

The 7 Simple Steps **to Getting the Best Wholesale Deals**

Buying products from a wholesaler for the first time can be a daunting process. To help you get off to a good start, here are some wholesale buying tips - straight from a wholesaler!

Step 1. Research the products you want to buy.

Think about it for a minute, you want to purchase a wholesale order of 5MP (5 mega pixel) digital cameras. You ring up your chosen wholesaler for the first time, & ask for X number of 5MP digital cameras. They then ask you, do you want the ones with the digital, or optical zoom...& are met with total silence on your end of the phone! The difference between the 2 may not be something that the average consumer would understand, but is something that you should educate yourself about.

- 1) You will come across to your supplier as being a far more professional & serious buyer, than someone who obviously doesn't have a good knowledge of the products they want to buy. If you come across as a professional, you will gain the wholesaler's respect, & if they respect you, you are far more likely to be given special deals/pricing.
- 2) As a retailer, you really should have an excellent knowledge of the product you are selling to your customers anyway. You need to be able to answer almost any question, a potential customer may throw at you!

Step 2. Have your relevant business/tax ID information at hand.

If you are purchasing from a wholesaler, in your own country, the majority of them will require, that you have certain relevant business registrations/tax I.D. When purchasing from a wholesaler, not in your own country, there will most likely not be any business registrations/tax I.D. that you have to provide.

Why is it like this?

Tax laws & business registration requirements vary from country to country around the world. There is no standardised global ID system for businesses, & it would simply be too difficult for a company in the US, for example, to keep track of what tax/business I.D, a customer from India, then Australia, then the UK all need to provide - it is easier for them to leave it up to the overseas customer to ensure they are abiding by their own country's laws. An overseas company may ask you for your registered business name, but this is more for their own records, & so they know who to address the parcel to.

If you are an Australian resident, most genuine Australian wholesalers will require that you have an ABN (Australian Business Number). The main reason for this is to help confirm your business identity. An ABN isn't compulsory, until your business turnover hits \$50,000 a year, unless you want to register for GST, but it may pay to have one, as it will give you many more wholesalers you are able to purchase from. Any Australian resident can obtain an ABN for free from the Australian Taxation Office (<http://www.ato.gov.au/>).

There are some suppliers that you don't need an ABN to purchase from, however, when you find one, you need to stop & ask yourself, are they a true wholesaler. Suppliers that don't require you to have an ABN usually fall into 2 main categories:

- 1) They aren't actually true wholesalers, but simply discount retail stores. You then need to look carefully at their prices, to see if you can actually make any money.
- 2) They are very small wholesalers, with small turnovers, often run from their home - there may be some long term reliability issues with continual supply of goods.

Step 3. Make the first contact a phone call.

Try to make your first contact with your chosen wholesaler by phone, or if they are in your area, maybe even stop in at their offices.

The wholesaler I want to buy from has an email address on their website, why can't I just use this?

There is nothing to stop you sending an enquiry via their website or email for starters, however there are a few potential problems with this method of contact.

- 1) Spam (non-requested, junk email) is a big problem these days, & there is a risk, that your email, may inadvertently become mixed up with their Spam, & deleted from their inbox, without them even reading it.
- 2) There are many people, out surfing on the net, who may see a product they like on a wholesaler's website, & decide to see if they can buy it cheaper than the retail stores, straight from the wholesaler, either from themselves, or to make a quick buck. They have no registered business, or any intention of creating a long term buying relationship with the wholesaler. This is something that wholesalers aren't too keen on, & it may be difficult for them to tell the difference between your genuine request for information, & the tyre kickers.

The one exception to this, is when a wholesaler has a reseller/stockist application form on their website for potential retailers to fill out. If you try to contact them by phone, & they already have an application form on their site, you will probably be redirected back to their site to fill it in.

Step 4. Have references ready, if possible.

It isn't uncommon for a wholesaler to request a couple of references from other wholesalers you have dealt with before. This of course may not be possible, if you are buying for the first time, but there are ways to overcome this.

One of the main reasons they will ask for references, is to ensure that if they provide you with a 30-day credit account, there is a reasonable chance you will pay up at the end of the month, & not just disappear, with thousands of dollars worth of their products. This issue can usually be solved, by simply paying up front for your first one or two purchases. Once they have got to know you a bit better, they may then be happy to provide you with a small credit account - if you make sure you pay your accounts on time every month, they will probably increase the amount of credit they will offer you.

What are the advantages of a 30-day credit account? Why bother going to the trouble of getting one?

The main advantage of obtaining a 30-day credit account from a wholesaler is that you can sell the products you have purchased, before you even have to pay for them. For example, you purchase 50 T-shirts for \$5 each from the wholesaler on the 1st of the month on a credit account, by the 23rd you've sold all the T-shirts for \$10 each. By the time your account is due, you've already sold all your stock, without having to fork out any money up front.

Step 5. Ask for discounts for large orders.

In general, the larger the order you are able to place, the cheaper you will be able to get the items.

For example: You can buy 10 digital cameras @ \$90 each from the wholesaler.

BUT....

You can buy 50 digital cameras @ \$81 each - that's a further 10% off.

Wholesalers deal in larger quantities of stock than retailers, so the quicker they can move it, the less warehouse space it is taking up, & the less they have to handle it (breaking it up into smaller order quantities), the more money they save.

I wouldn't recommend though, making large initial purchases to start with, as there may well be too many risks.

- 1) If you have never made a purchase from the wholesaler before, you don't know how reliable they are - if the order will come through on time etc.
- 2) If you have never stocked the item before in your retail shop/market stall/website, you don't know how well it is going to sell. You could end up with a large amount of products that no one wants to buy.

Purchasing larger orders, is something only to consider once you have established a good relationship with your wholesaler; have a large, steady, customer base that you know you can sell to again & again; & have developed a very good knowledge of the market you are selling to. There's no point in purchasing a large order just to save a few dollars, then end up with thousands of dollars worth of stock you can't get rid of.

Contrary to popular belief, many wholesalers actually have quite small minimum order quantities - no more than \$100 or \$200 of stock,

sometimes even less - which they sell at prices, where you can easily make a handsome profit at the end of the day. Even though you will get stock cheaper, by purchasing more, there is no need to make large orders, to get the items cheap enough to make very good money.

Step 6. Ask if they've got any merchandise that's taking a while to move.

As I mentioned earlier, wholesalers deal in large quantities of stock, that they like to keep moving as quickly as possible. If they have some stock that's taking a while to sell, you may be able to negotiate a deal, where you can purchase the remaining stock at a ridiculously cheap price.

It may have become slightly outdated, a little damaged during freight/storage, be last years craze, or just not selling as well as expected. The one thing you must think about though, before you jump at the great deal you're being offered, is whether or not you will be able to sell the product. Are the items not moving, because no one wants to buy them...not at any price? Is the market just too saturated? Are they accessories for a product that hasn't been sold new for years (like accessories for old model mobile phones)?

Step 7. If you find a good wholesaler, try & stick with them.

There are two main reasons for staying with a wholesaler you are happy with:

- 1) You will have got to know them well enough to know they are going to deliver your items on time, provide good quality products, & you will most likely have established a good credit relationship with them - something that can take a while to develop with a new supplier.
- 2) A wholesaler knows, that it is far easier & cheaper to keep existing customers, than have to go out & find new ones. If you can show to your supplier, that you are going to buy regular amounts each month, & pay your accounts on time, you should be able to negotiate a small discount on your purchases in return for your continual business.

A long-term customer may even be able to obtain other favours/assistance from their wholesaler. A friend of mine recently ran out of stock of a particular product on her website. She had customers waiting for their orders, but it was going to take 3 or 4 days for the stock to arrive from the wholesaler. Then, she was going to have to post it out to her customers, taking another 4 or 5 days. As she had established a good relationship with her supplier, she was able to ring them up, & have them send the individual products directly to her customers, cutting the delivery time in half, & keeping her customers happy as well.

Hopefully this guide has helped you to gain some insight, into the world of the wholesaler, & will enable you to be better prepared when are ready to take the first step, & place your first wholesale order. By following some of the steps I have outlined in the last few pages, you should be able create a successful, long-term relationship with the supplier of your choice.

Glossary of Wholesale Terms

MOQ - Minimum Order Quantity - The smallest order you are able to place with a particular wholesaler/supplier.

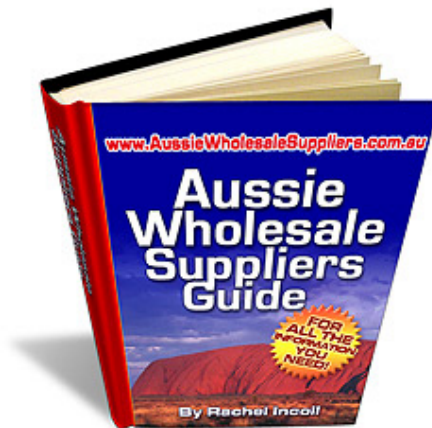
COD. - Cash On Delivery - Payment is due when the items are delivered to the purchaser - items will not be left at delivery address unless someone was there to make the payment.

FOB - Free On Board - Usually only used when purchasing from an overseas supplier. The price is often stated as FOB the nearest port or airport, which means the price you are paying covers delivery to the mentioned depot, but you are responsible for all further freight charges.

EOM - End Of Month

DOA - Dead On Arrival - Used to describe items that are damaged or faulty when the customer receives them.

RRP - Recommended Retail Price - Sometimes supplied to retailers by wholesalers/manufacturers, it is the suggested price that retailers sell the product at.



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