

Premium without the premium price?

Europe's case for leading the **green** transition

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Premium at a low cost: is it even possible?

One of our previous analyses examined Sweden's green industrial transition and why so many sales forces are struggling to keep up with it. That analysis was written from a Swedish point of view, but the question behind it is not entirely Swedish. It can also be considered European.

As part of the Mercuri International Group, industrial companies across Europe are examined and supported. And whether the factory is in Gothenburg, Stuttgart, Lombardy, Eindhoven or Silesia, the same question keeps coming back:

Can we really win with a premium, climate-smart product when a competitor offers something almost the same, at a much lower price, made with far higher emissions?

The evidence suggests that European manufacturers can. But probably not the way most of them try.

Premium at a low cost: is it even possible?

If low cost means lowest price, the answer is no. European industry will rarely win a price war against competitors with lower wages, coal-based energy and fewer environmental rules. Companies that try usually end up with thinner margins and a tired sales team.

But this may be the wrong question to ask. The customer doesn't really pay the price. The customer pays the total cost, over the whole life of the product.

A heat pump is a good example. It costs more than a gas boiler to buy. But the International Energy Agency (IEA) finds it is cheaper to run in almost every EU country, and over its lifetime it is already cost-competitive with gas in most of them.

Steel is another. In Northern Europe the green-steel premium stayed at roughly €120–180 per ton through 2025. A normal passenger car has around 830 kg of steel in it, so a premium of €200 per ton adds about €165 to the car.

On a premium car costing around €75,000, that is roughly 0.2 percent of the price.

So yes, a premium product can be offered at a low cost. But the low cost is the total cost of ownership, not the price tag. To get there you need efficient production, and Europe is strong here. According to the International Federation of Robotics, the EU had 231 industrial robots per 10,000 manufacturing employees in 2024, and Germany ranks third in the world. It also requires salespeople who can show the customer in the customer's own numbers, why the lifetime cost is lower.

Many European manufacturers have the first part in place. Far fewer have the second. That is where deals are lost.

How do you beat a cheaper competitor with a bigger carbon footprint?

Europe has something no other major market has put in place yet: rules that make the carbon cost of “cheap” visible.

On 1 January 2026 the EU's carbon border tax, CBAM, entered its definitive phase. Importers of steel, aluminum, cement, fertilizers, hydrogen and electricity are now liable for a carbon cost on the emissions embedded in what they bring into Europe, settled through CBAM certificates from 2027.

At the same time, the free emission allowances that have protected European producers are being reduced step by step, to 51.5% of their full level in 2030 and 14% in 2034. The hidden carbon cost of “cheap” is becoming visible, and it grows every year.

In March 2026 the European Commission also proposed the Industrial Accelerator Act, with low-carbon and “Made in EU” requirements in public procurement for products such as steel, aluminum and cement. It is still being negotiated, so nothing has been decided yet. But the direction is clear.

And then there are customers' own climate targets. In work with industrial clients, more buyers are seen committing to cut emissions in their supply chain, their Scope 3. That means your product's footprint ends up in their numbers.

Still, regulation will not sell anything for you. Fast markets notes that European steelmakers have found it hard to charge green premiums because buyers are not willing to pay. The value is there, but the buyer doesn't see it. From a sales perspective, this can be understood as a sales problem rather than product problem.

*So, **how** do you win then? Three things must change in the sales conversation.*

First, talk about total cost instead of price. Build the business case together with the customer, with their volumes, their energy prices and their carbon exposure.

Second, talk about risk. A supplier close to home, with stable clean energy and full traceability, lowers the customer's exposure to carbon costs, compliance problems and supply disruptions. That has a value, and it can be calculated.

Third, talk to more people. Procurement, engineering, the CFO and the sustainability manager all care about different things. The salesperson who can talk to all of them usually wins.

The cheaper competitor competes on price because that is what they have. The European manufacturer should not meet them there.

Why Europe can lead

It is easy to be pessimistic about European industry right now. However, the available facts suggest that it may be a mistake. When the available evidence is examined, Europe has advantages that are hard to copy, and none of them is about being cheapest.

Start with clean power. In 2025 only 29% of EU electricity came from fossil fuels, and wind and solar generated more power than fossil fuels for the first time. In the Nordics the share is even higher. In Sweden around 99% of electricity comes from clean sources. A product made on a clean grid starts with a head start on its carbon footprint, and that is not something a competitor can copy with a marketing campaign.

Then the rules. With CBAM, the EU is the first major economy to put a price on carbon at its border. For companies that have already invested in low-carbon production, that turns a cost into a competitive edge.

Then engineering and innovation. The EU invested more than €400 billion in research and development in 2024, and nine Western European countries are among the twenty most automated manufacturing nations in the world.

And we have first movers who have shown it can be done. In 2021, Swedish SSAB delivered the world's first fossil-free steel, made with HYBRIT technology, to the Volvo Group. Stegra secured €1.4 billion in 2026 to complete its green steel plant in Boden. And Nibe, founded in a small Swedish town in 1952, has grown into a global group in heat pumps and climate solutions, with net sales of SEK 40.8 billion in 2025. When the European heat pump market slumped, Nibe's sales fell. Yet in 2025 it lifted its adjusted operating margin from 8.0% to 10.5%, and the recovery has continued into 2026. Nibe therefore provides an example of how a European manufacturer can build a global position in climate solutions without being the cheapest option.

Put it together and you get clean, reliable, traceable products built to last. That suggests that this is what the market will pay for over the next ten years, but only if it can be explained.

The challenges and potential responses

A balanced assessment also needs to consider the challenges. The last few years have also shown us what can go wrong.

Energy cost is the first. According to the IEA, energy-intensive industries in the EU paid roughly double the US electricity price in 2025, and more than 50% more than in China and India. That is a real handicap, and the strongest reason not to compete on price alone. Clean power gives Europe an advantage in carbon. It does not yet give us an advantage in cost.

Scaling too fast is the second.

Northvolt raised more than \$13 billion and went bankrupt in March 2025. Several large green steel projects in Europe have been postponed or cancelled. In 2025, ArcelorMittal dropped its planned conversion of the Bremen and Eisenhüttenstadt plants in Germany, pointing to market conditions and weak economics. The implication is to grow step by step, and to secure committed customers before building capacity. Selling the value early is not something for later. It is part of the financing.

Grid connections and permits are

another. Clean power is a European advantage, but getting connected to it takes time. Even SSAB had to delay the start of its new electric arc furnace in Oxelösund this year, while appeals over the permit for a power line were handled. Plan for longer lead times, and be open with customers about delivery. Trust is part of what they pay for.

Then there are customers who are not ready to pay. Not everyone values a lower carbon footprint today, and that's fine. Start with the ones who do: customers with Scope 3 targets, premium brands, CBAM exposure or public procurement. Build the value case one customer at a time.

Policy can also change. Rules are negotiated, simplified and postponed. So, a business case should not be built on regulation alone. It should be built on what the product is worth to the customer, with treat regulation treated as a tailwind.

The last challenge is the one mostly connected to the work at Mercuri: the capability gap in sales.

Many sales teams across Europe were trained to compete on specification and price. The green premium needs a different conversation, about total cost, risk, carbon and the customer's own targets. Companies should see that as a strategic investment, just like a new production line, and get sales, marketing, pricing and management behind one value story.

Where the evidence points

Europe doesn't need to be the cheapest to lead the green transition. It needs to be the clearest.

The companies that win will be the ones that can explain, customer by customer, why the climate-smart choice is also the smart business choice. That is what Value Based Selling is about, and it is the work done with industrial companies across the Mercuri group, in more than 50 countries.

For management teams in European manufacturing, three questions follow from this analysis:

- 1.** Can your salespeople explain your total cost of ownership in the language of the customer's CFO?
- 2.** Do you know which of your customers already feel pressure from CBAM or their own Scope 3 targets?
- 3.** And when a customer compares you with a cheaper alternative, who in that room is telling your value story?

If the answers are uncertain, the challenge is not unique. But the window for Europe to lead is open right now.



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Grow your business