

plastiQ

# Secrets of sourcing globally



6 ways to find Chinese suppliers  
and save on costs.



# Welcome. We're glad you're here.

*In this piece you'll learn:*

## Where to find Chinese wholesale suppliers

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## What to expect when importing directly from Chinese factories

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## How to utilize PlastiQ's Global Payment product

Knowing these three things can help drastically reduce the cost and increase efficiency of your business' foreign imports. This is better for you and for your customers.

Pay virtually any business expense with your credit card,  
even when cards aren't accepted.



# Want to increase profit margins?

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It almost goes without saying—if you buy from international suppliers and want to increase the profit margins for your ecommerce store, you must lower your sourcing costs.

A typical online store makes a retail **markup of 4X**, which means that you need to charge 4 dollars for every dollar you spend to source an item.

**4X**  
markup

# Want to cut down costs?

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Conversely, if you can cut down your costs by a dollar, you'll be able to mark down your prices by 4 dollars. As a result, reducing your costs allows you to sell your products at a lower price and gain additional market share.

*But how do you reduce those costs?*

When it comes to product sourcing, China is a preferred destination for obtaining low-cost inventory among many small businesses. Manufacturing costs are much cheaper in China, making it an ideal place to directly import wholesale products for your ecommerce business.

Paying with PlastiQ Global Payments helps you solve your second barrier — lowering costs related to foreign currency exchange. Paying in local currency can **reduce costs up to 10%**.

**Reduce  
costs up  
to 10%**

# Canton Fair Sourcing Show

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The Canton Fair is great for finding thousands of Chinese wholesale suppliers for low-cost products across different categories. Located in Guangzhou, China, the Canton Fair is considered the mecca for importers.

Every year, more than 180,000 buyers and over 60,000 suppliers congregate at the tradeshow! The Canton Fair is probably the largest sourcing show in the world - the fairgrounds are as large as 218 football fields.

**over  
60,000  
suppliers**

The Canton Fair has been around for over 50 years, free to attend, and takes place twice per year usually at the end of May and the beginning of November.

Given its vast size, the Canton Fair is split into 3 phases:

- |                      |   |  |
|----------------------|---|--|
| <b>1</b> Electronics | <b>2</b> Consumer goods,<br>home decor, and gifts | <b>3</b> Shoes, textiles, garments,<br>and office supplies |
|----------------------|---|--|

If you are currently using an online directory like Alibaba to find suppliers, you'll find that going to a tradeshow greatly speeds up the sourcing process.

Most vendors at the fair have experience in working with American and European companies, and they have the expertise and infrastructure to export products to your home country.

While a good number of vendors can communicate in basic English, not a lot of them can speak good English. Still, every booth at the Canton Fair generally has at least one English speaking employee.

# Global Sources Trade Show

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The Global Sources trade show is similar to the Canton Fair but specializes in finding suppliers in key categories, such as electronics and fashion accessories.

The Global Sources Tradeshow takes place right before the Canton Fair, so if you are travelling to Asia, you can hit hit both shows back to back. Similar to the Canton Fair, the Global Sources tradeshow is a gigantic event that happens two times a year.

Similar to the Canton Fair, the Global Sources Trade Show is split into 3 phases:

**1** Consumer Electronics

**2** Mobile Electronics

**3** Lifestyle Products

Other features that make the Global Sources Tradeshow different from the Canton Fair include:

## Online Directory:

Global Sources is a search engine for Chinese vendors, which allows you to get in touch with suppliers before meeting them at the trade fair.

## Live Education:

The trade fair also features a conference on how to run a successful importing business according to top ecommerce entrepreneurs from around the world.

## Lower Language Barrier:

Most people in Hong Kong speak English so it'll be easier to get around the tradeshow.

The Global Sources Tradeshow features a much larger contingent of suppliers specializing in electronics and lifestyle products. In fact, the Global Sources' flagship trade fair for electronics has 7,800 booths!

**7,800**  
**booths**

# Yiwu Wholesale Marketplace

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The Yiwu Marketplace is useful for sourcing cheap, ready-made goods for upsells, cross sells, giveaways, and free plus shipping promotions.

The Yiwu Market is one of the largest wholesale markets in China. The market spans over 1.5 square miles divided into 5 districts. According to estimates, the Yiwu market sells over 400,000 types of products!

**Sells over**  
**400,000**  
**types of products**



While the Canton Fair and Global Sources Tradeshow only happen twice a year, the Yiwu Market is open all year round except during some Chinese holidays.

Yiwu sells pretty much anything at very low prices, including handbags, shoes, textiles, accessories, toys, crafts, auto accessories—you name it!

However, the wholesalers in the Yiwu market are NOT manufacturers but trading companies and small retailers.

Yiwu is the place to buy ready-to-sell products off the shelf. You can literally take home your purchased items immediately or have a supplier ship to your warehouse in bulk.

# China Wholesale Directories

## – Alibaba and Global Sources

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If you can't travel to China or Hong Kong to visit a trade show, a good alternative is to find Chinese vendors through an online directory like Alibaba or GlobalSources.com.

Alibaba and Global Sources are search engines that help you find products to sell online. These online platforms connect you to Chinese suppliers and give you access to thousands of vendors within seconds.

Finding suppliers on Alibaba is easy, but you have to consider some of the disadvantages:

### 1 Long lead times –

*The process may involve a lot of back and forth communication, and it could take weeks before you obtain samples.*

### 2 Language barriers –

*Compared to face to face contact, communication can be much more challenging over email or live chat. You must specify and describe every product detail to ensure your supplier meets your quantity and quality standards.*

### 3 Middlemen –

*Unlike going to a tradeshow, using a directory like Alibaba tends to have many middlemen and a low signal to noise ratio. For this reason, most high quality suppliers don't advertise on online directories.*

**Overall, as long as you can make a profit with your suppliers, it doesn't matter whether you go to a tradeshow or use a wholesale directory.**

Alibaba and Global Sources may be the two biggest wholesale directories in China, but these trade platforms have some key differences.

### 1 Quality –

*Alibaba has a larger number of supplier listings than Global Sources, but this also means more noise. Global Sources has a more thorough vetting process so you're more likely to find high-quality products on this platform.*

### 2 MOQ –

*MOQs (minimum order quantities) are much higher in Global Sources compared to Alibaba.*

How to source what you will sell ultimately determine the success of your ecommerce business. Trying out both services is the best way to find out which trade platform works for you.

# China Wholesale Marketplaces

## – DHGate And AliExpress

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DHGate and AliExpress are trade platforms that connect you to Chinese wholesalers and dropshippers. These marketplaces are similar to eBay in the US.

DHGate.com is a B2B and B2C ecommerce website that facilitates sales transactions between suppliers and small and medium retailers.

Meanwhile, AliExpress is an online marketplace owned by the Alibaba Group. While Alibaba is a B2B platform, AliExpress is primarily a B2C platform that offers items in smaller order quantities.



The nice thing about both of these platforms is that they provide you with a refund guarantee on all purchases. As a result, buying from DHGate and Aliexpress is completely safe.

However, you may have to pay higher prices for products in these marketplaces instead of sourcing items directly from a manufacturer.

Despite the higher prices, wholesale marketplaces offer a much lower MOQ so you can purchase smaller order quantities and test out new markets. Then you can decide to commit to a bulk purchase later on once you've tested out your products.

# Import Databases

## – Panjiva And Import Genius

Unknown to most people, every single shipment imported by sea is documented on the public record. And if you search this public record, you can figure out where companies source their products from.

Panjiva and Import Genius are the two main platforms where you can access a company's shipment information. For a monthly fee, these tools allow you to find out where companies import their products from.

For example, once you type in a business name in Panjiva, you can find out every single sea shipment a company has made, where the products came from, and who manufactured the items. This sample bill of lading came from The North Face from Panjiva for free.

<b>Date</b>	2017-11-22
<b>Shipper Name</b>	Pt. Yongjin Javasuka Garment
<b>Shipper Address</b>	JLRAYA KM.35 RT.03.11. DESA BENDA KEX. CICURUG KAB. SUJABUMI, JAWA BARAT INDONESIA
<b>Consignee Name</b>	The North Face, A Division Of
<b>Cosignee Address</b>	VF OUTDOOR LLC
<b>Notify Party Name</b>	Carmichael International services
<b>Notify Party Address</b>	533 GLENDALE BLVD, LOS ANGELES, CA 90026
<b>Weight</b>	4885
<b>Weight Unit</b>	KG
<b>Weight in KG</b>	4485.0
<b>Quantity</b>	542
<b>Quantity Unit</b>	CTN
<b>Measure</b>	66
<b>Measure Unit</b>	CM
<b>Country of Origin</b>	Indonesia
<b>Details</b>	4,485.0 kg From port: Djakarta, Indonesia To port: Port of Entry-Fresno, Fresno, California Via port: The Port of Los Angeles, Los Angeles, California

# How To Save Money Importing From China

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Importing goods from Asia is an effective way to source quality products at extremely low prices. But you have to know your way around common logistical issues that buyers face when importing goods from China.

Here's a list of what to expect when sourcing from Chinese suppliers and tips on how to save money.

**1** **A large minimum order (MOQ)** – *One of the biggest issues you'll face when sourcing products from Asia.*

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It's not uncommon for suppliers to require large minimum orders such as 500, 1000, or even more for smaller items.

But you shouldn't let large minimum orders discourage you from contacting a vendor. Every manufacturer sets their own MOQ, and this number is negotiable from some suppliers. Before committing to an order, don't be afraid to ask your supplier to adjust their MOQ. If you show that you're a serious customer, some vendors may be willing to give you a lower minimum order quantity.

To save money when paying for a bulk order, you should always pay your vendor (and negotiate) in their local currency. Otherwise, your supplier will raise the price of your goods to account for the exchange rate.

To avoid increased prices due to the currency exchange, you can use PlastiQ Global Pay to conduct all of your transactions in your supplier's local denomination. Paying in local currency can help businesses reduce the cost of imported goods by 10% or more.

plastiQ  
Global Business  
Payments

## 2 Long lead times – *Make sure to plan ahead since most suppliers do not carry inventory and items are made to order.*

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When ordering for an online store, predict demand way ahead of time and decide how many items to purchase. The lead times usually take up to 3 months.

Brex is a card that allows you to delay your payments for 60 days without any interest incurred. By paying with PlastiQ and delaying your payments with Brex, you can effectively float 2X more of your money.

To save money and increase your cash flow for larger transactions, consider making payments through a combination of PlastiQ and a service called Brex.

plastiQ | BREX

## 3 Payment terms – *If you're just beginning to import from China, negotiating favorable payment terms is an important step.*

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Most vendors take payments via wire transfer and require a down payment (usually 30%) for initial costs. A buyer then pays the balance when the items are ready for shipping.

In the long run, you should work on building mutual trust between you and your vendor. And eventually, you can get the payment terms waived altogether.

If you're worried about sending money overseas, Alibaba trade assurance facilitates your transaction and functions as an escrow service. Or you may consider using PlastiQ for all of your wires. Not only will suppliers know exactly how much they'll be paid for each transaction, you can earn points by using your credit card.



## 4 Quality control – can be a huge challenge when importing products. *Make sure you have an inspector on your side.*

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Quality control can be a huge challenge especially if you're importing products. This is why you must describe to your vendor exactly what you want down to the smallest detail. As an extra step, consider hiring an inspector to inspect your goods at the factory. Inspection services may cost you extra but it could save you a lot of headache.

Catching manufacturing issues at the source is better than receiving your shipment, only to discover defective merchandise. Inspections also keep your vendors honest.

Here is a list of popular inspection companies:

- ProQC
- AsialInspection.com
- QualityInspection.org
- KRTInspect



# Look at Asia

Despite the focus on China, developing countries like Vietnam and Thailand are also great places to find rock bottom prices due to cheap labor.

By importing your goods from Asia, you can shave sourcing costs significantly, especially in the case of labor-intensive products like textiles and electronics.

If you want to minimize manufacturing costs and maximize your profit margins, start by investigating China as a source for your products. Don't forget to look into paying with a global payment option like PlastiQ.

With higher profit margins, you'll be able to focus your resources on marketing and customer service efforts to grow your ecommerce business.

Ready to start sourcing from China? Make sure to visit [plastiq.com](https://plastiq.com) and sign up for a free account.

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