Do you sell Chinese-manufactured goods and are your customers happy with your service?

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Cardiff, UK (RPRN) 09/09/13 — Or "How are you addressing the key challenge of providing great online customer service? i.e. optimising the delivery speed of getting your goods from China to your customer accurately, reliably and at best value with the minimum amount of management headache!"

The first question asked by online customer satisfaction surveys is frequently about speed of delivery. This is, and will always be, one of the top five factors in the success of any online retailer, and of course will have to be managed alongside choosing your selection of products, marketing them on the right sales channels, providing quality customer service, and myriad other tasks involved in keeping your business active.

This article is the first of a series focusing on the ways you can get your products from China to the consumer while raising awareness of some of the benefits and short comings of each.

The Direct Model

The direct model involves shipping goods directly from China using a local

fulfilment provider, perhaps in downtown Shenzhen, or a drop ship partner. Both of these partners will use an international postal service such as China Post, or an Express carrier such as German Post, to reach the consumer. Alternatively, one can take an approach using a European hub where inventory can be sent by freight (air or sea) either to your own warehouse or that of an outsourced fulfilment provider in the country of your choice. So what are the benefits of each?

Sending directly from China will reduce the costs of inventory storage and freight charges, with postal service rates being as low as $4 for a small item. These cut-rate services do, however, suffer from a lower quality of service delivery, often taking up to 20 days to reach their destination. A better quality service, at $7 can achieve a 10 day delivery time and an Express service can achieve a delivery time of 4 days but rates start at $20.

This simple model can potentially be a good option for slower moving lines or new lines that are unproven, but it is not without its downsides. At peak season, the quality of service drops off– quite simply, higher demand causes all of the space on cargo planes to be filled up, which can lead to a decrease in customer satisfaction!

The European Hub Model

Using the European hub model, your own warehouse or a third party fulfilment provider will provide inventory storage in a European hub. If sea freight is used to move product from China to Europe, this can result in reduced Stock Turn, but it is very cost effective ($0.40 per item) and if your freight administrator achieves more Full Container Loads (FCL) than Less than Container Loads (LCL), the 25-30 days at sea may represent very good value.

Surprisingly, using airfreight for lightweight goods can result in end-to-end shipping times as fast as direct postal services from China. Furthermore, by using the right logistics partners or fulfilment company in Europe, rates can become very competitive - often as low as $1.20 per item. The European hub

model suits fast-moving lines and high-demand items, even at peak season. It is also essential for those who need to offer a returns service in Europe and enables you to maintain a real European presence.

There are some subtleties to using the European Hub approach -for example, having a bonded warehouse can potentially be of great benefit, allowing you to keep taxes and duties low, or even non-existent if goods are low value and moving across borders. Ensuring that all aspects of the supply chain costs are effectively managed is important – misunderstanding the difference between EXW and FOB can mean an expensive local extra carriage charge!

As is often the case, selecting the correct approach will depend on your priorities. Help and guidance on choosing the right option is available from global companies such as Professional Fulfilment Services Ltd (ProFS) who specialise in the end-to-end shipping of goods from China to consumers on behalf of online retailers. ProFS provide freight management services; operate normal and bonded warehouses throughout Europe and the USA; and can offer multiple postal options for clients' needs. The objective of such companies is to help online retailers achieve a great standard of service and the highest possible stock turn. But that's a subject for another article!

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