



Sells Like **HOT CAKES**

How You Can Get From Zero To \$47,812 Per Month With No Capital
Or Investments Using A Simple Amazon +Shopify System

FBA STRATEGIES: ADVANCED Q&A SESSION:

**DISCOVER 7 MUST KNOW TIPS ON
DEALING WITH SUPPLIERS,
DOING DUE DILIGENCE AND
SHIPPING FROM CHINA**

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Hi, guys. Welcome back to Sells Like Hot Cakes video course. This video is going to be a question and answer session about sourcing in China and shipping from China. Together with my sourcing agent from China, we prepared answers to your most common questions that you might have when researching suppliers, when ordering products, shipping from China, and also doing due diligence and how to avoid getting scammed. You will find a lot of helpful tips here.

This video is rather long and might look complicated for you because this is more advanced stuff and we try to cover everything in more detail so this can be helpful for people of different levels of experience. If you find some of the information here complicated, don't forget to take notes and maybe watch the video several times to make sure that you understand everything perfectly. If you have more questions, always don't forget to send us an email or just to reach us and experts inside your member's area of Sells Like Hot Cakes and we'll always be happy to help you.

Without further ado, let's get started on our question-and-answer session. "From China, with love."

Okay before we get started; take a look at what's on the menu:

- ***How do you AVOID getting SCAMMED by a supplier: I'll break it down, streamlined to the level of your business and the quantity of products you're ordering.***
- ***Does Alibaba offer FULL PROTECTION? Read up and find out the TRUTH!***
- ***Ok, so what is the BEST way to pay a Chinese supplier? Discover the available options, so you can pick the BEST FIT for your Business.***
- ***How to ANALYZE suppliers through their products, so that YOU can make a BETTER decision and most IMPORTANTLY avoid being SCAMMED!***
- ***Factories Vs. Trade Companies: Which is BETTER? I'll help you analyze the Pros and Cons.***
- ***I'll also talk EXTENSIVELY on the 3 COMMON Ways to Ship goods from China in GREAT Detail: A must READ!***

The most common questions that everybody who is just starting out has are how to safely pay the supplier, how to avoid getting scammed. Should I pay the supplier directly or should I use a middleman or sourcing agency to protect me or should I use Alibaba trade insurance service? Here are our thoughts about it. If your business is rather small, and you're just starting with a small order, like less than 100 units, I



think the best way to pay is PayPal, which is much safer for the buyer and gives you full protection.

Later, once the trust is built, there's really no difference which way you pay the factory, directly or you're using a sourcing agent. The most important thing for you is to verify the person that you contacted and do your due diligence. In later questions, we'll talk more about doing due diligence. Also if you discuss payments terms for bigger orders like 500 units or more don't always insist on paypal.

Most factories don't like paypal because of huge fees for them (close to 8%) and if you insist on paypal they will have to put those fees on you... Instead sign a contract and simply use bank wire by pre-paying 30% upfront to start production or Alibaba escrow services or letter of credit for bigger orders. And of course stay away from Western union and from paying to personal accounts, always pay to factory account only!

Regarding the Alibaba trade insurance, from our experience, it doesn't really give you any extra layer of protection and many factories don't like to work with it because it's just extra fees for both you and the factory and it doesn't really guarantee anything anyway. For bigger orders letter of credit might be better option because it has less fees and its done directly between your bank and the bank of the factory... Alibaby escrow or trade insurance charges you HUGE fees so not sure if that is worth it.

For you, the most important is to do the due diligence, carefully, of the factory or your sourcing agent, and then, once the first order is paid by PayPal and processed and fulfilled fine, then you can use bank wire to pay the supplier or any other way.

Remember your factory is not really interested to scam you, they want to see many more future orders from you instead of just getting quick buck and run away with it.

The next question is; what are your tips on how to pay better to Chinese suppliers? Which bank, the currencies, what amount, like 30% upfront or 50%? It varies between the factories and suppliers, but in general opinion, Bank of China and Hong Kong bank accounts are much better and faster than working with different suppliers. If you have a possibility for you or your company to open a bank account in Hong Kong, for example, with Standard Chartered Bank of Hong Kong, then it's much easier and faster for you to process payments.

Because I know sometimes, if you work with European banks, they might delay and ask for additional invoices when you send payments to China, which is normal. The currency is usually United States dollars, but Hong Kong dollar is also okay. Usually, 30% upfront deposit is common when you work with Chinese factories. Many factories have Hong Kong Company and bank account because of tax reasons...

The next question is how to avoid getting scammed; what are your tips on how to do due diligence on the supplier or factory, what documents to request, and what certificates ask for? Should we ask for BSCI report of the factory? The first thing to



do is to carefully check the company's website and their Alibaba profile to find out if they are really a factory or a trading company, which is just a middleman.

I don't mean that working with trading companies is bad; it might be even better in some cases because they charge you extra commission, but they provide you extra services as well and their English skills are usually perfect. Factory English skills might be really bad, so a trading company is not such a bad idea to work with. After you've analyzed their website and you've checked all the details, all the videos of the factory, try to see if your factory is really specializing on the product you're going to buy.

For example, if you see that you are going to buy coffee cups, but on the website of the factory, you see that they are offering Segway scooters or something completely different, it means that it's probably a trading company. Also, the address might help you. If you see it's floor nine or something of a skyscraper, it's usually a trading company because factories don't have nine floors. Easy things like this will give you an idea if you're dealing with a factory or a trading company.

Of course, your sourcing agent can visit your factory in person to make sure that you are really working with the right people. That's why I highly recommend that you work with a sourcing agent and not just trust everything by online in case you cannot travel to China yourself. Make sure you also check the certificates that they have and any 3rd party verifications of the factory. See my other videos where I show you how I analyze the suppliers.

The next step to do is to verify samples and check the sample quality carefully. We have a separate video about that, you can check it. Then you place a minimum order quantity, not a big order, but usually 500 pieces to 1000 pieces, a small order, and see the quality, do inspection of the quality of the first order. Again, in some other video we showed you how to do the inspections. Try to get contacts of your factory on Skype or over the phone.

A lot of Chinese factories like to work with Skype. Of course, you need to request the documents that are related to your niche. For example, if you're doing something related to food or plastic cups, then you need to request FDA certificate. And if you are working with the European Union, then you need to ask the CE certificate. However, not all products require such certificates, so it's not a big deal. Regarding the BSCI report of the factory, I need to say that, if the factory has it, it's a good idea to check it.

But if the factory doesn't have it, it doesn't mean anything because it's not really required for everybody to have this kind of report in China. BSCI report usually shows things like do they provide proper work conditions for the workers so they don't use child labor and things like this. This is not mandatory for everyone to have, so having or not, this kind of report doesn't protect you from anything. Much better if they are verified gold supplier on Alibaba and were inspected by some 3rd party verification service.

To summarize, getting your sourcing agent to visit the factory in person is the best way to avoid getting scammed and all the paperwork is just formality. Of course,



don't forget to make a contract with your factory when you're placing an order to make sure that everything is correct. If you ask require exclusivity, for example, you should put it inside the contract as well.

The next question is, is it better to work directly with the company or a trade company as the middlemen and why? Pros and cons. Like I said, you can either work with a factory directly. In this case, you might struggle with English because a lot of factories don't have proper salesmen who speak English which is good enough for you to clearly understand, so you might be struggling with them getting understood. Also, if you work with the factory directly, it might sound like you will pay less fees, but also you might get in trouble because the factory doesn't do good enough quality checks because they know that you are not even in China so you cannot check them, so they might mess up your FBA labels or they maybe don't know even how to ship to Amazon.

I don't recommend working directly with the factory because a lot of things can go wrong and you are not in China so nobody can just go and check things. The factory doesn't care as long as they produced your stuff and got paid, they don't care what happens next. In this case, a trading company is a much better choice because they have better English and they are basically middlemen who get paid between you and the factory to get things done and to check everything.

Or, even better, you should get your own sourcing agent so that you don't get sources just for one product, but you get sourcing services and quality checks for many products, not just one. That's why I highly recommend you get a sourcing agent even though you pay more fees, but you get an extra layer of protection and quality checks and also, they can help you with shipment and everything that you might need. They can visit factories in China and do due diligence as well on your behalf.

The next question is rather long, so bear with me here because I want to do it really full and in detail like I promised. If you find it complicated, just watch again.

How to ship goods from China? There are three common ways, guys. The first way is to send by air, which is rarely used due to high price and hassles with paperwork, in this case, it is shipped by national airlines such as Air China, Japan Airlines, Singapore Airlines, Shenzhen Airlines, ThaiAirlines, Malaysia Airlines, and Northwest Airlines etc.

The goods will be shipped to the airport and the client needs to do the customs clearance and pick up the goods by himself. This way it's only used, for example, if you live somewhere near the airport or Amazon warehouses and you just want to get things done rather quickly but you'll take care of everything yourself, do the custom clearance and accept the goods with your own truck. I don't use this method for these reasons. I don't live in the United States, and I don't even want to bother with all the hassles and paperwork.

The next way is air express fast but an expensive way to get your goods door-to-door. It's usually shipped by UPS, FedEx, EMS, TNT and DHL. The goods will be shipped to the client's destinations, door-to-door, such as Amazon warehouses, and



the express company will do all of the customs paperwork and all of the customs clearance for you so you don't need to worry about paying taxes or anything like that.

This is a really easy and superfast way. It usually takes 10 to 15 days to get your goods from China to the United States Amazon warehouses including all of the customs clearances. However, it's rather expensive. The last way is by sea freight, which is cheaper, but a pretty slow method that usually requires 20 to 30 days to get your stuff. This can be shipped by shipping companies such as Ma Shiji, COSCO, NYK, Kawasaki, Hanjin, United Arab Emirates, Sinotrans, and so on.

These also can provide door-to-door services and help you take care of the customs clearance in case something, some tax or duties are needed. They will just issue an invoice and do all of the paperwork on your behalf. They usually have the import bonds so you don't need to worry about all of that stuff. I use this method all the time, it's really easy.

If you're just starting out, like I said in another video, usually, you send 20% or 30% of your stuff by air express so you can start selling on Amazon and doing your launch, and then 70 to 80% of the merchandise by sea so that it arrives later when your sales are already picking up so you get more stuff. I hope that makes sense. Let's proceed. What are the recommended ways to ship? Incoterms Sea FOB, Air EXW? What is that?

This again might look complicated, and I'm not going to read all of this text that you see on the screen because you might not need everything, but I just wanted to make sure that you have all the information. You can pause the video and read it, but let me just summarize it for you. Generally speaking, there are many ways and international trade terms. There are two main ones that are used by factories; it is EXW, which is called factory price. It means that the seller finishes the products and the goods are placed in the warehouse and the buyer needs to pick up the goods from the seller's warehouse.

Basically, what it means, your factory will just produce all the stuff and put in the warehouse and then you just need to come yourself or ask your sourcing agent or your courier company to pick up the goods and deliver them to Amazon warehouses. If you're doing air express service, then usually you can use door to door, which means it has less fees from the factory because your courier service, like DHL, will come to the factory and just take the stuff from there and deliver door-to-door to Amazon warehouses.

The second way is called FOB, which means that the factory ships the goods to the port, for example, FOB Shenzhen Yantian Port. Then the remaining responsibility, like sea freight, picking up, and custom clearance will be taken care of by the buyer. This is usually common for sea freight, which means the rest of the paperwork and picking up the stuff and shipping by air is taken care of by your freight forwarder or by your sourcing agent or by your shipping agent. This is common for sea freight.

There are three other common ways that I've listed below on my PowerPoint slide, so I'm not going to bother you reading it, but in case you encounter these terms on



your factory order or Alibaba, then you can pause this video and read what they mean. I hope they are helpful for you. For now, let's move on to the next question.

Please give your tips on taxes and shipment by sea. Again, guys, we are getting into advanced stuff, so bear with me and have some patience because all of this information is really important and I just cannot miss it.

If you are struggling understanding or making notes, always pause the video and watch it several times. For USA markets, if your goods value is under \$2500 or 3000, usually, American customs will not charge you the taxes. That amount is approximate because they keep rising it all the time. Based on my experience, I do things this way. The shipping agent will help me to do the customs clearance and then he will issue me the invoice of duty and taxes to me.

Then I pay them and then the shipping agent will arrange the delivery to Amazon warehouse. I talk about the sea freight, of course. If I use express by air, then DHL or TNT or UPS will just take care of everything for me. How to estimate taxes. Different products have different tax rates. If you know the HS code of your project, then the shipping agent can research and estimate a tax rate for you. Remember that the tax rate is only for reference and the real tax rate will be provided by American customs when the goods arrive.

Usually, it's a couple of hundred dollars. If your order amount is around \$5000, then your taxes might be around \$200-\$300. Here is a bonus tip for you. If your order value is a little bit more than \$3000, for example, 4000, in case of 1000 pieces at \$4 each piece, then you can reduce your taxes or even avoid them by putting a value of, for example 2.9 per piece on invoice so that your total order amount will be 2900 instead of 4000. Or even try to get it lower than \$2500!

This is pretty okay to do, but don't abuse this rule because your product is obviously much more expensive and you put super small price on the invoice, then customs will suspect that it might be fake and they may fine you. Don't abuse this rule only use it if your order amount is really, really close to the tax threshold. Usually everything under 2500 goes as "for personal use" in the green line so it does not get taxed or inspected.

But if they find out you are shipping 5000 garlic presses that are usually worth of 20 bucks and you marked each one as "50 cents and all for personal use" you might get in trouble... You will be fined and slapped with the highest tax rate for misleading the customs. Also make sure your required certificates paperwork present in place to avoid delays. Uff... That's a lot of information guys! I hope you appreciate my efforts in preparing all that...

We're getting close to the finish of our video. My coffee is getting colder... Let me give you just one more sip of very advanced stuff. Just bear with me here, I know it's a lot of text, and I also hate PowerPoint presentations as much as you do, but there's only one way to give you all the information you need in one single piece of video. Let me just quickly covered these important things that you should be aware of.

What you could be asked about when you do sea freight, it's called import bonds. Based on my experience, if you do DDP, which means door-to-door and duties paid,



then there's no need to worry about import bonds as the shipping agent has import bonds already and they will take care of this. That's why I highly suggest that you do door-to-door shipping terms. If you don't do this, then you might be asked by purchasing your own one-time bond or it can be multiple use bonds, which is, for example, valued for one year.

The price of the bond can be rather expensive, so I don't recommend that you do your own bonds; it's just too much hassle and paperwork. Usually, if you ship by air express, then you don't need to worry about bonds because all the courier services, like DHL, they have their own bonds and they will use them on your behalf. Why Amazon cannot be the importer? Remember, in your paperwork you cannot put Amazon as an importer because an importer is the company that is going to pay the tax.

If you put Amazon as an importer, then Amazon may reject your shipment because Amazon is not responsible to pay the taxes and duties for you. Remember that when you ship to Amazon, all the taxes might be already prepaid. Never ask Amazon to pay any taxes on your behalf; they will simply reject your package. Then, if the buyer ships the goods to Amazon warehouse, then the buyer will create FBA labels and the name of Amazon warehouses will be the consignee meaning the company that accepts the goods.

But remember that Amazon cannot be listed as the importer. They can receive goods, but they will not pay any taxes or duties. If the buyer ships the goods to his own warehouse, then the buyer's name or buyers company will be the consignee. Now let's talk about EIN number, employer's identification number. It's usually also asked if you do sea freight paperwork. Amazon sellers are not required to have this kind of number because the shipping agent company can use their own EIN number in the United States to pay the taxes and duties on your behalf and then they will simply give you the invoice to pay the taxes that are due. Don't worry about this number.

Again, to summarize all of that, if you want to avoid all of the hassles with bonds, paperwork, finding out who will be the importer, because if you're not a United States company, then you need to find some company to be the importer and put it on your paperwork, and to avoid hassles with getting EIN number, then I highly recommend that you do door-to-door service so your shipping agent will take care of everything for you and just give you an invoice to pay the taxes.

Here is a bonus tip for you guys. When you do shipping, it's very important to be aware of Chinese New Year. Chinese New Year is a holiday which is celebrated from 27 January to 2 February. However, in reality, it's usually much longer, it's usually at least two weeks and maybe more, and your factory will be probably closed from 20 January to 11 February. If you have anything planned around that time, it's usually to place your order either in November and ship it out in December or you might get really, really delayed with your order.

I hope you always remember about Chinese New Year when you're doing your shipment and your orders. That's it for today, guys. I know this video is rather long and complicated, but I hope you enjoyed the amount of effort and detail we placed in



this video for you as I was consulting with all my Chinese sourcing agents and freight forwarders to get this video prepared for you so that it should be accurate and detailed. If you have trouble understanding it, just pause it or go back and watch it several times, take some notes, and you can also contact us and our experts inside the Sells Like Hot Cakes member's area to help you even more with this.

Thank you for watching and I'll see you in the next videos. If you found this video helpful, please don't forget to share it and hit like. We really appreciate all of your support. Thank you for watching, I'll see you soon.