent. To redo the documents and dispatch them takes a minimum of 8 to 10 days during which the buyer:

- Has to pay customs warehouse costs. They are very high and he will charge them to you.
- As he can't deliver the goods to his customers on a timely basis, he risks order cancellations and he won't miss the opportunity to charge you for it ...
- He has additional work due to the bad export management of his supplier.

The consequences of this type of incident can be very serious, from the commercial as well as financial point of view.

b) Documentary credit



If you work within the framework of a documentary credit the formality requirement is even greater.

All begins with a pro forma invoice. When you send your pro forma invoice to the buyer, please make sure that you indicate very clearly the commercial terms and conditions:

- Sight payment with an irrevocable, confirmed letter of credit

- Transshipment allowed/not allowed: see if there is a direct flight or not from the good's shipment point.
- Partial shipment allowed / not allowed: to determine with the customer.
- +/- 5% in quantity and value: This is a clause normally accepted by most buyers.
- Shipment CIP to London Heathrow Airport by June 20, 2006 latest from Nairobi Airport: The shipment deadline and the incoterms have to be indicated absolutely on the pro forma (the ideal way would be that your pro forma and the letter of credit mention the last edition of the incoterms by the International Chamber of Commerce with its headquarters in Paris / France).

When you receive notification from your bank and the text of the documentary credit opened by your customer, the least thing you can do is to read it and to read it again! Each line and each word are important. Make sure that:

- All information stated and all conditions requested in your pro forma have been taken into account correctly in the L/C text. Pay special attention to the shipment deadline, the amount and the quantity.
- You perfectly understand all clauses and instructions.
- You are capable of following all documentary instructions and fulfilling the requirements the buyer has put in the documentary credit. Generally buyers use an identical basic form in order to open a L/C no matter if it is for India, China, Turkey or Peru.

The documentary requirements are different for each country. Thus, it happens frequently that you are requested to deliver a document that doesn't exist. The typical example is the export license requested in the case of importation of certain products from China. There is no reason to apply it for other coun-

tries. Nevertheless I have found it sometimes in the L/C openings for Peru. In this case you have to request that the buyer eliminate this clause. If you don't do it, when the documents are handed in to the bank it will be considered as an irregularity (discrepancy) on your part and each irregularity is charged.

I really insist on the crucial importance of reading thoroughly and, above all, understanding the instructions you find detailed in the text of documentary credits or in the shipping instructions received from the buyer. The latter is at your disposition to clarify all your doubts; don't hesitate to contact him. You can also ask for advice from your bank (documentary credit service).

Documentary management is simple if you are strict, systematic and precise.

Conclusion

6

I will now wrap up this long dissertation.

As I stated in the introduction, the things I told you without a doubt you already know well, because you are all real professionals in the textile world. Nevertheless, if with this presentation we were able to clarify some obscure points or simply if it has led you to look at certain aspects of the relationship manufacturer / buyer in a new way, then this presentation hasn't been in vain.

I wish you all in the name of SIPPO, and also personally, courage and success in your export projects to Europe.

Denis Gouttenoire
Senior Consultant SIPPO

March, 2007

The SIPPO programme is part of the economic development cooperation of the State Secretariat for Economic Affairs (SECO). It supports private businesses in emerging countries and countries in transition that are endeavouring to access the Swiss market as well as markets in the European Union. SIPPO's services include business branch-related market information, advisory services for products and marketing, and promotion in Switzerland as well as assistance at selected European trade fairs.

At the same time, Swiss companies are informed about requests for contacts received from foreign companies and are given support in their search for new sourcing markets, products and cooperation partners.

The target groups are:

In emerging markets and markets in transition:

- Small and medium-sized companies and cooperatives
- Business organizations, chambers of commerce, associations

In importing markets (Switzerland, EU):

- Importers, major distributors and the processing industry
- Business organizations, chambers of commerce, associations

March, 2007

The aim is:

1. An increase in the skills of small and medium-sized companies in the main countries of interest in terms of product quality and marketing in the field of exports;
2. a strengthening of skills and the inclusion of trade institutions and business-branch associations in the trade development process;
3. an increase and a qualification of small and medium-sized companies' trade contacts with the Swiss/EU import economy;
4. an improvement in the status of information in the Swiss/EU import economy regarding new sourcing markets in the partner countries.

