

MIKEE'S

PRIVATE LABEL RESEARCH



KIT #2

What Is Alibaba?

If you've decided and are determined to source your supplier from overseas, there's a good chance you will be buying from Alibaba. By the numbers, Alibaba is the largest ecommerce company in the world (bigger than Amazon and eBay combined) and it's also the most comprehensive directory that connects suppliers (mostly from Asia) with buyers from all over the world. Alibaba literally has millions of products from hundreds of thousands of suppliers so there's not much you wont find on the directory.

Begin Your Search

Buying on Alibaba and using the directory is fairly straight forward to use and similar to other marketplaces like eBay. Browse the product categories or do a search for the particular product you're looking for.

There are two common approaches to doing a search on Alibaba. You can either search for items based on product descriptions, for example: dog collars, which will give you thousands of results for dog collar products. Alternatively, from the drop-down menu, you can select "Suppliers" instead of "Products" and instead search for manufacturers that specialize in that particular type of product.

Products ▾

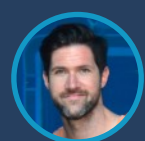
What are you looking for...

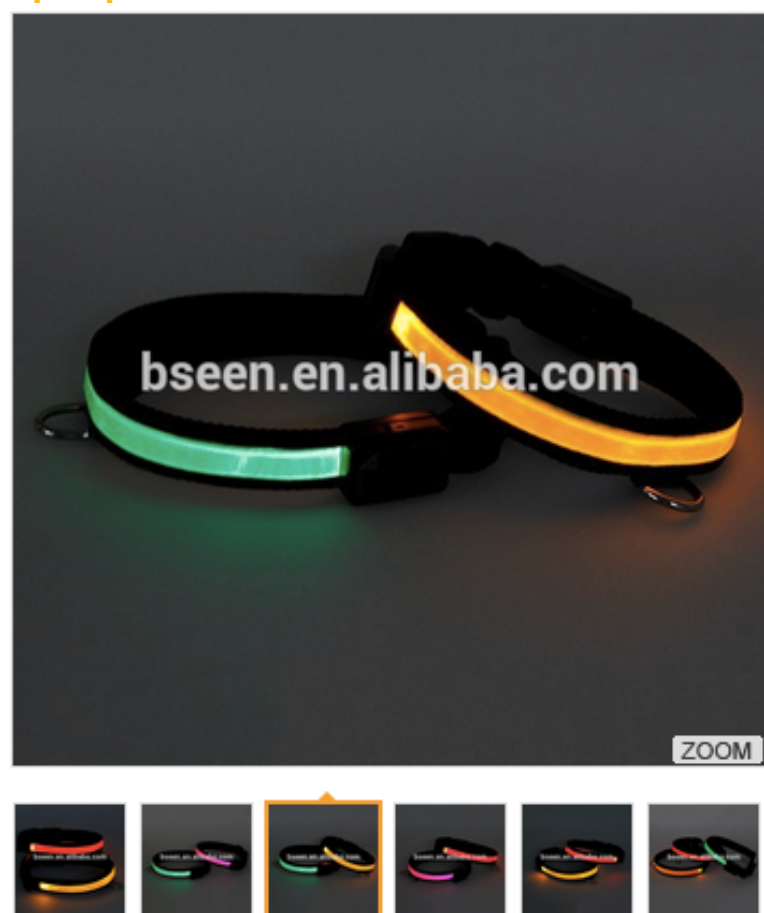
Q Search

Products

Suppliers

Buyers





High quality fashion Led light dog neck collars

FOB Price: US \$2 - 3 / Piece | [Get Latest Price](#)

Min.Order Quantity: 200 Piece/Pieces dog neck collars

Supply Ability: 100000 Piece/Pieces per Month dog neck collars

Port: shenzhen

Payment Terms: L/C,T/T,Western Union

[Contact Supplier](#) [Leave Messages](#)

[Start Order](#) [Add to Inquiry Cart](#) [Add to My Favorites](#)

What to Look for on Product Pages

When starting your search for a supplier on Alibaba, there are a few things you want to look at and pay attention to on the product listing page. Let's take a look at an example listing for a dog collar listing we found on Alibaba.

Unit Price

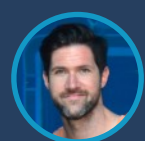
One of the first things you'll likely want to look at is the price. For this listing we can see a price of \$2-\$3 USD FOB. FOB stands for Free On Board and means that the seller will pay also costs associated with getting the product to the marine port (the cheapest way to ship products from Asia) and the buyer pays the cost of actually transporting the goods across the ocean to the final destination.

Minimum Order Quantity (MOQ)

Next, you'll likely want to look at the minimum order quantity. The minimum order quantity (MOQ) is the smallest order the manufacturer is willing to accept. However, it's important to note that this is almost always negotiable. In our example, the minimum order is 200 units. Multiplying that by the higher-end price of \$3 per unit we can quickly see that we would be looking at a minimum order of approximately \$600 USD + shipping from this particular supplier, for this particular product. This is good to know for later when it comes to negotiating because it give you a good start point.

Payment Options

After understanding price and MOQ, you will likely want to know how you can pay the supplier. There are several common methods of payment, each have their pros and cons for both the buyer and the seller.



Let's take a look at the most common payment options below and the associated risk level to you as the buyer:

1. Upfront TT (Bank Transfer)

Risk Level For Buyer: Risky

With a bank transfer, the supplier will receive full payment before production starts. This payment method bears a high level of risk to the buyer and generally is not recommended when dealing with an unknown supplier. There is little if any recourse to get your money back if something goes wrong.

2. Letter of Credit

Risk Level For Buyer: Fairly Safe

A Letter of credit is fairly safe for both parties, however a letter of credit carries some complex procedures and is generally only recommended for larger purchases (\$20,000 and above).

3. Western Union

Risk Level For Buyer: Very Risky

A risky payment method for the buyer that's not recommended when it comes to paying suppliers if the payment is not protected by escrow. Western Union generally should only be used when dealing with people you know very well. There is no recourse if something goes wrong.

4. PayPal

Risk Level For Buyer: Fairly Safe

Paypal is a popular payment method for buyers as it presents a much lower risk, ease of use and generally pretty good buyer protection. Although it's a popular option with buyers, it's less popular with suppliers due to difficulties in withdrawing money, high tax rates and potential charge backs from less than honest buyers.

5. Escrow

Risk Level For Buyer: Fairly Safe

When using an Escrow service, the buyer's money is held by a 3rd party and is only paid to the supplier after the buyer confirms satisfactory delivery of their order. Escrow is a fairly safe payment method for buying and selling online because Escrow protects both the buyer and supplier.

You can read about common payment methods on Alibaba on the [Alibaba Safe Buying](#) page.

Generally, when you are just starting, you'll probably want to look for or negotiate with suppliers to either accept PayPal or some type of Escrow service to give you the highest level of protection.



Buyer Beware

As great as Alibaba is, it's also plagued with some problems that you need to make yourself aware of when you are researching and contacting various suppliers.

Let's take a look at three of the biggest problems with sourcing suppliers from Alibaba:

Middlemen - As mentioned previously, Alibaba has hundreds of thousands of “manufacturers”. However, many of these “manufacturers” are not manufacturers at all, rather middlemen that masquerade, marking up the price, increasing the level of miscommunication between you and the actual manufacturer while providing little, if any real value.

Scammers - Middlemen are bad but they will only take a bit of your money by charging you higher fees, scammers will take all your money. Although Alibaba has put forth a strong effort to combat and remove scammers from their platform, there are still a good share of dishonest suppliers on Alibaba that you need to be cautious of.

Quality - Quality is another big concern when ordering from overseas. Many products will be advertised as premium or high quality, however it's not uncommon to find that your opinion of premium quality and the overseas supplier's opinion are vastly different.



Safeguarding Yourself

So how exactly do you protect yourself from middlemen, scams and low quality products on Alibaba? Although no single method is perfect, together practicing several safeguards is your best bet.

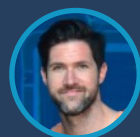
Let’s take a look at several things you can do to protect your money when sourcing from overseas:

1. Verify suppliers - Alibaba has their own verification program in place which includes several levels of verification. Below is a chart that summarizes the three different levels of verification Alibaba has. These verification badges will appear on product listing and supplier profiles if they have them. Looking for these verifications is a good first step.

Verified information	 A&V Check	 Onsite Check	 Supplier Assessment
Business license	✓	✓	✓
Contact information	✓	✓	✓
Business type (e.g. trading company, manufacturer or both)		✓	✓
Company/Factory location		✓	✓
Ownership status of the premises		✓	✓
Photos of supplier's operations		✓	✓
Certifications from subsidiaries, partners, and contractors		✓	✓
Main product lines/services			✓
Certification			✓
Human resources			✓
Production/Export capacity			✓
International trade capabilities			✓
Product quality			✓
Production process management			✓
R&D abilities			✓
Company development/expansion plans			✓
Production flow			✓
Verified Main Products			✓
Verified Videos			✓

For more information on checking supplier verification, [click here](#). For more information on Alibaba’s Gold membership for suppliers, [click here](#).

In addition to Alibaba's verifications, there are also independent 3rd party services located in Asia that will visit factories on your behalf to verify the supplier and product quality. Depending on the size of your order, a few hundred dollars extra for added piece-of-mind may be well worth it.



2. Ask questions and followup - As you begin narrowing down suppliers make sure to ask a lot of questions about their business and their products. Ask for a copy of their business license, ask for a phone number and actually call it. Have a Skype meeting with your contact. Ask for photos of the factory and sample products.

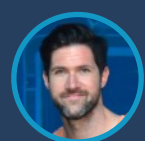
Feel free to ask for whatever makes you feel more comfortable doing business with someone a world away. It wouldn't be crazy for you to even ask your factory contact to take a photo of themselves on the factory floor holding up the current days newspaper and one of their products.

3. Get samples - It should go without saying that before you invest any significant amount of money into inventory you need to get samples to check and verify quality. Feel free to even contact them through another (fictitious) name and email and get an additional sample so you can compare quality.

4. Too good to be true - Finally, if something is too good to be true, it usually is. Be weary of pricing or promises that don't seem right or that are way off from other suppliers you've contacted. Always be willing to walk away from a deal if something doesn't feel right.

Contacting Suppliers

Now that you understand how to better protect yourself when doing a transaction on the other side of the globe, it's time to contact some suppliers. When contacting suppliers overseas, email will likely be your main method of communication. In many cases, they will likely be using a translation program like Google Translate to translate your email as well as their reply back to you. Remember, computer translation is still an imperfect art so expect some errors and possible misunderstandings. To make sure communication is as clear as possible, keep your emails short, concise, well formatted and spelling error free. This will not only help the manufacturer but it will ultimately provide you with better replies in the end.



Requesting a Quote

Requesting a quote (many times referred to as a RFQ, Request For Quote) is a relatively simple process, however, taking a few extra minutes to plan your email can make a significant difference in the number and quality of replies you receive.

Here are a few important questions to consider for your email:

- **Minimum Order Quantities (MOQ's)** - Even if a listing has their MOQ listed, you should double check with them to make sure it's accurate. If the MOQ's are much higher than what you know you can afford, you'll want to ask them if they are willing to negotiate the minimums. Make sure to give them an idea of what you can afford. Keep in mind, minimum order quantity is almost always negotiable with overseas suppliers.
- **Pricing For Samples** - Samples are important to inspect for quality. You're going to want to ask what their pricing is for samples right away. Some suppliers that receive a lot of sample requests and may change the full retail pricing, others will offer you samples at a discounted rate, and some may even provide you samples for free if they feel you're a serious buyer.
- **Production Pricing** - One of the most important questions is how much your products cost per unit will cost. Many times on Alibaba they will give you a range (Example: \$2-\$3 per unit), but you'll want to know exactly how much each unit will cost you.
- **Production Time** - Knowing how long it will take to produce your order is an important consideration and depending your exact business, time can be critical.
- **Payment Terms** - Many suppliers will require new businesses to pay for the full order upfront. This is important to know since inventory is a major cost for ecommerce startups. You may also want to also ask if they provide payment terms on future orders.



Here's an example of an email template you may want to consider as a guideline when contacting overseas suppliers from Alibaba:

Hi,

My name is John and I am with XYZ Company.

I am interested in placing an order for Widget A. Before I do however, I just have several questions:

What is your minimum order quantity?

What is your cost per unit and at what quantity levels do you offer quantity discounts?

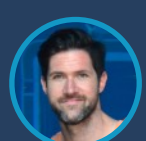
What are your payment terms for new customers?

I would also like to order a sample of Widget A before placing a full order. Can you please send me the cost for the sample including shipping to:

John Doe
80 Spadina Ave., Floor 4
Beaverton Oregon, USA
97008

Thank you.

John,
XYZ Company
www.xyzcompany.com



Negotiating

Once you have begun conversations with several suppliers and have a good idea of each of their prices, MOQ's and payment terms, you can begin negotiating with them. As mentioned previously, the minimum order quantities are almost always negotiable, it's simply a matter of asking. Remember, a good negotiation leaves both parties happy with the outcome so push a little but not too hard.

Weighing Your Options

Once you've narrowed it down to a select few suppliers, you'll want to weigh all your options. Keep in mind that when weighing your options, you'll want to consider more than just price, MOQ and payment terms. Make sure you factor in how well and how quickly each supplier replied to you. Your communication with your supplier can be a critical element of your business going forward so you'll want to make sure you start off on the right foot.



UNIT 4 | LESSON 10 - SUPPLIER CONTACT LIST

http://www.alibaba.com/products/F0/LED_Dog_Collar/-----ASS-----GGS-----y.html

☒  Trade Assurance ☒  Gold Supplier ☒  Assessed Supplier



Hot Sale S/M//L/XL 4 Size Nylon Webbing Decorative Elastic LED Dog Collar LED Dog Pet Collar

US \$0.65-1.59 / Piece

500 Pieces (Min. Order)

Size: S/M/L/XL
Color: red,yellow,blue,green,orange,pink,black...
Application: Dogs

Material: Nylon
Type: Pet Collars & Leashes
Feature: Eco-Friendly

 Ningbo Haishu Padinuo Industrial & Tra...
China (Mainland) |  Trade Assurance
Transaction Level:   
Response Rate
➡ 92.6%

 Contact Supplier  Chat Now!

 Compare  Similar Products ▾

 [CLICK HERE to Email Supplier For A Quote](#)



nylon LED dog collar

US \$0.5-2 / Piece

100 Pieces (Min. Order)

color: mixed
Application: Small Animals
Place of Origin: Zhejiang,China (...)

Type: Pet Collars & Leashes
Feature: Eco-Friendly,Stocked
Brand Name: Kung Fu Dog

 Pingyang Gemgogo Pet Supplies Co., Lt..
China (Mainland) |  Trade Assurance
Transaction Level:   
Response Rate
➡ 87.5%

 Contact Supplier  Chat Now!

 Compare  Similar Products ▾

 [CLICK HERE to Email Supplier For A Quote](#)



2016 Wholesale China Pet Products LED Dog Collars

US \$1.5-2 / Piece

5000 Pieces (Min. Order)

Color: Red, Green , Blue
Application: Dogs
Place of Origin: Zhejiang,China (...)

Type: Pet Collars & Leashes,LED...
Feature: Eco-Friendly,Stocked
Brand Name: petlike

 Hangzhou Yizhan Pet Products Co., Ltd..
China (Mainland) |  Trade Assurance
Transaction Level: 
Response Rate
➡ 75.3%

 Contact Supplier  Chat Now!

 Compare  Similar Products ▾

 [CLICK HERE to Email Supplier For A Quote](#)



WHAT'S NEXT?



amazon

MasterClass

- ☒ Stage 1: Product **Research**
- ☒ Stage 2: Product **Sourcing**
- ☐ Stage 3: Product **Production**
- ☐ Stage 4: Product **Launch**

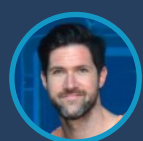
AMZ PL

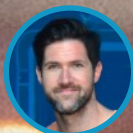
24 Steps to Private Labeling on Amazon

amazon fulfillment

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1:01:39 / 4:15:27





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