7 Figure Seller Summit

[Gary Huang] 0:06

Hey guys, welcome back to the seven figure sourcing Summit. My name is Gary Huang today

[Gary Huang] 0:10

I'm very excited to have Rafael Elbaz with us. How's it going, Rafael?

[Refael Elbaz] 0:14

Hey, Gary, how are you? I'm good. Thank you very much. Sorry today.

[Gary Huang] 0:17

I'm doing great. Excellent and welcome.

[Gary Huang] 0:19

Today Rafael is going to give you a shipping and freight forwarding masterclass,

[Gary Huang] 0:24

Rafael is the CEO of Yoona cargo.

[Gary Huang] 0:28

He's entrepreneurs specializing ecommerce logistics,

[Gary Huang] 0:31

They’re specialists, and they've literally helped 1000s of Amazon seller’s ship from all over the world to all over the world. So I couldn't think of a better person to give you this training. Today.

[Gary Huang] 0:41

The topic is international shipping, post pandemic, reducing your shipping costs for increased profitability.

[Gary Huang] 0:47

Everybody knows shipping costs are still very high. So you really have to look at the details.

[Gary Huang] 0:53

You got to know your numbers. So Rafael is gonna walk through this for you.

[Gary Huang] 0:57

So before we get started Rafael, could you share a little bit more about who is this training for today?

[Refael Elbaz] 1:03

That's a great question. So

[Refael Elbaz] 1:04

When you approached me, I started building these presentation from medium sized sellers, big sized sellers, kind of people with higher volumes.

[Refael Elbaz] 1:17

Because when you grow bigger,

[Refael Elbaz] 1:19

When you have more volumes, there are so many things to be done so many actions to take in order to adapt

[Refael Elbaz] 1:26

Your supply chain to make sure you work properly to make sure you operate like the big guys

[Refael Elbaz] 1:31

And save costs, optimize your supply chain. In conclusion.

[Gary Huang] 1:38

Perfect, perfect. All right. So I know we got a lot to cover today.

[Gary Huang] 1:41

So without further ado, Rafael, would you like to start your presentation?

[Refael Elbaz] 1:45

Yeah. Share my screen here. Let's begin. So today, we're

[Refael Elbaz] 1:54

Going to talk about reducing your shipping costs for increased profitability

[Refael Elbaz] 1:58

. In the past few years, the logistics world has gone through a significant disruption.

[Refael Elbaz] 2:04

Almost overnight, everything we've known, the shipping world has dramatically changed since COVID,

[Refael Elbaz] 2:10

Started important so how the supply chain became very challenging and were forced to deal with problems they've never had before,

[Refael Elbaz] 2:18

Never experienced before. Proposals like lock downs of residential industrial regions

[Refael Elbaz] 2:26

, because of China's zero COVID policy, sudden port lock downs,

[Refael Elbaz] 2:32

Much longer transit times, destination port congestions restricted capacity

[Refael Elbaz] 2:37

. I don't know if you remember that. But last year, it was very, very hard to book containers.

[Refael Elbaz] 2:43

All of these are completely new scenarios that nobody has seen before nobody has experienced before

[Refael Elbaz] 2:49

. Even though most of these challenges are out of your control out of our control, there are still things to be done.

[Refael Elbaz] 2:57

In order to reduce the impact of these challenges.

[Refael Elbaz] 3:01

We basically need to think differently and act differently because reality is completely changed.

[Refael Elbaz] 3:07

The international logistics sector has completely changed.

[Refael Elbaz] 3:10

And basically we need to adapt the way we operate,

[Refael Elbaz] 3:14

We need to adapt our whole supply chain, the way we order products,

[Refael Elbaz] 3:18

The way we produce inspections, the way we book our cargo, the destinations we booked our cargo to

[Refael Elbaz] 3:26

. Again, I don't know if all of you remember that was somewhere last year,

[Refael Elbaz] 3:31

But transit time or triple, you know, shipping containers to areas like Chicago dollars instead of 30 days to 70 days, 90 days, crazy amounts of times and everything is completely changed.

[Refael Elbaz] 3:48

Before we rethink our

[Refael Elbaz] 3:49

Supply chain together in the following slides,

[Refael Elbaz] 3:52

I want you to understand one fundamental rule.

[Refael Elbaz] 3:55

In shipping, there is no one size fits all solution. Every business moves different products,

[Refael Elbaz] 4:02

Different volumes and has different tolerance for its landed cost, right.

[Refael Elbaz] 4:06

If your products are on the lower end of the pricing like cheaper products,

[Refael Elbaz] 4:14

You're much more tolerant to your landed cost your shipping costs

[Refael Elbaz] 4:18

If you still you know more expensive products, you'll probably have bigger margins,

[Refael Elbaz] 4:23

So you have a bigger tolerance to your landed cost. So every business operates differently.

[Refael Elbaz] 4:29

So remember, while some of the things we are going to talk about they will work perfectly for one business doesn't necessarily mean it will work.

[Refael Elbaz] 4:38

Work great for another business might be a very bad idea for a different business.

[Refael Elbaz] 4:43

Right. So listen carefully. Take all the notes you can and kind of think about it like caving,

[Refael Elbaz] 4:51

Tailor made suits for your size and needs right. And in this next slide. In this session,

[Refael Elbaz] 4:57

I'm going to take you through my shop and show you some stuff

[Refael Elbaz] 5:00

Let's begin. The first thing I

[Refael Elbaz] 5:03

Want to talk about is shipping bigger quantities ship bigger

[Refael Elbaz] 5:07

. One of the most effective way of reducing your cost is making sure you're not shipping small shipments.

[Refael Elbaz] 5:14

In other words, shipping full container full container loads and not partial loads or LCL.

[Refael Elbaz] 5:20

Shipments less than container loads. Rule of thumb here, the smaller the shipment is,

[Refael Elbaz] 5:26

The bigger the cogs are right cogs are Cost of Goods Sold landed costs.

[Refael Elbaz] 5:33

There are different names to call it. But at the end of the day, cogs been the final product cost after the shipping up to the duties after the delivery to the final destination after your warehouse unloaded.

[Refael Elbaz] 5:48

The actual final cost of your product plus its shipping plus warehousing plus everything.

[Refael Elbaz] 5:54

That's what we call cogs all then that goes we'll talk a lot about it today.

[Refael Elbaz] 5:58

So it's very important that you understand that.

[Refael Elbaz] 6:04

Again, LCL shipments are much more expensive than full container loads for many, many reasons.

[Refael Elbaz] 6:10

They go through a lot of different warehouses, as opposed to full container load,

[Refael Elbaz] 6:16

They go through many, many hands, unloading stations, loading stations,

[Refael Elbaz] 6:22

Container freight station bonded warehouses, so they are in particularly much more expensive than shipping your own food container.

[Refael Elbaz] 6:31

All also full containers will help you gain improved transit time,

[Refael Elbaz] 6:35

As I just said, full container loads moves much faster through much less hands.

[Refael Elbaz] 6:42

And you'll just have much better transit times on full container loads.

[Refael Elbaz] 6:46

And lastly, on that note, always cheap 40 High cube containers and avoid 20 foot containers

[Refael Elbaz] 6:56

For the IQ just for the comparison on a 20 foot container.

[Refael Elbaz] 7:00

So let's start with a 20 foot on a 20 foot container,

[Refael Elbaz] 7:03

You can feel about 26 to 28 CBM volume of goods.

[Refael Elbaz] 7:08

And on a 40 Hi cube, you can fit 66 to 68 CBM depends on your product size.

[Refael Elbaz] 7:14

And the price difference is usually again around that mark. In this market today.

[Refael Elbaz] 7:21

The price difference between the 20 foot containers to the 40 foot container

[Refael Elbaz] 7:25

40 Heikkinen, there will be 800 doors to 1200.

[Refael Elbaz] 7:29

All right, so for a fraction of the price of the container,

[Refael Elbaz] 7:33

You get more than double the volume, right. So when you ship food on there

[Refael Elbaz] 7:38

, when you plan on shipping full container loads, making bigger orders,

[Refael Elbaz] 7:41

Make sure you don't use 20 foot containers because that will kind of eliminate the cost saving. So always go for 40 Hi, cube. Now,

[Gary Huang] 7:53

A really good point Rafael. S

[Gary Huang] 7:54

O sorry if I can jump into to better understand that I think that's huge, right?

[Gary Huang] 7:59

So if I understand correctly, the price difference going from like a 20 foot container with about 2628 cubic meters

[Gary Huang] 8:07

CPMs and a 40 foot you're going you're bumping up to 66 to 68.

[Gary Huang] 8:12

That's more than double. And you only seen $800. Right?

[Gary Huang] 8:16

You only paid $200 more for that. Right? Yeah, exactly. It's almost like, you know,

[Gary Huang] 8:22

If you go to you go to McDonald's, you get the regular size, but if you want to supersize it,

[Gary Huang] 8:27

You pay like 50 cents more you get like a much bigger drink and a much bigger fries,

[Gary Huang] 8:31

Like you know, so it's if you can, hey, if you have the appetite to shift the 44 then definitely go for that.

[Gary Huang] 8:37

I think that's a big takeaway.

[Refael Elbaz] 8:40

That's exactly the point here. You must have the appetite right?

[Refael Elbaz] 8:45

Again, the market is changed, you need the container prices are through the roof,

[Refael Elbaz] 8:50

[Refael Elbaz] 8:50

Even so even right now, remember before COVID Before the pandemic container prices again,

[Refael Elbaz] 8:56

Shanghai la that's the index, Shanghai la 40 IQ was about 1800 bucks, $1,600 something like that today.

[Refael Elbaz] 9:08

Even after the crazy downturn, it's raised the reduce of pricing compared to 2021.

[Refael Elbaz] 9:14

Today the prices are around $1,000 $9,000 that’s just four to four.

[Refael Elbaz] 9:20

So it's still four times higher than what it used to be.

[Refael Elbaz] 9:24

So getting back to my point you need to have the appetite right you need to order much more you know

[Refael Elbaz] 9:32

Products you need to fill this full container loads just to save these costs.

[Refael Elbaz] 9:37

If you run a quick scenario and it's very easy to run a quick scenario on you know finding out your cogs

[Refael Elbaz] 9:43

When you ship a full container will just get you know ask your supplier how many products you wouldn't fit in

[Refael Elbaz] 9:49

It in a 40 hyphen container, go to your freight forwarder and get the prices

[Refael Elbaz] 9:53

For the anti-cubes and dentists for door to door and just you know you have the final number

[Refael Elbaz] 10:00

And if you haven't done so if you haven't done that scenario, do that you will be amazed with the results.

[Refael Elbaz] 10:07

Rule of thumb, you know, just

[Refael Elbaz] 10:10

Out of my mind, this should give you around 100 to 200% saving on your unit cost on a shipping

[Refael Elbaz] 10:21

Cost for each for each unit. So again, that's a lot of money. If you compare it to an LCL to partial loads,

[Refael Elbaz] 10:29

You will see that that's a lot of money. So back to what you said about McDonald's.

[Refael Elbaz] 10:34

It's not if you have the appetite, you need to develop that appetite,

[Refael Elbaz] 10:37

You need to have that appetite in order to reduce your costs. Remember,

[Refael Elbaz] 10:41

The market has changed, and we need to change. Right, we want to we that's

[Refael Elbaz] 10:47

All we're going to talk about today about how to make sure we are adjusting,

[Refael Elbaz] 10:53

Adapting our supply chain to reduce our costs will be in better profitability.

[Refael Elbaz] 10:58

That's what I'm involved with everybody wants.

[Refael Elbaz] 11:01

So our operational goal here, our ultimate goal is to change our whole operations to only shipping full container loads and not using LCL.

[Refael Elbaz] 11:12

Shipments at all. Right? So once you reach that goal, and again

[Refael Elbaz] 11:19

, it's very that's how I started my slides very different from business to business.

[Refael Elbaz] 11:23

We're going to give solutions on how to deal with challenges of filling full containers in the next slides.

[Refael Elbaz] 11:30

But you need to understand that your operational goal, that's how the big boys run, right?

[Refael Elbaz] 11:35

Nobody from bigger importers, they are avoiding LCL shipments like

[Refael Elbaz] 11:39

Fire because they understand that it's very, very expensive.

[Refael Elbaz] 11:43

Everybody on the on, you know from the bigger importers, they only use full container loads.

[Refael Elbaz] 11:51

Now, once you've reached that target, you will probably you will most probably need a designated repeal to stall these products. Right I know that most of the sellers today, after the

[Refael Elbaz] 12:03

Amazon restrictions and after the port problems and everything.

[Refael Elbaz] 12:07

Most of most of Amazon sellers or ecommerce sellers use designated repeals warehouses in destination

[Refael Elbaz] 12:13

. But it's super, super critical and important that you understand your three PL operation understand your three PL

[Refael Elbaz] 12:22

Pricing once going to full container loads, repeals will price

[Refael Elbaz] 12:27

It differently whether you ship the full container loads to them,

[Refael Elbaz] 12:31

Or partial load and LCL shipment on a full container load you'll have unloading costs,

[Refael Elbaz] 12:36

Right they'll have to unload your products, they'll have to sorry, they'll have to sort and segregate

[Refael Elbaz] 12:42

The different skews if you have multiple SKUs in st in a single container.

[Refael Elbaz] 12:48

They will have to palletize it and obviously storage.

[Refael Elbaz] 12:52

So make sure you understand repeal costs that are completely different topics.

[Refael Elbaz] 12:57

But let's move on. It's very important that you understand your three build pricing.

[Refael Elbaz] 13:04

The second thing is keeping bigger keeping bigger stocks.

[Refael Elbaz] 13:08

Right if we ship bigger, it's it's it's inevitable that we keep bigger stocks because we ship bigger stocks.

[Refael Elbaz] 13:17

Why do we need to keep bigger stocks?

[Refael Elbaz] 13:19

Getting bigger stocks of products is the best way to overcome production delays.

[Refael Elbaz] 13:24

Right we are facing a lot of production delays in in the current market.

[Refael Elbaz] 13:28

Again, factories shut down we just got out just literally last week got out of out of two month lockdown in Shanghai region

[Refael Elbaz] 13:38

. Right. There were crazy, crazy, crazy.

[Refael Elbaz] 13:43

Manufacturing delays because a lot of factories was were on the lockdowns, many people couldn't get out of home.

[Refael Elbaz] 13:50

That's part of China's zero tolerance policy for COVID.

[Refael Elbaz] 13:58

It is also a great deal. It's also a great way to deal with longer transit time, right?

[Refael Elbaz] 14:06

You sit on stock, you have stock so you don't need to heavily rely on international shipping.

[Refael Elbaz] 14:14

Because you have your products at your destination market.

[Refael Elbaz] 14:18

How would keeping bigger stocks help you reduce costs?

[Refael Elbaz] 14:22

It won't, but it will allow you to have products to sell products available to sell and that's what supply chain is all about having products to sell.

[Refael Elbaz] 14:31

Although shipping bigger quantities meaning higher MOQ use higher minimum order quantities

[Refael Elbaz] 14:38

When you order in bulk when you order bigger quantities from your suppliers you might be able to get a better pricing.

[Refael Elbaz] 14:46

You will have more wiggle room for negotiation because now instead of 1000 units you ordered 20,000 units right and that's a fertile ground for starting negotiating your unit with your suppliers,

[Refael Elbaz] 15:01

Because now you're moving to full blown Dell. So that's another thing to

[Refael Elbaz] 15:04

Mention. Let's move on. Now.

[Refael Elbaz] 15:10

While we understand

[Refael Elbaz] 15:10

That shipping full container load will reduce your shipping cost dramatically,

[Refael Elbaz] 15:15

We've noticed that many medium sized sellers and even big size sellers have a lot of challenges ramping up their supply chain to that level.

[Refael Elbaz] 15:25

It takes some time and energy and obviously cash flow restraints,

[Refael Elbaz] 15:32

To get an order much louder, you know, shipments and ship full container loads.

[Refael Elbaz] 15:40

Some of the challenges that I know many of you face today are different order quantities, right?

[Refael Elbaz] 15:46

You have multiple suppliers, you have, you know, maybe five CBM from the supplier 10 CBM.

[Refael Elbaz] 15:53

From that supplier, different volume from different skews basically.

[Refael Elbaz] 15:58

The second thing that we've noticed that a lot of sellers kind of get complicated with many different suppliers, multiple suppliers in different locations, right.

[Refael Elbaz] 16:09

Some of your suppliers are located differently from one form or another.

[Refael Elbaz] 16:13

So that's another challenges that we've seen.

[Refael Elbaz] 16:18

And the last challenge is that last challenge that we've seen is dynamic cloud already they ClD right, your cargo some of your products will be ready next week

[Refael Elbaz] 16:29

, and other suppliers will have products ready in the next two weeks.

[Refael Elbaz] 16:33

So you'll have different cloud ready dates from supplier to supplier

[Refael Elbaz] 16:36

. And that's another challenge. How do you coordinate all that? Right.

[Refael Elbaz] 16:42

So one of the best tools to deal with these challenges is called shipper on console.

[Refael Elbaz] 16:47

We wrapped up this product somewhere last year where we have noticed that a lot of bigger volume or higher volume sellers tried and were interested in building their own ship and consolidations.

[Refael Elbaz] 17:02

Basically Watch keeper on console means is we've consolidated all your freight forwarder consolidate many different orders,

[Refael Elbaz] 17:10

Multiple orders from multiple suppliers into one consolidation have one main warehouse in your origin country

[Refael Elbaz] 17:17

Let's say China. Once all orders arrive to that warehouse,

[Refael Elbaz] 17:23

You we, the freight forwarder has picked up an empty container.

[Refael Elbaz] 17:27

And he stuffed that container with all of your orders.

[Refael Elbaz] 17:30

And now you have your own full container instead of many small shipments.

[Refael Elbaz] 17:35

That's a very, very good solution. In order to help people get into the position where they ship full container loads without many factoring a container load worth or products from each and every single supplier.

[Refael Elbaz] 17:50

So simply put your freight forwarder builds your own container consolidation.

[Refael Elbaz] 17:56

Even though it sounds a bit complicated, this is a fairly simple process for freight forwarders most of the freight forwarders already doing it for their other clients that

[Refael Elbaz] 18:07

That’s a that's a you know what we call in traditional freight forwarding that's a common product. Right?

[Refael Elbaz] 18:14

We do that all the time many other freight forwarders do that all the time.

[Refael Elbaz] 18:17

So it's not that complicated for a freight forwarder.

[Refael Elbaz] 18:20

It's fairly easy to do. Now there are many different ways of building shipper console shipper,

[Refael Elbaz] 18:26

Shippers on console on consolidation. For example

[Refael Elbaz] 18:32

, if you buy your products under FOB terms with your supplier,

[Refael Elbaz] 18:37

There are ways for the freight forwarder to negotiate with your supplier to pay for the inland costs for moving the products from the factory to that consolidation.

[Refael Elbaz] 18:46

Now that's under FOB under the local charges.

[Refael Elbaz] 18:49

And in some cases, we found out that after negotiate with negotiating with that supplier,

[Refael Elbaz] 18:56

They are also agreed to pay the loading costs of that container in that main consolidation hub

[Refael Elbaz] 19:03

. Simply because sometimes consolidating one container is actually cheaper for suppliers on the local challenges. It's actually cheaper than shipping an LCL shipment.

[Refael Elbaz] 19:17

Right let me get back to basics FOB free on board.

[Refael Elbaz] 19:21

When you buy products under fo b terms it means that you agreed with your factor with your supplier that they they will bear the cost of the local challenges in China,

[Refael Elbaz] 19:33

The transportation of the products from their factory to the port, the loading costs,

[Refael Elbaz] 19:38

The customs clearance costs.

[Refael Elbaz] 19:39

So when you have your freight forwarder and negotiate with different suppliers to build your own shipping because shipper consolidations and FOB terms

[Refael Elbaz] 19:49

We've noticed that a lot of the time the even though we don't ship it directly to the port,

[Refael Elbaz] 19:55

We ship it to the consolidation warehouse the supplier will actually pay for it all Have the local Charles and save you a lot of money.

[Refael Elbaz] 20:03

Now, let's see, this is exactly the guidance and help you want from your freight forwarder.

[Refael Elbaz] 20:08

That's what you pay your freight forwarder for.

[Refael Elbaz] 20:11

That's exactly the work, you know, to coordinate with your supplier to give you that advice to help you build that,

[Refael Elbaz] 20:18

And negotiate on your BF. And this is the true difference between a logistics partner,

[Refael Elbaz] 20:24

Someone who is your partner, who can help you build that who can help you plan that can help you reduce these costs.

[Refael Elbaz] 20:32

And that's the difference between a logistics partner to a simple straightforward,

[Refael Elbaz] 20:36

We'll just do as you asked them to do, right. Again, remember,

[Refael Elbaz] 20:41

Freight forwarder has all the knowledge that's their, that's their profession, that's the business.

[Refael Elbaz] 20:46

So, you know, pick up the phone schedule a meeting with your freight for talk about that. And I'll give you

[Refael Elbaz] 20:56

You know, let's talk about the way we designed it to give you a better idea.

[Refael Elbaz] 21:02

When we started building the service internal, we're focused exactly on those challenges.

[Refael Elbaz] 21:08

And with a particular focus on cost saving.

[Refael Elbaz] 21:13

So basically, we partnered with over 30 different warehouses in China that are connected and have

[Refael Elbaz] 21:20

Daily transfers of cargo between them, regardless of our clients. I'll skip to the next slide to show you exactly what I mean.

[Refael Elbaz] 21:28

This is our network in South China, for example.

[Refael Elbaz] 21:31

So if you'll see we have about 10 different warehouses in South China, and all connected internally to the main consolidation have been changing.

[Refael Elbaz] 21:42

That's the red where of just near Hong Kong.

[Refael Elbaz] 21:47

So let's say you have a supplier in Shantou.

[Refael Elbaz] 21:49

Shantou is about 340 kilometers from changing when you ship an LCL

[Refael Elbaz] 21:56

Shipment of partial load and let's say your supplier is located in the Shantou you've produced toys.

[Refael Elbaz] 22:03

And when you ship an LCL shipment you will have to transport that your shipment from Shanghai to to Shenzhen is the main consolidation out for LCL shipments.

[Refael Elbaz] 22:14

Regardless if you're doing your own shipment consolidation or not, if you ship partial loads in from South China,

[Refael Elbaz] 22:21

It will go out of Shenzhen will depart from Shenzhen.

[Refael Elbaz] 22:24

So in this model, when we design that we partnered with all these warehouses,

[Refael Elbaz] 22:28

And now let's say you have a supplier in Shantou, we will pick it up to the warehouse in Shantou.

[Refael Elbaz] 22:34

Alright, we will pick it up locally. It will be very, very cheap, almost without cost to the factory,

[Refael Elbaz] 22:41

Because we pick up locally. Now we have a warehouse in Shantou

[Refael Elbaz] 22:44

, that warehouse in Shantou is connected to the warehouse in Shenzhen.

[Refael Elbaz] 22:49

Connected by mean by connected these

[Refael Elbaz] 22:51

They are on the same network and they have daily flow of cargo they have daily trucks moving cargo between these warehouses, regardless of our volume,

[Refael Elbaz] 23:01

Regardless of your volume. With or without you, they will have a truck moving from Shantou to stringent every day. So basically what we've gained here, we picked up from Shantou,

[Refael Elbaz] 23:11

To Shantou, white, instead of moving almost four hours' drive 350 kilometers to shinning, we picked up locally, we drove 10 kilometers,

[Refael Elbaz] 23:21

20 kilometers, 30 kilometers, right, that's cost of about I don't know 3040 50 bucks to pick it up and and move it to the warehouse.

[Refael Elbaz] 23:30

And then we will have cargo transfer from Shan to to Shenzhen, which is also very, very cheap because the truck is already going that's called the truck consolidation.

[Refael Elbaz] 23:40

So basically, we've V's network all around South China.

[Refael Elbaz] 23:47

So you're able we are able to pick up locally and move it to the consolidation of very,

[Refael Elbaz] 23:53

Very cheap, that's a huge cost saving for you if you ship if you buy under Ex

[Refael Elbaz] 23:59

Works or for your supplier if you buy if you buy on the form. That's why I said when we built it,

[Refael Elbaz] 24:05

And we've started working with all these suppliers for our clients,

[Refael Elbaz] 24:10

We managed to get all of the loading costs basically on the suppliers expense, all of the loading all of the transfers,

[Refael Elbaz] 24:17

The supplier paid for everything because it was very, very cheap for them to get back to the the previous slide.

[Gary Huang] 24:26

Sorry. I have a couple questions about that.

[Gary Huang] 24:30

Do Should I wait until the end or should I jump in right now?

[Gary Huang] 24:35

Okay, all right. I think this is very interesting because like what you said this way you can really get those 40 foot HQ

[Gary Huang] 24:43

Container loads this way by consolidating and in terms of the time is very interesting.

[Gary Huang] 24:49

You have this networking stringent. How long does it take to do this consolidation?

[Gary Huang] 24:53

Let’s say you know, I have a factory in Shantou I have a factory in like Moulmein and you know,

[Gary Huang] 24:58

I want to you know, I want to bring Are these LCLS together in shinjin? How long would it take? Well,

[Refael Elbaz] 25:04

Again, they're all daily transfers of cargo. So if your cargo is really in Shantou today,

[Refael Elbaz] 25:09

We'll pick it up to arrive, I don't know what the same day or next day to

[Refael Elbaz] 25:12

Shantou and on the same day or next day it will move to Hong Kong to sorry to Xinjiang,

[Refael Elbaz] 25:19

And again, the drive is about four hours. So basically, within two days after your cargo ready date

[Refael Elbaz] 25:24

The cargo will already be in Schengen waiting into consolidation

[Refael Elbaz] 25:28

Out for the next hour. Now, the next step is, you know, the next cargo ready date,

[Refael Elbaz] 25:33

If you have another product ready within a week,

[Refael Elbaz] 25:36

We'll pick it up from different supplier and again through this internal network.

[Refael Elbaz] 25:40

It will move to Shenzhen, by the way, we have these internal networks in East China around Shanghai,

[Refael Elbaz] 25:46

Ningbo areas and in North China ranking out the engine.

[Refael Elbaz] 25:50

I didn't show it here because it will be too complicated. I took South China is an example.

[Gary Huang] 25:55

That was actually my next question. So around Shanghai, Julia Jiang, Jiang, Su, like Ningbo, you guys had this

[Refael Elbaz] 26:04

Same model of about 10 to 15 connected warehouses

[Refael Elbaz] 26:08

Where they have free flow of cargo, which means they have daily transfers of cargo between these warehouses. Okay,

[Gary Huang] 26:15

Okay. What about the COVID effects?

[Gary Huang] 26:17

I mean, with all the lock downs, you know,

[Gary Huang] 26:19

In around Shanghai, any effects? And you know,

[Gary Huang] 26:22

At the time we're talking literally, Shanghai just opened up last week. So what are you seeing I'm curious?

[Refael Elbaz] 26:29

On again, this week is much better, but on the lockdown products wasn't moving. In Shanghai.

[Refael Elbaz] 26:39

It just was it was very hard. You know, truck drivers had a lot of limitations

[Refael Elbaz] 26:43

, they have to go through many different COVID tests.

[Refael Elbaz] 26:47

And it was crazy expensive, deport was operational, by the way,

[Refael Elbaz] 26:51

Shanghai port was completely operational customers were operational.

[Refael Elbaz] 26:56

The problem was factories, not having products ready on time and tracking,

[Refael Elbaz] 27:02

Moving the products between warehouses. That was the main problem.

[Refael Elbaz] 27:10

t wasn't moving to your question. Products wasn't weren't moving through the lockdown.

[Refael Elbaz] 27:17

We just got we just opened up. I mean, Shanghai just opened up on the first or second of June.

[Refael Elbaz] 27:25

And now we are seeing much, much more movement. It's much easier.

[Refael Elbaz] 27:30

It still still has some difficulties, but I believe it will get better within you know,

[Refael Elbaz] 27:35

Week or two.

[Gary Huang] 27:37

Excellent. All right. Let's keep going.

[Refael Elbaz] 27:40

Let's keep going to your question. After these products

[Refael Elbaz] 27:45

Arrive to the consolidation hub to shinjin you'll probably have,

[Refael Elbaz] 27:49

You know, a gap of

[Refael Elbaz] 27:53

A week or something two weeks between cargos validates that's the challenge we've discussed earlier,

[Refael Elbaz] 27:58

You know, different suppliers will have different cargo ready dates,

[Refael Elbaz] 28:01

Your cargo will be ready in different times. So what we've built, we kind of contracted Very well.

[Refael Elbaz] 28:09

Very good terms,

[Refael Elbaz] 28:10

We negotiated very good terms with these our internal warehouses where we can offer sometime

[Refael Elbaz] 28:17

Up to 30 days of sweet free storage in Shenzhen.

[Refael Elbaz] 28:21

So basically, you will have 30 days without paying storage, while your products are waiting

[Refael Elbaz] 28:27

For the other products to arrive from the different warehouses

[Refael Elbaz] 28:30

And until you have these 6065 CBM, ready for consolidation.

[Refael Elbaz] 28:36

Right? We don't want you know, you don't want to that's exactly what you asked, How long does it take?

[Refael Elbaz] 28:41

And what are the costs associated.

[Refael Elbaz] 28:43

So again, when we designed this product, we kept in mind that it will be very difficult

[Refael Elbaz] 28:50

If there will be a lot of costs associated.

[Refael Elbaz] 28:53

That's why we've thought about the internal warehouse network.

[Refael Elbaz] 28:59

And that what it was very, very important to us to offer, you know, a very wide range of free storage,

[Refael Elbaz] 29:08

While you wait for other cargo and utilizing Incoterms

[Refael Elbaz] 29:13

That’s exactly what I've discussed when you bind the fob.

[Refael Elbaz] 29:16

And under this scheme, it will be almost without any charges to build your own ship or consolidation.

[Refael Elbaz] 29:24

Now again, as I said, it won't work for any business

[Refael Elbaz] 29:29

. The rule of thumb here is, you know, when does it make sense when you have multiple suppliers in the same country and

[Refael Elbaz] 29:37

You when you average over 50 CBM combined on a single production line.

[Refael Elbaz] 29:42

So when you when if you sum up your suppliers and you, you now calculate how many

[Refael Elbaz] 29:51

CBM you manufacture, or you order from all of them together on a single cycle

[Refael Elbaz] 29:57

, it's got it this way,

[Refael Elbaz] 29:59

If you ever

[Refael Elbaz] 30:00

For all of the suppliers you are, I can tell you that almost 100% You're leaving money on the table by not optimizing your supply chain and building your own consolidation.

[Refael Elbaz] 30:13

Right. Again, it won't work for any business for any important buy.

[Refael Elbaz] 30:16

Again, the bigger you grow, the more products you will have, the more suppliers you'll have.

[Refael Elbaz] 30:22

And you'll just make more sense to consolidate them. And again, think about it this way

[Refael Elbaz] 30:29

. When you ship multiple LCL shipments, smaller shipments from each supplier,

[Refael Elbaz] 30:34

You have to deal with different small shipments, multiple small shipments.

[Refael Elbaz] 30:38

And when you consolidate into one container load, you're looking at a between 100 to 200%.

[Refael Elbaz] 30:45

Cost saving on your unit shipping costs. Again, minimum.

[Refael Elbaz] 30:51

So there's a huge cost saving there that people should know.

[Gary Huang] 30:58

Of I mean, I ask when you say same country,

[Gary Huang] 31:01

Or besides China Do you does Euro cargo offer this in like India or Mexico or anywhere else.

[Refael Elbaz] 31:06

We do it in India as well. We don't do it in Mexico.

[Refael Elbaz] 31:10

We do it in India, we've done it in, in Vietnam as well.

[Refael Elbaz] 31:17

So China, Vietnam and India. But again, China is much more advanced as far as logistics infrastructure.

[Refael Elbaz] 31:30

Years ahead of the competition, which is Vietnam, and India, or any Southeast Asian countries,

[Refael Elbaz] 31:39

Just the logistics infrastructure, the warehousing networks, the roads, the trucking,

[Refael Elbaz] 31:44

The trucking operation, it's just much more advanced in China,

[Refael Elbaz] 31:48

It will probably be much more expensive to do it in India

[Refael Elbaz] 31:51

. And in Vietnam, it will still make sense. But it will be the most effective to rely on China.

[Refael Elbaz] 31:58

I know a lot of sellers are trying to get out of China. It's not an easy task, because

[Refael Elbaz] 32:05

I don't know if you've shipped out of India, but it's it's much more I wouldn't say complicated.

[Refael Elbaz] 32:12

But it's it's different. It's slower. It's more expensive. It's not that advanced, as in China.

[Refael Elbaz] 32:20

Right. China is the most by far, by far has the best logistics infrastructure in the world by far.

[Gary Huang] 32:31

I think you know, they just had they have the longest experience doing this

[Gary Huang] 32:35

. They had a much longer Headstart than India, India's maybe China 15 years ago, were like 20 years.

[Refael Elbaz] 32:42

And it is basically China's been a manufacturing hub of the Wilson's there.

[Refael Elbaz] 32:47

I would say the 90 is Little Italy 2000. And so yeah, they have 2030 years' experience.

[Refael Elbaz] 32:54

Now they build their ports, they build their roads, you know, it's just much more mature,

[Refael Elbaz] 33:01

The whole logistics sector there.

[Refael Elbaz] 33:05

Yeah. Makes sense. All right. Moving on, let's talk about supply chain trends.

[Refael Elbaz] 33:11

Because this is very interesting. So what I mean by supply chain trends is,

[Refael Elbaz] 33:17

I don't know, I don't know if you remember that wasn't long ago by again,

[Refael Elbaz] 33:23

It's very easy for us to forget, three COVID,

[Refael Elbaz] 33:27

You know, the trend in supply chain that the way importers operate for Lean supply chain,

[Refael Elbaz] 33:33

Or what we call just in time, right? Production in smaller quantities.

[Refael Elbaz] 33:39

You kept lower stock levels, you were just you know, producing as much as you need shipping

[Refael Elbaz] 33:45

It directly to Amazon or shipping it directly to your end warehouse or consumer

[Refael Elbaz] 33:50

No matter you know, depends on your marketplace. Let's talk about Amazon,

[Refael Elbaz] 33:54

Because probably most of ourselves will be Amazon sellers. Most of our listeners third would be Amazon sellers.

[Refael Elbaz] 34:01

So before COVID Just in time supply chain produce just what you need

[Refael Elbaz] 34:07

. You ship it directly to Amazon, you keep lower stock levels, and you don't have to manufacture so many,

[Refael Elbaz] 34:13

You know, huge quantities to overcome production delay and shipping delays and eventually lead to lower supply chain costs because

[Refael Elbaz] 34:24

You wanted to keep it lean right don't manufacture so much

[Refael Elbaz] 34:27

You don't manufacture more than you consume or sell and you don't need to keep huge storages for for you know for bigger stocks. And that was pre COVID.

[Refael Elbaz] 34:40

That was the trend that was the norm.

[Refael Elbaz] 34:43

That was the best practice before COVID started you know,

[Refael Elbaz] 34:49

We started with manufacturing disruption. We had a lot of lockdowns,

[Refael Elbaz] 34:53

Factories were shutting down manpower was a big problem.

[Refael Elbaz] 34:57

So the supply chain brands move to large orders radically produce much larger orders.

[Refael Elbaz] 35:06

Again, I'm talking about the big boys, the big guns,

[Refael Elbaz] 35:10

Walmart. Costco like the big importers or even big aggregators are big Amazon

[Refael Elbaz] 35:20

Service, they were producing much louder orders to overcome the factoring disruption.

[Refael Elbaz] 35:27

You kept higher stock levels, much higher stock levels to deal with shipping disruption right now,

[Refael Elbaz] 35:34

Because you have instead of 30 days or 20 days transit time, now it takes you 70 days

[Refael Elbaz] 35:39

. So you can't rely on the international shipping anymore in lighting just in time supply chain,

[Refael Elbaz] 35:44

And you had to keep higher stock levels. And obviously, what happened is the supply chain

[Refael Elbaz] 35:50

Costs rose and went through the roof. By the way, that's this part, or one of the reasons

[Refael Elbaz] 35:58

We see the inflation now, you know, all the talks about inflation, you know, supply chain,

[Refael Elbaz] 36:04

Is the main has a major role in what happens in the world

[Refael Elbaz] 36:08

. And that what happened in the past few years, right COVID-19 supply chain is changed,

[Refael Elbaz] 36:15

The trend has changed the best part, this was changed from leaner supply chain just in time to much heavier,

[Refael Elbaz] 36:22

Much thicker supply chain of having larger orders keeping higher stocks to avoid all these challenges in the

[Refael Elbaz] 36:30

Market. Now, we are what we call in post COVID. Right, the trend has changed again,

[Refael Elbaz] 36:38

Listen, see how in, in about what two years, just a bit of more than two years,

[Refael Elbaz] 36:46

We've had three different trend changes in supply chain just in time, right before COVID.

[Refael Elbaz] 36:54

During COVID, we had a huge shift of bigger and bigger supply chains, which were much more expensive.

[Refael Elbaz] 37:04

And now we only post COVID that things are changing again. Right?

[Refael Elbaz] 37:08

We have improved capacity, it's not a problem to book shipments anymore.

[Refael Elbaz] 37:13

We have improved transit times, right, the port congestions are getting better by the day.

[Refael Elbaz] 37:19

And the shipping costs are going lower. Remember, we discussed it when we started this presentation.

[Refael Elbaz] 37:25

Today, Shanghai, Los Angeles, we are about $1,000 Mark $1,500 Mark on a container during the peak of the pandemic.

[Refael Elbaz] 37:36

I think it was July or August last year we were at $17,000 A container Shanghai la double

[Refael Elbaz] 37:42

. So now we are at post COVID. And things are changing again, we need to adapt our supply chain again.

[Refael Elbaz] 37:51

Here's an interesting graph. To show you the shifts waiting outside of us sports.

[Refael Elbaz] 37:58

You can see that. Let's talk about LA today. That again, this graph is from May today,

[Refael Elbaz] 38:06

The number of vessels in LA is 20. When he fought between 25 to 20. O

[Refael Elbaz] 38:13

N this graph, it's 34. In La look at how the trend is going down at the peak,

[Refael Elbaz] 38:19

We were at 150 150 container vessels sitting outside the port waiting to get unloaded.

[Refael Elbaz] 38:28

That's again in the peak it was translated to about 40 days

[Refael Elbaz] 38:33

Wait, right after your container raw arrive its destination port were you had fully days wait on that line of vessels.

[Refael Elbaz] 38:43

So as you can see, congestion is getting better. That's what we call the post COVID.

[Refael Elbaz] 38:48

And it's getting better by the day. Right?

[Refael Elbaz] 38:51

This is from month ago today, it's even much better. And

[Gary Huang] 38:58

Can I ask you a quick question? It is getting better.

[Gary Huang] 39:00

But do you think the fact that China in Shanghai has been in lockdown?

[Gary Huang] 39:06

Do you think that has an effect on the reduced traffic flow?

[Gary Huang] 39:10

Or do you think it's gonna spike up again? Or what's your take?

[Refael Elbaz] 39:15

That's a great, great question.

[Refael Elbaz] 39:17

And I had it in the last slide about the q2 forecast. Okay,

[Gary Huang] 39:22

We can save it until the end.

[Gary Huang] 39:23

I don't want to preempt your cliffhanger.

[Refael Elbaz] 39:27

Okay. Now, if we know the VA, you know, we are now at post COVID era

[Refael Elbaz] 39:37

, and let's rethink our supply chain again. Right? Like we like we adapted when COVID started.

[Refael Elbaz] 39:45

Now we can kind of say again COVID

[Refael Elbaz] 39:47

Not really ended but the effects are really slowing down on supply chain and it's getting better by date.

[Refael Elbaz] 39:54

So let's try to rethink what we can do differently.

[Refael Elbaz] 39:57

Now that we know that the market is changing again.

[Refael Elbaz] 40:00

If we know capacitor international shipping is improved.

[Refael Elbaz] 40:05

But we still need to overstock due to manufacturing challenges we are still going to see, again,

[Refael Elbaz] 40:12

At least in my opinion we discussed before we went live

[Refael Elbaz] 40:15

, China's China is still having their zero tolerance COVID policy.

[Refael Elbaz] 40:23

So even though Shanghai just opened up a couple of days ago,

[Refael Elbaz] 40:29

We don't know what's gonna happen tomorrow, no, maybe

[Refael Elbaz] 40:31

Shenzhen will be closed down again, we don't really know.

[Refael Elbaz] 40:35

So the trend is keep on overstocking, you still need to have bigger amounts of products stored to have them available

[Refael Elbaz] 40:45

For sales. So but we can still have, we can still think about reducing our costs.

[Refael Elbaz] 40:52

So we can talk about relocating warehouse internationally, we've seen some bigger sellers,

[Refael Elbaz] 41:01

Bigger importers moving there, with the warehousing location, right, storing dudes,

[Refael Elbaz] 41:07

Just for example, storing your products around Los Angeles around LA west coast, cost

[Refael Elbaz] #41:13

Roughly between 20 to $30. A pallet, a monthly storage again, depends how many you have depends

[Refael Elbaz] 41:22

Who you are depends how big you are.

[Refael Elbaz] 41:25

But that's kind of the market cost 20 to $30 per pallet per month for storage.

[Refael Elbaz] 41:31

Now, moving your storage facility to China could reduce these by 50%.

[Refael Elbaz] 41:38

Your storage costs your overall three PL costs. Today we operate again, based of the request of our bigger clients.

[Refael Elbaz] 41:48

We operate warehouses in Shanghai, Shenzhen and in King in PNG, south, east and north. We list we will list about 10,000 pallet positions in each city.

[Refael Elbaz] #42:05

And we started some of the big importers actually moved their storage to China instead of Los Angeles. Why is that? A saving of about 5440 to 60% cost saving on your three PL costs

[Refael Elbaz] 42:22

. Again, when you store a lot of products, that's huge saving, that's a lot of money.

[Refael Elbaz] 42:27

Now, we know that, you know shipping has improved dramatically, you know the transit time and the trend is getting better and better.

[Refael Elbaz] #42:37

So you can start getting you know, we can stop relying again on international shipping.

[Refael Elbaz] 42:45

What we try to avoid during COVID now is getting back to kind of normal transit times are getting better by the day.

[Refael Elbaz] 42:54

And but you still need to have stock available.

[Refael Elbaz] 42:56

So they actually move their stock to China, they store it in China.

[Refael Elbaz] #43:02

And they kind of started doing just in time shipping because again,

[Refael Elbaz] 43:05

Shipping is improved. So you can start republishing replenish goods from China instead of domestically

[Refael Elbaz] 43:13

In the states in order to reduce costs. Again

[Refael Elbaz] 43:16

It doesn't fit for everyone you probably need.

[Refael Elbaz] 43:19

In order to get major cost saving, you need to have a lot of products to store.

[Refael Elbaz] 43:24

But that's an idea. Another thing that we can do post COVID is relocating our warehouses domestically. What happened in COVID is that dry ports, what we call is, you know,

[Refael Elbaz] 43:38

When you have when you need to move your products into Chicago,

[Refael Elbaz] 43:42

Dallas, Kansas, right, these are not seaports. These are what we call dry ports.

[Refael Elbaz] 43:50

Right, the cargo is coming through late. And once it's the content is to unload in LA

[Refael Elbaz] 43:56

. It moves via rail, what we call dry ports, right. CFS, Dallas or dry port Kansas will dry Port Chicago,

[Refael Elbaz] 44:06

Whatever. Now, during COVID. The transit time to these dry ports was so long, because of all of the delay in the congestion. It took about 90 days, sometimes 100 days to get to Chicago or Dallas

[Refael Elbaz] 44:22

. So a lot of these importers moved their facilities, their storage facilities to sea ports.

[Refael Elbaz] 44:30

Right they can they close their facilities in Chicago because it was impossible to move cargo there.

[Refael Elbaz] 44:36

And they move their warehousing facilities to sea ports, Los Angeles, Seattle, and Oakland.

[Refael Elbaz] 44:44

So in order to do to have better transit time, just not use the rail.

[Refael Elbaz] 44:51

And these warehouse locations are much more expensive,

[Refael Elbaz] 44:56

Right and putting your warehouse in Los Angeles will probably

[Refael Elbaz] 44:59

Get the most expensive option you can choose most of the silver choose this way

[Refael Elbaz] 45:04

. But I don't know if you know it, but it's the most expensive thing you can do.

[Refael Elbaz] 45:10

Real Estate around that area is very expensive manpower. Manpower is very, very expensive.

[Refael Elbaz] 45:17

And now that we know that rail, waiting times is improved, congestion is improved. And overall transit time is much better. Now, we can think of relocating our warehouses again, inland,

[Refael Elbaz] 45:31

Right, moving your warehousing operation to Dallas to Chicago to Kansas,

[Refael Elbaz] 45:35

To Nevada, to enter to come to inland.

[Refael Elbaz] 45:42

That again, that will help you reduce a lot of costs,

[Refael Elbaz] 45:45

If you can avoid the main regions like Los Angeles, or Oakland or New York or New Jersey. These are the most expensive locations you can have. Last year,

[Gary Huang] 45:59

That's a good point on a file. I think one thing that jumps out to me is,

[Gary Huang] 46:04

It makes sense now to move those warehouses from like,

[Gary Huang] 46:08

LA and Oakland because California real estate is insane.

[Gary Huang] 46:12

And labor costs obviously insane to move inland. And I know some sellers like in Texas,

[Gary Huang] 46:19

Like Amy wheeze, right, like she says, her warehouse is literally across the street from her house in Texas.

[Gary Huang] 46:26

And but how do you go about finding this type of warehouse? Any tips for sellers that may be looking, you know, maybe dry pork?

[Refael Elbaz] 46:35

Well, I'm trying to think of myself you are if I were a seller,

[Refael Elbaz] 46:41

I would probably search them online,

[Refael Elbaz] 46:46

I would probably search, you know, a simple Google search,

[Refael Elbaz] 46:50

I would fall out find locations around dry ports I need before even before that, once that that you need to understand where your distributions are, let's say you sell on Amazon,

[Refael Elbaz] 47:04

What Well, where do you send it to Amazon? What fulfillment centers you use what fulfillment center Amazon assigns you. That's how you choose your location. Right?

[Refael Elbaz] 47:14

Again, if you sell on Shopify, if you do your b2c operation,

[Refael Elbaz] 47:18

You'll probably have data on where you sell the most

[Refael Elbaz] 47:21

, that's where you want to locate your Therapies, let's say you found out that you want to have in Chicago in Dallas,

[Refael Elbaz] 47:28

That's the best way for you. That's cost saving

[Refael Elbaz] 47:32

, that's where you need to ship your products. Beautiful,

[Refael Elbaz] 47:35

I would go online and look for networks, right, I would look for bigger operations.

[Refael Elbaz] 47:44

And not fly by operation is not smaller operation.

[Refael Elbaz] 47:47

Again, that's me. But, you know, again, there isn't a one size fits all solution, you know,

[Refael Elbaz] 47:55

Some I would prefer paying a bit more. But to be with an established network

[Refael Elbaz] 48:00

, you know, with a big corporation, they know the drill, they've been doing it for many years,

[Refael Elbaz] 48:06

You probably won't have mistaken or disasters, or they won't close, you know, the other day, l

[Refael Elbaz] 48:13

Like we see a lot of stories. And we hear a lot of stories about you know,

[Refael Elbaz] 48:18

Crazy and scary stories about how, you know, three PL providers all of a sudden ramp up your cost with overnight and it's great again, that's me.

[Refael Elbaz] 48:29

The downside of choosing a bigger network is that they'll probably be more expensive, they have more overhead, they have more, they have bigger facilities,

[Refael Elbaz] 48:40

They have more costs, right than choosing a mom and pop small kind of a warehouse, you know, family warehouse. These are two different methods, again,

[Refael Elbaz] 48:52

So I would go for the bigger guys just to have stability and security. But it would probably be at a higher cost. Okay. Again, it also depends on your product.

[Refael Elbaz] 49:05

If you're if you have enough margins, you can tolerate that. But if you don't have margins at all, you need to find the cheapest possible option.

[Refael Elbaz] 49:15

I guess I wouldn't go for you know, for the bigger guys.

[Refael Elbaz] 49:19

But again, that's me. And everybody should do is own math.

[Refael Elbaz] 49:24

You know, think about the profit margins and understand the costs.

[Refael Elbaz] 49:30

Most of sales doesn't really understand repeal cost.

[Refael Elbaz] 49:33

You know, everybody's focused on storage, how much the storage cost is,

[Refael Elbaz] 49:38

But in reality you have inbound costs, you know, how much does

[Refael Elbaz] 49:41

It cost to bring in your goods into a warehouse you have outbound costs,

[Refael Elbaz] 49:45

How much it actually costs to move your products out of that warehouse,

[Refael Elbaz] 49:50

And you need to run different scenarios, getting full containers, getting partial containers, getting them out of the warehouse, so it's a very different topics understanding repeal costs is, it's crazy.

[Refael Elbaz] 50:03

And most sellers don't really understand, you know what they're paying for.

[Refael Elbaz] 50:06

And, and I would focus on understanding cost first. Now, one last thing to say about that.

[Refael Elbaz] 50:15

You want to make sure you understand your end delivery point your last mile,

[Refael Elbaz] 50:21

As we call it, because they don't want to move inland and save costs on your warehousing,

[Refael Elbaz] 50:26

To find out that you need to ship your product to the other side of the country.

[Refael Elbaz] 50:31

Why don't want to move to Chicago to find out that you need to ship your product to Los Angeles,

[Refael Elbaz] 50:36

Right, because then your last mile will eat all of the all of the cost saving you had by relocating your world.

[Refael Elbaz] 50:43

So that's another very important thing. Make sure you understand your last mile,

[Refael Elbaz] 50:47

How much does it cost to track your products to your end location to your consignee to Amazon?

[Refael Elbaz] 50:53

Send them all to your bio, or whatever, you know, your research needs? That's very, very important. Okay,

[Gary Huang] 51:02

Excellent. We're actually a little bit over time, but I want to make sure we, we go through,

[Refael Elbaz] 21:08

I'm wrapping it up. Um, so again, to sum it up to conclude, logistics costs can be reduced with proper planning,

[Refael Elbaz] 51:18

Right, the key here is proper planning. Secondly,

[Refael Elbaz] 51:23

Supply chain is living and breathing.

[Refael Elbaz] 51:26

Right, you want to make sure you follow the trend, you keep yourself up to date,

[Refael Elbaz] 51:31

You understand what the trends are, and why they are happening. Like if, again,

[Refael Elbaz] 51:38

if we see that, for example, I don't know a month from now China will ease up its zero tolerance COVID policy and we will understand there are no lock downs anymore,

[Refael Elbaz] 51:51

We can start think of, you know, reducing our stock levels,

[Refael Elbaz] 51:55

We don't need to sit on that Minister because we can assume that manufacturing will be back to somewhat normal pretty soon. So again, supply chain is living and breathing.

[Refael Elbaz] 52:10

Slide you need to always follow it and adapt accordingly

[Refael Elbaz] 52:15

. Lastly, I would say logistics partner, right? Again,

[Refael Elbaz] 52:19

The freight forwarder any freight for you want to make sure you can call them, talk to them

[Refael Elbaz] 52:26

, have a meeting with them. Talk about your business,

[Refael Elbaz] 52:30

They will be the people who would help you the most by to understand your supply chain

[Refael Elbaz] 52:37

, understand what you're doing wrong, understand how you can adapt and optimize your supply chain. Right?

[Refael Elbaz] 52:44

Don't look at your freight forwarder just you know someone who just move your products from A to B because that's what you need to do.

[Refael Elbaz] 52:51

And you know, look at them as a partner.

[Refael Elbaz] 52:55

That's what they do. That's their business, the businesses work for you.

[Refael Elbaz] 53:00

That's very, very important aspect in in maintaining a profitable and good business.

[Refael Elbaz] 53:08

Um, that's it for today. I promised I'll give you kind of our market forecast for the next six months.

[Refael Elbaz] 53:16

So the forecast is nobody knows. But let's assume all right.

[Refael Elbaz] 53:24

Container prices are going down since March this year since Chinese New Year,

[Refael Elbaz] 53:30

Container prices has been going down week after week.

[Refael Elbaz] 53:33

And even this week, I just saw it this morning they were going down again, which is a very good thing. It's a good indicator. Volumes currently are low in the market.

[Refael Elbaz] 53:46

Right. Importers were stocking up since last year.

[Refael Elbaz] 53:50

They have a lot of stocks at their destination so importers order less than last year.

[Refael Elbaz] 53:56

We have economic slowdown discussion, you know everybody talks about economic slowdown,

[Refael Elbaz] 54:01

Slowdown the market is in correction mode, it's correcting itself

[Refael Elbaz] 54:06

. Ecommerce spatially, we've seen the crazy boom, our last year we now see a small correction.

[Refael Elbaz] 54:14

So all of these factors driving price down less demand and more supply.

[Refael Elbaz] 54:20

Now on the other hand, in the past two month Shanghai region, which is a very big part of China,

[Refael Elbaz] 54:27

Were in complete shutdown. So the next month would be a very, very critical indicator of the for the next month.

[Refael Elbaz] 54:39

Right we are now in a turning point of either having a flood of cargo in the market crashing Hi opens up all these important we'll order from the suppliers again and we'll start seeing so many products coming in.

[Refael Elbaz] 54:54

And again, demand and supply at the end of the day.

[Refael Elbaz] 54:58

It's all about demand and supply if we'll have more than meant,

[Refael Elbaz] 55:00

Because Shanghai just opened up and less supply that will drive prices up.

[Refael Elbaz] 55:06

If we won't see it cargo boom, or flood of orders in the market because of the economic slowdown if importers will fear of you no order in bigger

[Refael Elbaz] 55:20

quantities again, we will see volumes, low volumes, and that would keep on driving the price down my estimation, my destination, I am guessing that q4 this year would be much more friendlier,

[Refael Elbaz] 55:39

As far as costs. I would I can I assume. Again, I assume nobody really knows. T

[Refael Elbaz] 55:46

That's my assumption. Based on what I see in the market, I assume prices for containers around q4 will lock down between seven to $9,000. Container

[Refael Elbaz] 55:59

. Some people out there from our industry assume they will go to 1213 14,000. They will go very expensive. Over q4

[Refael Elbaz] 56:10

I again, that's my own sentiment. That's my own assumption.

[Refael Elbaz] 56:17

I think we won't see flood of cargo in the market.

[Refael Elbaz] 56:22

Due to Shanghai opens up. I think I still think we will see lower volumes and US prices will stay low. Ah, but let's see. I really hope so. Excellent.

[Gary Huang] 56:38

I like these estimations.

[Refael Elbaz] 56:43

That's it. Guys.

[Gary Huang] 56:45

Thank you, Rafael. This has been super insightful coming from shipping and supply chain experts.

[Gary Huang] 56:50

Literally, they help 1000s of sellers they have you know the ship from all over the world,

[Gary Huang] 56:56

China, India, you name it. What's the best way to connect with you guys? And for people that want to learn more,

[Refael Elbaz] 57:03

And many different ways you can contact us on Facebook

[Refael Elbaz] 57:07

, you can Google unique algo and contact us through our website,

[Refael Elbaz] 57:10

You have my direct email address there if you need if you have any questions,

[Refael Elbaz] 57:14

If you want me to connect you with our you know, container team or consolidation team warehousing team.

[Refael Elbaz] 57:21

For any reason, you can contact me directly, you can contact me directly and I'll divert your request to the right team internally. Reach out to me on LinkedIn

[Refael Elbaz] 57:33

, just Google my name Google unity Cago.

[Refael Elbaz] 57:37

We are out there on every every type of medium. So just Google Unicom and you'll see Facebook, LinkedIn, or you can email me directly.

[Gary Huang] 57:48

Excellent. And Rafael has been very generous to provide you two additional ways you can save money off your shipping, or everybody that got the free past

[Gary Huang] 57:57

If you're watching this right now you're gonna get a guaranteed 10% discount on your current air Express price. And this is valid for only one month from China to the US door to door shipping

[Gary Huang] 58:09

DDU duties delivered unpaid, and you can get 10% off of that. And we'll hook you guys up with code, the code will be below the video so you can redeem that. And then for everybody that upgraded to the

[Gary Huang] 58:25

All Access Pass, you guys are gonna get a guaranteed 12% off.

[Gary Huang] 58:29

Okay, the same deal current air Express price valid for only one month challenge to USA door to door.

[Gary Huang] 58:35

So if you haven't upgraded to an all access pass, if you're doing significant air shipping,

[Gary Huang] 58:40

What are you waiting for? I mean, that two percentage points,

[Gary Huang] 58:42

That could be a no brainer.

[Gary Huang] 58:44

I mean, like how much money you can save. So really appreciate Rafael.

[Gary Huang] 58:48

Thank you for that. I have one follow up question

[Gary Huang] 58:52

. We're seeing the trends. You know, you gave us your predictions for China.

[Gary Huang] 58:55

But at the same time, you know, we're seeing so much interest in your nearshoring, you know,

[Gary Huang] 58:59

Sourcing from Mexico, you know, going to these other countries.

[Gary Huang] 59:03

I mean, even like you see Apple, you know, they they're moving their production of iPads from China to Vietnam,

[Gary Huang] 59:09

It was just announced on the news. Right?

[Gary Huang] 59:11

What are you seeing, you know, amongst the Amazon sellers that you're working with?

[Gary Huang] 59:15

Are you seeing like a significant shift out of China?

[Gary Huang] 59:18

Or, and if so, where to? Or is it pretty constant, steady right now?

[Refael Elbaz] 59:24

I see. Again, in my opinion, and that's what we see. It's very hard to replace China.

[Refael Elbaz] 59:33

It's not that easy. I wouldn't say very hard, but it's very challenging to replace China, especially

[Refael Elbaz] 59:39

If you're, you know, bigger seller because you have your established supply chain, your real established production lines, you have your quality control

[Refael Elbaz] 59:49

l. And again, with things getting better, it's starting it's challenging to replace shiny, right and I see some sellers going into India now, on some importers