



Q4 China Supply Chain Planning

What we are going to cover:

- Why is Q4 China supply chain planning so important
- Key dates to be aware of
- Tips for planning

Why is Q4 China supply chain planning so important

- Q4 (4th Quarter) are the months of October to December, i.e. the holidays sales season
- Most Ecommerce businesses tend to have a significant portion of their sales during this period and/or it tends to be the most profitable period
 - The obvious reason: everyone is looking to purchase holiday gifts, whether it's for others or just for themselves, and many retailers push for sales events during this period to attract more buyers
 - Also: customers tend to be in a "shopping mood" due to the holidays shopping and are much more willing to purchase products even if they are not for gifts, or not actually discounted
- Particularly if your product is a holidays product / you market it with a gifting angle...there will be extremely high pressure to deliver your products by Christmas or you WILL face a ton of customer issues
- On the supply chain side, there are some unfortunate realities to plan around:
 - Factories become extremely busy, and lead times may become longer
 - Logistics tend to slow down / become less reliable as all shipping channels get overloaded by holidays shopping demand
 - Shipping prices tend to increase during peak holidays shipping season around the world as demand outpaces availability
- If you do NOT plan ahead, you face a high risk of not having enough stock to fulfill your Q4 sales demand in time for Christmas, which will likely lead to:
 - You are unable to ship orders in time for Christmas when customers were expecting it by then
 - You WILL get chargeback / refund requests...every year I've seen many examples of dropshippers particularly have their profits almost wiped out due to chargebacks
 - You have to pre-maturely ramp down on marketing because you simply could not stock in time (and didn't want to risk the issue above)
 - Note that doing this is STILL a cost on your business, because you are literally leaving potential \$\$ on the table during one of the best sales seasons of the year

- Supply chain aside, keep in mind the following, particularly if you are new:
 - FB ad accounts tend to have limits on how fast you can scale your ad spend
 - Paypal, Stripe, etc. tend to hold funds for accounts that have significantly increased payment activity over a short period of time (e.g. what will happen during Q4 if you are successful)

Key dates to be aware of

- First week of October - China's "golden week" holiday
 - Factories, suppliers, and China logistics will be on holiday between 4 to 7 days
 - Good news is that this will be the final China holidays going into the sales season, so typically not a big deal...but good to be aware of in terms of planning
- Early October to Mid November - Factories ramp up their Q4 production (and you probably start scaling)
 - Factories do plan for Q4 spikes as well, and they usually plan some additional room as they do not want to miss out on the sales season as well
 - If you are planning for Q4 scaling, THIS is the period that you need to have your supplier communicating with your factories to plan ahead and get on their radar
- Fourth Thursday of November through the following Monday - Thanksgiving and Black Friday / Cyber Monday Sales
 - THE biggest sales period of the holidays...you will likely see (and plan for) a significant sales spike during this period
 - Good news is that if you use reliable shipping methods AND have stock planned, BFCM sales should get to your customers in the key countries no problem by Christmas
- Early December
 - Depending on your shipping service and country, this is when your last ship date will be fulfilling from China to arrive by Christmas
- Mid December through Christmas
 - It's a common misconception that your holiday sales will plummet after the last ship date if customers can no longer expect delivery by Christmas (make sure you are clear on their expectations!)
 - In fact, we see very strong sales from client stores even through Christmas Eve (most customers are still in the holidays shopping mood, and purchase for themselves / their family without planning for gifts)

Tips for planning

- Note: there is a more advanced module later on Q4 planning if you're scaling
- Test and select your Q4 winner(s) ASAP so you can start planning for them early
 - Determine if you will be planning on a holidays push for your winners and/or how important they are for Christmas delivery

- Some products might get a boost from Q4 sales, but Christmas delivery might not actually matter much - e.g. evergreen functional products
 - On the flipside, some products ARE going to have customers expecting Christmas delivery even if you don't push it as such - e.g. kids toys
- Try to scale to a consistent volume even before BFCM sales
 - Critical both for you to get more confidence in the ability for the marketing to scale, and also for it to be a lot easier to plan for stock projections
 - Also, scaling up gradually vs a sudden spike on BFCM will help your FB and payment accounts
- If you are not using one already, find a great agent / supplier before November (ideally ASAP)
 - Check out the module on selecting private agents / suppliers
- If you are thinking about branding / customizations start on it before November (ideally ASAP)
 - Will take time to get started, not to mention additional lead times...you do NOT want to start with customizations deep into the sales period
- Have some cash saved up in case you need to invest in any stock through Q4
- Make sure you have plenty of margin, as you'll want to prepare for:
 - Potentially opting for faster shipping lines (e.g. Yunexpress Express) closer to Christmas
 - Be prepared for increasing shipping costs deep into the sales season