

Transitioning from Retail Brick & Mortar Store to Wholesale

Where/how did I start my business?

I opened an Etsy shop in 2011 but it sat dormant for 2-3 years until I slowly added a few misc handmade items, and it took several more years while I was selling at local art and craft fairs to figure out a product to focus on: handmade glass and metal ornaments. It was also during this time I quit my day job of corporate graphic design to focus full-time on my own artwork.

Tiring of traveling and setting up displays for every art show, I moved into a permanent 2-day/week Farm market stand, and after one year into my own brick and mortar store in 2019. My inventory quickly turned from just my handmade art, to greeting cards and other gift items. (I had a lot of space to fill up in a store, and I couldn't produce enough of my handmade items.)

And when the pandemic hit in 2020 it caused a lot of brainstorming about the future of my business. **That's what led me to wholesale (and a refocus on my handmade products).**

What Challenges did I face with brick and mortar?

- Underestimating the dollar amount required for proper advertising and promotion (especially after the "honeymoon phase")
- Balancing new inventory ordering with selling old inventory
- Fighting against a bad location: hidden in an outdated strip mall with no road frontage.
- Operating hours: especially with a bad location, you might be open 12 or more hours a day and still have only limited traffic.

What did running a retail business teach me about wholesale?

• The importance of knowing your customer

In most cases, you're going to have a fewer number of wholesale customers, but you also have to look at those store's customers as being YOURS. Figuring out where your potential customers will buy your products allows you to find your retail wholesale partners.

• **Customer service for retail stores, as well as how to price product appropriately.** There is something called Keystone pricing, which is basically that wholesale costs are 50% of retail prices. So stores are buying your wholesale item expecting to be able to mark up you product at least double to make a profit. (Some categories like jewelry are typically now marked up at 2.5 to 3 times wholesale prices)



I had a b&m business and that revenue stream was totally shut off. I did revamp and improve my website, but online orders and an audience can't be built overnight. So in looking at diversifying my revenue streams, I started to explore wholesale.



Wholesale vs. Retail: Trading one set of challenges for another.

Switching didn't eliminate business challenges, it just shifted them into something else. But in the long run, I think more sustainable for my business.

In Retrospect: there are a lot of "what ifs"...

Would my brick and mortar store been more successful if I've been open more hours? Hired staff? Spent more on advertising? Sold different items? Chose a different location? Focused more on social media outreach and my online presence? Hired marketing experts?

Challenges of Wholesale: Is Wholesale Right for Me?

Wholesale is basically a numbers game. If the numbers support selling wholesale, than give it a try. BUT wholesale is not right for EVERYONE, especially if you make handmade items. Here's why:

First as a maker, you've got to know your true item's cost to produce. And you've got to make sure you're factoring in YOUR salary (time to make). If you figure out your cost to make, add in your time, AND can produce them with enough quantity and at less than retail prices.....THEN you may be ready for wholesale. It really is a challenge to find the right products at the right price to attract wholesale buyers. Here's a very basic formula; if you search online you'll find a ton of resources about how to calculate this...

[Supplies] + [Labor] + [Overhead] = Item price to produce

Can you afford to sell it to retail stores at that price? If not, 2x the Item Price to produce. But will stores buy at this price? If so, the numbers may work for you. Remember retail stores will expect to double their buying price to sell to their customers.

Am I Ready and Able to Sell Products Wholesale?

You'll probably feel that you're not ready yet, even if you may be close. My best advice is to be ready, but you don't have to be completely finished with everything. Here's what I mean...

You have to have some inventory produced, and some quality photography paired with some sales tools. Either printed flyers/brochures and/or a website. Square makes it very easy to put together a starting webpage. But you will ALWAYS feel that there is something else that needs done...more products, more inventory, catalogs printed, better or more photography.

If you think you want to get into wholesale (AND your numbers support it), try to jump in as soon as you can. It's going to be a learning experience and be open to that; but after your first wholesale order you're going to have "proof of concept" and that jolt of confidence will push you to keep going. And remember the most important lesson...make sure your NUMBERS support selling wholesale!

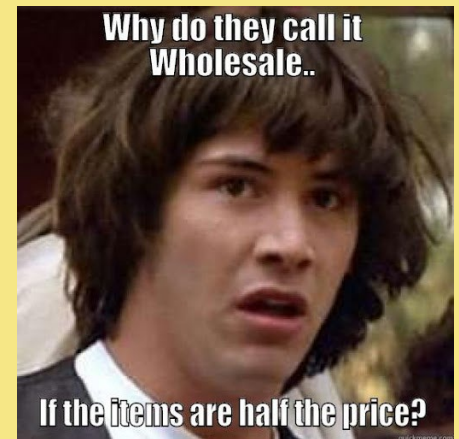
About Homestyle Charlie

Homestyle Charlie is a small, independent art studio creating handmade heirloom glass and metal ornaments. They previously ran a specialty gift and greeting card retail store, focused on sincere heartfelt gifts and funny retro kitsch. Questions about their works, retail store experience, or general wholesale questions or inquiries, email to: info@homestylecharlie.com



Note for handmade

sellers: If you can't make your items in large quantities, and afford to charge less than retail, that is OKAY! Focus on selling retail either through online marketplaces like Etsy, local maker markets, or try co-op opportunities. Remember, you're not in business to lose money. Wholesale is not right for every business.



Where to find wholesale customers?

That is always a challenge; research is key. Look up social media accounts and web pages for stores that may carry your category of items. Send some emails, mail some postcards, start conversations on Facebook or Instagram. I'd caution however about unannounced visits to local retail shops; store owners are busy people, and nothing is more irritating than trying to wait on paying customers when a cold-calling sales person (that would be YOU) stops by. Make sure to set up an appointment if you plan to hit up local shops in person. And please don't take a "NO" personally; it's strictly business.