

Commodity: "Superb" Automobile Tires

Price: USD20.6 per piece CIF Liverpool

USD17.5 per piece FOB Tianjin

Quantity: As required

Packing: Two pieces to a wooden case weighing about 22 kgs, and measuring 22 cft

Shipment: One week after receipt of your L/C

Payment: L/C at sight established in our favor

Validity of offer: From September 1 to September20.

Our products are selling well in Europe and America and the orders are pouring in all year round.

We are soon to raise the price because the price of the raw material is keeping rising and we don't have much margin left at this price. If you find our terms acceptable, please place an order right away.

We are looking forward to hearing from you soon.

Yours faithfully,

Jing Chen

Sales Manager

【Sample 2】

Dear Sirs,

In reply to your email of 21st November, we have pleasure in making a detailed quotation for bathroom showers.

Besides those advertised in the Builders' Journal, our catalogue attached to this email also shows various types of bathroom fittings and the sizes available. Most types can be supplied from stock. 45 to 60 days should be allowed for delivery.

Building contractors in Hong Kong and Taiwan have found our equipment easy to install and attractive in appearance. Naturally all parts are replaceable, and our quotation includes prices of spare parts. We can allow a 2% discount on all orders of USD6,000 in value and over, and a 3% on orders exceeding USD20,000. We accept sight L/C only. The offer is valid for only one week, so please seize your chance.

Any order you place with us will be processed promptly. We are looking forward to receiving your prompt reply.

Yours sincerely,

Francesco Marani

Sales Manager

(Adapted from: http://wenku.baidu.com/link?url=0fEpZsA42F51pgNefTh7A11zv0V9Gbtot559JB9In_UbBhh6aCa6-kpn4QNYTdWN1wFAIT5-mZWbmmip7suqDXaO0CL4DIceBNqfpcMWXC)

1.2.3 Emails of counter-offer

1.2.3.1 Writing instructions

It is the buyer who first counter offers, making a change to the original terms offered by the seller. The buyer may ask for a price cut, a new delivery date or different terms of payment rather than the one suggested by the seller. The seller receives the counter-offer, he may counter offer the modified terms suggested by the buyer. It takes many rounds of counter-offers between the seller and the buyer until they reach an agreement. In emails of the counter-offer, the party who counter offers explains the reason why a change is demanded and how the change should be.

1.2.3.2 Samples

【Sample 1: Email of counter-offer made by the buyer】

Dear Sirs,

We have received your offer dated January 23, 2015. However, after studying it carefully, we find the price level is too high for this market. If you are prepared to grant us a discount of 10% for a quantity of 2000 sets of your Changhong 3D color TVs, we would agree to your offer. You should note that some price cut will justify itself by an increase in business.

We hope to hear from you soon.

Yours sincerely,

【Sample 2: Email of counter-offer made by the seller】

Dear Sir/Madame,

Thank you for your prompt reply to our offer dated January 23,2015 concerning our Changhong 3D color TVs.

Much to regret, we find it impossible to comply with your request. Your offer is too low and cannot serve as a basis for further negotiation.

The prices we quoted are most favorable if you take the quality into consideration. The wages and raw materials have risen considerably. We can hardly make any price reduction.

However, in order to develop our market in your area, we have decided to give you an exceptional offer by a discount of 5% for a minimum order of 2,200 sets.

Other conditions remain unchanged.

Yours sincerely,

1.2.4 Emails of acceptance

1.2.4.1 Writing instructions

In emails of acceptance, either the seller or the buyer accepts the other's terms, then the deal is

done. The party which accepts should confirm the conditions of the deal without ambiguity.

1.2.4.2 Samples

【Sample 1】

Dear Sirs,

We are appreciative of your email of May 20 which requested a 5% discount.

It is our company's policy not to discount. However, we are glad to make an exception in this case as an introduction to our "Yanwu" Brand DVDs. Thus, we accept your counter-offer for a 5% discount based on a purchase of 1,500 sets by July 15 as follows: "Yanwu" Brand DVDs at USD80.50 per set CIF London for shipment effected within 28 days after receipt of L/C.

We look forward to receiving your order, and to developing our continuing and profitable relationship.

Yours faithfully,

【Sample 2】

Dear Sirs,

Thanks for your consideration for our counter-offer and your prompt reply.

I am pleased to tell you that in view of the great demand for the goods, although the prices are still quite high, we would like to place an order for 2500 sets of "Haier" Brand Color TV Sets PT302, at \$445 per set CIF Sydney.

Please send us your Sales Confirmation for our counter-signature. If everything is in order, we will open the covering L/C on time.

I'm looking forward to your prompt attention to this order.

Yours faithfully,



Notes

1. Sales Confirmation 销售确认书
2. counter-signature 会签 (指买卖双方合同上签字, 合同生效)



Listening

Business negotiation is made verbally via telephone or face-to-face communication. Verbal negotiation also follows the four stages of inquiry, offer, counter-offer and acceptance.

Dialogue 1

Mr. Robinson, the sales manager from SunRay Company, is now talking to Miss Li about a

business deal. Listen to the conversation and answer the questions below:

1. What is the buyer interested in?
2. How does he get to know the products?
3. What is the offer?
4. How does the buyer counter offer in the first round? And how does the seller defend his price?
5. How does the buyer persuade the seller into considering price cut?
6. What is the counter-offer suggested by the buyer? What is the seller's reaction?
7. What does the deal turn out to be?

Dialogue 2

Mr. Lewis and Miss Clarkson are talking about their deal. Listen to the conversation and answer the questions below:

1. What is the focus of the seller and buyer's negotiation?
2. What is the discount in the buyer's mind? Why does he think he is entitled to that discount?
3. What is the special discount offered by the seller?
4. How does the buyer counter offer the discount?
5. What is the deal in the end?

1.3 Resource Bank

Making an inquiry

1. Would you please quote me the lowest FOB Shanghai price for 300 tons of iron tube?
2. Will you please send us catalogues with prices for the products, together with any further information that you think is useful to us?
3. You are therefore kindly requested to quote unit prices for each item of the under listed materials.
4. Will you please quote the lowest price CIF London, stating the earliest date of shipment and terms of payment?
5. We need, however, information about the following: discount, unit price on FOB and CIF basis, delivery, terms of payment and warranty.
6. I would like to have an idea about the different models, features, and options. Also please tell me about the available colors, prices, bulk order discounts, warranty, delivery, and credit payment option.

Making an offer

1. We make an offer CIF London for 800 cartons of cotton socks. This offer will remain open

for three days.

2. We are pleased to give you our quotation of the required construction equipment for the project to be executed by you. Our quotation, in both CIF and FOB for your convenience, is as follows:

Art. No CH001 USD 1,000 per set FOB New York
USD1,300 per set CIF Karachi

We accept irrevocable sight L/C with shipping documents to be opened within 30 days after signing the contract in our favor. Shipment is to be effected before the end of September 2013 from Shanghai to Mexico with partial shipment and transshipment not allowed after receipt of the L/C issued by your first class bank in our favor upon signing Sales Contract. This offer is valid until Jan.15th.

3. As requested, we are now making you, subject to your reply reaching us within 10 days, the following offer:

Commodity: "Yanwu" Brand DVDs
Item No: HK-5678
Quantity: 1,500 sets
Price: USD450.00 per set CIF London
Payment: By irrevocable sight L/C in the seller's favor
Shipment: To be effected within 28 days after receipt of L/C

Making counter-offer

1. Regrettably, we are unable to accept your offer as your prices are too high. We also have similar offers from Japanese makers. Their prices are 5% lower than yours.

2. We think your offer is too high. We're afraid we won't have any margin. If you are unable to decrease your price and can't make any concessions, there won't be much point in any further discussion.

3. If the price is any higher than \$1,000, we'd rather call the whole deal off.

4. We accept what you say, but we are of the opinion that the quality of the other makes does not measure up to that of our products. Although we are keen to do business with you, we regret that we cannot accept your counter-offer or even meet you half way.

5. We can't accept your offer unless the price is reduced by 5%.

6. We make a counter-offer to you of \$150 per metric ton FOB London.

7. Let's make a compromise/concession. I think the best we can accept is USD350 per box including packing and delivery.

8. If you are prepared to grant us a discount of 10% for a quantity of 200, we would agree to your offer. You should note that some price cut will justify itself by an increase in business.

9. The prices we quoted are most favorable if you take the quality into consideration. The

wages and materials have risen considerably. We can hardly make any price reduction.

10. Actually, competitive prices for a trial order can often lead to a high market share with enormous profits in future. We hope you will consider our counter-offer favorably and let us have your acceptance soon.

Making an acceptance

1. Although the current market price is a little bit higher, we accept the order on the same terms as before with a view to encouraging business. As requested in your previous letter, we enclose our Sales Confirmation No. 231 in duplicate. Please send back one copy duly signed. Please rest assured that your order will receive our careful attention.

2. We enclose our Sales Confirmation No. CF123 in duplicate, a copy of which please countersign and return to us for our file.

3. We take the pleasure in confirming the acceptance of your order.

1.4 Extensive Reading

Negotiating Strategies

Quoting strategies

1. Set the range of quotation

To select a reasonable range of price for quotation, the negotiators should assess demand and supply in the market, the price level of their competitors, and make sure the cost of the transaction will be covered and profit achieved.

2. Set the bottom line

As sellers, negotiators may quote the highest price within the price range selected, leaving room for later bargaining. As for the buyers, they would counter-offer the lowest in their range.

The reasons are simply as follows:

1) The higher the selling price is or the lower the buying price is, the more advantage one can preserve for his or her company.

2) Doing so may exert great psychological pressure on the other side, diminishing their expectation.

3) The price you quote may have impact on how the other side assesses your strength.

Counter-off tactics

1. Seize the big “fish” and release the small one

It is better to persuade the other party to make concessions on issues which are regarded as important to your side.

2. Do not automatically accept a bid to match concessions by an equal margin

This is usually a trap set by your counterpart. For example, the other party quotes \$100 and you counter it for \$60, then he says, "Let's meet each other half way and have the average \$80." You should refuse to automatically accept it.

3. Do not make it too easy for the other party to gain what he wants

Even though you are ready to make a concession, you should not be too "frank and straightforward". Your counterparts are not likely to value the concessions they get too easily.

4. Let the other party do it first and then follow suits

When you are prepared to make a concession, most often, you should ask the other party to present their request or conditions first and then, based on the real situation, make a decision about the bargaining margin.

5. Offering a choice

A very simple way to keep control of the negotiation process is to offer a choice to the other party. Sometimes the negotiation is in deadlock just because one of the two parties does not know there is a way out. By offering a choice to the other party, you can help them see the way out clearly and therefore the deadlock is broken.

(Excepts from 《国际商务谈判》)

1.5 Assignments

1. Please reorganize the following sentences into an email of inquiry.

- 1) Should your price be found competitive and delivery date acceptable, we intend to place a large order with you.
- 2) We are pleased to learn from your letter of 1st August that, as a manufacturer of computers, you are desirous of entering into direct business relations with us.
- 3) Please give us your reply as soon as possible.
- 4) Please quote us your lowest price, CIF Guangzhou, stating the earliest date of shipment.
- 5) We have studied your catalogue and are interested in your IBM CPU 80586 personal computer.

2. Please write an email of offer to the inquiry in Exercise 1, including the commodity, price, terms of payment, shipment and validity of the offer.

3. Here is an email of offer below.

Dear Mr. Burns,

We are pleased to receive your inquiry of October 14, 2014 and to hear that you are interested in our DR series.

We would like to quote as follows based on per 20' FCL.

Commodity	Article Number	FOB Shanghai per set	CFR Toronto per set	CIF Toronto per set	Cartons per 20' FCL
20-Piece Dinnerware Set	DR2010	USD17.69	USD20.12	USD20.34	400 CTN
47-Piece Dinnerware Set	DR2202	USD19.81	USD24.63	USD25.01	343CTN
95-Piece Dinnerware Set	DR2211	USD23.09	USD30.85	USD31.26	254 CTN
15-Piece Tea Set	DR2300	USD12.30	USD15.61	USD15.83	437 CTN
35-Piece Dinnerware and Tea Set	DR2401	USD21.35	USD25.12	USD25.58	542 CTN

Packing: As to DR2010, DR2300, one set to a case, two cases to a carton.

As to DR2202, DR2211, DR2401, one set per carton.

Payment: By sight L/C.

Shipment: To be effected within 2 months from receipt of the relevant L/C.

Insurance: For 110% invoice value covering W.P.A.

We will keep this offer valid only for 7 days. In addition, we have airmailed to you the samples you requested.

If you find the above acceptable, please fax us for confirmation.

Yours faithfully,

Please write an email of counter-offer based on the information below.

- 1) 你方觉得 DR2010 CIF Toronto 的价格太高，因为相似质量的商品其他生产商的报价是卖方报价的 70%。虽然卖方的产品质量要好些，但是价格差距不该那么大。所以要求卖方降价 15%。
- 2) 希望卖方在收到你方信用证后一个月发货。
- 3) 虽然这是你方和卖方的第一次交易，但是如果进展顺利，可以长期订货 (place repeated order)。

 **Notes**

1. 20' FCL 20 英尺的集装箱整箱

2. W. P. A. 中国海洋运输保险条款中的水渍险

3. case 盒子 carton 纸盒子

比较：case 的体积比较小，而 carton 的体积比较大。carton 是一个有标准规格的外纸箱，大小不等，里面装的小盒子就是 case。

4. Group work: Business negotiation

Search the Internet for an email of offer. Based on the information of the deal in the email, including commodity, price, shipment, terms of payment, etc., create a conversation between the seller and buyer covering the four stages of business negotiation including inquiry, offer, counter-offer and acceptance. The conversation can be conducted via phones or through face-to-face communication.