

SHIPPING THE PRODUCTS



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Once the manufacturer has completed your orders, the next step is to have them all shipped to Amazon FBA warehouses. You need to research this part before you place an order, especially if you decide to source your product from Chinese manufacturers because there is a lot of processes involved when it comes to importing items from abroad.

For illustration purposes, let's assume that your manufacturer is from China, where most Amazon FBA sellers get their inventory.

Shipping from China to Amazon Warehouse

There are three ways to ship from China to Amazon Warehouse:

- The items will be sent directly to Amazon Warehouse from China.
- The items will be sent to your home first and then to Amazon Warehouse.
- The items will be sent to a third-party company and then to Amazon Warehouse. This company will also check and prep the products for you.



Chinese supplier - Amazon Warehouse

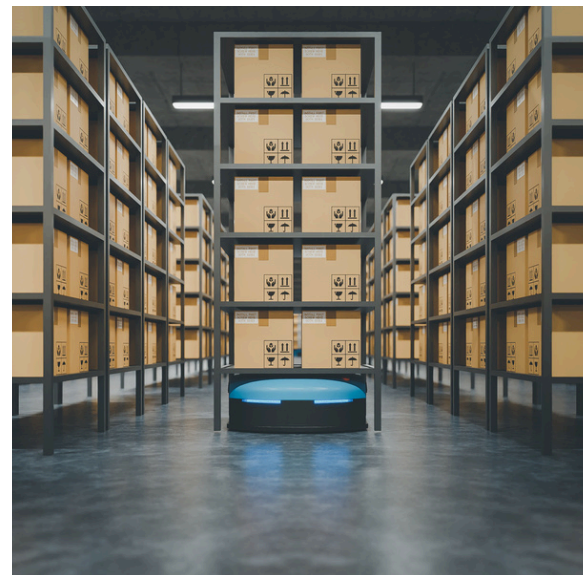
A lot of people use this first method because it is the fastest and cheapest way among the three options for obvious reasons. This is especially true if you decide to use air or express cargo. You have to pay for the shipping fee twice if the products have to go through your home or a third-party company.

Chinese supplier - You - Amazon Warehouse

Some sellers prefer that they see the products that they ordered first hand before selling them online. This is especially helpful when it comes to ensuring that the items meet Amazon's quality requirements. This is also ideal if you live near the US main ports, like Los Angeles. It will add more to your shipping expenses if you live far from major ports because of the additional transportation costs from the port to your home. However, if you do decide to have the items shipped to your home first, you will be responsible for prepping your products, which can be a tedious process, especially for beginners like you.

Chinese supplier - Third-party - Amazon Warehouse

If you want your products to be inspected, prepped, and monitored professionally, and you have extra money to spare, you can hire a third-party company that can do all these things for you. You need to find a third-party company that is also located in the same state as the Amazon FBA warehouse if you want to have low shipping costs. If it is located in a different state, the shipping costs will be a lot more expensive.



SHIPPING BY SEA OR AIR



1. Sea freight

This is a complicated method of shipping items for export and import because it involves a lot of steps. It may be complicated but it is still one of the major ways to transport products from one country to another because it can accommodate a large shipment at a much lower cost. The main disadvantage is the length of time. Shipping by sea has several stages:

- From the Chinese supplier to Chinese port (domestic)
- From the Chinese port to the US port (international, export and import)
- From the US port to your home, to the third-party company, or directly to Amazon FBA warehouse (domestic)

Two forwarders are involved in the entire process — the Chinese and US forwarders. They have to coordinate with each other and handle all the processes involving importing and exporting these goods to and from their respective countries.

You can either find your own freight forwarder or you can let your supplier find one for you. You need to understand that Amazon is not responsible for anything related to customs clearance and does not provide any delivery support. They also do not act as a contact for overseas customs clearance. These are all the responsibilities of the freight forwarder and also the seller. If your goods do not meet the requirements of the customs, they will be detained and the freight forwarder should know how to handle such scenarios.

Finding your own freight forwarder vs. letting your supplier find one for you

If you think you will continue having this business for many years to come, you might want to find a freight forwarder that you can rely on. Sounds cheesy, but that's how it should be. Moreover, finding your own forwarder is beneficial because you can find someone who speaks the same language as you do. And you are satisfied with what you have researched about them. You can choose someone who meets all your business needs. You can choose either a freight forwarder who is located in China or in the US, although the former is preferred by many. The main reason is the ease of communication, as stated previously, and there will also be no time difference that can affect communication because you live in the same state.

If you find your own freight forwarder, your Chinese supplier should deduct the cost from the total amount that you have to pay. The amount depends on whether the forwarder will ship from the supplier's warehouse or from a seaport in China.

Most beginners usually resort to the second option of letting their supplier find a freight forwarder for them because they do not have a lot of contacts yet. But as they continue doing their business, they will get recommendations from fellow sellers on where to find the best freight forwarder. But you can still choose to let your supplier handle the shipment process. This is especially a great idea if your supplier has done business with an Amazon seller before because they already know how it works. You do not have to explain about Amazon fulfillment centers, and the right way to prep the products. Just make sure to ask about the shipping costs because sometimes, they do not include the cost of shipping from the US port to Amazon.



The benefit of letting your supplier find a freight forwarder for you is that you do not need to search for it. And searching for freight forwarders and knowing what questions to ask can be challenging. With the expertise and connections of your supplier, you can be sure that you will have a reliable freight forwarder who can handle your shipment for you. The only downside is that you are not learning the nitty gritty of processing shipments and searching for your own contacts because you let your supplier do it for you.

Cost of sea freight

As mentioned earlier, there are a lot of steps involved when it comes to shipping goods by sea. However, it is still the cheapest way to ship because it can accommodate a large volume of shipment, unlike air freight, which has a limit. The cost of sea freight depends on where the shipment is coming from, where it is going and what month you are going to ship . But for reference, you can use \$300/CBM which includes all shipping costs from a seaport in China to one of Amazon's warehouses located in the south of the USA. This will at least give you a rough estimate of how much you will be paying. The United States is a large country, and the shipping costs also depend on where you are located in the US. If the Amazon warehouse is in the west coast, the shipping fee will be much lower than if it is located in the east coast.

There is also a minimum shipping capacity when using sea freight, which is 2-3 CBM per shipment. Keep in mind that when using sea cargo, most of the fees and charges that the freight forwarders need to pay in the entire process of importing and exporting the goods are fixed no matter how much CBM shipment you have. The minimum is 2-3 CBM which is not difficult to reach since you are shipping goods in bulk.



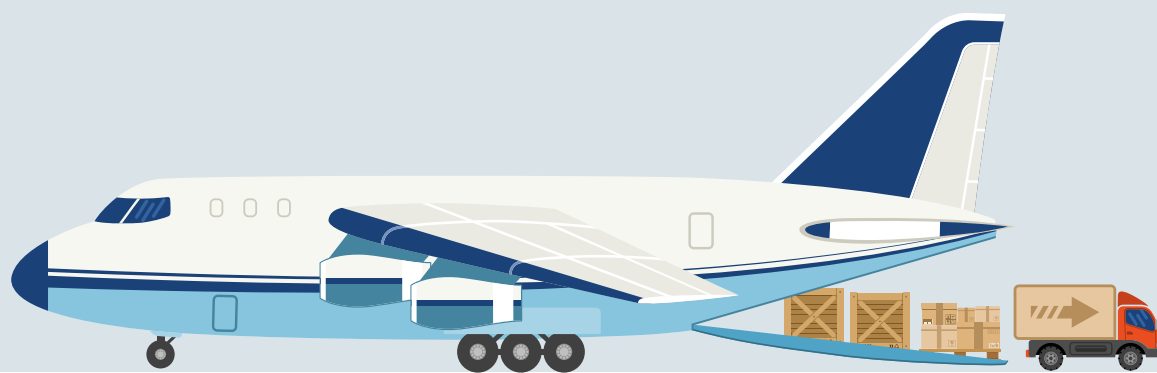
Shipping time

So how long does it take for your cargo to reach Amazon's warehouse from China if you use sea freight? There are so many factors involved that it usually takes at least 30 days for a shipment to reach Amazon's warehouse located in the west coast coming from a Chinese seaport. If the Amazon warehouse is located in the east coast, it will take an additional 10 days, so 40 days in total. This is the minimum timeframe, but it could take longer than that. For example, if you ship during the holiday season in the US or during a festival in China, your cargo might take a longer time. There are also times when the customs clearance takes a longer time to complete because they are processing a higher volume of cargos than usual. Other factors that can affect the delivery time are the weather, labor issues at seaports, seasonal behaviors, and so on.

Christmas is the best time to sell online because a lot of people are buying gifts for their loved ones. So if you are planning to sell stuff for Christmas, you have to make sure that your shipment leaves China by the last week of October. If not, you will suffer delays and your shipment that you intend to sell on Christmas will arrive late, probably after Christmas. During this time, there is a much higher volume of shipment, which is why things get stuck at the customs.

2. Air freight

The second method of shipping is via air freight, and this is ideal if your shipment exceeds 1000 lbs. If it is below 1000 lbs, you can try express cargo, which involves a courier company such as DHL, FedEx, and UPS. However, most sellers on Amazon use either sea cargo or air freight because they usually have a lot of stuff to ship.



Cost of air freight

When it comes to air freight shipping, the cost depends largely on the weight and volume of your shipment. Typically, air freight shippers charge per dimensional weight or actual weight, depending on which one is higher. To calculate the



dimensional weight, you need to multiply the shipment's volume in CBM by 167. For example, if your shipment has a dimension of width-60 cm x height- 60 cm x length- 60 cm, you will get 216,000. Divide this by one million and you will get 0.216. To get the volumetric weight, multiply this by 167. Your shipment's volumetric weight is 36.072 kgs. If this is bigger than the shipment's actual weight, you will be charged based on the volumetric weight, or vice versa.

Compared to sea freight, air freight is a lot more expensive, especially if you are shipping heavy items. Imagine if you are shipping items that weigh a total of 2000 lbs in a medium sized box by sea from Shenzhen, China to New York, USA, you only have to pay \$1200. But if you ship the same item via air freight to and from the same destination, you have to pay a whopping \$4000.

Shipping time

Obviously, shipping via air freight takes a much shorter time than sea freight because airplanes are 30 times faster than ships. It will only take your shipment 3 days to one week, again depending on different factors such as speed of getting cleared at the customs, holiday season, and so on. This is why air freight is a lot more expensive than sea freight.

If you are pressed for time, you should consider choosing air freight. Maybe you are planning to sell before the holiday rush and you want your items to reach on time. Or maybe you are selling goods that have expiry dates or items that are seasonal. Electronics and other expensive items are also usually shipped via air because they will have a lower chance of getting lost or damaged because of the shorter

shipping time. They are also more protected in planes than in ships in terms of storage conditions

CO2 emissions

You already know that airplanes emit a large amount of CO2 in the air. And if your business values sustainability, you might want to consider shipping via sea freight. According to a research conducted by the UK government, an ocean liner carrying 2 tonnes of shipment for 5000 km will only have 150 kgs of CO2 emissions. Compare this to 6605 kgs CO2 emissions of an airplane carrying the same load and traveling the same distance, choosing sea freight over air freight will seem like a no-brainer for people who are pro-environment and sustainability.

Import duty of products and other taxes

You also need to know the different fees involved in shipping your items. It is not just the cost of the service provided by the freight forwarder. They also have to pay different fees and taxes throughout the whole process. Import duty and taxes are calculated based on customs value and category of goods or HS code.

Customs value

Ideally, the customs value is calculated as: cost of product + cost of transportation to the Chinese port + export clearance in China. However, freight forwarders just estimate the amount at 20% to 30% of the value of the product in the United States, and this is what they declare at the customs clearance. To estimate the tariff of the product, you just multiply this amount to the current tariff rate.



HS code

Customs also assigns a standardized classification system to determine customs duty. HS Code means Harmonized Commodity Description and Coding System or simple Harmonized System. This consists of classification names and numbers to sort out traded goods that come in and go out of the country. You have to ensure that you assigned the correct HS code to your goods. Otherwise, you may be charged the incorrect customs duty.

Since you are not shipping the goods yourself, you do not really have to worry about these things because the freight forwarder or the courier company handles the entire process from start to finish. All you have to do is to be aware of these details so that you at least have an idea how much you need to pay when shipping your products. Once your products are shipped, or even before they reach their destination, you can now start preparing the products for sale by creating and building your brand.

