

The role played by prices in our sales

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Globalization decreases prices and increases wealth

Why is globalization inevitably and irreversibly gaining ground? For the simple reason that it enables prices to decrease: Chinese textiles or Indian IT services encourage worldwide competition. In this way the basic aim of the globalization of markets is that of decreasing prices (at inflation-adjusted cost, of course). But what do price reductions mean given that “everything is getting more expensive”? Prices decrease or must decrease compared to what we earn in an hour of work. It is in this context that prices continue to drop, mainly as a result of the globalization of markets. As a multinational, Eurologos must use this basic and strategic line of reasoning (price decrease) with much more force and pride. This is our major asset to show the essential relevance of our global positioning. For that matter, it is the result of a very significant financial, organizational, and intellectual effort. The evidence is the reduced number of multinationals in our sector that, by definition (because of multilingualism) should only be made up of global enterprises!

The flood of competitive “mailboxes” is likely to make us timid in this area. On the other hand, the fact of being a multinational should be perceived almost automatically as it being the least expensive and most competitive on the markets.

How should Eurologos offices establish their prices?

Sales prices applied by the competition (the supply market), are generally very low, too low. The complexity of the issue of the demand market in developing countries vis-à-vis those in so-called rich countries makes it worse. Establishing Eurologos prices– market by market– therefore seems very difficult.

Here are a few criteria. After having confirmed the principle according to which Eurologos offices must achieve their profitability on the total turnover and not on unit prices (production must be maximized at low cost to the client!), sales prices must be established bordering on net profitability while anticipating a long-term downward strategy and of course profitability.

Therefore, not only is it impossible here to establish our sales prices, but it is also not desirable to do so: each New Business department in every office must make every effort to do so while taking into account all the parameters specific to their own markets, to their competition and to the degree of advancement of its marketing conquest strategy.

Goals to be achieved in the short term

- Four practical objectives

a) Differentiation between clients and jobs

At the moment various price lists are circulating in our department depending on the date clients placed their first order. The aim for the future is to change this policy, resulting from other criteria such as the importance of the client and/or the simplicity/complexity of the job processing for said client. In reality this means that according to the budget and time dedicated to the completion of the job, these costs must be included in the budget. A minor client, for whom job management does not take up a lot of time, may be invoiced lower than an average client for whom management takes up lots of time. The same applies to a major client (given the volume) invoices may be lower as management costs are already included in the achieved margins.

b) Differentiation between quality levels and complexity

The quality offered for nearly all jobs always remains our first “translation quality” level. How to communicate to the client that a superior “editing quality” level will be appropriate for his documents and how to calculate their price?

First the client must be made aware that each project is different.

The second quality level is obviously able to guarantee better results thanks to the constant interaction during and after the project between our companies.

It is not because a text is technical that a higher price level must be applied. Thanks to all our “glocalized” offices, we are able to guarantee texts adapted to the markets, age brackets, targeted sociostyles, etc. The third “zero error” level may only be applied to language pairs for which we have a glocalized office in situ.

The rate calculation, depending on quality level, is based on the scope and complexity of the project, which, furthermore, is always “one to one”.

c) Long-term contracts and discounts

The obvious goal is to keep acquired clients and to keep them as long as possible (it seems that it is seven times more expensive to acquire a new client than to keep an old one). In this perspective, framework contracts may be drawn up. In these contracts the various factors may be modified depending on the project (price, deadline, discounts, invoicing per month, no technicity, no minimum purchase, etc.).

Discounts are typically based on the achieved turnover: over 25,000 euros 5% discount, over 35,000 euros 7%, etc. In this perspective an electronic contract follow-up system should be created since they will only multiply in the future. The aim is to create this module for major accounts, but never to forget that a small one may grow into a big one.

d) Personalized relationships

Each client is to be treated as a person and must, consequently be treated as an individual. A much more personal relationship with the client is therefore of the utmost importance. Visits between Project Managers (and often the initial sales person) and contacts must take place more frequently. The more a client is known, the more the latter will feel free to talk to us about possible drawbacks instead of changing suppliers. The better you know your contact, the easier it will be to reach a method adapted to the client. This is how we will be able to work efficiently. Good client follow-up should not be forgotten. Discounts are not the only way to keep clients. Other methods may also be applied; why not send them a small gift? If their turnover is not large enough to obtain a discount, it doesn't mean they're not entitled to something. Such actions should not be concentrated at the end of the year, but for example, after a year of collaboration with the client...

Thank you