Sourcing and Freight, One Decision

Idea In Short

Treat the supplier choice and the freight choice as one decision with one number attached: total landed cost per stock keeping unit [SKU]. Small and midsize business [SMB] importers should negotiate against that figure, not against the factory unit price, because freight, insurance, duties, brokerage and handling change which supplier is cheapest. Before each large purchase order, ask four questions about ownership, consolidation, verification and a duty stress test. If a 10 percentage point duty increase would erase the margin, secure a Delivered Duty Paid [DDP] quote, a backup supplier or a pricing buffer first. Integrated platforms suit first-time importers and marketplace sellers, while mature buyers with their own quality control may prefer to benchmark forwarders separately.

Small and midsize business [SMB] importers usually make their two largest supply decisions on two different calendars, with the supplier decision coming first and the freight decision following weeks later. That sequence obscures the figure that determines profitability, which is what each unit actually costs once it reaches the importer's warehouse.

The cost hiding between two vendors

If you run a small or midsize business that imports goods, you pick a supplier in one conversation, often over weeks of messages with a factory representative, sample requests and price haggling. Once the goods are ready, you start a second conversation with a freight forwarder about how to move them. Large retailers stopped working this way years ago. Their procurement and logistics teams sit at the same table, so the buyer who negotiates a unit price already knows what that unit will cost by the time it reaches a warehouse in New Jersey or Texas.

Most SMBs lack that table, so they end up with a supplier quote that looks inexpensive and a freight invoice that tells a different story six weeks later. For strategists and consultants who advise growing product businesses, this gap offers one of the most accessible opportunities

to recover margin. The owner needs to change how the decision is framed, and the tooling to support that change now exists at SMB scale.

Where the split costs you money

Picture a home goods brand buying from three factories in Guangdong, where the owner negotiates with each factory separately and books three separate pickups. Each pickup carries its own handling fee, its own paperwork and its own risk of a missed sailing. If one factory runs a week late, the other two orders either wait at a warehouse or sail without it, and the brand pays twice for container space it could have shared.

The language and payment layer adds friction on top. Many of China's lowest wholesale prices sit on domestic platforms built for Chinese buyers, with renminbi [RMB] pricing, local payment rails and supplier chats in Mandarin. An American or European buyer either pays a sourcing agent to bridge that gap or settles for export-facing marketplaces where sellers have already priced in a margin for foreign buyers.

Timing compounds the problem. A forwarder who meets your cargo at the factory gate has no influence over when the goods were finished, how the factory packed them or whether anyone verified them against the approved sample. A problem that originates in sourcing reaches the logistics side as a delay, a crushed carton or a customs hold, and the importer then funds the correction out of its own cash flow.

Negotiate against total landed cost

The shift starts with one metric. The U.S. Commercial Service at the International Trade Administration describes landed cost as the full cost of moving a product from the factory to the customer's door, and its guide lists unit price, freight, insurance, duties, brokerage and any destination taxes among the components.1 Adding handling and final delivery, and spreading the total across every unit available for sale, produces a single comparable figure. Once an importer tracks that figure for each stock keeping unit [SKU], a supplier quote becomes one input among several instead of the entire decision.

Supplier selection changes the moment you do this. A factory quoting $4.10 a unit could beat one quoting $3.80 if the cheaper factory sits far from the port, packs poorly and forces you into a separate less-than-container-load [LCL] booking. That trade-off becomes visible

only when sourcing numbers and shipping numbers are maintained in the same place. The same guide advises building a buffer into pricing, which suits importers who commit to customer prices before the final invoice arrives.

Ask your team to report landed cost per SKU every quarter, and push for consolidation whenever two of your factories sit within a day's drive of each other. These two habits turn the metric into a routine, and they reveal margin leaks months earlier than a year-end review would.

Four questions to ask before your next purchase order

You can run this exercise with a client or with your own team in under an hour, beginning with ownership: who holds responsibility for the goods from the factory floor to your warehouse door? If the answer involves more than two companies, the arrangement contains handoffs, and each handoff gives documents a chance to go missing and gives every party a reason to point at someone else.

Consolidation comes second. If you purchase from more than one factory in the same region, combining those orders into a single shipment reduces repeated pickup and handling charges and gives your inventory planner one arrival date to coordinate around.

The third question covers verification, because someone has to confirm that the factory exists, that the product matches the approved sample and that the cartons match the packing list before anything leaves China. Find out who performs that inspection and how late in the process you can still claim a full refund if they identify a problem.

The last question is a stress test. Calculate the landed cost at today's duty rates, then again with a 10 percentage point increase. Duty rates have changed frequently, and the Congressional Research Service recorded that the fentanyl-related tariff on Chinese goods rose from 10% to 20% in March 2025, that reciprocal tariffs on Chinese goods climbed as high as 125% in April, and that a mid-May truce cut the reciprocal rate to 10% for 90 days.2 If the second scenario wipes out the product's margin, you need a Delivered Duty Paid [DDP] quote, a backup supplier outside the affected country or a pricing buffer before you sign the order. An importer that quotes customers on unit price alone can watch its margin disappear between purchase order and delivery.

What an integrated model looks like in practice

A newer category of digital forwarder addresses both halves of the problem for smaller importers. Ship4wd, whose site carries a Powered by ZIM mark, offers a freight forwarding and sourcing solution for SMBs that connects buyers with Chinese factories and then moves the goods on its own air, LCL and full container load [FCL] network. The sourcing side opens parts of China's domestic wholesale market that previously served local buyers alone, and the site lists online checkout by card or Automated Clearing House [ACH] debit, offline wire transfer and pricing that includes duties and delivery. Ship4wd says its buyers pay up to 30% less than typical prices and can obtain a full refund until the order ships.

DDP matters here because of what the term means. Maersk describes DDP as an Incoterms rule under which the seller bears all costs and risks of bringing goods to the named destination, including clearance for both export and import, while the buyer pays only for the goods.3 Once you place an order, the same team runs supplier coordination, inspection, pickup, consolidation and DDP customs clearance, with cargo insurance built in, according to the original description of the service. Goods can land at a home address, your own warehouse, a third-party logistics [3PL] provider or a marketplace fulfillment center such as Fulfillment by Amazon [FBA] or Walmart. The site advertises live support around the clock, weekends included.

For a strategist, the structure matters more than any single feature, because the client deals with one counterparty from product discovery to the warehouse door and sees one landed price in dollars. When a supplier goes quiet on a Sunday, the client has one team to call instead of three.

Where integration falls short

An all-in-one platform suits some businesses better than others. If you already operate a mature supplier base with long-term contracts and your own quality control [QC] staff in Shenzhen, a sourcing layer adds less, and you may prefer a forwarder that you can benchmark against several rivals on freight rates alone.

Concentration risk deserves a conversation too, because routing sourcing, payments and freight through one provider simplifies operations while placing more of the supply chain in one partner's hands. Before you commit, ask how the provider vets factories, what the

refund terms say in writing and what happens to an order if a supplier fails halfway through production.

The integrated model fits first-time importers and marketplace sellers testing new SKUs best, along with brands buying modest volumes from several factories at once. For those businesses, the hours saved on coordination often matter as much as the unit price gap. Whether you use separate vendors or one platform, the test stays the same: price every product at the warehouse door.

- 1Trade Talk Tuesday: calculate landed costs
- 2Presidential 2025 tariff actions: timeline and status
- 3Delivered duty paid shipping

Summary

Importers gain margin when they price every product at the warehouse door instead of the factory gate. Landed cost per stock keeping unit [SKU], reported each quarter, exposes leaks that a supplier quote hides. A duty stress test before each large order, consolidation of nearby factories and clear ownership of the goods from factory floor to warehouse door reduce surprises in cash flow. Separate vendors and integrated platforms can both support this discipline, and the choice depends on supplier maturity, order volume and tolerance for concentration risk. Importers who ask how a provider vets factories, what its refund terms say in writing and what happens when a supplier fails mid-production negotiate from a stronger position.