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# WINNING THE WHOLESALE & DROP SHIPPING GAME

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HOW TO FIND YOUR OWN WHOLESALE SUPPLIERS  
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# PREFACE

This book may at first seem to lean a bit to the side of brevity. Really short to be more to the point. But really, it doesn't take an encyclopedia to explain these basic concepts that will serve you quite well if you use them properly.

Once you've read it and weigh the value of the contents against a book ten times the length filled with a list of wholesale suppliers, I'm sure you'll agree that you've clearly gotten the better deal here.

## Introduction

The first thing most would-be online retailers, flea market vendors, etc. do is search Google for “wholesale” or dropshippers. Of course it seems like the most logical thing to do right? The problem with this though, you’ll be sent you on a never-ending wild goose chase. Searches like these will only bring up a myriad of the very sites you don’t want!

So, the next logical thing to search for is something like, “how to find real wholesalers” or “how to find legitimate dropship companies”. These lead to similar, or even worse results.

For those who are bound and determined to find the real deal, in time they usually do. Getting past the learning curve isn’t easy and takes a great deal of patience. Persistence and creative thinking do pay off in time. You just need to figure out how things truly work, pay keen attention to details, and one day it will finally hit you like a ton of bricks: “oh, o.k. so that’s how it’s done.” Then, you’ll no longer be wasting precious time looking for needles in booby-trapped haystacks!

Sadly, most people just get frustrated and give up, or go broke before they even have a chance to get started.

The aim of this book is to help you steer clear of the minefield and dive right in where the mother lode rests. It’s there, you know it has to be. After all, there are plenty of sellers making money; they wouldn’t continue to sell if they weren’t making a decent profit. That just makes sense.

So, let’s go over how all of this Wholesale/Drop-shipping thing works in reality so you can get off to a good start!

## Preliminaries and a Few Words of Advice

This isn't a book on how to start and run a business. There are plenty of excellent sources for that information and it's not my aim to fill up the following pages with redundant material. However, for our purposes it's necessary to cover a few basics which are critical toward your success in finding products at true wholesale prices, and establishing win-win relationships with suppliers.

### **Do it Right...**

If you want manufacturers and authorized distributors to take you seriously as a potential Authorized Dealer or Retailer, you must have (or be) a bona-fide, legal business entity. You'll need the proper business licenses for your locality and most importantly, a state issued Resale Certificate with your Sales Tax number.

Every company you'll want to work with will require (at the very least) that you provide them with either your Sales Tax number, a copy of your Resale Certificate, or both. Some will require additional documentation as well. Be prepared too for phone calls from suppliers wanting an interview prior to activating your account.

There are only a handful of states that don't require or issue Sales Tax numbers/Resale Certificates. If you reside or conduct business from one of these states, let the supplier know this and they'll work with you to provide alternative documentation. It's not a problem because they're well aware of this fact.

Knowing that you'll need to complete and submit application materials for each company you'll be purchasing from, you'll save yourself a lot of time by setting up a system for applying and providing the necessary documents in short order. Although most companies will accept completed documents via email, it looks more professional to fax them. It only takes a few minutes to set up an account with PamFax or a similar service, and it doesn't cost that much either. A fax number isn't a must-have, but it certainly can help you look even more polished.

*Note: The above information pertains to businesses and suppliers in the United States. For those in other countries, you'll need to research the laws for your country and contact suppliers in your area to find out what they typically require.*

## **A Bit of Advice...**

A professional-sounding business name can go far in how well your business is perceived and received among suppliers in your chosen product line.

Keep in mind that manufacturers are naturally proud of their merchandise. They don't take too kindly to anyone or anything that will taint their image in the eye of the buying public.

For example: You'll likely not get too far with suppliers by having a name that includes something like "cheap". If you want to be known for having low prices, that's fine, but try to uphold an image of quality first and foremost!

## **Is Drop-Shipping for Real?**

Yes, it is. Sadly, it's gotten a bad name in recent years for obvious reasons.

If you've ever bought anything from a mail-order catalog or any one of various major shopping sites, you've likely seen it in action. So, keep the faith because it is common practice and an economical way for Retailers to add to their product offerings.

## **A Word on Minimum Purchase Requirements**

Most bulk and light bulk suppliers have either a minimum dollar amount for at least the first purchase, will sell only in case quantities, or both. I've found the average first-time order minimum to range from \$150 - \$500. Some manufacturers/authorized distributors of highly popular products can be much higher: \$1000 or more. Re-orders are generally far less restrictively expensive.

For suppliers who are willing to drop-ship, they often waive the minimum purchase requirement and simply tack on a service charge or drop-ship fee. Most charge this fee per order, or per order below a specified dollar amount. This is wholly legitimate since it does require more work on their part. If you prove to be a stellar sales performer, in time you might be able to negotiate a waiver of this fee.

Although it's not that common, it is possible that a supplier will ask for a one-time drop-ship account set-up fee. This too is legitimate. What you *don't* want to do is pay a monthly fee. I've not found any legitimate wholesale supplier who asks for a monthly fee for the privilege of selling their product(s). Chances are they're misrepresenting themselves, so just move on and seek out the ultimate, or at least a legitimate source of the product in this instance.

## A Word on MAP...

As you begin to establish accounts with suppliers you're sure to come across MAP policies and agreements.

MAP stands for Minimum Advertised Price. Don't confuse this with price fixing, which is illegal. However, it *is* perfectly legal for companies to establish MAP policies and require Retailers and Authorized Dealers to adhere to them. Actually, it can benefit you greatly so don't despise it. Use it to your advantage!

What MAP does is establish a minimum price at which a product can be advertised, either online or in print. You're still free to charge whatever you wish for the product. This leaves you plenty of room for making use of coupon codes, BOGO (buy one-get one) deals, free shipping, and other selling price reductions. It seems confusing at first but don't worry, it'll make sense in time once you start working with it.

## A Few Words on Product Selection...

Remember too that it's best to test the waters before committing to any one product or line of products. What you think at first will be a smash hit for you may turn out to be a dud. It's not unheard of for a seller to stumble onto a seemingly unlikely winner after trying out several different things. You need to be flexible and persistent in your approach.

It's never a good idea to pour a huge amount of capital into a product until you've established its profitability for you. Successful selling is a personal thing. What works for Jane or Joe may or may not be right for you. A lot depends on how you approach and carry out your duties as a Seller/Retailer/Dealer.

Remember the following because they have to remain foremost in your mind as you navigate the minefield and conduct your business:

- 1) Sourcing products at true wholesale pricing is the most fundamental requirement for setting yourself in a position to compete and sell profitably.
- 2) Never stop looking for ways to reduce your overhead.

Always seek out the ultimate source of the product and attempt to work with them directly. Most of the time this just isn't realistic though. Especially when you're just starting out you

may not be able to meet a supplier's minimum purchase requirement. It never hurts though to start at the top and dig until you find where you fit in financially at any given time.

A legitimate Wholesale Distributor buys in huge quantity and though the prices they charge aren't as low as if you purchased directly from the manufacturer of course, they're usually still low enough to give you some wiggle room. Such suppliers usually have their own (but much lower) minimum purchase requirements, sell only in lots of various sizes, or both.

### **The following is a good example of what I'm talking about here:**

Let's say you have in mind to sell some toys from a major toy manufacturer. They're clearly good selling items especially at certain times of the year. But, after learning that the minimum purchase requirement is \$1,000 or more, you decide to hold off until your business has grown to the point where such an amount is feasible. It's also better to narrow down the actual products that will serve you well in the marketplace.

After some further research you come across a legitimate Wholesale Distributor who carries some of this manufacturer's products as well as a variety of others that could sell well for you. Their minimum first order requirement is \$250. This amount is far more realistic for you for two reasons: 1) because the dollar amount is clearly more affordable, and 2) it's less risky for you to diversify your product line in the beginning.

### **The Big, Nasty Profit Eater: Shipping/Freight Charges**

Never underestimate the power of transportation expenses to whittle away at your profits! Keep a close eye on this monster and do everything you reasonably can to keep it at bay.

A few things you can do when ordering inventory in bulk:

- Watch for and take advantage of Free Shipping sales.
- Bump up your purchase amounts to take advantage of discounted or free shipping for larger orders.
- If you live close enough, and your supplier has a provision for will call orders, then by all means pick it up yourself. Provided of course that it would actually cost less to do so.

## What *is* True Wholesale Pricing Anyway?

In a nutshell: at its highest point of discount, a true wholesale price should allow you to sell at or near Keystone. This is just as a general rule-of-thumb, it's not always the case. There may be times when you can buy directly from the manufacturer yet get only 25%-40% discount as a legitimate wholesale price. On the other hand, there may be times when you can find a few products from a Wholesale Distributor and what you pay could allow you an even greater than Keystone markup and still be competitive.

Keystone pricing simply means double what you paid for it. MSRP or MAP usually coincides with Keystone. In other words, if you paid \$3 for it, you should be able to charge \$6 for it and make sales. Keep in mind too, that this isn't a hard & fast rule. Just a general guideline. Depending on your chosen product line, you may run into quite a few products that, even at the lowest cost of acquisition, the potential profit margin is quite slim. The only way to survive in the market with these is by selling massive quantities in a short period of time and the ability to keep overhead to a bare minimum.

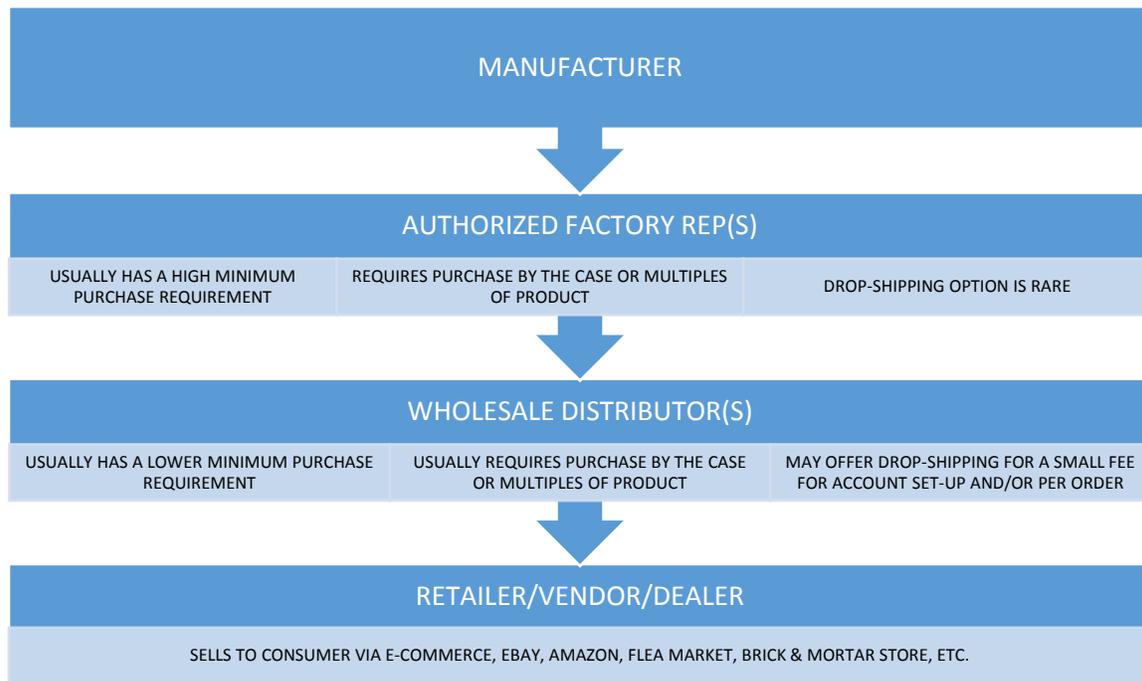
Keep in mind that "direct from the manufacturer" wholesale pricing isn't always possible either. Some manufacturers simply don't sell directly to retailers (aside from perhaps a powerful conglomerate like Wal-Mart). You'll most likely do your purchasing from one of the "child links" in the supply chain aka. Authorized Factory Rep, Wholesale Distributor, etc. Your greatest chance for profitability lies in your ability to purchase as close to the ultimate source (manufacturer) as possible.

If you can purchase through a Factory Rep you'll get the lowest wholesale price possible in those instances where the manufacturer does not sell directly to retailers. Often times the minimum purchase requirement is too restrictive for small-time sellers though, so you'll need to try out the next link in the chain: a Wholesale Distributor.

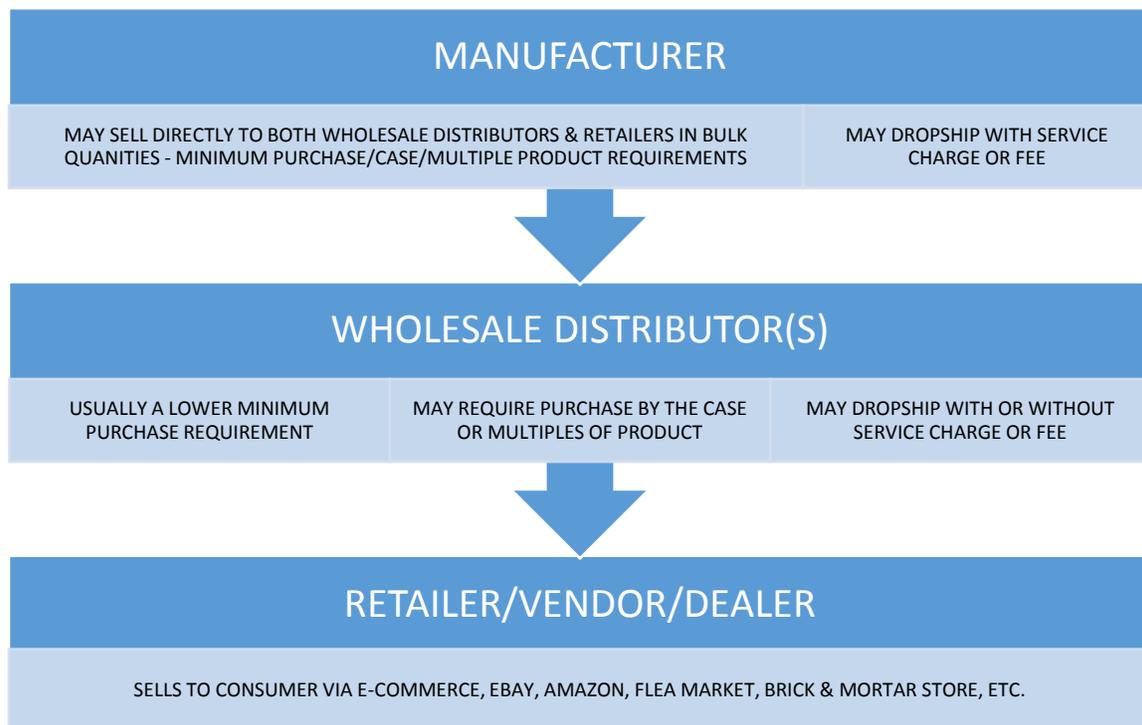
*Note: In its truest form, the chain of supply includes numerous elements ranging from the mining of the raw materials, product design, etc. all the way down to the ultimate consumer.*

*For our purposes though, we just need a simplified overview which excludes most of these elements.*

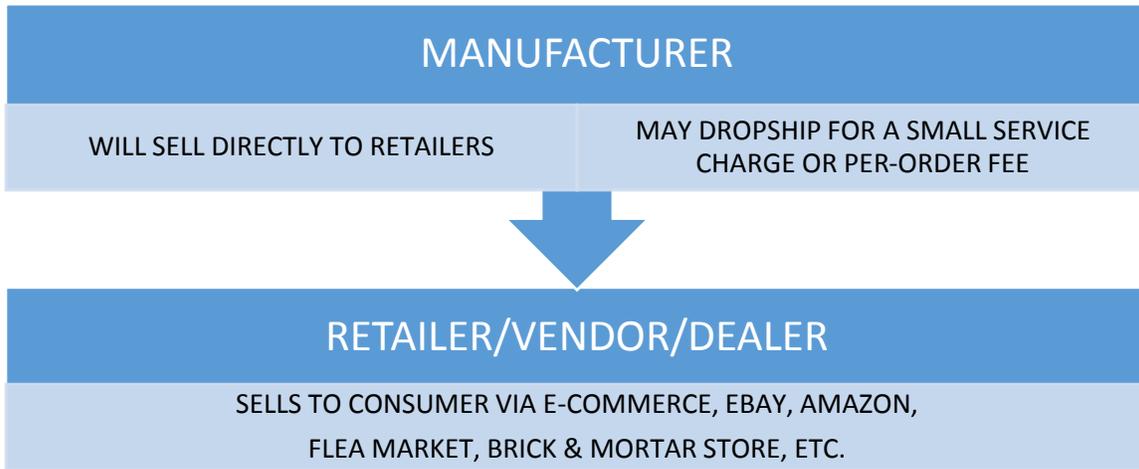
If you're not familiar with the typical supply chain, here's an overview...



One variation might be...



**Ideal for you (rare, but yes, this situation does exist)...**



If you're fortunate enough to find a small manufacturer that's willing to sell to you directly, even drop-ship product to your customers, then you've hit gold, provided that the product is in demand and you can sell it successfully.

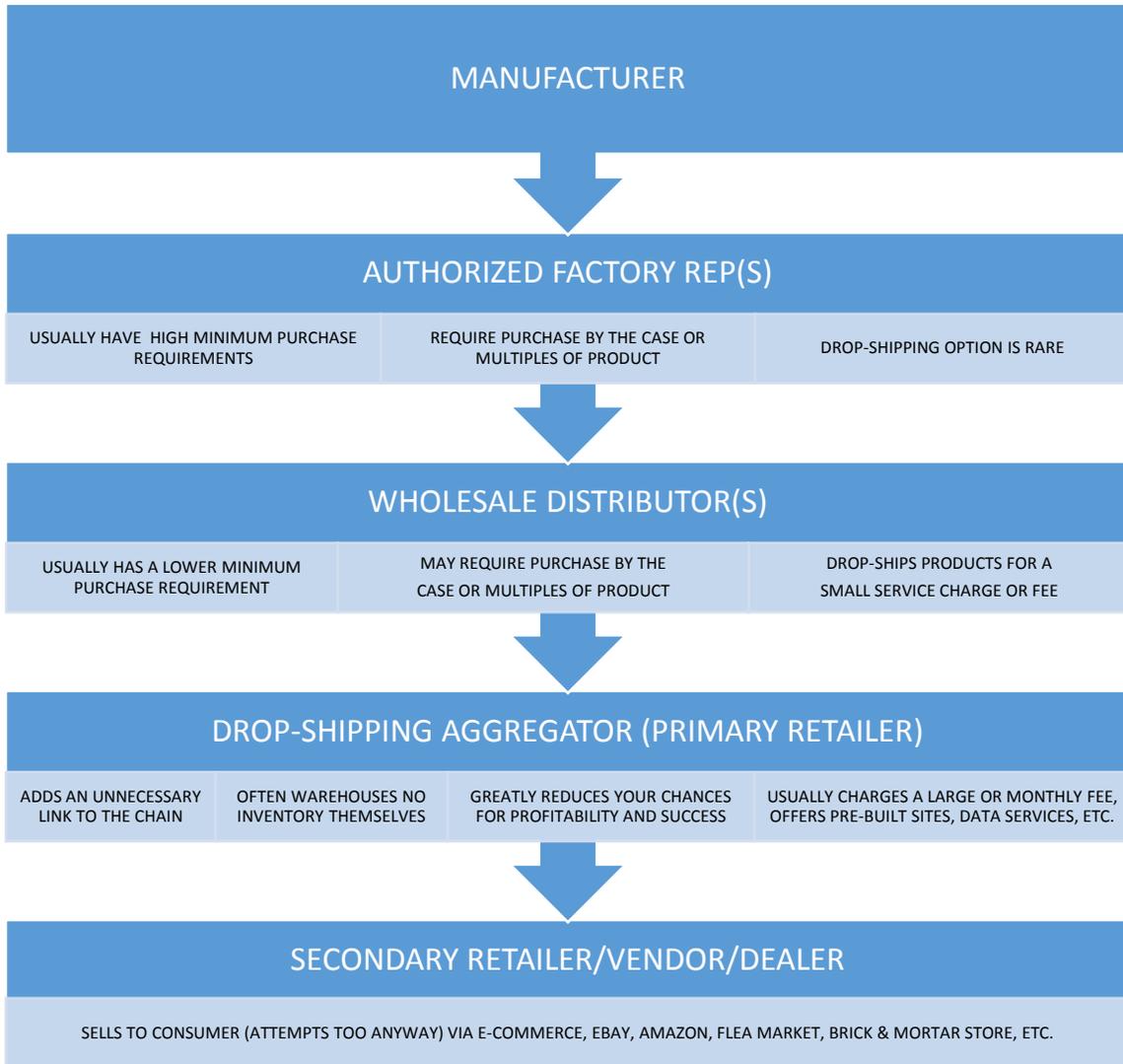
## What *isn't* True Wholesale Pricing

There are plenty of companies that tout wholesale pricing but after searching around you'll find that what you pay leaves you little to no margin for profit—there's no way to compete. These are the ones to steer clear of. They're simply middlemen aka. Drop-ship Aggregators or self-proclaimed wholesalers.

Although the lack of honesty among companies like these is reprehensible, I don't like to use the term “scammers” as a blanket term. Although some are them clearly are, there are a few who, aside from their questionable business practices, do provide miscellaneous services that some people find useful.

Essentially, they're simply retailers passing themselves off as wholesalers.

When trying to work with one of these companies your situation really looks more like this...



# How to Find Real Wholesale Suppliers

This book wouldn't be complete if I just left you hanging with this all-important, never answered completely, question in your mind.

Ask anyone who knows and you'll likely get the same answers: check out trade shows, search wholesale directories, find the manufacturer and call them, etc. While these are all good answers and can lead to some fine results, it just doesn't help you all that much and still keeps a large part of the picture hidden. There's more to sourcing products than just these basic steps.

What if you don't live anywhere near any of the major hubs for Trade Shows? What if you can't find any useful contact information for a particular manufacturer? What if the product or product line you want to sell isn't well represented in one of the wholesale directories? Believe me, most of the best suppliers require some ardent, clever, and outright tenacious digging to find.

The best way to learn is by doing, so I'll cover a few basics on how to search and follow up with some real-world examples.

## How to properly conduct a search...

We already know that using search terms like "wholesale" or "wholesaler" usually don't yield the results we want. Here's where you need a leg up with some genuine "insider" information.

Begin your search by using your primary keyword and including the following search terms (include the quotes):

- "wholesale to the trade only"
- "we do not sell retail"
- "dealer login"
- "retailer login"
- "dealer registration"
- "retailer registration"
- "dealer resources"
- "retailer resources"
- "become a dealer"
- "become a retailer"
- "become a reseller"
- "dealer application"
- "retailer application"

Of course, this list isn't all-inclusive. As you stumble onto some suppliers you'd like to work with, make a note of the phrasing they use on their site. For example, go through their on-site links, About Us page, Terms, FAQ, etc. You can add that to your list of key phrases for future searches.

Also make use of the Advanced Search feature to assure that your results are in your native language and are US based sites (or ones on your side of the pond) – that is, unless you don't mind paying high shipping costs from overseas suppliers.

Make liberal use of negative keywords too to weed out irrelevant results and pull the elusive gems from their hiding places.

Later in the book I'll show you some advanced search terms that should help you hone in on even more potential suppliers.

If you're interested in drop-shipping you're better off finding product sources first, then go through their site for signs of such information. Some suppliers openly advertise that they will drop-ship, but a lot of them only make it known that they'll provide this service after you've applied and been approved as a customer.

Learn to scour B2B sites with a fine-tooth comb. Often times the application process isn't openly visible. For some, you'll simply have to inquire by phone or email.

*It might seem strange, but even now not all wholesale suppliers have a website. Once you've exhausted your search for online suppliers, check phone books, trade registers, and anything else you can get your hands on that have B2B listings.*

## Some Real-World Examples

Since I can't possibly know what types of products you'll want to sell I'll just show you some examples that easily come to mind. Adapt these steps to your own situation and you should have an easier time when searching.

### Jewelry

Jewelry is always popular-- easy & inexpensive to ship too.

For starters let's type in jewelry + "wholesale to the trade only"

Our results are pretty good and bring up plenty of potentials. One thing to watch out for though is sites that simply claim wholesale prices but sell to the general public at these prices. They may be low, but these aren't what we're looking for. After all, if anybody can buy there, then why would they buy the same item from you at a marked up price?

After checking a couple out, we find a really good one. Nice selection and the very thing we're looking for. When we go to a product page there's a blurb that says, *"Please login to see price or purchase this item"*. This is exactly what we want to see. By not showing the price to



Home > Rings

Shop by Category

- Necklaces
- Bracelets
- Earrings
- Rings
- Scarves
- Hats
- Hair Accessories
- Hoop Earrings
- Pendant & Earrings
- Religious & Textured Bracelets
- Scarf Accessories
- Choker Necklaces

**Stackable Wishbone Chevron Ring**



Trio stackable wishbone chevron ring  
Sizes 6-7

Available Selections :

			
GOLD SIZE 6	GOLD SIZE 7	3 TONE SIZE 6	3 TONE SIZE 7
		<b>Sold Out</b>	<b>Sold Out</b>

Item # : 17223-R-GOLD SIZE 6

Please Login to see price or to purchase this item

unregistered users, this company is protecting its customers (Dealers/Retailers).

This is a company we'd like to buy from so we click on over to the registration page and again, see exactly what we want to see...

“...you are required to have a valid business or resale license.”

The screenshot shows a registration page for 'Wholesale Member Registration'. On the left is a sidebar with 'Shop by Category' listing jewelry items like Necklaces, Bracelets, Earrings, Rings, Scarves, Hats, Hair Accessories, Hoop Earrings, Pendant & Earrings, Religious & Textured Bracelets, Scarf Accessories, and Choker Necklaces. Below the sidebar are logos for Visa, Mastercard, American Express, PayPal, UPS Tracking, and Authorize.Net. The main content area has a title 'Wholesale Member Registration' and a bolded instruction: 'To qualify as a wholesale member, you are required to have a valid business or resale license.' Below this is a text box explaining that email, password, and business information are required. The form fields include: \* Email Address, \* Password, \* Confirm Password (with a note: '6-16 alphanumeric characters only (special characters and spaces are not allowed)'), \* Company or Business Name, \* Resale Tax ID, \* First Name, \* Last Name, \* Phone Number (with an example: 'eg) 123-456-7800'), Fax Number, \* Street Address, \* City, a dropdown for \* State (with the text 'Please Select' and 'Select your state from the above list or type into the below'), and a final empty input field.

Not all sites will have this on the registration page. Some may state this in their Terms or FAQ. Some may simply have a field for your Resale ID which is a required field (can't be left blank). Most will require you to also send or fax a copy of your Resale Certificate.

With a large proportion of suppliers, you'll have to wait a day or two (sometimes more) for your account to be approved. This is so they can verify the information you've submitted and get you activated in their system. As I mentioned in a previous chapter, be prepared for phone interviews as well.

## General Merchandise/Novelties

These types of suppliers cater to dollar stores, vending machine operators, flea market vendors, etc.

Wholesalers along these lines often do things a bit differently. Some may require registration & a Resale Certificate, but many don't. There are exceptions of course, but a lot of them will sell to anyone who can purchase in bulk and meet their minimums. Since most retail customers have no use for a case pack of 96 bottles of bubbles along with \$100 or more in other case quantity merchandise, that pretty much weeds out the non-wholesale customers.

Suppliers like these aren't hard to find at all so we'll just leave this example off here.

## Tools

Finding a genuine wholesale supplier for tools is anything but easy. In my humble opinion, the best way is to become accustomed to reading package labeling. Occasionally there will be a web address on the back or in a corner (in tiny print I might add) that will lead you right to the source. Then, the real searching can begin right there on the website.

Sometimes you can find things purely by chance. Not very helpful news for you I'm sure, but keep in mind that if you happen to have your antennae tuned in on something, eventually you're bound to find it. Something to do with the Reticular Activating System. Far too "out there" & Scientific to discuss here, but that is what it is.

To give you an example...

While at first this may seem irrelevant, it really does kind of prove my point. Had I not had my "feelers" out for wholesale suppliers in my area, I never would have found this place.

I live in Tennessee and found a Surplus & Wholesale warehouse in the tiny town of Loretto (which seems like such an unlikely place by the way). I drove down to check it out and found some incredible deals. Fortunately I thought to take a copy of my Resale Certificate because without it, I wouldn't have gotten in the door much less bought anything.

In addition to a myriad of figurines, collegiate what-nots, toys, etc. there were a couple of aisles crammed full of tools. Professional type stuff that you don't see in the local Wal-Mart. Since I had no clue what this stuff sells for, I just took notes as to what they had available

and the prices that were on them. When I got home I did some research & asked some guys who would know what this stuff normally sells for.

Guess what else is going in my booth next month? You got it—tools!

## Advanced Search Terms

While some of these may seem redundant, they *do* yield different results in the SERPs

- "this is a wholesale only site"
- "we do not sell direct to consumers"
- "we do not sell directly to consumers"
- "we do not sell to the public"
- "we do not sell direct to the public"
- "we do not sell directly to the public"
- "please login for price"
- "please login to view prices"
- "please login or register to view prices"
- "how can I become a dealer?"
- "how can I become a retailer?"
- "how do I become a dealer?"
- "how do I become a retailer?"
- "how can I become a reseller?"
- "how do I become a reseller?"
- "shop our retail site"
- "find a retailer"
- "minimum order is \$100"
- "minimum order is \$150"
- "minimum order is \$200"
- "minimum order is \$250"
- "minimum order is \$300"
- "minimum order is \$500"
- "our minimum order is \$100"
- "our minimum order is \$150"
- "our minimum order is \$200"
- "our minimum order is \$250"
- "our minimum order is \$300"
- "our minimum order is \$500"
- "minimum opening order is \$100"
- "minimum opening order is \$150"
- "minimum opening order is \$200"
- "minimum opening order is \$250"
- "minimum opening order is \$300"
- "minimum opening order is \$500"

## The Ins & Outs of Drop Shipping

Drop shipping (or drop-shipping, dropshipping, etc.) is a great way to get started if you have little or no capital for your own inventory. Even when you can warehouse some goods yourself it's still a great way to expand your product line—the “endless aisle” as it's sometimes referred to.

For one, you never have to see or handle the products. Just take orders, submit the orders to be shipped to your customers, and keep the difference between your cost and selling price.

There are a few things you'll need to be aware of though:

1. You never see or handle the products – this could turn out to be a nightmare instead of a blessing if you're not careful. So before you start selling, get to know the company and the products they're supplying you with.
2. Be certain that they can be trusted to fill orders properly, with top-notch goods, package the goods properly, and ship in a timely fashion every time.
3. Have some family members, friends, or neighbors accept test orders for you. Then you can see for yourself what your future customers will experience when their orders arrive.
4. Make sure that you're always in-the-know about stock levels. Especially if you sell on eBay you need to be absolutely certain that the products you have listed, you have available to fill the order.
5. Limit your suppliers to one or two. Unless you have a sophisticated software system in place to keep track of stock levels in real time, it will run you ragged trying to keep up. Besides, various suppliers have their own return policies and it could become a mess trying to keep up with this as well.

## Conclusion

As you can imagine, a list of suppliers would be just that: a list. You might find something useful but how would that ultimately help you over time? A fish is just a meal, and one that can get old & stale over time. A lesson or two on fishing never gets rotten.

I certainly hope that this information will prove quite valuable to you both now and as you grow your business.

I wish you the best of success!  
~Karen