

ECOMMERCE EMPIRE

PROVEN NEGOTIATION STRATEGY



Setting expectations

Here's our time-tested, super-effective email sequence/strategy that you can use to set proper expectations with your supplier and come out with the upper hand. Reaching out to suppliers doesn't have to be difficult. *We're here to help you make sense of it all.*

1

Hello,

My name is [YOUR NAME], and I represent [YOUR COMPANY]. We're a product development and distribution company selling primarily to customers in [COUNTRY]. My boss asked me to source [PRODUCT], since we're having great success with [SIMILAR PRODUCT/CATEGORY]. We thought your [PRODUCT] may be the perfect addition to our product line. I found you on [SITE] (specifically this listing - [LINK TO PRODUCT LISTING]), and decided to reach and to introduce myself.

We'd like to place an order for this product, but first would like to test & verify the product quality with some samples. We're happy to pay for both the sample cost & the shipping costs for this. Please let me know if you're able to take payment through PayPal for the samples, or which payment method your company requires.

Also, could you please let me know the price per unit based on a [NUMBER] unit order?

Thank you, and I look forward to working together. Let me know if you need anything else.

[YOUR NAME]

2

Hello,

My name is Will Mitchell, and I represent Organic Salon Systems. We're a product development and distribution company selling primarily to customers in the United States. My boss asked me to source hair loss treatments, since we're having great success with our current treatments for thinning hair. We thought your hair loss treatment may be the perfect addition to our product line. I found you on Google (specifically this listing - <http://www.thepuresource.com/contract-manufacturer/hair-growth.php>), and decided to reach out and introduce myself.

We'd like to place an order for this product, but first would like to test & verify the product quality with some samples. We're happy to pay for both the sample costs & shipping costs for this.

Please let me know if you're able to take payment through PayPal for the samples, or which payment method your company requires.

Also, could you please let me know the price per unit based on a 250 unit order?

Thank you, and I look forward to working together.

Let me know if you need anything else.

Will Mitchell

Initial supplier contact

Here's our time-tested, super-effective email sequence/strategy that you can use to set proper expectations with your supplier and come out with the upper hand.

INITIAL SUPPLIER CONTACT

Hello,

My name is [NAME] from [COMPANY]. My boss asked me to contact your company, as he thinks we might be able to have a profitable relationship.

We're looking to start importing these [PRODUCTS]. Your factory looks like the best supplier there is! We were hoping to make an introduction and hopefully engage in a profitable business relationship for the both of us.

Could you please send over any pricing, shipping, and policy information we would need to know. Also, could we work out a sample order to get our relationship going? Just a small sample of 5-10 of the above [products] shipped from your factory to our warehouse in [CITY], [STATE] ([COUNTRY]).

We are hoping the samples are up to our customer's expectations and quality standards. If they are, we can begin ordering at least a few thousand per month minimum.

Thanks,

[NAME]

INITIAL SUPPLIER CONTACT EXAMPLE

Hi Cathy,

My boss said that he wants to move forward and order 5-10 samples from you. We look forward to doing business together!

If you'd like to use your forwarder, that would be great. My boss was hoping to get...

1 Large Beige (NDP1021)
1 Medium Beige (NDP1021)
1 Small Beige (NDP1021)

He wants these shipped to... Mitchell Importing, 35095 US Highway 19 N, Suite 200, Palm Harbor, Florida 34684, United States.

Please let me know what the total cost would be for that sample order.

Thanks very much Cathy!

Will

Lowering MOQ | First Post-Sample Order

Here's our time-tested, super-effective email sequence/strategy that you can use to set proper expectations with your supplier and come out with the upper hand.

LOWERING MOQ

Dear Cathy,

As I am sure you can understand, we cannot divulge secretive information like monthly sales volume. Based on what you have told me / what I have seen , your volume is enough for us to be interested in your factory, especially given your broad range of products and your focus on quality control.

However, my boss is not willing to switch accounts / my boss is not willing pay for samples to any new supplier until we prove things out by moving slowly. The steps he would like to follow are:

1. We test a normal and high capacity cartridge internally in the field with our 20 sales reps = 40
2. We test on a broader scale with 100 units, preferably with a different printer line =100
3. We move to 1,000 units to test happiness with customers in our many channels of distribution =1,000
4. Assuming all goes well, we go to 5,000-10,000 units and really begin to migrate to your factory fully for that line = \$

Your factory seems like a great potential partner for our company, and we're excited to do business with you. But this is our company's standard procedure for new products & suppliers.

Please let me know if you'd like to do business together, and I'll let my boss know immediately.

Look forward to working together,

Will

FIRST POST-SAMPLE ORDER (50PCS)

Dear....,

We have received your product and it has passed our internal test, we would now like to do a small round of product testing with our customers to confirm they feel the same way about them as we do. Ideally we would like to send sample to each of our customers which is around 50 currently.

If this goes well then we can move all of our business over to your company.

We are very excited to work with you on this.

Best,

Will

Edmund's 4 Secret Weapons

Below are my (4) secret weapons that I use to get what I want from suppliers:

- 1. Double their MOQ** – Suppliers always put a big number for their MOQ because they want to move product. Request a quote for double their listed MOQ. You'll not only enter the conversation with more bargaining power, but they'll respond quicker to the "big fish" on the line.
- 2. Never be the boss** – China is all about customs and relationships, which is why you should never be the boss. In a Chinese persons eyes the boss would never be doing tasks like searching Alibaba for suppliers and on top of that, a boss would never be talking to a lowly purchasing manager. The boss only talks to other bosses—archaic I know—but trust me this is their logic (I have lived their for 6 years).
- 3. Fake it till you make it** – I know the above probably has some of your feeling uncomfortable, but this is how it works. Think about Steve Jobs taking an order at the Home Brew Club for 50 computers when he and Steve Wozniak had nothing more than a prototype that they weren't even sure they could reproduce. We have to pretend to be big, until we are, (which you will be) in order to get a response AND get the best pricing.
- 4. Ask for samples to be discounted from the final order** – We always want to ask for the sample to be discounted from the final order so that we get our samples for free!

Ok, so let's write our first email to a supplier with the above 4 points in mind.

HERE IS
THE TEXT OF
MY ACTUAL
EMAIL

Hello Lily,

My name is Edmund Lowman and I am the purchasing manager for Kekai Express. We are an online retailer in the USA that has a large product line and are always looking for new and great suppliers.

We are importing around 4,000 mandolin slicers a month and at the moment our current supplier seems to be having trouble keeping up with our demand. Due to this we must start looking for new partners that can help us grow this business and can keep up with our quality and quantity requirements.

Could you please send me a quote for 1,000 pieces as well as 4,000 pieces.

We look forward to working with you on this project.

Edmund

Edmund's actual negotiation walkthrough

Now let me break it down for you piece by piece so you can understand the psychology of this email.

You'll want to go and replicate this email and send it out to all of the suppliers you found yesterday and tomorrow. The sample prices will probably be a bit higher than the listed prices, but not by too much. Even if they are, as long as we break even on this first order then that's ok. The goal is to validate the product, so we don't want to scare off the supplier by negotiating on a sample order.

.... first we have to get around those pesky MOQ's so that we can test the product out and make sure that it is going to sell well.



Dear Edmund,

This is Lily from WOKA Kitchen, which is a reliable kitchenware manufacturer of fruit and vegetable tools.

Located in Taizhou, base of plastic in China, near to Ningbo and Shanghai port, this is how we keep the prices competitive. TUV certificated, TCHIBO audited, this is how we keep the quality steady. 19years experience, 20 persons developing team, this is how we keep the products at forefront.

Thanks for your kind email and inquiry our mandolin slicer via our alibaba website

Here is the detail information about the product.



Item: Mandolin Slicer W1005
 Material:ABS, steel with plated, S/S
 Size:41.8*13.3*14cm
 Weight:1020g
 Packaging: color box
 Size of color box: 41.5*14*11.5cm
 CTN Size: 58X36X43.5cm/12pcs

G.W/N.W.:13/12kgs

Qty/20'40'40HQ: 3612/7488/8784 sets

unit FOB price for 1008 sets: USD7.7

unit FOB price for 4008 sets: USD7.15

If any problems please do not hesitate to contact me.

Looking forward hearing from you soon.

Best Regards,
 Lily



The pricing is a bit higher than I would like, but still not bad, they are selling on Amazon for around \$29, so thats a gross profit of \$21, but that does not include FBA fees, Shipping, Import Duties, and I would guess the actual profit will be somewhere around \$8-\$10, but we will figure that out later. I pushed her a bit on the pricing:

Lilly,

Is that the best pricing?

Also, we require 10 samples to run through our QC, can we go ahead and arrange that?

Best,

doesn't give them a chance to say no.

Edmund Lowman



And as luck would have it, they agreed to send me 12 samples even though their MOQ is 500.

Edmund's actual negotiation walkthrough

Conclusions

So now we have 12 samples! The price is a bit higher, but it is totally fine for a first sample order. As I said before, right now we are only validating and as long as we make a little bit of money or break even we are ok. The goal is to start slow and build our way up to the bigger orders.

Any reputable company is not going to start placing huge orders right off the bat. So your first communication with your supplier should be to introduce your company and request pricing sheets, etc. After that you want to let them know that your boss wants 5-10 samples to look over for the check for consistent quality and if he is happy the quality is up to standards, they will place a small initial order to test with your sales people at just one of your physical locations.

Negotiation is all a matter of setting proper expectations with your supplier. Let your supplier know that "your boss" is unhappy with your current supplier and would like to try other options. If you set the expectation of a validation process and maintain your position as an assistant or purchasing manager, it will give you the necessary negotiating strength to deal with suppliers like a pro.