

Now this is Europe!



Europe. Also called 'the old world', where Greek and Roman soldiers ruled, where many battles have been fought, where ships set sail to new worlds, where gifted musicians composed beautiful music, where nowadays 450 million people find shelter and live together in the 21st century that has brought them prosperity and piece.

A continent with many faces, cultures, languages and habits. A continent where marketing truly means addressing people's needs in different nations with different demands and expectations. Where one typical market may only hold 3 million people and another with different characteristics 50. How does a manufacturer with a new and innovative product, prepare for that? What obstacles are to overcome, what pitfalls to avoid?

Carefully read this paper that will help you in understanding European markets. With the directions given, you should be able to set up your plans, approach European businesses and start selling. It is not considered to be complete. It does not have a legal status. It is your handbook, helping you to get the paperwork in place, to guide your thoughts and determine the direction. When talking about Europe, we mean the 27 nations of the European Union (UK still included).

Here's a checklist to help you get started:

- Is a CE approval required? E-Sign? Other tests needed?
- Is it ROHS compliant?
- Have you thought of transportation to the various nations?
- Have you worked out a Euro pricelist?
- Have you prepared a manual and documents in other languages than English?
- Are your employees ready to respond to European demand?
- Does design and color match European trends?
- Are you aware of the metric system used?
- European business rules, titles and rules of conduct, do you know them?
- Minimize the feel of physical distance
- Be multi linguistic
- No room for a second chance
- Overcome the time difference

CE Approval & other marks

The CE marking (also known as CE mark) is a mandatory conformity mark on many products placed on the single market in the European Economic Area (EEA). The CE marking certifies that a product has met EU consumer safety, health or environmental requirements. CE stands for *Conformité Européenne*, "European conformity" in French. The marking is mandatory for products sold not only within the 27 countries of the European Union but more generally within all countries of the European Economic Area (EEA) which also includes the 4 countries of the European Free Trade Area (EFTA: Iceland, Liechtenstein, Norway, including Switzerland). You can check the requirements for a CE approval on the site of the European Union (http://ec.europa.eu/index_en.htm). In most cases a manufacturer can fill out the required document himself. Only for certain products a true test report is required.



Be prepared though that certain nations like Germany are very keen on purchasing only goods with the CE logo. Distributors may reject reselling your product just because it lacks the approval. Although in general a manufacturer will not get a fine when selling goods not carrying the logo, should it come to a complaint the manufacturing company can be charged seriously. Historically each European country would test products that would enter their markets. Typical examples that still exist are KEMA and TÜV. These institutions would test electrical equipment, machines etc. for safety and put their mark on it. Some industries still prefer to have these tests performed. Although not legally required, a manufacturer can hardly go about these requirements since distributors shall not resell their products.

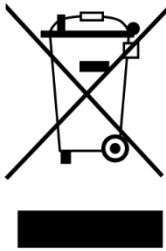
e When selling liquids or drinks, your product needs to carry the estimated sign. The estimated sign (e) is a mark required to be appended to the nominal mass or volume printed on prepackaged goods for sale within the European Union. It certifies that the actual contents of the package comply with specified criteria for estimation:

- the average quantity of product in a batch of prepackages shall not be less than the nominal quantity stated on the label;
- the proportion of prepackages having a negative error greater than the tolerable negative error shall be sufficiently small for batches of prepackages to satisfy the requirements of the official reference test as specified in legislation;
- no prepackage having a negative error greater than twice the tolerable negative error may bear the estimated sign.

The tolerable negative error is related to the nominal quantity and varies between 9% on prepackages nominally 50 g or mL or less, to 1.5% on packages nominally 1 kg or L or more. The tolerable error decreases as nominal quantity increases, and is done by alternating intervals where there is a fixed error (and thus over the interval the percentage error decreases) with intervals where there is a percentage error.

ROHS compliance

The Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment 2002/95/EC (commonly referred to as the Restriction of Hazardous Substances Directive or RoHS) was adopted in February 2003 by the European Union.[1] The RoHS directive took effect on 1 July 2006, and is required to be enforced and become law in each member state. This directive restricts the use of six hazardous materials in the manufacture of various types of electronic and electrical equipment. It is closely linked with the Waste Electrical and Electronic Equipment Directive (WEEE) 2002/96/EC which sets collection, recycling and recovery targets for electrical goods and is part of a legislative initiative to solve the problem of huge amounts of toxic e-waste



Note that batteries are not included within the scope of RoHS. However, in Europe, batteries are under the European Commission's 1991 Battery Directive (91/157/EEC[4]), which was recently increased in scope and approved in the form of the new battery directive, version 2003/0282 COD,[5] which will be official when submitted to and published in the EU's Official Journal. While the first Battery Directive addressed possible trade barrier issues brought about by disparate European member states' implementation, the new directive more explicitly highlights improving and protecting the environment from the negative effects of the waste contained in batteries. It also contains a program for more ambitious recycling of industrial, automotive, and consumer batteries, gradually increasing the rate of manufacturer-provided collection sites to 45% by 2016. It also sets limits of 5 ppm mercury and 20 ppm cadmium to batteries except those used in medical, emergency, or portable power-tool devices.[6] Though not setting quantitative limits on quantities of lead, lead-acid, nickel, and nickel-cadmium in batteries, it cites a need to restrict these substances and provide for recycling up to 75% of batteries with these substances. There are also provisions for marking the batteries with symbols in regard to metal content and recycling collection information.

The directive applies to equipment as defined by a section of the WEEE directive. The following numeric categories apply:

- 1.Large and small household appliances.
- 2.IT equipment.
- 3.Telecommunications equipment (although infrastructure equipment is exempt in some countries)
- 4.Consumer equipment.
- 5.Lighting equipment—including light bulbs.
- 6.Electronic and electrical tools.
- 7.Toys, leisure, and sports equipment.

- 8. Medical devices (currently exempt)
- 9. Monitoring and control instruments (currently exempt)
- 10. Automatic dispensers.

It does not apply to fixed industrial plant and tools. Compliance is the responsibility of the company that puts the product on the market, as defined in the Directive; components and sub-assemblies are not responsible for product compliance. Of course, given the fact that the regulation is applied at the homogeneous material level, data on substance concentrations needs to be transferred through the supply chain to the final producer. An IPC standard has recently been developed and published to facilitate this data exchange, IPC-1752.[7] It is enabled through two PDF forms that are free to use.

RoHS applies to these products in the EU whether made within the EU or imported. Certain exemptions apply, and these are updated on occasion by the EU.

Shipping & Transportation

How will you ship your products? Will you stock in Europe or send your products based on orders? To a great extent it depends on the type of product. Consumer goods need to be delivered to the client quickly using a distributor, industrial products can be shipped from the plant directly without involvement of a distributor.

Will the clients pay for shipping or is shipping already included in your price? Whichever you decide on, it will require your attention when determining your price levels for these new markets. In other words, transportation and distribution to Europe will affect your present margin and profit model and hence need to be ascertained before entering European markets.

Euro prices and payments

Most members of the European Union use the Euro as their currency. The map shows in blue the nations presently using the Euro. It clearly shows Great Britain, Norway and Sweden have not yet introduced the Euro.



Shop prices or retail prices very often already include VAT. Businesses expect prices to be ex VAT, but as mentioned earlier shipping cost and other handling fees or duties should be included if possible. German companies prefer an all-in price.

How do you expect your clients to pay you? The bank system in Europe is very good. Money transfers can easily be done electronically. Hence, finance departments pay your invoices quickest when a European bank account has been set up accepting their electronic wires.

However, when accepting Euro payments in a European bank account, be aware a local business registration is required together with an address. Since your profits are in that country, taxes need to be paid. A local representative can help you to set it up. Manufacturers of industrial goods may

decide to have their products paid in US Dollars and wired to a bank account in their home country. The industry is used to dealing that way.

Manuals

When selling to countries that are members of the EU, a supplier is expected to offer a manual in the local language when it comes to consumer goods. Like with the CE approval, it is not required by law, but should there be a complaint a manufacturer can be charged seriously. Certain nations will not even consider to carry your product without a manual in the local language so the absence of a translated manual may harm your European expectations. Major languages in Europe are German, French and English but it is best to have your product manual translated in each language that is spoken in the market your are approaching.

Documents

Legal documents, contracts etc that you wish to agree on with your new partners shall most likely only be accepted when in the local language. Industrial partners may accept English.

Be prepared that when receiving legal documents from local authorities these shall be in the local language and also need to be filled out in their language.

Prepare your employees

This may sound very trivial, but make sure your employees understand your need to be successful in Europe. Due to time differences your new European partners may not be able to get in contact with you whenever they wish but need to wait. Should you be in a competitive market with local competitors, your lack of responsiveness can be viewed negatively. Your employees should prioritize requests for information from your new markets.

Design & Color

Europeans have a different taste. Take a good look at their fashion, the product style that is sold, the colors they use, the size of products etc. Don't expect your product to just be accepted as it is. What sells in your home market, does not necessarily sell in Europe. Europeans are down to earth, not really the early adopters type of consumer and thus some time and money may be invested to truly understand European demand and needs.

This is a common mistake and should be researched by a local partner prior to investing in market expansion.

Metric System

Most European countries use the metric system. Slowly but surely the UK is migrating to this system as well. Contents, dimensions, usage, weights and temperatures should be indicated in meters, liters, kilograms and Celsius.



European rules of conduct

When dealing with European businessmen and –women one must realize that each nation has its own standards and titles. To avoid awkward or painful situation, always address your business partner using his or her last name. Only turn to first name bases once the other indicates it is ok. And do not amicably pat your host on the shoulder. He might feel this is inappropriate. Shake hands and only be amicably when your potential partner requests you to do so.

Minimize the feel of physical distance

Europe is the smallest continent and Europeans are used to dealing ‘around the corner’. The many villages in Europe were self supporting and Europeans still expect suppliers to be close by. As the world changes, goods can be shipped from all over the world and reach a client within a couple of days. The need however still remains in Europe to see a representative and to know one can be reached easily. To make sure you understand this need addressing your client in its native language is a good start. Second is to have a local presence that can be reached during normal working hours.

Be multi linguistic

English is not the European language. In fact, there is no European language. In the 27 nations of the European Union, 23 languages are spoken. Make sure your company can deal with clients not speaking English. One doesn’t need to speak all 23 languages, but next to English, German and French are important languages to support as well.

No room for a second chance

Now that you start to understand the Europeans, it might not be a surprise to you that a crucial mistake or error when fulfilling the first purchase order is killing the new relationship. Communication, production, order handling and shipping must be perfect. One is judged by the way these are performed. A small error is no problem but it should be fixed immediately. Not being able to follow up on promises, deadlines etc will result in loss of the account. Hence, the involvement of your employees is of utmost importance.

Overcome the time difference

Time differences in Europe are limited to 2 maybe three hours at the most. Should your head office be further away it is essential to realize that the time difference may interfere with your need to build business relationships. You may only have a couple of hours to reach your potential business partners. They may only have a few hours to reach you. When things speed up, this might harm your business. Be flexible, ask your employees to be flexible too, have them work on your European accounts first thus minimizing the feel of the physical distance. A local representative will express your interest to work with European partners and be accessible at their opening hours.



This overview is not complete and we didn't attempt to be complete. It does however help you to get started and start thinking about some very important issues when dealing with Europe. The most important lesson to learn is that European markets are very different from American and Asian markets. A success in these markets does not necessarily mean a success in Europe!

Sales4Sales is used to work with non-European clients, helping them to overcome the obvious European pitfalls, tremendously increasing their chances of success.

Questions? Please, we'd like to help. Share your plans with us and we'll share our knowledge with you. As true sales people we all share that passion for success that comes with doing business. Your business and our business!

Good luck!
The Sales4Sales team
www.sales4sales.com



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European Business Development

