Made in China Easy
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What Your Product Really Costs: Landed Cost Explained

The factory price is only the start. Here is everything that goes into the cost of a product sitting in your warehouse.

By the Made in China Easy team, Guangzhou · 31 October 2026

Many first orders look profitable at the factory price and much less so when the goods arrive. “Landed cost” is the full cost of a product delivered to your door, ready to sell.

The building blocks

1. **Product cost.** The price per unit times the quantity, including packaging and labels.
2. **Getting it to the port.** Pickup from the factory and transport to the export port, if not included.
3. **Export costs.** Export documents and any inspection or certificates.
4. **Freight.** Sea or air shipping to your country.
5. **Insurance.** Optional but recommended; often a small percentage of the goods value.
6. **Import duty.** A percentage set by your country’s tariff for your product type.
7. **Import taxes.** VAT, GST or sales tax, depending on your country.
8. **Clearance and delivery.** Customs broker, port charges and delivery to your door.
9. **Services.** Sourcing, inspection or other services you use.

How duty is calculated

Each country has its own rules. Some charge duty on the value of the goods only. Many others charge it on the goods plus freight and insurance. Import taxes like VAT are often charged on the goods value plus the duty. Check your country’s customs website or ask a customs broker for the exact rate for your product code.

A simple worked example

Imagine 1,000 units at 5.00 each, with 800 for freight, a 1% insurance, a 10% duty on goods plus freight, and a 15% import tax:

- Goods: 5,000
- Freight: 800, insurance: 50
- Duty: 10% of 5,850 = 585
- Import tax: 15% of (5,850 + 585) = 965
- Landed cost: 7,400, or **7.40 per unit**

That is 48% more than the factory price. The numbers are illustrative only.

Use the numbers to decide

Compare your landed cost per unit with your selling price. Leave room for marketing, returns and your own time. If the margin is thin, consider a larger order (lower freight per unit), a different shipping method or a different supplier.

Try it yourself

Our import cost calculator does this maths for you. Enter your own rates; we don't guess your duty rate because it depends on your exact product.

Talk to our team in Guangzhou.
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