

Price Inquiry: The Operational Lever for Market-Conform Procurement Prices

The price inquiry is an informal to semi-formal request to suppliers to obtain prices for specific materials or services. It is one of the most frequently used tools in operational procurement and differs from the request for quotation (RFQ) primarily through its lower level of formality and faster processing. Used correctly, it reduces procurement costs, improves the negotiating position and continuously delivers up-to-date market comparisons.

Key facts

- The price inquiry serves the quick, often anonymous comparison of market prices without an immediate obligation to order.
- It differs from the request for quotation (RFQ) through a lower degree of formalisation and shorter lead times.
- In practice, three to five invited suppliers are a typical benchmark for a robust price comparison.
- KPIs such as price deviation, processing time and quotation rate make the quality of price inquiries measurable.
- Digital platforms and e-auction processes are increasingly accelerating and standardising the process.
- Legally, the price inquiry is fundamentally non-binding; details should be reviewed on a case-by-case basis.

Definition: Price Inquiry

The price inquiry is the request to one or more suppliers to quote prices for defined services or materials, without automatically triggering an order.

Distinction from the Request for Quotation (RFQ)

While the request for quotation usually requires binding, complete quotations with delivery date, terms and documentation, the price inquiry serves the quick price comparison. It often works with reduced documentation and shorter response deadlines. In practice, buyers use the price inquiry for standard parts and the RFQ for more complex, more highly specified requirements.

Legal Character

A price inquiry is fundamentally non-binding and, in itself, creates no contractual obligations. Binding effect typically arises only with the order or a concluded contract. The exact design, such as whether a quotation is deemed binding, should be legally reviewed on a case-by-case basis, particularly for public-sector bodies with different formal requirements.

Position within the Ordering Process

Process-wise, the price inquiry usually sits before supplier selection and the actual order. It can be

generated from the purchase requisition when a requirement has been identified but no valid price exists yet. For repeat requirements, it supplements existing framework agreements when prices are to be reviewed or new sources of supply compared.

Methods and Approach for the Price Inquiry

A structured procedure ensures comparable results and short response times. The key steps can be divided into preparation, execution and evaluation.

Preparation: Qualifying Inquiry Data

The basis is sound master data: unambiguous material numbers, current drawings or requirement specifications, target quantities and the desired Incoterms CIP or other delivery terms. A high classification rate in the material master makes it easier to address suitable suppliers in a targeted manner. Unclear specifications lead to inefficient comparison results and queries that extend the response time.

Defining the Supplier Pool

Typically, three to five suppliers are approached: established sources of supply, new candidates and, where applicable, a market model as reference. For strategic parts, it should be assessed whether a spot purchase vs. framework agreement is the appropriate sourcing form, as this influences the price logic. A minimum number of participants prevents individual quotations from distorting the market comparison.

Execution and Evaluation

After dispatch, quotations are checked for completeness, price structure and terms and consolidated in a comparison calculation. What matters is the overall comparison of price, delivery time, minimum order quantity (MOQ) and logistics costs, including any airfreight cost components for urgent requirements. The result feeds into negotiation or directly into the ordering decision.

Key KPIs for Price Inquiries

Metrics reveal whether price inquiries actually lead to better procurement prices or merely generate administrative effort.

Price Deviation and Savings Rate

The key metric is the difference between the best inquiry result and the previous procurement price or the budget. In practice, savings of a few per cent per award are cited as a common benchmark; the actual amount depends heavily on the intensity of competition and market conditions. It is important to define savings consistently, for example budget-based or versus the previous year's price.

Processing Time and Response Rate

The lead time from inquiry dispatch to quotation evaluation, as well as the response rate of the invited suppliers, indicate process quality. Digital platforms typically shorten the response time to a few days or even hours for standard parts. Low response rates indicate unclear specifications or a wrongly selected supplier pool.

Quotation Rate and Inquiry Depth

The quotation rate in procurement describes the proportion of procurement volume handled through structured price comparisons. In addition, it is worth examining how many price inquiries actually result in orders. A very high inquiry rate without conversions can strain supplier relationships and should be avoided.

Risks and Controls in Price Inquiries

Price inquiries carry operational and relationship-related risks that can be managed with clear rules.

Quality and Specification Risks

The lowest price does not guarantee the required quality; failures later show up in the supplier PPM target. Quality requirements, inspection specifications and, where necessary, an audit plan for new suppliers should therefore form part of the evaluation. Only then does the final supplier selection take place, not solely by price ranking.

Supplier Relationship and Market Signalling

Frequent, insincere inquiries frustrate suppliers and can impair market coverage in the long term. Clear communication about seriousness, volume ranges and schedule builds trust. For ongoing framework agreements, it must be weighed up whether a price inquiry affects contractual loyalty obligations.

Compliance and Documentation

The four-eyes principle, comprehensible award decisions and documented evaluations protect against accusations of unfair comparison. For international suppliers, payment modalities such as documents against payment (CAD) and delivery terms must be clearly defined. Sensitive cost and volume data also require access controls in the system.

Current Developments: Digitalisation of the Price Inquiry

Digital tools are noticeably changing the speed, transparency and control of the classic inquiry process.

Platform-Based Inquiries and E-Auctions

Digital marketplaces and e-procurement systems automate dispatch, reminders and price comparison. For standardised goods, the e-auction complements the price inquiry, with suppliers undercutting each other in real time. The prerequisite is a sound market model with an unambiguous specification, so that bidder comparability is achieved and quality does not fall victim to price pressure.

Master Data Quality and AI Support

Master data governance becomes an enabler: only with cleansed material master data can inquiries be generated and assigned automatically. AI-supported tools suggest suitable suppliers, evaluate quotations and detect price anomalies. The degree of automation in the downstream chain, such as the degree of invoice automation, extends the efficiency chain through to accounts payable.

Price Volatility and Dynamic Comparisons

Raw material and logistics costs fluctuate more strongly, so static annual prices are losing significance. More frequent, short-cycle price inquiries or index clauses keep prices close to the market. Procurement increasingly links inquiry results to the procurement cost centre reporting, making price developments

immediately visible at budget level.

Typical metrics

Price deviation from reference price: typically 2–10 %

Savings per award; heavily dependent on competition and market conditions

Suppliers' response rate: > 80 %

below this benchmark, review specification or supplier pool

Inquiry processing time: 1–10 working days

significantly shorter digitally; standard parts within days

Quotation rate: > 70 %

share of volume with structured price comparison

Practical Example

A medium-sized mechanical engineering company had previously sourced sheet steel parts predominantly via framework agreements with two key suppliers. Following price increases, procurement conducted a structured price inquiry with four additional suppliers, including uniform Incoterms CIP and defined quality requirements. The results were transparently assessed in a comparison calculation and used in negotiations with the existing suppliers.

- Uniform inquiry data sheet with specification, target quantities and delivery terms for all participants
- Price inquiry sent in parallel to five suppliers with a ten-day response deadline
- Evaluation based on an overall comparison of price, delivery time and quality history rather than pure price ranking
- Derivation of an updated framework agreement plus a reserve source for spot requirements

Conclusion

The price inquiry is a simple yet effective tool for keeping procurement prices market-conform and objectively underpinning negotiating positions. Its success depends less on the format than on sound master data, a sensible supplier pool and consistent evaluation. Clear rules on binding effect, documentation and supplier communication prevent side effects on supplier relationships. With digital platforms and increasing automation, the process is becoming faster and more transparent. Those who systematically manage price inquiries with metrics transform them from an ad-hoc measure into a reliable building block of the procurement strategy.

Frequently asked questions

What is a price inquiry in procurement?

A price inquiry is a non-binding request to suppliers to quote prices for defined materials or services. It serves the purpose of a quick market comparison and prepares negotiations or orders. Unlike a formal request for quotation, it is leaner and faster but does not, in itself, create any purchase obligation.

What is the difference between a price inquiry and a request for quotation?

A price inquiry primarily asks for prices and is usually informal with short response deadlines. The request for quotation (RFQ) requires complete, often binding quotations including delivery dates, terms

and documentation. In practice, price inquiries are used for standard requirements and RFQs for complex or high-volume tenders.

Is a price inquiry legally binding?

As a rule, a price inquiry is non-binding; binding effect only arises with an order or contract conclusion. How binding a submitted quotation is for the supplier depends on the wording and the general terms and conditions. These questions should be reviewed legally on a case-by-case basis, particularly in public tenders.

How many suppliers should be included in a price inquiry?

A typical rule of thumb in practice is three to five suppliers to obtain a robust price comparison. What matters is the mix of existing and new sources of supply. Too few participants distort the result, while too many can strain supplier relationships and unnecessarily increase effort.

When is an e-auction more sensible than a price inquiry?

An e-auction is suitable for standardisable goods with clear specifications and enough qualified bidders, as price competition takes place there in real time. For complex services with quality or development components, a classic price inquiry or RFQ is usually more appropriate. In both cases, a sound market model and comparable terms are prerequisites.

Which KPIs measure the success of price inquiries?

Key metrics are the price deviation from reference prices, processing time, the suppliers' response rate and the quotation rate. In addition, the conversion rate shows how many inquiries result in orders. Together, these demonstrate whether the inquiry process actually delivers savings or merely generates administrative effort.