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**Podcast from the owners of FBA.CAFE, March 2020,
about the Coronavirus situation in the world of Amazon sellers.**

J: So, we're doing a special podcast today about the current affairs. As you all know there is [are] quite some things happening on this whole Coronavirus, etc. And everybody is talking about how many people are infected and how many people die and there is [are] still only very little people talking about the economic implications. And I think for people like us, who are selling on Amazon, there is [are] some other complications also, which you might not even see. And that's what we would like to address today.

So, this is not meant to be like a very negative podcast but there are some things that you just might not see or realize. And let's address the elephant in the room, China, shall we?

A: Yeah, absolutely.

J: So, China is sort of the main player in this whole... in this whole state of affairs. What right now is happening there is that apparently, they got it under control. That's what they say. For us the indicator that we look at, is that, you know, you *can* travel *into* Wuhan but you cannot travel *outside* Wuhan. So, to us it looks like it's still not under control, whatever the Chinese authorities may say.

And I think it also makes sense because I think what they are trying to do is damage control. China is being hit severely, because this is not very good for the PR of this country. What we went over earlier together is that what we – what we see is that there is gonna be a shift if you look at, you know, economics.

In the US it's also, you know, like, not even called Coronavirus by President Trump. He calls it the Chinese virus, which for us is an indicator that, you know, he thinks that they are responsible for everything that is happening.

A: Well, I don't think the US only thinks that. I think more people think that.

J: That is correct and that is correct, they *are* responsible for what is happening. And that is why there's gonna be – for them there is going to be repercussions and... Repercussions coming into, you know, import taxes going way up, etc. etc. And when that happens...

I mean first of all think [consider] this. There's gonna be a lot of people losing their jobs. I mean, that's a given. Goldman Sachs stated that 30 percent of the Americans is going to be unemployed by the end of this year, which is a very devastating statistic because the crisis in 1929 had 29.4% which was the highest at that time. The highest unemployment rate. 30% is more than that.

That means that, you know, like, there's going to be an enormous inflation going to happen. That means people are going to have a problem with pensions [retirement funds] etc. But also it means that buying from China is going to be something of yesterday. That's what we see really.

A: Yeah, because China is such a big producer of various products, 25% worldwide products.

J: 25% of all products in the world come, you know, from China, which is a lot.

A: But this is definitely, definitely changing.

J: Yes, that's what we see. What we see is that there's gonna be a shift, you know, like... Or, we don't see it yet but we know that this is gonna happen, you know, like... People have ridiculous reasons why not to buy from China right now, you know? They think there's a virus on their package and that's *whatever*. But the point is that Chinese products will not be that cheap anymore, so private label sellers that are now buying their stuff from Chinese factories, will find themselves having to pay more for their products and it means that people in the US will have to pay more for that product because you have to make money.

And that means that, you know, like, from the same – the same product can be bought, like, in Vietnam or in India or... And, you know, in other countries in Southeast Asia that are going to grab the ball. They are going to grab the ball. These countries, they see this as an opportunity to, you know, get rid of the beast, China, and start producing similar products or the same looking products for a better price because they have less import taxes to pay in countries like the US, in countries like the European Union, etc. Because China will be hit. That's what we think is going to happen.

A: I mean India is a great opportunity right there.

J: Yes.

A: They have an incredible potential of production there already and it's not being utilized. And I think that they will...

J: Yeah.

A: They can come out quite alright out of this, I must say.

J: Exactly! You know, like in the past there was... You know, people said a lot of things about India, you know? And people say a lot of things about China. The bottom line is this: If we are – as sellers – want to sell a product, we are looking for quality and we are looking for the right price. And there have been products coming out of China which have been, you know, of high quality but they also produce a lot of stuff that was not so high quality and was, you know, like, bending the rules here and there and then I mean, for instance, kids toys that, you know, like, are having paint that, you know, have lead in it and, you know, like, stuff that is not allowed in European countries or in the US and still they produce it and, you know, they try to hide it, etc. etc.

I mean, of course the things that are happening in society in any country are also happening in China. The point is that right now the US will, you know, it will focus on the points that are – the things that are happening in China that are, like, not very positive. So, if you have stuff that you buy in China, I think that what's gonna happen is that you will see that other countries around China are gonna produce similar products and they're gonna produce them for a better price.

So, this is sort of a heads up to start looking into, you know, to prepare. As entrepreneurs you have to be prepared, so you have to think about what is happening around you and India is – I mean, some of you know probably that we have very good contacts in India and countries around, as well as China. We have, you know, business relations with China also.

A: Oh, yeah, we have a great one over there but we are not gonna use it for now, that's for sure.

J: Exactly.

A: We'll see how things develop but...

J: Yeah.

A: India is definitely a better one for now.

J: Right.

A: I recommend that.

J: Right, like, we have connections in India. We have through those connections also connections in Vietnam and Thailand. And you can see that these people are on the edge of their seat. They are waiting. You know, right now they're in lockdown but I tell you, we can phone and we can speak to them and right now they see a huge opportunity because they see, you know, they understand what's happening and they

understand that nobody really sees it yet but they know what happened to their country in the past. When a big country like the US wants something or doesn't want something, they push to get things done their way. And so I think that China is gonna have quite a beef with the US on what has happened and that other people are gonna benefit from it.

So, yeah, ask yourself the question you know, like, where you are now. I mean, I know several of you guys lost all their income because... I'll give you an example. We are selling some stuff which is "party stuff," right? So you can imagine that we're not selling a lot right now on party stuff on Amazon. Because nobody's partying. There's no – like, we sell, for instance, we sell biodegradable plates and cups and stuff and for like – for groups of 50 people. Well, that's not selling right now, I can tell you that much.

So, when this thing is lifted it will, you know, go and sell again, etc. etc. But there will be a new phase in our business where we will really shift to, you know, Indian products and products in that part of Southeast Asia because we can already see what's coming. If you build a long-term relationship now with Chinese companies it's tricky, that's what I see.

A: I mean, that's why we have set up our production lines and, you know, in India because of that.

J: Yeah.

A: Because that's just way safer. It's very, very obvious actually.

J: Yeah, we work with...

A: And we really, really recommend anybody else that we speak to in that way too because...

J: Right.

A: It's really obvious. When you look, it's not hard to find the information actually.

J: Yeah, we work with an office where there is a – there's always inspections happening. There's American executives there, and Indians, working together, basically, but there is like a Western – a Western atmosphere also there, you know. And, okay, we all know that certain things are very important for Westerners and sometimes in Southeast Asia they have like, you know, they're different culture and we are dealing with governments that have all kinds of committees that are looking into, okay, do you guys keep the rules and, you know, follow the rules and...

And so, we have someone over there that [who] is like having this Western background, which [who] is in charge and, you know, can immediately see if something is going on that shouldn't be going on or, etc. Because that is sometimes

the concern that people have. Also, you know, we all know, in China you need to have some inspector that is basically paid by you and knows what you want: inspect what's happening in the Chinese factories. And then they ship it, you know?

And it's nothing different here. We have Western inspectors in India. So, anyway, we just wanted to start mentioning this and put this out here and you can say, yeah, but you, you know, you benefit from it, of course, because you're in India. As we – as I said, we have relationships with China as well and... But we don't see, really, directly a big future right now, for the simple reason that we think there's gonna be repercussions, you know, like, in the economic world of China. I can hardly imagine that that is not happening, right?

A: Yeah. I mean the indicators are all there, honestly.

J: Exactly.

A: And since a while and now with the Coronavirus that's like – that's a hard hit, that's like, really...

J: Right. So, anyway... So, stay safe out there but really start looking at, okay, you know, if you're doing business with China, start diversifying, you know. Start also looking into products coming from other countries. Because if you only buy in China...

I mean another thing, for instance, can also be sourcing in the US, right? We source in the US as well. So, you *have* to diversify. Don't depend just on China because if next year you still just depend on China, I don't know, you might be out of business. That's what I can see, yeah?

A: But if somebody also wants help to set up a production line in China – not China, in India, for them, we should tell them where they can contact us if they want some help so...

J: Yeah.

A: ...we can...

J: Yeah.

A: ...help them out.

J: Exactly! Anyway, so we have a Whatsapp line, actually. So, I will put that somewhere close to this podcast or in the blog post or wherever it's gonna be posted [+91 99712 52109]. So you can just ask your questions on that phone line. It's the phone line to our office in India. That's a phone line that is going directly to an American executive there. His name is Mr. Tucker and he will, you know, like, answer all your questions about what you need, what you want, what you're looking for.

We have access to pretty much all industries in India so we can make an offer for anything that you want produced. That's not a problem. So, yeah, I think that's – that's about it. Good that you mention it. I totally forgot about that but, yeah, they can.

A: Yeah, so we can help out anybody else because in these times, it's actually important to help each other, you know?

J: Yeah, definitely.

A: We know – we saw what's coming and we have prepared for this but some others might not be prepared, you know, and we have – I think it's really important because it's not nice to see people, you know, that try to make a good living, a good life for themselves and suddenly everything falls apart, you know, with this unpredicted thing that's happening. It's like, it's so big that it's kind of like, how do you handle this, you know?

J: Yeah, that's crazy. Do well and make sure you take the right decisions and do your research. Find out where you are, really. Also, keep a close eye on your finances. You might need them in the very near future, you know, so make sure you have a little buffer and I think that was it, pretty much.

A: Yeah. And don't make huge commitments financially...

J: Yeah.

A: ...that you can't follow up on.

J: Exactly, exactly.

A: ...or deliver on.

J: Yeah, something that you need to keep in mind for sure. Okay, that's it for today.