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Why wholesale?

What is wholesale?

In wholesale, you sell your products directly to stores (both brick and mortar and online) and catalogs at a fixed, reduced cost. These store then markup your products to sell to customers.

Benefits of selling wholesale

Many designers and makers shy away from the idea of wholesale because they worry about giving away half their profits. But the truth is, if your products are appropriately priced, you can generate more revenue through wholesaling. Some of the benefits of wholesaling include:

- **Predictable schedule and revenue stream.** When you write orders, whether through a trade show or independently, you determine a ship date for the order. This allows you to space out both your production schedule and revenue stream to suit your needs. While store owners and buyers will have some input on when they'd like an order to ship, you will have the flexibility to schedule ship dates so that they work with your schedule.
- **No more guessing as to which products will sell – you only need to produce items you have written orders for.** Perhaps, like me, you've had the experience of preparing for a retail craft show where you need to build up inventory, but you have no way of knowing which products will sell the best. In wholesale, after making your initial samples, you only need to produce the products after you've written an order. This means you don't waste time making products that may not sell – products that you may have to discount later to clear inventory.
- **Increased exposure to a larger audience.** Wholesale introduces your work to a much larger audience who may never have found you through your online shop or retail shows. If you wholesale to a major online retailer, you have the benefit of a much higher level of traffic than you might see on your own site.

- **Sell your work in more locations than you would ever be able to reach doing retail shows.** If you did a full circuit of retail craft fairs every season, there are still plenty of cities and states you would never see. Wholesale brings your work to new locations that may be out of your reach through other methods.

Wholesale vs consignment

When you are first starting out, you may have stores approaching you with the “opportunity” to sell on consignment. In most cases, I have a very strong NO consignment policy. (There is one notable exception to this rule. If you make items with a higher price point - retail prices of approximately \$250 and up - and you deal primarily with galleries, then you will most likely sell on consignment. It's the way that system works.)

In wholesale, you sell your products directly to the store. In consignment, you loan your pieces to a store, and if the product sells, they send you a percentage of the sales price.

Here are some of the reasons why, as a maker, you should choose wholesale over consignment:

- **Cash flow.** In wholesale, you get paid for your products in their entirety, either up front, or within a reasonable amount of time after shipping the order. (As in a Net 30 payment, where the buyer has 30 days after receiving the order to make a full payment.) In consignment, you only get paid when an item sells. This means that it might be months before you see income from the items sent out, if at all.
- **Inventory.** When you sell on consignment, you are sending out lots of inventory into the world, with no predictable timeline for revenue. If you are making everything yourself, you can only create so much at one time. Do you really want a large portion of your inventory tied up in stores with no guarantee of payment? In addition, consignment requires you to be a diligent record keeper. You need to know what pieces you sent out, which ones have sold, and which ones are still sitting in every store you consign to at any given moment.
- **Professionalism.** If a store asks you to consign, and instead you present them with a professional line sheet and set of wholesale terms, this can legitimize you as a credible business - not just someone looking to sell a few pairs of earrings on the side.

- **Insurance and liability.** This is an issue that comes up frequently. If you consign to a store, and they have a fire, break-in, or go out of business, who covers the value of lost goods? If you don't have a clear consignment agreement, it could be you. (And even with a good agreement, it might still be you anyway.) If the store had bought the products from you outright, it is clear-cut. The store now owns the goods and it is up to them (or their insurance provider) to recoup any value lost.
- **Control and trust.** When you consign, you are putting all the responsibility into the store. You must now depend on them to keep track of what has sold, and to pay you in a timely manner. In wholesale, both parties have a clear arrangement from the outset about what products are being sold, and when you will get paid.

A good rule of thumb is that if a store acquires the majority of their inventory through wholesaling, than insist they purchase your products wholesale as well. It is not worth your time and headache to consign just to be in a store. If you're products are good, there will be plenty of other stores willing to work with you on your terms.