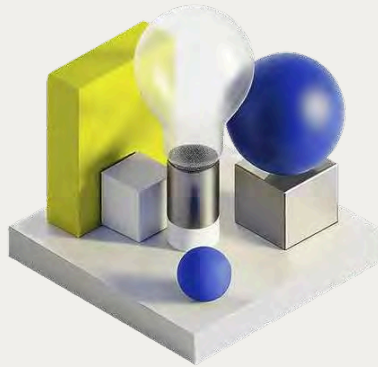




HOW TO FIND WINNING SUPPLIERS FOR YOUR ECOMMERCE BRAND



One of the **biggest challenges** that eCommerce founders face is the cost of their product/COGS take up **too much of their P&L** (making it very difficult for their brand to be as profitable as it can be)

In addition to this because of the **supplier/manufacturer relationship** that they have got setup.

They may also need to order in **very high MOQs** (minimum order quantities).

Which in turn consumes **large amounts of cash** that could otherwise be placed into selling the product and not having thousands of units **sitting on the shelf**.

The goal when starting and growing your brand for the first time is to:

- **Keep risk as low as possible** (hedge large investments into inventory/stock that has **not been proven to sell**)
- **Place most of the attention** on developing MVP (minimum viable product)
- Selling this product to as many potential to **gain “proof of life” or “proof of concept”**. This means selling your MVP (either on pre sale/pre order or ordering in very **small batch quantities** and paying higher than normal price per unit in order to hold just **enough units to sell and ship**)

In order to do the above effectively there are some **key ingredients** that are needed and necessary as part of the supplier relationships/supplier partnership to ensure that **you are able to achieve these steps.**

In my recent trip to China

I spent almost 3 weeks developing deeper relationships with my existing suppliers, meeting and connecting with a network of new suppliers for some of the **biggest brands in the world**, the likes of:

Reebok



Reebok



LuluLemon



OAKLEY

Oakley



Hilton

Hilton Hotel



Louis Vuitton



RALPH LAUREN

Polo Ralph Lauren



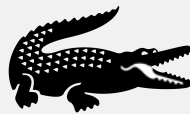
H&M

ZARA

Zara

Assembly + Co

Assembly Co



LACOSTE

Lacoste



New Balance



RIP CURL

Rip Curl



Hurley

Hurley

And the interesting thing that is **important to note** when you are starting out especially is that, there is a definite and strong correlation between:

SIZE OF MOQ & QUALITY

What this means is as your **orders get larger** - you have more “buying power”, meaning you can buy better materials, **utilize better machinery** and technology inside the production facility to manufacture your goods.

When you are dealing with small MOQs (less than 500- 1000 pieces, large factories with thousands of workers are **challenged with the ability to utilize** all of the equipment that they have at their disposal - simply because it would be inefficient.



Think of it like trying to **mow your lawn** in front of your house (the little strip next to the road) - **with a commercial size piece of machinery** that can cut 4 hectares of grass per day...

Unloading from the truck, turning the massive machine on, the fuel, the operators required to man the machine etc make it a very

unviable exercise for your little strip of grass, which could be **better cut with an \$80 electric mower** from the hardware store (you get the analogy right).

Use the **right tool** for the job

SIZE OF MOQ & FLEXIBILITY

What this means is that the **larger the MOQ** that you work towards placing, the more **flexibility you will have** with everything) the types of fabric, the materials, the packaging, the buttons, zips, lids, finishes, colours etc etc etc.



All of the options/variations that you get access to **will open up more and more** the more you order, the levels of **customisation and flexibility** that you can have access to.

SIZE OF MOQ & PRICE

What this means is that as you **buy more**, the **price will decrease further** and further improving your profit margins and increasing the amount of profit per unit that you will realize.

This is one of those “**no brainer**” kind of concepts that you should already expect somewhat, however always **keep this in mind** when you are working with your suppliers and knowing that as your

brand grows and continues increasing in size, you will **gain more and more buying power** to work the COGS of your product down lower and lower.



PAYMENT TERMS

What this means is as you **work with your suppliers** more and more, and build better and stronger relationships over longer periods of time, the terms of **pricing can and will generally change**.



Usually when you start working with a supplier the terms are **very strict 50% up front** when the order is placed, 50% upon completion of the order and prior to shipment.

Over time, volume, and **trust that you build with your supplier by:** paying on time, being diligent and strict with standards, and being consistent with the orders that you place with them, the payment **terms will often change & have flexibility**.

50/50 can turn into 30/70... which can turn into 30 up front and 70 when landed, which over time and **enough volume can turn into payment in full** when stock has landed in the country.

(bear in mind this will **take time and a strong relationship** with your supplier)

However the net **benefit that you will experience** here when activating another one of these levels with your supplier is **tremendous for your cash flow** and the amount of cash on hand that you can hold.

Now you might be **reading this and thinking...**

Well this is no good to me, I want to know **how I can order lower MOQs** and not pay tens of thousands of dollars starting out when I have **not tested/vetted or even made any sales** on the product yet!

Great - well read on.

What I wanted to outline to begin with was that this is **where you want to work towards**, and this is the

“light at the end of the tunnel”

that you are striving for and when you know the goal, and the direction that you are working towards, all things begin to **become easier and more worthwhile.**

In the meantime,

starting out you need to be **lean, nimble and strategic** with the way that you manufacture your products so that you can:

Keep costs down

and hold onto the most cash for marketing and growth

Test and start getting sales

quickly with the least amount of risk exposure possible

Grow and acquire

Grow your new brand and acquire as many customers profitably and quickly

Here are some of the **strategies, tactics and tools you can start to deploy immediately** to begin improving the supplier relationships/finding and sourcing new and better suppliers, and be able to eventually end up with a **strong and cost effective supplier** that can meet the demands of your growing brand.

1 WORK WITH THE COLOUR/TEXTILE PALLETS

that the suppliers are **already manufacturing**. If you wish to keep **costs low and decrease the manufacturing cost per unit**, and you are flexible on the colour/finish of the product - most suppliers will already either:

A. Have their own products that they are manufacturing that you can sample that may be similar to yours/ within the same niche (this will mean the supplier will not have to source customized fabric/colour materials which will require its own larger MOQ from the fabric supplier)



B. Have product excess that they are holding stock for that you could utilize with **some small customisation** (logo only) with their colours and designs.

This is one way you can **achieve a lower cost per unit** when starting out &

generally most suppliers will have some form of product inventory that they have in stock that you can **rework slightly and sell at a much lower cost** and much lower MOQ.

From experience about **50% of suppliers** will have some form of domestic retail arm of their business (selling direct to the Chinese/local market) and this number is **growing with the increased local demands**.



This means for you and your new brand,

if you are **able to/open to utilizing the products** that they are currently manufacturing and are happy with the design/style/quality etc

(if they are being sold direct to retail locally, **the quality is normally very good**)

you could potentially add your logo to their colourways/designs and have **significant savings on the cost per unit**, and access much smaller MOQs to decrease the risk for your launch.

2 NEGOTIATE WITH THE SUPPLIER

to **increase the cost per unit** if the MOQ is smaller. I.e - they may have a \$9 cost per unit for 1000 units. You may negotiate down to 200 MOQ and as a result may have to pay **\$12 per unit instead**.



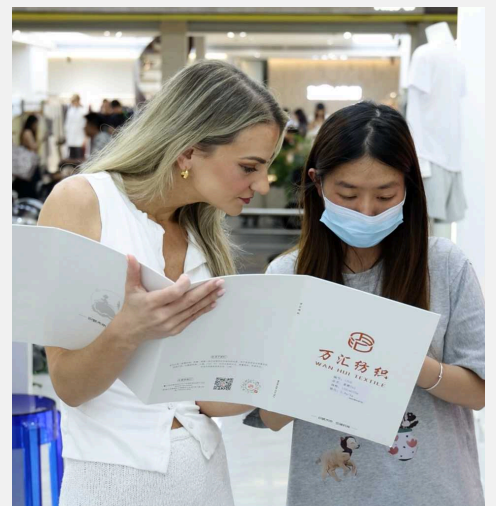
A lot of the time - when asking the suppliers “what their MOQ is” - the number that they give you **will be flexible**, despite receiving a very “fixed” figure to begin with.

If you explain to them that you are happy to **pay higher prices per unit** if you are able to receive a lower MOQ - normally they are **happy to accommodate** and work with a new startup brand to help get off the ground and scale up.

3 SPEAK TO SEVERAL SUPPLIERS

and access **multiple quotes** for the product you are looking to manufacture.

This might seem rudimentary, however it is surprising **how few startup brands** will go into the market and get quotes from multiple suppliers of their products.



One great way that you can do this is using a tool called

www.importyeti.com

that allows you to **search and view the manufacturers** of top US companies that may be your competition. Then directly gain their contact information and **speak to the supplier directly.**

This will strip out a lot of the “**searching and scouring**” of alibaba and aliexpress for random suppliers that may or may not be great (not to say that this is **not useful at times**)

However using a tool like <https://www.importyeti.com/> can skip you ahead to find valid and verified suppliers that are **already providing your competitors** with the product that you want to sell and can give you access to a “closer fit” in respect to product development/brand and finish of the product that you **may like to create/develop and ship.**

Therefore **saving more time and energy** and putting you closer to a great supplier with more **competitive costs and better quality.**

Potential downside here could be the fact that if they are a **large competitor** that you are using for your <https://www.importyeti.com/> - search.

They may have **larger MOQs** depending on the market and the niche

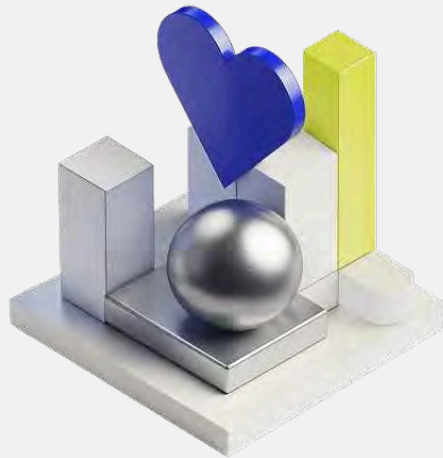
4 MAKE THE TRIP TO CHINA



This has been placed last in the list here, because despite the efficacy of this point and **how quickly you can get the information** and results you want, it is organisationally and logistically a **little more to organize**.

However from the perspective of the:

- **respect you will garner** from your suppliers that you are working with currently (if you have them)
- **speed that you will be able to achieve** product development in by being local and **able to work “in the factory”** with the supplier to turnaround samples
- **trust and loyalty** that they will have with you for making the trip over and **investing in the relationship**.



If you take your brand seriously

and want to really **expedite the quality and speed** that you are developing your products, observe the quality of the products being developed and optimize details of your product development further

(to degrees and details that **seem challenging** via email/whatsapp/wechat)

being in person and demonstrating the specific changes that you wish to make on your product live in person is incredibly rewarding, **builds a great deal of trust** with the supplier relationship

Who We Are

At eCom Capital, we specialize in **turning aspiring entrepreneurs into successful ecommerce business owners**. We're not just consultants; we're your partners in navigating the ever-changing landscape of online business.

Our mission is to **help you discover and launch profitable products** using smart, data-driven strategies that have been proven to work across industries.

With years of experience in market research, product development, and ecommerce growth, **our team is equipped to guide you** through every stage of your journey.

Whether you're starting from scratch or looking to elevate your existing business, we're here to ensure that you don't just compete but **excel in your market**.



ECOM CAPITAL[®]

If you want **help with the liaison with your suppliers**, the access and connections to lists of proven suppliers that have worked with some of the **most reputable global brands** and a playbook to make a trip to China effectively you can.

Schedule in a call with one of the Strategist from eCom Capital completely free **HERE**

I look forward to seeing the **growth of your eCommerce brand** with the right supplier relationships and unit profitability.

In your corner,
Sasha Karabut

