

Wholesaling

Approaching your first approval

Pro's of wholesaling

- Less “touch” of product
 - No price stickers, marks, or damages
- More easily scaled
 - Hard to spend \$1k in one day on RA/OA. Easily spend \$1MM per day on wholesale.
 - Product arrives at your door, in volume
 - One listing, high quantity vs. Many listings, small quantity
- “B2B” (business to business transaction)
 - Still technically considered “new”
 - All warranties preserved and in effect
 - Authorized distributors means easily settled authenticity issues

Con's of wholesaling

- Typically lower margins than OA/RA
 - Amazon's own margin is around 5%. Most wholesale margins are in the 5%-20% range.
- Win big, fail big
 - Minimum purchase requirements means your wins and your failures are multiplied
- Possible logistics issues
 - How many products can you successfully store? List? Process? Receive?
 - Will freight trucks and / or pallet deliveries upset your neighbors?

Things you will need

- These are businesses that aren't **allowed** to sell to consumers. Therefore, they have to be convinced you're a business.
 - EIN (Employer Identification Number)
 - [https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-\(EIN\)-Online](https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-(EIN)-Online)
 - Register to collect Sales Tax in your home state.
 - <https://taxapps.state.fl.us/IRegistration/> (Florida)
 - Register as an LLC, LLP, Corporation or Sole Proprietorship (DBA at a minimum).
 - <http://www.sunbiz.org/register.html> (Florida)

Things you may need

- Business cards
- Business bank account (sometimes it needs to be established)
- P.O. Box (some will receive packages for you)
- Storage unit that will receive packages / freight for you (most Extra Space Storage; call and ask)
- Business phone number (if your phone is for shared use currently)
 - Grasshopper.com (\$12 a month; waveapps.com occasionally has coupons)
- Webpage
- Brick and mortar and / or ecommerce site

Drinking from a fire hose

- Wholesalers and Distributors can have as many (or more) products as an average sized Walmart store.
 - Do you have the time to dedicate to go through their items?
 - Do you have a method to evaluate a large number of items? (i.e. Scanpower Evaluate, eComspy, etc.)
 - Are you skilled in a vertical and can take advantage of pre-orders?
- Wholesalers and Distributors are controlled by the manufacturer
 - Make sure you have a method to track and enforce MAP
 - Some items may be restricted (ASK!) from selling on Amazon, eBay, in the US, etc.
 - Some items may be restricted for export

Setting up a website

- Basic:

- Use Weebly (weebly.com)
 - Storename.weebly.com
- Text description
- Your logo
- Contact form

- Intermediate

- Register your own domain name (godaddy.com, namespace.com)
 - Storename.com
- High-resolution photo(s)

Finding wholesalers

- Google search (product name), append “+ wholesale” or “+ distributor”
- Contact the manufacturer
- Attend a trade show or conference
- Do NOT pay for access to a wholesale directory
- Thomasnet.com
- Retailerforum.com

Approaching wholesalers

- Sample email or phone call:

“Good morning/afternoon/evening,
My name is Jane Doe and I am one of the buyers at ACME Products. We are a privately held retailer that specializes in high quality products primarily in the (Toys / Grocery / Fashion) vertical. We are interested in potentially carrying your products and would like information on your wholesale accounts. Do you have information you could send me on your terms and setting up an account? Also, please let us know if you have an existing MAP list and any restrictions on selling your products online or internationally.

Thank you,
Jane Doe

Setting up an account

- May need to provide a bank or vendor reference
 - Scariest than it sounds. Go into your branch and ask, use a supplier / vendor reference like Uline, etc. with NO late pays.
- Will need to provide your sales tax certificate
- Will probably need to fill out several forms, some may need to be faxed (gotfreefax.com)

Purchasing

- Common for wholesalers to add a surcharge for using a credit card of 1%-3% (their margin is probably lower than yours!)
- May require a bank transfer or ACH (again, not scary. Use your branch staff for guidance).
- Will either charge shipping on your invoice or charge your shipping account directly. Don't expect many discounts on shipping (if at all), and since they're not offering free shipping don't expect them to do it frugally.
- Ask about their backorder / preorder policies. Some make you wait and charge a cancellation fee if you don't want to.

Receiving

- Receive and inventory everything as soon as possible.
 - Typically a limited time to advise of shortages or damages
 - Photograph the shipping box and item if damaged
- Verify your order against the packing slip against what was actually received
 - Some show backorders; some don't
- Save that packing material and boxes!

Ongoing business

- Your sales rep is more than likely some poor working schmuck working a job that they probably don't love.
- As such, treat them with respect and kindness as you might be the only one that does so.
- They have inside knowledge that will give you an advantage over even the largest of customers
- Ask them what they think the best bargain is, what they're hottest selling item is, etc.
- I send my top suppliers a gift each year (\$20-\$25, often products from other suppliers) and let them know that we send our top / favorite sales rep a gift each year.

On your mark.....get set.....

- Eedistribution.com (licensed distributor for Hasbro, Mattel, Lego, Nerf, etc.)
- Burtonandburton.com (craft or bundling nirvana!)
- Glwholesale.com (dollar store style items, but some gems if you can absorb the shipping)
- Honestgreen.com (food, health and beauty, etc. Close to 20,000 SKU's)
- Not only are these legitimate sites, read their home page for more keyword ideas, look for show schedules, etc.