

# Q&A - Overseas Sourcing

## 1) What are freight forwarders?

They provide you with the best information about how different product categories and products are being classified.

They help you consolidate your shipment. They're the one arranging the space on the boat or wherever else it might be or helping you with your container.

## 2) What to be careful with when importing?

Be aware of potential red flags. For example, if you're importing a supplement from China, be aware of FDA implications. Make sure what you're importing has the proper FDA approval.

Always request for documents from your supplier regarding approval on products especially for supplements, electronics and plastics.

## 3) When ordering samples or small quantities overseas, which is better? DHL or UPS?

DHL is traditionally cheaper. But this still depends on where you're sourcing from.

A recommendation would be to tell the factory, *"Hey can you put this on your account? Can you give us a quote for the cheapest three carriers, and we'll let you know which one to use?"*

#### **4) At what point would be the right time to have your products directly shipped to FBA?**

The right time would be when you have verified everything with your supplier. Make sure they send you pictures of the labels they put on and pictures of the products in packaging before they send it out. Also verify the cost of shipping. Create a strong line of communication between your supplier to avoid errors on your products.

It would be best at first that you are able to touch your product before having your supplier directly ship your products to FBA.

#### **5) Who pays import duties?**

If your supplier ships it UPS or DHL, you pay them and it's usually built into their price.

With freight forwarders, once your product hit the docks, they verify the shipment and they will send you a bill verifying the size of the shipment and when it will arrive. Your products will be released once you have settled payment to your freight forwarder.

If you send directly from your supplier to FBA, same charges will apply but will be a lot different because you will be sending them to where all the Amazon warehouses are.

#### **6) Do you need to get samples if you're buying domestically?**

No. If it's a reputable company and a standard product, it's not necessary to get samples.

### **7) What's the typical costs when getting samples?**

Most factories won't charge you for samples, but they will charge you for shipping.

### **8) How much does it typically cost to ship samples somewhere in the US?**

Between \$30-\$50.

It's best to request for 5-10 samples of your product to see consistency and quality of the products they manufacture.

### **9) When and how is shipping typically paid when placing your real orders from your supplier after getting a sample?**

Typically you will be paying 30% upfront and pay the remaining 70% when the product is ready to be shipped.

Established factories will have you settle the balance upon receipt of a bill of lading.

### **10) Advice on getting started with sourcing overseas.**

- Be patient with your supplier.
- Make sure you are confirming things.
- Create a relationship and partnership with your supplier
- Find a good freight forwarder.
- Always label your product where it's made (Example: Made in China)

## **Additional Tips : Sourcing From China**

### **1. Be optimistic in a careful way. Don't be a pessimist.**

Accept that there will always be hurdles in a business and never give up on these obstacle.

Always have a positive mindset and being careful as well. If you find yourself on road block, don't beat yourself. Relax and tell yourself it is a temporary setback.

Get your emotions under control and take action right away. Get ideas from family and friends. You may consult Google as well. Create a list of actions you may take and try different solutions.

### **2. Understand the Chinese**

- Learn how to effectively communicate with your supplier.
- Use Skype "text chat" rather than email since it's more convenient to clarify meaning faster.
- Use smileys a lot. If you can, use images at times when you're having trouble expressing in words.
- Verify everything. Be respectful.

### **3. Get to know your supplier**

Choose your supplier cautiously. Avoid dealing with agents as they may increase cost and create difficulties in communication.

- Ask questions
- Research (Google their name and company)
- If possible, talk to them with video calls
- Check for reviews from previous clients
- Verify their address on Google Maps

#### **4. Know what you're getting**

Acquire a lot of samples.

Always confirm everything via email or Skype when making changes to your product. Get samples or request for photos.

Verify everything before making your order as it would be too late to fix any errors once they've already shipped out your product.

#### **5. Checking for Quality**

Make sure your products go through quality control before they reach Amazon, ideally before they leave China.

Have your packaging company check each unit and pay them a little extra for this task.

You may also hire someone from China as your representative to personally do inspections on your products before they leave the factory. You can hire these individuals through Odesk by searching "China Sourcing" or do a Google search for "China sourcing service".

## **6. Shipping by air or sea?**

Shipping by air is usually costs more but is faster.

Shipping by sea is more convenient as most of the customs issues are handled without you being involved.

It is cheaper to ship by sea, but requires larger investment as the quantities need to be much larger. It is slower and can affect your business growing quickly.

### **Tips on freight carriers:**

- When shipping direct to FBA by air, you can use any express carrier like FedEx, DHL, etc.
- When shipping directly to FBA by sea, you will require to use Amazon's broker Shapiro.
- If you are shipping to an intermediary within the US like Earth Class Mail or to your home, you can use any shipper from China to the US then use Amazon's cheap UPS Ground rates when shipping from the intermediary to FBA.