

# Wholesale Management eBook



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# What Is Wholesale?

There are at least three definitions of the term wholesale. The definition depends on the context in which a business is using wholesale goods.

One, the word wholesale itself can refer to a complete or partial product that was acquired from a manufacturer.

Two, wholesale can refer to a business that buys wholesale goods and resells them to another business. These wholesalers are often referred to as brokers. They usually don't own the wholesale products and are a middleman between clients.

Three, wholesale can mean a business that sells wholesale products to individual consumers at a profit. These are called merchant wholesalers because their sales model is similar to customers' experiences in a retail environment. In all of these instances, wholesale products are bought and sold in bulk quantities.

## **Wholesale Business Definition**

The definition of a wholesale business is a company that purchases partial or complete products from manufacturers in bulk. Whether the wholesaler is a broker or merchant, the business makes a profit by reselling goods that originally came from a manufacturing inventory.

## **Wholesale Distribution Definition**

The wholesale distribution definition that applies to you depends on the type of buyers you work with. Fundamentally, wholesale distribution refers to the entire process from raw material sourcing to final sale. There are intermediate stages between the material producer and the eventual consumer.

After the wholesaler obtains raw goods, there may be assembly, modification, and/or repackaging of products. Wholesalers then turn to a retail or consumer market to sell the products.

If a wholesaler works with retailers, the parties discuss pricing, market intelligence, net 30 payment terms, supply trends, and more. It's advantageous for retailers and wholesalers to have strong relationships with each other because both parties can sell more products.

Wholesalers who sell directly to consumers have a shorter distribution chain. This can apply to a vast range of products, including goods like vegetables and shirts. A direct-to-consumer (DTC) wholesaler usually has their own storefront, website, and eCommerce software.

## Merchant Wholesaler Definition

A merchant wholesaler is a company that sells wholesale goods to consumers. Merchant wholesalers purchase products in bulk from manufacturers at a low cost and sell them in smaller amounts at a higher cost.

## How Does Wholesale Work?

It's easy to understand how wholesale works once you become familiar with each of the relationships involved in the process. Here is what it usually looks like:

- 1.** The raw materials provider sells their product to the manufacturer. A manufacturer is any company using raw goods to produce a partial or complete product.
- 2.** The manufacturer sells their goods to a wholesaler. The wholesaler may be a merchant or broker, but in either case, wholesalers buy products to be sold at a later date.
- 3.** The broker or merchant then sells the wholesale goods to another manufacturer, consumer, or eCommerce marketplace. This stage depends entirely on the business model of the wholesaler and the sales network they've built.
- 4.** If the wholesaler is a broker, this means the goods are shipped to a retailer, who sells them at a higher profit margin. If the wholesaler is a merchant, the end user is a consumer. Wholesalers that sell directly to consumers may use this as a competitive advantage. Consumers who buy from wholesalers often have access to goods at prices lower than retail stores.

## How Does Wholesale Distribution Work

Wholesale distribution refers to the services wholesalers provide between private sellers or manufacturers and retailers. This is a crucial stage in demand management, as each party benefits from the following steps.

First, the wholesaler acquires goods from a private seller. This seller may be a large manufacturing company or a handmade product creator. Usually, the wholesaler has sales and marketing advantages that the private seller does not.

Second, the wholesaler identifies relevant retail opportunities through which to sell the manufacturer's goods. Small manufacturers may not have the resources to sell their products directly to retail. Both of these reasons are why wholesalers are critical in supply chains.

Third, the wholesaler sells the goods to retail outlets in smaller quantities. They are the link between the original seller of goods and the company providing goods to consumers.

## How Does Wholesale Pricing Work?

Wholesale pricing can be more complicated than it looks. Here are the factors wholesalers include when determining their pricing:

- **Raw Material Cost.** Whether a wholesaler sells imported goods to a retailer or assembles products before sale, a cost is incurred for the parts. Wholesalers aim to keep their material costs as low as possible.
- **Labor Cost.** Any product that needs to be assembled or modified has a labor cost associated with it. Labor costs are often one of the largest expenses for wholesalers. As a result, many wholesalers emphasize operational efficiency.
- **Overhead Costs.** Overhead costs include any expense not directly tied to a product or labor. Examples include warehousing expenses, product advertising, employee benefits, utilities, and office amenities like snacks. It's important to minimize overhead when possible or these costs can surpass monthly profit.
- **Shrinkage.** This is the percentage of products that were acquired as inventory but got lost, destroyed, stolen, or damaged. Shrinkage plays a major part in financial planning because any product that isn't getting sold undermines your profit. It's wise to eliminate shrink whenever possible.

- **Competitor Pricing.** Smart wholesalers always consider competitors' pricing. The price offered by a wholesaler to a retailer or customer should be similar to that of comparable products. If your wholesale price is too high, retailers are unlikely to stock your product. If your wholesale price is too low, you're leaving money on the table and your competition is going to win.

## How Does Wholesale Retail Work?

The wholesale retail process involves many steps from the overall wholesale distribution process. Here is a basic overview of how wholesale retail works:

1. The retailer communicates with the wholesaler to request the appropriate quantity of products.
2. The retailer receives goods, unboxes them, and either repackages or stocks them for sale.
3. The retailer sells the products to end users (consumers) at a higher profit than the wholesaler's selling point.
4. The wholesaler continues supplying the retailer with the right amount of products, based on sales data.
5. The wholesaler and retailer both watch sales trends on either side of the supply chain. Wholesalers watch the trends from their suppliers; retailers watch trends from their wholesalers. They use this information to communicate any unexpected fluctuations in demand or supply.

## How Does Buying Wholesale Work?

Understanding how to buy wholesale doesn't have to be a complicated or overwhelming experience. In fact, it can be quite rewarding when you know what to look for. Here are the basic wholesale buying steps to be familiar with:

- **Get your paperwork in order.** The government requires entrepreneurs to have certain documents filed to run a business. These can include a sales tax ID, licensing agreements, business insurance, a reseller's permit, and an eCommerce business license. It may seem like a lot, but getting this handled first will save you legal headaches later.
- **Browse directories, forums, and groups.** One of the best ways to find raw goods is through supplier or manufacturer directories. These are lists of companies that sell from a raw materials inventory to wholesalers. You can also find suppliers in online groups and forums; just remember to do your research before partnering with anyone.

- Maintain a budget. This principle is true no matter what you sell. Wholesalers usually need to sell large volumes of product to turn a profit. Use historical sales data or create realistic sales projections before you purchase too much. The last thing you want is dead stock in a competitive industry.
- Prepare your workspace. As a wholesaler, you're going to be dealing with significant volumes of products. You and your employees need an efficient system to handle goods in order to remain profitable.
- Research ethical suppliers. Today's consumers care quite a bit about where their purchases came from. Complete your own due diligence before contracting with a supplier, as it can make or break your success down the road.

## How Does Selling Wholesale Work?

Once you have your buying and inventory management process figured out, it's time to sell. Here are the building blocks of a successful wholesale selling approach:

- Identify your target market. Whether you're selling directly to consumers or a retail environment, have a clear idea of who you want to work with. You should be asking yourself who your ideal customer is, what their pain points are, and where you can find them. The clearer you can get in this area, the easier it will be to sell.
- Develop your retailer network. Successful wholesalers have robust relationships with the retail stores and chains they sell to. Take the time to understand what your retailers' needs are so you can supply the right products at the right time. The type of products you sell should also be matched to a retail environment that overlaps with the final customer.
- Create an effective pricing structure. This is of paramount importance as a wholesaler because your sales depend on it. Many wholesalers price their goods at 2.5 times higher than production cost, but this isn't a hard rule. Take your own business's expenses into account before settling on a pricing method.
- Offer bulk discounts. Part of success as a wholesaler is encouraging your clients to buy frequently. Providing bulk order discounts is a great way to incentivize this behavior. You can achieve this by giving retailers an MOQ, or minimum order quantity.

# How to Become a Wholesaler: Selling Wholesale



There are thousands of wholesale businesses already operating in the global marketplace. Despite this fact, in many ways, there's never been a better time to get started. The range of digital tools available today has made sourcing, producing, marketing, and selling goods a faster process.

Knowing how to start wholesaling requires industry knowledge, a few financial resources, and an excellent B2B marketing plan. Here is how to start a wholesale business:

- 1.** Decide on the type of products you want to sell. Wholesaling includes everything from electronics and mechanical parts to jewelry materials and food. Pick a niche with stable demand and enough room for profit. You can always expand your product offerings as you grow, but it's important to start with a reliable product.
- 2.** Determine the type of wholesaling you want to do. Some wholesalers are brokers while others are merchants; both types require a specific approach. If you're a broker, you'll be selling to other producers. If you're a merchant, you'll be selling wholesale goods directly to consumers.

- 3.** Narrow down your target market. The wholesale industry is already booming; selling to a broad market won't do you any favors. Take baby clothing for example. While this niche has strong demand, it's already flooded with sellers. Clothing for infants or upcycled baby clothing, however, could be excellent niches. The idea is to uncover a pain point amid a wider market.
- 4.** Identify relevant manufacturers or suppliers. You can get access to thousands of suppliers and raw goods manufacturers through wholesale directories. Make sure that you're both getting a good deal and working with a certified vendor. Some companies sell on the black market which isn't good for you or your customers.
- 5.** Complete relevant paperwork. As is the case with any business, the government requires certain forms to be filled out. The documents often include an eCommerce business license, sales tax ID, reseller permit, and others. If any legal issues crop up, you can prove at a moment's notice that your work is honest.
- 6.** Develop a strong sales and marketing plan. Once the housekeeping is complete, you need a strategy to get your brand recognized. A great way to accomplish this is by matching your marketing efforts to your budget. For example, a business just starting out probably shouldn't spend thousands of dollars on advertising or eCommerce PPC. A better approach would be low-cost marketing like eCommerce SEO, referrals, and word-of-mouth.
- 7.** Organize your retail efforts. Many wholesalers sell their products in retail stores, which offers visibility and traction. As a new wholesaler, you'll want to have appealing offers in place to increase their likelihood of working with you. Research stores that are accepting new vendors and match your target audience's pain points.
- 8.** Open or rent a physical workspace if you need it. Some wholesale companies use dropshipping, which is shipping goods direct to consumer (DTC) without holding your own inventory. Other wholesalers use materials to create new products which are then sold to customers. Your needs will depend on the business model you've chosen. Familiarizing yourself with warehousing is a boon for wholesaling.

The approach you take for your wholesale business depends on the customers you want to reach. If you're brokering products, the sales relationships you create will be different from those of a merchant.

Let's look at how to sell wholesale goods.

## How to Become a Wholesale Vendor

There are multiple ways to become a wholesale vendor, but everyone who does so follows a similar path. Here are the essentials on how to become a wholesale vendor:

- Research the products you want to sell. Since there are so many products to choose from, it's important to settle on what you're selling. Many eCommerce experts recommend starting in one product niche and expanding as your business grows. Otherwise, you'll be competing with dozens of successful brands, each of which is reaching existing customers.
- Start developing relationships. It's challenging breaking into the already vast market of wholesale distributors, vendors, retail outlets, and customers. This is why it's smart to build relationships. Every retailer is interested in profit, so if you can demonstrate why your products are conducive to this end, they'll be happy to work with you.
- Figure out your pricing model. Wholesaling is appealing because you have more flexibility with profit margins. You can sell goods in smaller quantities to consumers, manufacture your own products, or sell in larger quantities to retailers. That said, you want to sell at the sweet spot for your product. Research what similar vendors are selling their products at, and price your goods accordingly.
- Look for your target audience. Whether you're selling to retailers or consumers, there's a market you can succeed in. Knowing where your competitors are failing can give you an advantage, especially as a new wholesaler. You can uncover this information by reading product reviews, participating in forums, and creating a buyer persona.
- Finish the required paperwork. It's not the fun part, but business documents are necessary to be a wholesaler. Laws and regulations tend to differ based on geographic location, so make sure to do your own research before starting.
- Set a minimum order quantity (MOQ). When you start gaining traction with retailers, many will want to know what your MOQ is. The idea behind this principle is to keep yourself profitable while retaining great relationships with clients. A great MOQ will be high enough to generate momentum for you, and low enough to prompt frequent ordering from retailers.
- Offer competitive deals. Retailers are accustomed to numerous vendors vying for their attention. If you want to stand out, it's going to take more than a quality product. Retailers have budgets too, so you don't want to make unreasonable requests. Incentivize their business with you by offering bulk order discounts and flash sales.

## Vendor Vs. Supplier

It's useful to note that wholesale vendors and wholesale suppliers are not the same. A wholesale vendor is someone who buys products or raw materials from manufacturers in bulk and resells them to businesses or consumers.

A wholesale supplier is a company that makes the goods and materials vendors purchase. Vendors later resell these products to other businesses or consumers. By nature of their work, suppliers only sell to other companies, because suppliers generally don't create retail networks for their products. Let's examine how to become a wholesale supplier:

- 1.** Determine the goods you want to sell. Picking products you can stand behind will give you a leg up as a supplier. If you're selling something just to make a profit, prospects will see through this and be less likely to work with you. It's better to go all in on a niche and become reliable this way.
- 2.** Decide if you'll be selling raw materials or manufactured goods. As a supplier, you're in a unique position. You can sell materials that will become part of a manufacturing inventory, or sell to brokers who work with retailers. Selling to manufacturers often means you can sell greater quantities to fewer clients. Offering your goods to brokers allows you to get your products in more markets faster.
- 3.** Run a healthy budget. Wholesaling is inexpensive to start, but that doesn't mean you should throw caution to the wind. Research what it will cost to maintain your raw materials inventory first, and don't forget to include labor and indirect costs. Take the time to test your business model and price point before you expand your catalog.
- 4.** Build relationships with wholesalers and distributors. Having an excellent product is half the battle; getting into the hands of the right people is the other half. The sooner you strike up mutual relationships with partners, the better. Remember that everyone is interested in how your goods can benefit them. If you can identify a need of theirs that you can solve, you'll be thriving before you know it.
- 5.** Focus on value. Retailers and distributors know that wholesale products vary greatly in quality. Low-cost goods may be easy to profit on, but that doesn't mean retailers will stock your products. Your goods should offer specific functional and market value that differentiates them from other products. Carving out your niche early on in the supply chain means your goods will stand out when customers are shopping.

# How to Get a Wholesale License

A wholesale license is a business document that allows you to legally buy from manufacturers in bulk and resell the goods. It signals to the government, material suppliers, and retailers that you're a lawful dealer of goods.

Your wholesale license is also a means to reduce taxes over the long haul. Since most wholesalers purchase goods in bulk, this license legally removes sales tax. Without a license, you'd be paying sales tax on each supplier purchase, which adds up quickly.

If you try to start a business without a wholesale dealer license, you're risking legal action from the government. A wholesale license acts like a tax on manufacturers' goods. In other words, it's the government's way of acknowledging the exchange of goods in the B2B marketplace.

Starting an eCommerce business requires a lot of forethought. The product(s) you sell will determine the wholesale license you'll need. For example, businesses that sell produce, wine, and beer are subject to regulations that other businesses are not. Consult your state's tax or business revenue office for details.

## Wholesale License vs Seller's Permit

In most cases, a seller's permit and wholesale license are the same document going by two different names. Sometimes, a state may have been calling it a seller's permit longer, or perhaps a state's legislature thinks of it differently. Understanding any differences between wholesale licenses vs. sellers' permits where you live is crucial.

For example, a wholesale license in your state could be different from a reseller's permit. In some cases, a reseller's permit is required for wholesalers to sell to retailers.

It all depends on the laws in your state and what wholesalers are expected to adhere to. No matter your situation, you are obtaining the correct licensure if you're getting it through your state's tax office.

## Wholesale License Cost: How Much Is a Wholesale License?

While this fee can range from \$3,000 to \$10,000, the average wholesale license cost is about \$6,500.

The reason for such variance can depend on multiple factors. One, different states may charge more or less depending on their tax and revenue laws. Two, the type of eCommerce business you're starting may be subject to different regulations, thereby warranting higher or lower fees.

## Getting a Wholesale License: Apply for Wholesale License

When it's time to get your wholesale license, the process is pretty straightforward. There are some fees and waiting times involved, so plan your business activities accordingly.

The first step is acquiring your employer identification number (EIN) or your federal tax identification number (FTID). Either one is fine, but you do need one of the two. The government uses your EIN to track all legal business activities and allow business owners to hire employees.

You don't have to hire employees, but the EIN is still necessary for making sales. Your EIN ties all transactions to your business, which simplifies taxes and record-keeping.

It takes about two weeks to receive your EIN or FTID after you apply. Without it, you can face severe penalties and legal issues, so acquire this early in your business journey.

The second step is getting your sales tax ID. Though it may seem redundant, this is the document that allows you to collect sales tax on your products. It also simplifies the work you and your state's tax agency have to complete each year. Each state has different tax laws, so familiarize yourself with what the government expects of your business.

The third step is applying for a wholesale license. Contact your state's tax or revenue office to acquire the relevant paperwork. This process may look different from state to state, including information required from you and standard waiting times.

To get a wholesale license, you'll need business information, including:

- Your full name, and the full names of any business partners
- Your EIN or FTID
- Your DBA (doing business as; the public-facing title of your business)
- The nature of your business
- eCommerce business license and/or eCommerce business insurance

When your application is submitted, the hard part is over and waiting begins. Some wholesale licenses are approved in as few as two to five business days; others take as long as two weeks.

Once you're notified that your application was approved, you've obtained your wholesale license! Make a copy of it so you have it ready for tax and reference purposes.

One of the main benefits of getting a wholesale license is it exempts you from paying taxes on bulk orders. This saves money on your upfront costs and allows you to invest more in your eCommerce marketing strategy.

# Wholesale Directories



There are hundreds of wholesale directories online, but many of them offer products for specific industries. Take a look at the best wholesale directories for every niche below.

## Wholesale Beauty Supply Distributors Directory

In the US alone, the beauty industry generates over \$530 billion annually and is projected to grow at a rate of 13% year over year (YoY). Due to the rapid consumption of beauty products, the number of wholesale beauty and cosmetics suppliers is also growing quickly.

Here are some of the leading wholesale beauty supply directories:

- Cosmetic Index
- eWorldTrade
- GreenDropShip
- Cosmetics Business
- Global Sources
- Mr. Checkout
- Independent Retailer
- Wholesale Central

## Wholesale Medical Supplies Directory

Every day, healthcare practitioners rely on specific tools to complete their work. From blades and PPE to bags and tubing, there are dozens of disposable supplies hospitals need.

There is also laboratory technology, rehabilitation equipment, and x-ray gear. The medical supplies industry is growing by about 2% YoY in the US.

Here are the best wholesale directories for medical supplies:

- Medical Wholesale, LLC
- Medical Equipment and Supplies Directory
- Regional Directory (regionaldirectory.us)
- Wholesale Central

## Wholesale Pet Supplies Directory

The bonds humans have with their pets have always been prominent. The US pet industry enjoys about \$232 billion in annual revenue and is expected to grow by 6% each year.

Freshwater fish, cats, and dogs are the most common US pets. Small mammals, reptiles, and saltwater fish comprise a large percentage of other pet ownership. If you have a passion for supporting the pet industry, there is a lot of opportunity to be taken.

Take a look at the leading wholesale pet supplies directories below:

- PetEdge
- King Wholesale
- PIDA (Pet Industry Distributors Association)
- 4WholesaleUSA
- SaleHoo
- Petfood Industry
- Popular Wholesale
- Worldwide Brands

## Wholesale Food Directory

Food and grocery wholesaling is already worth over \$1 trillion in the US and is expected to grow by 1.8% YoY. Dietary trends like paleo, keto, vegan, and pescetarian have increased the number of businesses in this niche as well.

Here are the top general wholesale food directories:

- Dealerbaba
- Wholesale Central
- Rekki
- Bevnet
- Specialty Food Magazine
- The Big Directory
- Best of the Web

## Seafood Wholesale Distributors Directory

If you're a buyer at a restaurant or grocery store, you may be looking for seafood wholesale distributors. About 56% of seafood is purchased via retail outlets and around 31% is bought at a restaurant.

Here are the leading seafood wholesale directories:

- FishChoice
- SeafoodSource
- U Fish Trader
- Sea-Ex
- Rekki
- Trade-Seafood
- Aquafind

## Meat Wholesalers Directory

Most restaurants and grocery outlets that carry seafood also carry meat products. The meat industry is expected to grow by 6% YoY and already sees over \$600 billion in annual revenue.

Below is a list of prominent meat wholesalers directories:

- Manta
- Kompass
- eSources
- Rekki
- Provisioner Online
- The Big Directory
- MacRAE's Bluebook
- Eastern Market

## Wholesale Crafts Wholesale Craft Supplies Directory

Crafts and creative supplies is an industry that's growing by 2.7% YoY. As homeschooling, extracurricular activities, and paid art-making events are on the rise, this industry offers lots of opportunities.

Take a look at some of the top wholesale craft supplies directories:

- Independent Retailer
- Art Materials Retailer
- Popular Wholesale
- The Craft Booth
- Bulk Office Supply
- Fine Crafts Imports
- Dollar Days
- Wholesalers Network
- SaleHoo
- Wholesale Central
- Regional Directory

## Outdoor Gear Wholesalers Directory

Camping, hiking, and traveling are popular pastimes that millions of US consumers participate in. The camping gear industry generates multiple millions in annual revenue and is projected to grow 6.68% YoY.

Here are the most prominent outdoor gear wholesalers directories:

- Thomasnet
- Mr. Checkout
- Clever Wholesale
- CWR Wholesale Distribution
- Wholesale Central
- Blue Ridge Knives
- Direct Dropshippers
- Wholesale Case Price

## Wholesale Office Supplies Directory

Businesses of all kinds and sizes depend on regular availability of supplies like paper, folders, pens, paperclips, binders, and filing cabinets. The office supplies industry generates \$230 billion or more each year and is growing by 2.4% annually.

Below are some of the top wholesale office supply directories:

- Bulk Office Supply
- Zuma Office
- Office Super Savers
- On Time Supplies
- Blue Star Empire
- Wholesalers Network
- Buy Online Now
- Regional Directory

## Furniture Wholesale Directory

In the US, the average individual moves nearly 12 times throughout their life, and roughly one in 10 Americans moves each year. Coinciding with these moves is the expanding, multi-billion dollar wholesale furniture industry. Furniture wholesaling is expected to grow by roughly 2.15% annually.

Here are the leading furniture wholesale directories:

- FGmarket
- My Local Wholesaler
- Inventory Source
- GoTen
- Orderhive
- Consumer Goods Distribution

## Greeting Card Wholesalers Directory

It's estimated that about 7 billion greeting cards are purchased annually in the US alone. Overall retail sales are around \$7.5 billion even as electronic greeting cards battle for market share.

Take a look at the top greeting card wholesalers directories here:

- PowerHomeBiz
- FGmarket
- The Greeting Card Association
- Manta
- eSources
- Paper Index
- India Mart
- The Wholesaler

## Hardware Wholesalers Directory

Hardware equipment is used for building and maintaining homes, personal hobbies, repairs, and commercial projects. The US hardware industry sees annual revenue of about \$350 billion with an expected 4.1% YoY growth.

Here are the premier wholesale hardware directories:

- Reiss Wholesale Hardware
- Kompass
- STAFDA (Specialty Tools and Fasteners Distributors Association)
- Global Sources
- Independent Retailer
- PR.com
- Consumers Goods Distribution

# How to Find Wholesalers

At times, trying to find wholesale suppliers can feel like learning a new language. There are thousands of suppliers operating globally, and the most trusted companies usually limit their number of partners. With the help of our guide below, you can find the suppliers you need.

Before we look at how to find the service providers you need, it's important to understand how wholesale suppliers, vendors, and distributors are different, and the role each plays in the wholesale supply chain:

- A wholesale supplier is a company that first manufactures or produces a part, material, or product. They are the point of origin for goods and materials and sell their goods to vendors.
- A wholesale vendor is a company, service, or website that offers suppliers' goods for sale. Vendors are aggregate sources of numerous wholesale suppliers and usually have their own branding.
- A wholesale distributor is a company that purchases wholesale goods and resells them to retailers or consumers. They are the final step in the supply chain before a public sales environment is determined.

Now that we've clarified who does what, we can look at where to find wholesale suppliers and vendors:

- Browse online wholesale directories. These websites list hundreds or thousands of suppliers, often from a range of industries. While it's the fastest way to find current suppliers, it's not always the best. Bear in mind that some directories allow anyone to list products and therefore may be low in quality.
- Attend trade shows, either locally or internationally. Hundreds of suppliers and vendors gather at industry events each year. The Global Sources Expo and Canton Fair are two of the most prominent. This is the quickest, high-leverage way to get in touch with proven vendors and suppliers. It's also faster than using weeks-long email correspondence if you live in different time zones.
- Use supplier databases. There are numerous sites dedicated to providing supplier information. Use category, pricing level, and other filters on the site to narrow down what you're looking for.

Knowing how to find wholesale vendors is similar to the process for wholesale suppliers. Here are some tips to aid your search:

- Perform online searches for vendors. There are multiple vendor sites with established reputations, like GlobalSources, Alibaba, and Jungle Scout. These B2B eCommerce platforms offer detailed info on wholesale suppliers with a few clicks of your mouse.
- Research your competitors' methods. All goods imported to the US are recorded in the US customs database, which is freely accessible. By looking through which companies imported what goods, you can see where your competitors are sourcing from. This may reveal lower-cost alternatives.
- Subscribe to relevant publications. Most industries have quarterly or monthly publications with troves of info. This is a powerful, inexpensive way to discover vendors, companies seeking partnerships, and advertising opportunities.
- Browse forums and online groups. People with similar goals tend to share tips, and they often congregate in forums. Once you get to know a few people, they'll be more likely to offer personal recommendations for vendors.

## How to Find Wholesale Distributors

If you're a supplier or vendor, you probably want to know where to find wholesale distributors. This process is similar to finding suppliers and vendors:

- Determine the type of wholesale distributor(s) you need. Some wholesale distributors are middlemen between suppliers and retailers, others are dedicated resellers. The type of distribution you need will depend on your goals as a supplier.
- Maintain strong visibility at trade shows. Up-and-coming wholesale distributors know that they need to form relationships with suppliers. By attaining premium floor space and being friendly, you'll have plenty of new opportunities.
- Search business directories, chambers of commerce, and local listings. Since business owners must register with their state, cities and towns list the businesses online. Between your own state's listings and nationwide sources like Yelp and Synup, there are hundreds of business owners to reach out to.
- Browse sites like Amazon, eWorldTrade, and eBay. It should come as no surprise that hundreds of people engage in online wholesale trading. You can find more people and businesses to sell your products by examining product listings similar to your own.

## How to Find Wholesale Deals

The wholesale industry includes many different approaches, but the common theme is buying and selling goods in mass quantities. Since buying many units can get expensive, this prompts businesses throughout the supply chain to look for deals year-round.

Getting wholesale goods as inexpensively as possible directly benefits your bottom line. You won't need to order products as often, which means you can spend more time on marketing, sales, and customer service.

Knowing how to find wholesale deals includes resourcefulness, timing, and business savvy. Here are some places to look:

- Supplier websites and newsletters. Suppliers run deals frequently to encourage purchases and remain profitable. These are perfect opportunities to stock up on goods and prepare in advance for seasonal sales cycles.
- Wholesale directories and industry websites. Directories have every incentive to partner with successful businesses, so they will often spread the word about current deals. This cuts down on the amount of time resellers need to spend researching deals, too.
- Local events and trade shows. It goes without saying, but many suppliers and vendors advertise their deals during trade shows. These events draw thousands of people and benefit suppliers, vendors, and distributors.
- Clearance, import, and closeout sites. Sometimes consumer demand changes and businesses are left with large amounts of unwanted goods. Browsing clearance and closeout websites can yield amazing deals that buyers otherwise won't seek out. It all depends on the type of products being offered, of course. Don't buy something just to have it in your inventory.

## How to Find Wholesalers for Dropshipping

If you're looking for more convenience and fewer costs, you're likely wondering how to find wholesalers for dropshipping. If dropshipping isn't a familiar term, it's the process of using a third-party service to create, pack, and ship goods that you sell via eCommerce software.

This method allows you to run a business without warehousing or inventory management, because you only send a product when the customer has already paid. Due to the popularity of dropshipping within eCommerce business ideas, dropshipping wholesalers are more prevalent than they've ever been.

The easiest way to find these service providers is by searching online. Each dropshipping wholesaler is slightly different in what they offer and the brands they carry, so take your time as you research. Here are some popular dropshipping providers:

- Dropship.me
- Printful
- Oberlo
- Sprocket
- Modalyst
- Sunrise Wholesale
- Dropship Direct
- Wholesale Central
- AliDropship

## How to Find Wholesalers for Online Business

Finding wholesalers for your online business can be challenging. When you're starting an eCommerce business, it's difficult to know which businesses are worth partnering with. Suppliers want to know that you're credible and have the resources to sell products, which can be a barrier to entry at the very beginning.

With that said, there are best practices to use when researching wholesalers for your online business:

- Thoroughly vet suppliers. When you're looking on a site like Alibaba or Worldwide Brands, evaluate a company's track record. Do they have a high delivery rate? Have they been selling for multiple years? Is their transaction rate high? The answers you uncover will determine if they're worthwhile.
- Seek out references. If a product's details seem too good to be true, it doesn't hurt to ask other business owners about that company. You may discover the brand is excellent, or that something strange is happening. Asking for references is also a strong way to leverage trust between parties in general.
- Ask about their eCommerce business license. Anyone you're dealing with should be above board, so they shouldn't shy away if this comes up in conversation.

- Start small. If things look good and you're ready to start selling, purchase their minimum order quantity (MOQ). This gives you first-hand experience with their turnaround times and how much demand you can generate for their products.
- Discuss their RMA process. In the unlikely event you need to return products, your supplier should have a return merchandise authorization process, or RMA. Knowing this in advance will help the process go smoothly.
- Research product-specific outlets. The rate of eCommerce growth over the last few years has given rise to many platforms' specialization. Websites like Printful, LA Show Room, and Wholesale Fashion Square are known for their wholesale dropshipping and apparel opportunities, respectively.

# How to Buy Wholesale Items and Products

Buying wholesale items is a simple process once you have your priorities figured out. Here is how to buy wholesale products:

- Perform market research. In the US alone, the wholesale market is growing at about 1.2% per year, contributing to predictable eCommerce growth. You'll be competing against hundreds of other brands, so you need a vigorous marketing plan and a clear target audience to build traction.
- Establish a professional brand image upfront. Many suppliers have requirements in place to limit any inexperienced resellers they work with. If you have a professional image from day one, suppliers will be more motivated to work with you. Make sure that you have an account setup with one of the best banks for eCommerce, and if required, have gotten an eCommerce business license.
- Decide on a niche. If you don't yet know what wholesale items to sell, you should pick a category. Modern customers are heavily discerning in their purchases and won't buy cheap goods simply for the cost savings. Select a niche and product provider that is as quality as your budget can afford.
- Browse a wholesale directory. This is any website that offers information on wholesale suppliers, their goods, and how to contact them. It's an easy way to get your foot in the door and start building relationships. Note that the harder a supplier is to get in contact with, the more likely they are to be someone you want to work with because this indicates their products are in demand. On the other hand, it could mean their customer service is not up to par for your needs. Conduct your own research in these circumstances and make the smartest decision you can.
- Obtain your reseller's permit and/or licensing agreement. A reseller's permit is required to sell wholesale goods because it shows suppliers that you are a real business. A licensing agreement is similar to a permit. It's used by suppliers to control the type, amount, and sometimes the market a product is sold in. Generally, licensing agreements apply to products where intellectual property or stiff competition is concerned.
- Attend trade shows and relevant events. There are few better ways to get your wholesale business started than by attending trade shows. This is where suppliers and handmade product creators display their goods and develop sales relationships. Look for owners who offer a low minimum order quantity (MOQ) and want to work with new resellers.

Now that you're familiar with how to buy wholesale products, it's useful to expand your knowledge according to your niche. Let's look at best practices for buying specific types of wholesale goods.

### **How to Buy Wholesale Grocery Items**

There are numerous ways to buy wholesale grocery items, and your buying approach will depend on what you're selling. If you're selling dried, packaged, or dehydrated goods, you can get these items from hundreds of suppliers online. Wholesale directories make it easy to browse food and drink categories. Make sure that you have the warehousing capabilities to store products like this.

If you want to sell fresh produce or perishable goods wholesale, you'll need to build a relationship with local farmers and growers. There are dozens of farmers' markets nationwide that partner with wholesale suppliers. Research what farmers expect of their wholesale relationships beforehand. This helps you get started with professional questions and an appealing offer.

### **How to Buy Bulk Wholesale Items**

Buying wholesale items in bulk is where most wholesalers begin. The MOQs of most suppliers mandate that products are ordered in bulk; typically 100 units or more. Bulk shipping usually accompanies this approach, as well.

Start by looking for bulk suppliers. This isn't difficult, as most suppliers understand resellers want bulk goods. This also allows you to keep shipping costs low and maximize resale profit.

Once you've found an appealing supplier, ask them what their MOQs and AOQs (average order quantities) are. This will give you a feel for how much you may order from them, and how often. Also familiarize yourself with what is lead time and inquire about your suppliers' lead times for delivering products to you.

### **How to Buy Name Brand Items Wholesale**

If you want to stand out from the masses of wholesale businesses more easily, you may be interested in name-brand products. Doing thorough research on the products you want to sell and companies that supply them is crucial here.

Some wholesale directories offer established products through global online marketplaces. Websites like eWorldTrade, DHgate, and Tradewheel are some well-known directories. Take your time in researching suppliers and understanding their expectations so you can get off to a good start.

Remember that the more specific and branded products get, the more likely a supplier is to have stringent licensing agreements. Name-brand wholesalers may require you to have a proven selling history or certain monthly volume before they partner with you. Selling name brand goods can be a lucrative subscription box business model if you're interested in kitting.

## Do I Need a Wholesale License to Buy Wholesale?

If you're wondering, "Do I need a wholesale license to buy wholesale?" The short answer is yes. Different states may call wholesale licenses a reseller's license, reseller's permit, a wholesale ID, or something similar.

There are a few reasons wholesale licenses are required for businesses:

- It allows suppliers to know who they're working with. It's much harder to control supply and demand when unregistered individuals are buying at random.
- The government requires businesses to adhere to tax laws. If a business isn't registered on paper, this can be considered tax evasion (among other concerns) and will be punishable by law.
- It encourages positive relationships on both sides of the supply chain. Getting a license makes you a known business entity. This means both you and your supplier can adjust your workflow to mutually benefit your business outcomes.

The only legal way to buy wholesale without a license is if you're a consumer. If you're a customer of a business that resells wholesale goods to the public, this is not a problem. There are hundreds of wholesale businesses that simply import goods and turn them around at a profit.

## How to Become a Wholesale Buyer

Becoming a wholesale buyer is a relatively inexpensive and fast process, but it does require doing your homework and covering startup costs. Here's how to become a registered wholesale buyer:

- Get your employer identification number (EIN). This document shows the government you're a real company doing business. You can't begin selling products or hiring employees until you have your EIN, so make this a top priority.
- Acquire a sales license. This legally permits your business to make sales. The fee and application process differs based on where your business operates.

- Obtain your sales tax ID. A sales tax ID will vary state by state but is required for any business. The government approves a business to collect and submit state taxes based on this information.
- Apply for a wholesale license. Each state has slightly different requirements for wholesale resellers. To apply for your state's license, go to your state's website and fill out the reseller application. Typically there is a fee associated, so be prepared for that.

Once all of these steps are complete and your application has been approved, you've become a registered wholesale buyer! You can now start contacting suppliers, developing relationships, and helping your business thrive.

### How to Buy Wholesale Without a Business

When researching how to buy wholesale without a business, there are at least three scenarios you may come across:

1. Buying wholesale as a reseller without a sales ID or EIN
2. Buying wholesale as a reseller with a sales ID or EIN but no registered business
3. Buying wholesale products as a consumer

Each of these circumstances implies different actions and outcomes. In the first scenario, a businessperson is purchasing goods that they sell without the government's knowledge. In the second scenario, a wholesaler is selling goods with some of the legal paperwork filed but not all. In the third scenario, a customer is buying wholesale goods for their own private use.

The most common (and only legal method) of these three scenarios is the third, buying wholesale products for personal use. You can find businesses that sell wholesale goods to the public through a variety of methods. These include searching online, checking local event listings, browsing online forums, and asking friends or family for references.

Here are just a few popular sources of wholesale goods:

- eBay
- Rose Wholesale
- Loffer
- American Freight

- SS Activewear
- Trade shows
- Craft fairs
- Local events
- Farmers' markets
- Mom and pop shops

## How to Buy Wholesale for Resale

Knowing how to buy wholesale for resale is nearly the same process as buying general wholesale. There's paperwork to fill out, business relationships to develop, products to acquire, and inventory management to enact.

The main difference between buying wholesale goods for your use and buying wholesale for resale is the reselling permits involved. If you work with a successful, popular supplier, these companies often have more stringent requirements than up-and-coming suppliers.

Your reselling permit likely includes information about the markets you can sell in, what types of products you can sell, and sometimes the volume of products you're allowed to sell. Make sure prospective suppliers answer all your questions before you sign on as a reseller. The supplier you partner with is a pivotal moment for your business.

Use the following steps to guide you as you prepare to sell:

- Confirm that your business paperwork has been approved by your state's governing bodies.
- Review the products you're selling and confirm supplier contact information.
- Draft or finalize your budget and double-check that sales forecasts are realistic.
- Confirm that your storefront, website, or both are prepared for sales.
- Get your DTC marketing plan in place and start reaching customers.

# Wholesale Marketing Plan & Strategy



Once you've educated yourself on how to buy wholesale items and products and know which wholesale items to sell, it's time to look at marketing. What is wholesale marketing and what can you accomplish with it?

Wholesale marketing is any marketing concept, strategy, or action that increases the customer base or profitability of a wholesale business. The wholesale marketing approach you use depends on the product(s) you sell, your customers' needs, and your branding.

Successful wholesale marketing requires strong industry knowledge and tons of patience. You need a firm understanding of how to get more wholesale customers and what they are interested in.

Before you firm up your marketing plan, it's important to identify key differences between wholesale distributors and wholesale businesses. Different business models equate to differing pain points and shopping preferences.

## Marketing Plan for Wholesale Distribution

The business goals of wholesale distributors include building retail networks, selling large volumes of products, and maintaining a competitive advantage. Pulling this off successfully requires excellent sales skills, wise use of your budget, and most importantly, understanding your customers' needs.

Here are valuable methods to use in your marketing plan for wholesale distribution:

### **Make Your Warehouse Inventory Management Foolproof**

Achieving momentum with wholesaling is difficult if you don't prioritize warehouse organization. Whether you work in the warehouse or have a team handling it for you, order processing should be fast. Develop a reliable warehouse management process flow so you can be efficient with time and labor.

### **Build Your Retail Network Early**

Mutual relationships are one of the most important areas of business, yet one of the most commonly neglected. Developing strong relationships helps you deliver more in value than you ask in price, which is a fundamental principle of business.

Understanding where your products are most likely to be accepted and striking up conversations is a wise move. Keep an eye on new store openings or mall redesigns, as retailers are more likely to be open to new opportunities during these times.

### **Offer Great Buying Incentives**

One of the hardest parts of launching a new wholesale business is breaking into the market. Due to the existing number of suppliers and distributors, many retailers are reluctant to take on more.

However, you can persuade them if they have good reasons for buying from you. Include frequent deals in your marketing, like buy-one-get-one (BOGO), limited time offers (LTOs), and customer loyalty points.

### **Position Yourself Where Your Customers Are**

It's tempting to believe that as long as your business exists, people will buy your products. Sadly, this is rarely the case. A remarkably effective way to reach your ideal customers is positioning yourself where they already look.

If there's a wholesale directory that you know competitors are listed in, make sure you're also listed there. Wherever you know your customers normally gather is a place you should have a prominent presence. Time spent researching the right B2B marketplace or ecommerce marketplace will pay huge dividends in the long run.

### **Rigorously Examine Your Marketing Spend**

One of the pitfalls of business is not holding yourself accountable for each dollar you spend. Marketing campaigns take time to pay off, but that doesn't mean you should waste money.

Any eCommerce marketing strategy you launch--whether a brief online ad or a months-long product campaign--should have eCommerce KPIs. A key performance indicator (KPI) is a metric used to define the success of a campaign. If you don't have the means to measure your campaign, this is a sign your marketing activity may not be worthwhile.

Every action taken to move your business forward, including awareness campaigns, should be measurable. Whether it's brand impressions, downloads, samples requested, or email leads, decide what you'll measure before the campaign ever starts.

### **Take Advantage of Your Competitors' Laziness**

One of the fun and challenging aspects of marketing is learning from what other businesses are doing. If your competitor is great at traditional marketing but wasteful or nonexistent with digital marketing, you can win by mastering what they neglected.

This recommendation completely depends on what your competitors are already doing. If your top competitor has a budget five times the size of yours, you're going to need to think even more creatively than them.

First, observe what types of eCommerce marketing your competitor engages in and ask yourself what you'd change or replace. Then, apply those ideas to your business. It's incredible what happens when you think outside of the box like this.

## Marketing Strategy for Wholesale Business

There are many different kinds of goals wholesale business owners can have. You may want to engage in cross-selling, which is selling more goods to existing customers. Perhaps your business is new, and you want to reach your first 50 loyal buyers.

No matter what your business objective is, there are effective ways to market your products. Let's dive into some proven tactics.

### Create a Memorable Brand Experience

There are so many wholesale providers in niches like food, clothing, and office supplies that customers can feel overwhelmed when shopping. However, today's world of simplicity, ease, and speed has also molded customers' expectations.

If your website is slow, difficult to navigate, or unappealing, shoppers will assume that your customer service matches. Your website should be fast-loading, navigable, and simple to understand. BlueCart offers a lightweight, speedy, and SEO-optimized eCommerce platform that can solve these problems for you.

If your shopping experience is effortless, customers will be far more likely to complete their purchase and come back later. These factors provide an even greater advantage when you sell in a competitive niche.

### Run an Email List

Keeping an email list of your customers offers numerous benefits for your business. One, it's a low-cost way to reach all of your customers with just a few minutes' worth of work. Two, it allows you to segment your customers into interest-specific groups for better targeting.

Three, an email list is a near-foolproof protection against social media algorithms and platform changes. If you ever lose reach on a social platform, you can count on your email list for greater deliverability. Four, it's a fast way to send discounts, clearance deals, and any kind of promotion to your audience.

Email marketing is so powerful that you're leaving money on the table without it. Pick an email platform that you love and set up some basic eCommerce marketing automation today.

## Be the Yellow Zebra of Your Niche

In marketing, being a “yellow zebra” means you stand out amid anything that looks all the same. A yellow zebra among other black and white zebras would be instantly recognizable. It naturally piques curiosity about the zebra and why it looks different to begin with.

The same is true of business. If you offer a product with superior features, nicer material, or unique branding, customers will instantly want to know more. The more novel your product, the more it will capture the attention of your ideal audience.

## Master Your Advertising Approach

Paid advertising is a fast way to generate a lot of new attention for your business. Unfortunately, it’s all too common to run an ads campaign that burns funds with little to show for it. In order to make your ad campaign profitable, you need to know the advertising platform in and out.

Advertising channels like Google AdWords/YouTube, Facebook, and Pinterest are all different, so what may work in one might not work in the other. Each of the social platforms associated with these channels also offer demographic differences, so make sure your eCommerce PPC strategy is reaching a relevant audience.

## Wholesale Digital Marketing

Introducing digital marketing to your wholesale business has the power to increase revenue by leaps and bounds. The beauty of wholesale digital marketing is that it can run parts of your business on near autopilot when set up properly. However, it’s still difficult to know where to start, because there are so many options.

Your digital marketing efforts can always be expanded and fine-tuned, but there are three channels you should prioritize: social media, email marketing, and SMS marketing. Let’s take a look at each one in detail.

## Social Media Marketing for Wholesale Business

Setting up social media marketing for your wholesale business is simple and can have big payoffs. Here are some best practices to use:

- Choose a platform that matches your audience. The crowd you'll find on Instagram differs from that on Twitter, which differs from that on YouTube. Social media may appear the same on the surface, but demographics and buying behavior differ to a significant extent. Do your research on the best platform for your business before you invest lots of time and money into one.
- Make original content. Most social media posts are a dime a dozen. If your content doesn't stand out, no one will care about your brand. You should be familiar with what your customers want and how to frame it. If you aren't skilled with graphic design, invest in someone who can produce remarkable visuals.
- Post regularly. One of the easiest ways to lose traction with social media followers is posting infrequently. Spend time on idea generation first, then use a scheduling app to plan all of your content. If you try to generate fresh content every single day, you may lose energy, which will only lead to more irregularity.

## Wholesale Email Marketing

eCommerce email marketing can be your ace in the hole when you use it right. Here are the primary ways to use this tool:

- Start your list today. Typically the only regret of email marketers is that they didn't start their list sooner. This speaks to the leverage and convenience with which you can make sales through email lists. All you need is an email service provider, a submission form, and some traffic to start.
- Learn subject line copywriting. Only a percentage of your subscribers click on your emails and only a fraction of those click on the links inside. In order to get people to take action, you need to spark their curiosity or stoke an emotion. Writing a great subject line is how to achieve this.
- Perfect your Calls-to-Action (CTAs). Many people get dozens, if not hundreds of emails per day. Keeping people's attention on what you're saying is a challenge for any marketer, but this starts with an irresistible CTA. You can become better at CTA writing by understanding the pain points of your audience. It also helps to incorporate basic psychological principles, like making the CTA color the opposite of your other branding colors.

## SMS Marketing Wholesale

Sending prospects and customers a text message to keep them engaged is a relatively new marketing approach. Statistics show that 76% of smartphone owners have already received a text from a business, yet only 39% of businesses are using this form of marketing. Here is how to employ this strategy for excellent results:

- Use the right technology. Don't try to manually keep a list of customers' contact information. Instead, invest in an SMS platform that allows you to send individual texts en masse.
- Keep it short and informal. Consumers already know texting is a casual form of communication. As such, there's no need to send lengthy texts-which are more likely to prompt unsubscribes. Craft a text that is only a sentence or two, perhaps an image, and of course a clear CTA.
- Offer an incentive. Your buyers understand that by giving you their phone numbers, you're going to contact them at some point. To increase the likelihood they'll complete a form, give them a reason to sign up for texts. This could be early discounts, event reminders, or something completely different. Just make sure it's relatively unique from all the other communication they receive from you.

# How to Get More Wholesale Sales

Before you build your foolproof sales and marketing plan, the following questions must be answered: Who is your dream customer? Are you looking to increase ecommerce sales, B2B sales, both, or something else? What does your dream customer want product-wise?

Being able to answer these will clarify how to market to them. You should know your ideal customer's demographic makeup, where they shop frequently, their top pain points, and average price range. No marketing or sales effort will be fruitful long-term without knowing your customer inside and out.

Each wholesale business model requires customization based on who is being sold to. Some wholesalers receive ready-made goods from manufacturers that they resell to retail stores. Other wholesalers buy materials from suppliers that they customize into their own products, which may be sold to retail or the public. Still, other wholesalers receive products that they immediately turn around and resell to the public.

As you grow your business, employ strategies that work well for your specific audience. When you're getting started, here are some methods for increasing sales that apply to every wholesale business:

## **Tap Into Your Existing Customer Base**

The best way to increase your wholesale sales is through your existing customers. Whether you've made five sales or 5,000, those who have bought from you in the past are the most likely to buy again.

Create unique offers for your current customers to incentivize new purchases. These may come in the form of flash sales, order size discounts, subscriber perks, and seasonal sales.

## **Start an Email List**

Maintaining your own email list of prospects and customers is one of the most underrated ways to drive sales. Experts share that for every dollar you invest in eCommerce email marketing, you can expect an ROI of \$37 to \$44.

The reason email works so well to increase sales is that it's personal and customizable. When you send an email, customers know you're speaking directly to them. People usually buy more while using a desktop, too, which is associated with when and where people check their emails.

## **Invest In an SEO-Optimized eCommerce Platform**

Running a wholesale business successfully demands speed and accuracy when handling products. You can accomplish this through a robust eCommerce platform. Some of the features you should look for include customizability, SEO-friendliness, a simple user interface (UI), and email marketing.

BlueCart's all-in-one sales platform comes built-in with email marketing capabilities that make it easy to create unique deals and personalized offers and send them directly to your chosen customers.

## **Launch a Pay-Per-Click (PPC) Campaign**

Pay-per-click, or PPC, is one of the fastest ways to generate new customers. PPC is when you only pay each time someone clicks on your ad.

An ad campaign is scalable, meaning you can quickly decrease or increase spend based on your budget with eCommerce PPC management. If your business is in its early stages, and you simply need new eyes on your products, this is a great method to use.

## **Provide One-Time Deals for New Customers**

Still struggling to attract new buyers? Give all your new customers an unbeatable deal, like 30% off their first order. This can be done with eCommerce marketing automation, like automatically sending emails when someone signs up for your email list.

This is particularly effective if you sell in a competitive niche, like pet products or cosmetic goods. If a prospect is considering your brand and another, they're more likely to buy from you because of your first-time deal.

## **Offer a Subscribe and Save Discount**

Another fantastic method for increasing sales is the subscribe and save offer. This is where customers can get an individual or group of products periodically shipped to them at a discount.

The subscribe and save model creates a win-win. Your business generates recurring revenue, and customers get products they love more often. BlueCart offers a subscription platform that makes it easy to get started.

## Attend Trade Shows

It may go without saying, but trade shows are an extremely powerful way to grow your customer base. Hundreds of retailers, vendors, suppliers, and manufacturers comprise these events, many of whom want to expand their purchasing channels.

Trade shows are opportunities to find large concentrations of ideal customers. If you can get in on the ground floor with a broker or business, it can mean dozens of new sales for you.

## Create a Referral Program

Word-of-mouth is still one of the most popular ways buyers share their happiness with their network. Three out of four customers rate word-of-mouth as a key factor in their buying decisions. Even a 10% growth in word-of-mouth recommendations can increase sales by up to 1.5%.

By offering existing customers an incentive to spread the word, you can increase sales much faster. You can offer current customers a rebate amount for each new customer they bring to your business. The referral program could also benefit the new customer, where they receive the same discount on their first order.

## Use Personalized Cold Calls

As long as you have the phone number of a decision-maker, cold calling still works. However, you need to personalize your outreach. People often shun salespeople who don't demonstrate at least some genuine care for their business.

The best way to do this is to first ask them what their greatest needs are. Discern how your business can fit into such needs, then make your ask.

## Simplify Your Warehouse Management Process Flow

People don't like to spend more time on the checkout process than they need to. Plus, in today's world of instant gratification, getting products to customers quickly is practically a necessity.

The outbound process for your products, including invoicing and reporting, should be fast and easy to follow. Your customers will be far more inclined to buy again if the purchasing process isn't a hassle.

## Offer World-Class Customer Service

Providing quick responses to inquiries and making customers a priority will earn you an incredible reputation. People are more likely to buy from businesses that give them a memorable experience.

## Test, Tweak, and Repeat

An undeniable truth about business success is that various strategies impact businesses differently. What may increase wholesale sales for a competitor might not work for you, and the opposite is also true.

Use your marketing budget wisely, but don't be afraid to test new ideas. You never know when a particular method will strike a chord with your customers.

## Wholesale Sales Strategy

You've identified quality wholesale items to sell, you've mastered inventory management, and you're executing a great eCommerce marketing strategy. So, why aren't you getting more wholesale clients?

Perhaps your sales are trickling in, or maybe you have yet to win your first sale. Maybe you ran a seasonal sale that got results but buyers aren't returning. In any of these cases, it's time to revamp your wholesale sales strategy.

The following methods will teach you how to grow your wholesale business both now and at bigger levels of success.

### Offer Creative Bulk Deals

As a wholesaler, you have to price your products strategically to remain profitable. Retailers know that they have multiple options for sourcing products. Since they're in business to make a profit too, they're usually looking for reasonably low price points.

One of the easiest ways to attract the attention of retailers is through bulk deals. You provide multiple products for one price, which encourages retailers to stock up. Your business still profits, because you're selling significant product volume for a great price. You can also achieve this through a minimum order quantity (MOQ) for your customers.

## Keep Your Wholesale Business Running Smoothly

The retail model works through high volume and frequent sales. As such, retail businesses employ strict operational standards to remain profitable.

When they turn to you for product sourcing, they expect you to be equally organized. Look at your website and back-end software to determine if your order processing and order fulfillment are streamlined. If not, it may be time for you to update in-house processes.

Once retailers discover you ship quickly and offer wonderful customer service, they'll start buying frequently. They will continue to choose you over less organized businesses and may even refer friends.

## Provide a "Frequently Bought Together" Section

Amazon, Target, and an increasing number of eCommerce companies use what's called cross-selling. The "customers also bought" area of the product detail page displays what previous customers purchased when they bought the same item.

Learning how to upsell in your business provides incredible leverage with little extra effort. It is a psychological strategy that increases the average basket size of your customers. It leverages social proof, which is the concept that humans are more likely to do something if they know other people have also done it. This is completely ethical, as customers are never forced to buy more--only if they want to.

## Maintain Top-Notch Brand Visuals

The wholesale industry is already crowded, which means you have to stand out to sustain your business. From your product details and store website to your marketing campaigns and print materials, your business should offer a professional impression.

The visual characteristics of a business are usually the first things customers judge it on. If your brand images look trustworthy, people are likelier to extend that trust to you. Trust is a key part of sales, and the more trust you imbue, the more wholesale clients you can get.

## Provide Limited Time Deals

One of the fastest ways to get more wholesale customers is by offering limited-time deals. Humans are inherently motivated by urgency; no one wants to miss out on a product they're already interested in.

There are multiple ways to use a time-sensitive offer. You can set one up for new products that you just received. Another way is running a deal on popular or branded products. Yet another method is bundling clearance goods with a complementary product as a way to sell both.

If you don't know what product to use for a time-limited deal, review your recent sales for popular products. Oftentimes, using a product with growing sales is the perfect place to create a deal.

## Promotion Ideas for Wholesalers: Distributor Promotion Ideas

Once your sales system is creating deeper client relationships, it's time to create an effective promotional plan. Sales and promotions differ in that sales is all about revenue, whereas promotions drive brand recognition in addition to incentivizing sales.

Let's look at some effective promotion ideas for wholesalers and distributors:

- Get listed in as many relevant directories as possible. Visibility is essential in business and is even more valuable in the competitive world of wholesaling. The advantage of multiple listings is that each wholesale directory shares its traffic and B2B eCommerce customers with you.
- Work with influencers. Asking an influencer to give your product a shoutout has become increasingly popular. The reasoning is simple: people are more likely to buy based on human recommendations than corporatized ad campaigns.
- Run a timed giveaway. One of the most effective means of promotion is giveaway campaigns. These get your existing customers excited because they already know and love your products, and it encourages new people to interact with your brand. People will be happy to shout your brand from the rooftops if the prizes are exciting.
- Offer a permanent freebie. A simple way to collect new leads on autopilot is by offering a free download or product by taking a certain action.

# Wholesale Price vs. Retail Price



Wholesale price is the cost a wholesaler or distributor pays a manufacturer for their goods. As you can imagine, wholesale pricing depends on multiple factors, any number of which may be present or nonexistent in a given business.

Each supplier has a different material sourcing, manufacturing, B2B marketing, and sales process. As a result, pricing for similar products can vary across suppliers.

Wholesale costs can also change based on material availability, economic conditions, the growing enterprises of business owners, and customer demand. It's wise to routinely check your suppliers' costs in the event of raw material shortages or economic downturns.

## How to Calculate Wholesale Price

The wholesale price you use will depend on whether you're a distributor or manufacturer. If you're a middleman between suppliers and retailers, your pricing can and should look different from that of a product creator.

Getting your wholesale price just right is a subjective process, because there are so many factors playing into a single product. As you develop a successful wholesale marketing plan and strategy, remember that your pricing will naturally change over time.

Here are a couple ways to calculate wholesale price.

## Research Suppliers

If you've been in the wholesale industry for years, it may have been too long since you reevaluated your supplier relationships. If you just got started, it's even more important to choose suppliers whose prices reflect their value.

Wholesale goods are already known to be cheap, but that doesn't mean they should be of poor quality. You should research wholesale items to sell, so you have realistic expectations of current prices.

Apply the following questions to the suppliers you're evaluating, as well as their prices:

- What is their customer service like? Do they follow up quickly with helpful responses? You want to select a company that prioritizes how they interact with other people and business owners.
- Is their pricing competitive? It's not worth your time trying to uncover value where it doesn't exist. A price that's wildly above or below similar products (not including shipping costs) typically means something isn't right.
- What is their distribution and shipping network like? Will you receive new orders on a timely basis? If your supplier's turnaround times are lagging, ask them about any alternative distribution solutions they may offer.
- Do they offer bulk discounts? This is one of the easiest ways to save money as a business owner. If they aren't a business that runs promotions, you may be better off with a different company.

If something seems off during your research, it probably is. It's better to take your time in starting a partnership than wish you hadn't started one at all.

## Control Your Costs and Labor

Calculating your parts and labor costs is necessary for determining effective prices. This is also called prime cost, which is labor expenses plus your cost of goods sold (COGS). In nearly all cases, your prime cost will comprise the majority of your expenses.

Once your labor and fixed costs are accounted for, ask yourself if there's still room for variable expenses, fees, and profit. If there isn't, or your profit margin will be unusually low, it's time to make adjustments. Don't be afraid to modify your production methods if it will lead to stronger profits.

## Maintain Low Overhead

Overhead expenses like rent, equipment, shipping, and advertising need to be included in your pricing evaluations. That \$2,000 eCommerce PPC campaign will cut into your profits if your product pricing hasn't already accounted for it.

The tricky part about overhead costs is that they usually vary. Instead of stressing about what costs will change and when, start with your predictable overhead expenses. Then figure out what you can reduce. Every measure of efficiency you implement will simplify the final price you select.

## Consider a Minimum Advertised Price

It's well known that wholesaling is a competitive marketplace, which only intensifies as a product gets closer to retail. One way you can strengthen relationships and combat losses is by using a minimum advertised price.

A minimum advertised price (MAP) is the lowest agreed-upon price point at which a retailer will advertise a wholesaler's goods. Wholesalers can't control the price retailers sell at, but they can ask that a product not be publicly displayed below a certain price point.

If you've ever added a product at one price to your online cart only to see it get displayed as a different price later, this is MAP in action. A MAP is used for numerous reasons.

One, solid pricing supports wholesalers' business model. Ensuring a steady availability of products from manufacturers to the retail market strengthens both sides of the supply chain.

Two, it prevents retailers from engaging in unrelenting competition. Retailers still control their final sale price, but by putting a minimum on the advertised price, it prevents unruly discounts.

Three, it supports brand value. Customers often associate price with value, so if a product is too steeply discounted, they may not shop for it at all. This can help wholesalers demonstrate the power of their brand and encourage retailers to sell products their customers will like more.

## Look at Your Budget

Selling products without a reliable pricing method can feel like you're walking through a fog. You may get where you're going eventually, but it will take a lot longer than it needs to.

A great way to counteract this uncertainty is by maintaining a budget. Your budget spreadsheet should include the following at a minimum:

- Fixed and variable costs
- Taxes and fees
- Revenue sources
- Category for unforeseen expenses

Once your costs are subtracted from your revenue, divide your monthly revenue by your monthly product sales. This number is your average unit price.

Now, it should be easier to understand whether or not your single unit price is effective. Changing out a product part, improving your advertising copy, or reducing your merchandise inventory may all improve your unit sales efficiency.

Another benefit of budgeting is it instantly highlights anything you're unaware of. If you discover an expense that is higher than expected or that you didn't even know you were paying, address it immediately. This can have a fast impact on your pricing.

## Determine Final Pricing

Boiling all of these factors down to a final price is often easier said than done. You may be tempted to sell your goods at the exact same price as competitors, but this is a risky move.

One, your production methods may be different from competitors'. Perhaps they are cutting corners to sell cheaper products, which directly affects their product quality.

Two, customers that shop with you chose your brand for a reason, so they have different expectations for your products. Make sure your product reflects what your customers are interested in.

Three, remember to price your goods according to how you see them. When you're convinced of a particular value, your customers and business partners will be convinced, too.

There's no exact science that will give you a "perfect" price. That said, you can still make smart calls on pricing. Ask yourself the following questions:

- What price would I be willing to pay as a consumer?
- Does my pricing reflect the value of the product?
- Is this price reasonable for the market I'm selling in?
- Is there a direct competitor selling a similar product for much higher or much lower?

With the answers to these questions, you'll be setting your goods up for pricing success.

## Wholesale vs Retail Price

Understanding the nuances between wholesale vs. retail price is a discipline that even the most seasoned wholesalers practice. There is a myriad of factors contributing to price differences, which include:

- Consumers' perception of product
- Average market price
- Novelty of product
- Average prices for geographic location
- Retail outlet branding
- Convenience of shopping experience
- Product/material quality

All of these should be taken into account when determining your own products' pricing. You should also have a value-based plan for your pricing.

A value-based pricing model accounts for buyer demographic interests, public consumer trends, and the unique benefits attached to your product (whether physical or emotional). This ensures you aren't merely competing for similar customers with similar products.

Retail products are marked up significantly to account for the overhead retailers incur. Whether a retailer is using a B2B eCommerce platform or not, you'll want to pitch a price that matches the environment in which they're selling.

Ultimately, an exact wholesale price vs. retail price will depend on your situation. If the retailers you're selling to have price expectations (and many do), you should work these into your selling scheme.

One of the advantages of the difficult pricing question is that pricing is variable. What works in one eCommerce marketplace may not work in another B2B multi-vendor marketplace. A great way to be smart on pricing is to look at what others are doing. If you can build a similar pricing plan for your products, you'll be able to keep great sales relationships well into the future

## How to Calculate Retail Price from Wholesale and Markup

Calculating a retail price for your wholesale goods is a crucial part of your business's equation. Customers bring price expectations to different types of eCommerce businesses, so it's important to strike a balance between cost and value. It's also worthwhile to remind yourself of the difference between markup vs. margin.

The average retail price increase from a wholesale product is 30-50%, or at least 1.66 multiplied by the wholesale item's cost. The reason for this minimum is that it tends to cover expenses, generate profit, and also draw customers in.

It's not uncommon for retail goods to be priced 100%, 300%, or even 500% higher than their wholesale costs. Clothing is one wholesale niche that's often associated with high markups, whether customers realize it or not.

Sometimes markup is associated with a product's brand, other times it's simply to keep a business running smoothly. If you find that you're still not making the profit you expected, consider selling goods at double the wholesale cost.

## The Difference Between the Wholesale Price and Retail Price

The main difference between a wholesale price and retail price is to cover for retail costs while still profiting. From that point, pricing differences can depend on numerous factors.

Perhaps a retail outlet has earned trust with customers who pay more. In another scenario, a retailer may add a small markup to attract bulk orders from customers. The final price difference depends on multiple sales and marketing elements.

# Fill Rate Definition, Formula, & Calculation

The definition of fill rate is the percentage of customer orders you're able to meet without running out of stock at any given time. A strong fill rate is at or near 100%, meaning you're able to fulfill all of the wholesale sales you make without stockouts, backorders, or lost sales.

Using the fill rate formula simplifies inventory forecasting, which is the process of using historical data to assess future inventory needs. A low fill rate indicates not enough stock or poorly organized inventory, whereas a fill rate higher than 100% could indicate ordering too frequently.

Your business's fill rate percentage can also be used to spot the bullwhip effect in a supply chain. The bullwhip effect describes how changes in demand at the end of the supply chain lead to differences and alterations throughout the rest of the chain.

Greater or lesser demand at the customer level of the supply chain can quickly lead to an altered fill rate. By noticing this quickly, you can adjust your purchasing habits to reduce financial losses.

Calculating your fill rate periodically allows you to spot weaknesses in your supply chain. If one of your suppliers has chronically long lead time, you'll notice faster than if you ran a manual check. Addressing the issue right away increases your fill rate and ensures customers are happy.

Your fill rate also clarifies whether your current reorder point is working well. Your reorder point is the pre-defined interval at which you order new stock. Getting a reorder point right is critical for preventing delayed shipments and maintaining profit.

If you're in the early stages of your business and find that customer demand is somewhat volatile, it doesn't hurt to keep some safety stock on hand. This is a separate section of inventory that you can tap into if you experience an order surge or supplier delays.

## Order Fill Rate

Order fill rate is the percentage of total orders that have been completely fulfilled. You can use this formula to check daily operational efficiency, assess the demand of various products, and evaluate supplier relationships. Your business's order fill rate can point to discrepancies like whether or not employees are efficiently unloading stock, packing them on time, or making ill-informed buying decisions.

## Fill Percentage

Fill percentage is the percentage of confirmed orders that can be fulfilled at any time without resorting to backordering. It is often used interchangeably with fill rate.

## Warehouse Fill Rate

Warehouse fill rate is the same concept as order fill rate but applied in the context of a warehouse. In warehousing, managers strive for as close to a 100% fill rate as possible. Less than 100% means there are more orders than stock to fulfill them, and more than 100% means inventory isn't being purchased or managed efficiently.

## Line Fill Rate

Line fill rate is the percentage of order lines completely filled out of the total number of order lines. An order line is any individual line item on an order bill. As an example, you could have 6 orders out of a total 12 order lines. Once multiplied by 100, this gives you a line fill rate of 50%.

## Case Fill Rate

Case fill rate is the number of product cases initially shipped as a percentage of all cases ordered. A case fill rate can apply to both inbound cases for a warehouse as well as outbound cases for distributors and carriers.

This formula is used by warehouse managers and staff to calculate and adjust operational efficiency. For example, if you sold 50 cases of wine but were only able to ship 40, your case fill rate for that day is 80%.

## Vendor Fill Rate

Vendor fill rate is the number of vendors who have delivered confirmed orders as a percentage of all vendors. Calculating this percentage is useful for determining the reliability of vendors in order to improve business decision-making.

## What Is Fill Rate in Supply Chain?

Fill rate is the number of orders that can be fulfilled at any given time without resorting to backorders or stockout. It's useful for determining how effectively and quickly your business is getting orders to customers.

The fill rate calculation is used near the end of the supply chain, as fill rate can only be calculated by knowing confirmed order numbers. Fill rate can be calculated on an ongoing basis but is more useful when calculated weekly, monthly, or annually.

If you're familiar with what is pre-order, you know how useful this method is for maximizing fill rate. Pre-ordering is the process of offering your customers the opportunity to buy a product or service prior to its production. This increases fill rate because you know exactly how many products you need.

## Fulfillment Rate Definition

Fulfillment rate is the number of orders marked as shipped over a given period, usually 90 calendar days. This number is separate from fill rate. Fill rate is the percentage of orders successfully picked and packed; fulfillment rate is the number of completed orders that have shipped.

## Supplier Fill Rate

Supplier fill rate is the number of suppliers that have delivered orders on time as a percentage of total warehouse orders. This type of fill rate is similar to vendor fill rate.

## Inventory Fill Rate

Inventory fill rate is the amount of inventory being used for customer orders as a percentage of total inventory. Fill rate and inventory fill rate are complementary.

Fill rate shows you the percentage of orders that can be fulfilled based on your existing inventory. If your inventory fill rate is unexpectedly low, this is often the cause of a low fill rate. On the other hand, if your inventory fill rate is too high, you may be stocking more than you need and wasting money.

## Fill Rate Formula and Fill Rate Calculation

Using the fill rate formula is easy. First, take the number of orders completely fulfilled and divide it by the total number of orders received. Second, multiply that number by 100. The resulting number is your fill rate percentage.

Here is the formula written out:

$$\text{Fill rate} = (\text{Fulfilled orders} / \text{Total orders}) \times 100$$

Download our free [fill rate spreadsheet template](#) to make your calculations even easier.

## Improvement Rate Formula

Improvement rate is a formula that shows the percentage of increase from one number to another. An improvement rate formula can demonstrate how much a business or operational need is improving month over month. It may be used to measure inventory tracking, packing and shipping accuracy, kitting efficiency, or any other eCommerce operation.

It's simple to calculate improvement rate. First, subtract the first month's number from the second month's number. Second, take that number and divide it by the first month's number. Third, take that number and multiply it by 100. That will give you your improvement rate percentage.

Here is the improvement rate formula:

$$\text{Improvement rate percentage} = (\text{Second month's total} - \text{first month's total}) / \text{first month's total} \times 100$$

## Filled to The Brim

Once you know how to calculate fill rate, you can take steps to improve it. Fill rate is only one factor that plays into effective warehouse organization.

By using proven principles for your warehouse management process flow, you can decrease your dead stock and achieve faster order processing. As you fulfill orders faster, your fill rate will go up, which leads to greater profits as well.

This gives you more time for B2B marketing and improving your brand presence on the eCommerce marketplace of your choice. Combined with excellent customer service, a high fill rate integrally contributes to eCommerce business success.



## Ready to take the next step?

To see exactly how BlueCart can help your business streamline inventory processes, schedule a free demo.

**FREE DEMO**



You can also book a demo by contacting us directly:

Konstantin Zvereff,  
Chief Executive Officer

(443) 454-6781  
konstantin@bluecart.com