

Improving food RFQ accuracy

All the ingredients needed for
success

How to write an RFQ so that you receive accurate pricing
in return.

Logistics doesn't have to be a maze.

The Four Cs

We know a massive pain point for shippers is when the initial quoted price from a freight forwarder bears little resemblance to the final price. Additional charges and penalties have been applied throughout transit, making budgeting difficult.

It's a issue which plagues the industry. Unfortunately, some charges cannot be foreseen ahead of time and are just part of the risks of international shipping.

However, there are steps businesses can take to improve the accuracy of requested quotes. Particularly in the food and drink sector where there are often additional provisions.

At WTA, we regularly talk about following [The Four Cs](#) to achieving greater accuracy with your request for quotes.



Clear

Using clear incoterms

If possible, avoid using terms where responsibility changes hands at ambiguous moments of the shipment.

It means it can be difficult to identify the liable party in instances of damage but crucially helps avoid any unexpected logistical bills.

No question, incoterms exist to simplify the process of international shipping and outline responsibilities, but there's no doubt some are clearer than others. Regularly using the most clearly defined incoterms will mean RFQ and final price are more costly and aligned over time.

“If you've got a good understanding of incoterms, you can say 'look, there's a much better incoterm to use here'... that can obviously win you credibility. You're helping your customer, you are sharing your knowledge, avoiding problems and in some circumstances, it can save money.”

Tim Hiscock, Export and International Trade Advisor

Careful

Think carefully about the freight forwarder you work with

Well to offer the best price, certain freight forwarders will bend what is realistic to provide shippers with an optimistic RFQ price. Knowing that the lowest initial quote is likely to win the business. Only later do shippers find out admin fees weren't included, or VAT, or there's now a surcharge.

It's this practice which is why on the whole logistics has such a dreadful reputation for customer service. Just look at some of the TrustPilot scores.

Now the nature of logistics means some additional costs are unavoidable. However, choosing a reliable freight forwarder who places more emphasis on service is undoubtedly the best way to ensure a realistic, broadly accurate RFQ price which can be budgeted against.

Trust is the key ingredient here.





Considered

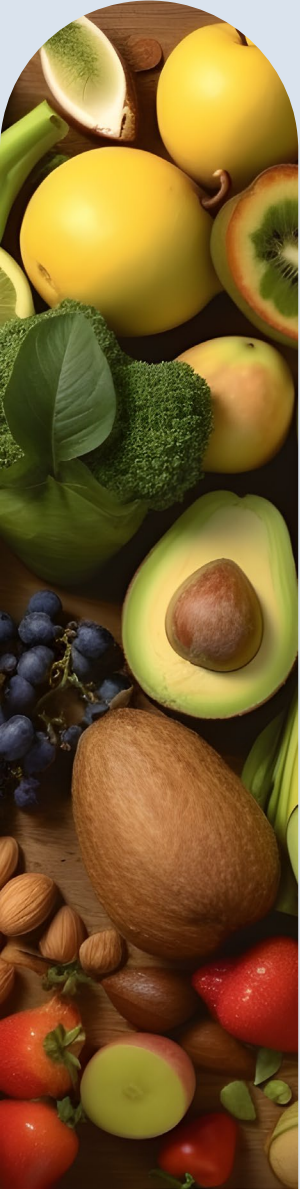
Consider your HS codes

This is particularly pertinent for the food and drink sector, where border checks are more likely.

Providing the HS code means the freight forwarder can respond quicker and has a much clearer indication of the costs involved in shipping your specific product, therefore are able to provide a more accurate initial quote. Minor product differences can result in significant customs fee variations or transport costs.

For example, when shipping glue from the UK to any third country (one where there isn't a trade deal in place), some is taxed at 0%, others at 6% or even 8%. Specifics on the type of glue are vital for receiving a realistic quote.

As an extension of this, you need certainty that the HS code you provide is accurate. Obviously, quoting on an incorrect commodity code is going to cause problems at a later stage of a shipment. Speak to an international freight expert to ensure you've got the correct one.



Comprehensive

Providing comprehensive detail

For businesses in the food and drink space, there are so many variables, it's essential you provide an extremely detailed RFQ to give the quote the best chance of matching the final price.

Leave no stone unturned and nothing to interpretation.

In food, this means including the basics, such as container size, if you're shipping LCL or FCL and whether a reefer is required.

But also, plenty of other details need to be on there; Is genset required? What temperature do the goods need to be transported at? Is manual loading required? Does the container need to be sealed? Are there more than 3 commodity codes inside?

When it comes to warehousing, it's worth mentioning how flexible your warehouse is in case of delays. Some places will start charging if goods are kept on-site for 30 minutes more than expected.

You can go even further, including name of the supplier, expected arrival date, desired payment terms, specific origin/destination postal address and any other details which you think would be relevant for the logistics of the product.

Including the weight is also wise, because logistics providers will often charge more for heavy cargo. Of course, if it's more than 26,000kg it cannot be transported on UK roads.

"We always suggest building a template for submitting RFQs, which has all the required details and for each consignment the shipper only needs to fill it out. We find that saves a lot of time and is a quick win for improving the accuracy of the quote received."

Samantha Mitchell, Key Account Director, WTA

Extra provisions for a food RFQ - checklist

Weight declared?

Reefer requirements

Specific temperature requirements

Genset requirements

LCL or FCL declaration

Desired payment terms

Handling requirements

All HS codes included

Warehouse delay allowance specified

The four Cs to RFQ success

Ensure your RFQs are...



Clear

Using clear incoterms



Careful

Carefully decide on a freight forwarder



Considered

Consider your HS codes



Comprehensive

Provide comprehensive detail



Looking beyond the RFQ

We all know that generally spot rates are at much lower levels now than in recent, pandemic years. However, we are now seeing a slight increase and stabilisation.

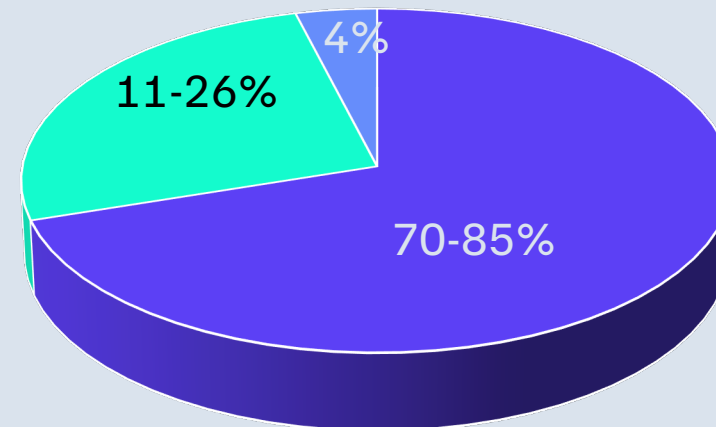
With rates back to more typical levels, the understandable pursuit of the lowest possible RFQs could be at an end. It might be time to look beyond the RFQ as a means of minimising supply chain cost and maximising supply chain resilience.

What do we mean by this?

Well, companies are realising that just focusing on rates might not be the best way of achieving ultimate supply chain costs.

The wider supply chain accounts for up to 26% of total costs, therefore could be a better place to find savings, rather than the acquiring the lowest possible quote.

Total product cost breakdown



- Manufacturing, overhead cost, profits
- Other supply chain costs
- Transportation Costs

Design the ultimate supply chain with WTA.

Logistics doesn't have to be a maze.



Speak to the team if you want to create the ultimate supply chain, built around your KPIs.

Keri Barton
Group Sales and Marketing Director
WTA
keri.barton@wtagroup.com
+44 (0)7970 093665

Contact us.

Phone [0800 016 3933](tel:0800 016 3933)

Email hello@wtagroup.com

Website www.wtagroup.com