

Profitability Starts with Educated Buying

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Sharing = Growing

Share with me after the webinar

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“Educated”

Translates to :

“Being Knowledgeable”

“Well Read,” “Informed,”

“Intellectually Aware”



Profitability Starts with Educated Buying

**“You make money on what you buy...
Not on what you sell”**



Key Components of Educated Buying

Profitability Starts with Educated Buying

- *Always Know Cost of Goods
- *Know Your Pricing and Market Threshold
- *Research Staple Products
- *Cultivate Strong Partnerships
- *Find and Secure Standing order Discounts
- *Take Advantage of Promotions and Sales



Backstory: The Journey that lead me to Educated Buying

My Industry Experience

- Purchased retail shop 17 years ago
- No knowledge of owning a shop
- No knowledge of products or pricing
- No surplus of capital in the bank
- Conducted tons of research



Know Your Cost of Goods

Do you know the cost of your goods?



Know Your Cost of Goods

- Always know what you are paying for your goods.
- Make sure your retail price is in line with your cost.
- Prices can change and maybe weeks before you are aware.
- As cost goes up, so should our retail price.



Know Your Cost of Goods

ORDERED	QUANTITY SHIPPED	BACK ORDERED	PRODUCT NUMBER	DESCRIPTION	QTY	PRICE	DISCOUNT
6	6	0	A6128318 HBD UPC: 098111987952	F-ROSE. 8			
6	6	0	A6116318 HBI UPC: 0981119248	F-ROSE. 8			
6	6	0	A680118 H' UPC: 098111688	F-SPRA. 8			
6	6	0	A6182718 UPC: 0981112	F-G-EUCA. 8			
6	6	0	A6176018 UPC: 098111	F-G-PLUM. 8	25	1.10	
6	6	0	A6614318 UPC: 0981	F-G-RUSC. 8	25	1.05	
1	1	0	B3813 UPC: 026	F-G-LIGR. 8	1	13.99	
1	1	0	B3801 UPC: 07	M-540-188. 8	3	8.99	
1	1	0	B3812 UPC:	F-POMP. 8	3	3.99	
1	1	0	B380 UPC:	F-GLAD. 8	1	8.99	
1	1	0	B38 UPC:	F-CARN. 8	4	3.50	
				Freight - Flow - Other Delivery	1	6.50	
				Delivery	5	3.50	
					25	6.75	
					2	0.39	
					1	11.00	
						7.99	
					***** TOTAL AMOUNT *****		
					SUBTOTAL		231.15
					TAX @ 0.0%		0.00
							\$231.15

TERMS: CHGG-NET-ALL BILLS ARE DUE AND PAYABLE ON THE 10TH OF THE MONTH FOLLOWING DATE OF PURCHASE-CHGNGF-ALL BILLS ARE DUE AND PAYABLE FROM DATE OF RECEIPT-COD-ALL BILLS ARE DUE AND PAYABLE WITHIN 15 DAYS A 1% PER MONTH SERVICE CHARGE WILL BE APPLIED TO ALL UNPAID BILLS
ALL GOODS SOLD F.O.B. STOCK
TRANSIT. UNSATISFACTION REFUND



Pricing and Market Threshold

- **Tools needed for Educated Buying**

- **Pricing formula**

- determines a retail price for an item

- **Market Price Threshold**

- the price everyone in the market will pay for an item.
 - prices above the threshold causes the market numbers to decrease.



Market Threshold: Examples

My Market Threshold for fresh designs is \$50-\$55.

Meaning 90% of my market would spend up to that amount. Those designs, appeal to the entire market.

Design prices above the price threshold will appeal to a smaller portion of the market



Market Threshold

- Important to know your price threshold
- Aids in your buying
- Buying heavy on items within the threshold and not as heavy on items above the threshold.
- Important to have items over the threshold but in limited amount



Research Staple Products



Research Staple Products

<u>Item</u>	<u>#1</u>	<u>#2</u>	<u>#3</u>	<u>#4</u>
Floral Foam	36.95 cs	38.95 cs	32.95 cs	38.95 cs
Floral Adhesive	4.99	4.99	4.25	5.99
Leaf Shine	5.99	5.50	5.50	5.99
54" easel	6.25	6.25	6.25	6.70
60" easel	7.95	7.50	7.50	7.95
24" Grapevine Wreath	6.00	6.25	5.50	5.50
22" Wet Wreath Form	16.00	18.00	16.00	16.50
River Cane Bundle	6.00	6.00	4.95	5.99



Great Tool in knowing your cost of goods

Eye Opener

- *Prices may have changed
- *when ordering-always ask price
- *Some Items—paying too much
- *Some Items---great deal already
- *May need to change Vendor



Compare Apples to Apples And Unit Pricing Not Case Pricing



Compare Apples to Apples: Example

Aquafoam Standard



NOT THE SAME



Oasis Instant Deluxe



Compare Units price not case price

Example Floral Foam

Vendor A

\$36.45 bx

48 bricks

.76 per Brk

\$10 del Fee

.97 per Brk w/del

Vendor B

\$29.99 bx

36 Bricks

.83 per Brk

Free Shipping
on 3 or more cases

.83 per Brk w/FS

Vendor C

\$32.99 bx

48 bricks

.69 per Brk

Std ground cost

Best Deal....Local wholesaler can spread Del Fee among multiple items in one delivery.



Additional Resources for Researching Staple Products

- Local Wholesale Houses
- Merchandise Mart
- Educational Conventions/Workshops
- Network with Colleagues



Research is Complete and Data is Obtained



Now What?



Cultivate Strong Partnerships

Open the Line of Communication

Explain you are conducting an Internal Evaluation

- Build a stronger partner relationship
- Stream line cost
- Organize operations
- Increase profitability



Maintaining Strong Partnerships

- Always show appreciation
- Remain professional during a difficult situation
- Remember you are a team
- Willing to be flexible at times
- Never burn a bridge



Standing Orders

Scared to handle standing orders?

**Can I support a standing order
or a whole box?**



If I can in small town USA, then...

YES YOU CAN!!!!!!



Change Your Mind Set!!

Example: Roses

One bu price \$1.05 \$26.25 for 25 stems

SO Price \$.59 PK 100 stems \$59 box price

So.....here is the reality.

When I sell one dozen of roses for \$75, I have covered my cost of the 100 stems. If I should not sell anymore, then I have not lost anything on the purchase.



My Standing Orders: Weekly

Hydrangeas

Reg: 1.75 st x 24= \$42.00

SO: 1.10 st x 24= \$26.40 bx

Gerberas

Reg: 1.10 st x 60= \$66.00

SO: .69 st x 60= \$41.40 bx

Tulips

Reg: .95 st x 80= \$76

SO: .49 st x 80= \$39.20 bx

**Look at the
amount of product
for just
\$107 Vs \$184**



Benefits of Standing Orders

- Huge Savings
- Saves time and stress of ordering
- Increases Profitability
- May Double SO at Holiday at same price
- Builds better relationships with partners
- Promotes Consistency of quality



Tips to Ensure Success with Standing Orders

- Base retail pricing on regular cost not SO cost.
- Choose items that have long shelf life.
- Keep SO product in mind when quoting/planning an event.
- Create Specials during slow times



Sales and Promotions

Types of Sales and Promotions

- Price Breaks
- Deals with Free Shipping
 - these two normally are based on quantity
- Closeouts
- One time deals
 - Some of the best deals!!!!
 - Prices really slashed
 - Profits Soar



How to Find Sales and Promotions

- **Networking**
 - Ask colleagues to share info on deals
 - Sharing is KEY
- **Read Emails**
 - Do Not Delete them
 - request to be on email list
- **Always Ask Partners**
 - you may have missed a promo
- **Create Notifications/Alerts**
 - Some may be time sensitive
- **Always Be Ready**
 - ready and open to savings



Networking Example

- Colleague shared with me about discount promos at the Atlanta Market
- Vendors offer discounts based on volume
- One stood out:
 - \$2,000 order yields 20% off
 - \$5,000 order yields 50% off



Price Break Promotions

Each price

Box Price is 5% off

Case price is 10% off

or

One for \$6.50

Six for 5.99



Price Break Deals: Examples

Not Secure — simspotteryinc.com



X 10 Eucalyptus
Bush Plastic 18 " -
Green

\$1.75

Availability: **In Stock**

SKU: CS14618

- › Buy 12 for \$1.65 each
- › Buy 168 for \$1.60 each

Not Secure — simspotteryinc.com



CVS200TT

24" LONG NEEDLE
PINE SPRAY X 3-
TT GREEN

\$1.15

Availability: **In Stock**

SKU: CVS200TT

- › Buy 72 for \$1.10 each
- › Buy 432 for \$1.05 each

Not Secure — simspotteryinc.com



1.5 " x 50 yd
Horizontal Stripes
- Lime / White

\$10.90

Availability: **In Stock**

SKU: RX9541F5

Qty: _____



Closeout Deals: The BEST!!!

**87% off and
FREE SHIPPING**



Look What I Did!!!!!!



You make money on what you buy!!!!



- 1A. **88% OFF PINK DIAMOND EMBOSSED GLASS BUBBLE BOWL**
6" dia. x 5¼"H; 3¼" dia. opening.
REG: \$83.88 ctn. of 12 (\$6.99 ea.)
DELIVERED PRICE: \$10.07 ctn. of 12 (\$0.84 ea.)
DV 1616
- 1B. **88% OFF THE FTD® LITTLE MIRACLE BOY™ BOUQUET - METAL**
PVC liners included.
6"H x 4¼"W x 3¼"D.
REG: \$59.88 ctn. of 12 (\$4.99 ea.)
DELIVERED PRICE: \$7.19 ctn. of 12 (\$0.60 ea.)
DV 1466
- 1C. **88% OFF THE FTD® BABY COMBO**



You make Money on what you BUY!!!



2J

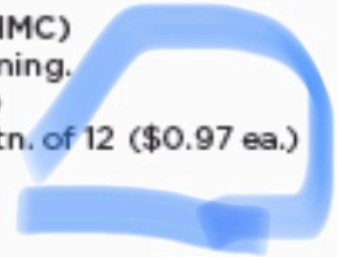
\$83.88 ctn. of 12 (\$6.99 ea.)
DELIVERED PRICE \$12.58 ctn. of 12 (\$1.05 ea.)
MF 1685

85% OFF + FREE SHIPPING
2H. THE FTD® HAPPY DAY™ BIRTHDAY
BY HALLMARK — CERAMIC (HMD)

4" dia. opening × 5"H.
\$77.88 ctn. of 12 (\$6.49 ea.)
DELIVERED PRICE \$11.68 ctn. of 12 (\$0.97 ea.)
MF 1690

85% OFF + FREE SHIPPING
2J. THE FTD® YOU DID IT!™
BY HALLMARK — GLASS (HMC)

4" dia. × 7¼"H; 2½" dia. opening.
\$77.88 ctn. of 12 (\$6.49 ea.)
DELIVERED PRICE \$11.68 ctn. of 12 (\$0.97 ea.)
MF 1755



You make money on what you BUY!!!!!!



2C

85% OFF + FREE SHIPPING

2A. CERAMIC PRESENT-SHAPED VASE WITH INSPIRATIONAL MESSAGING

4½" sq. × 6½"H.

\$95.88 ctn. of 12 (\$7.99 ea.)

DELIVERED PRICE \$14.38 ctn. of 12 (\$1.20 ea.)

MF 1747

85% OFF + FREE SHIPPING

2B. THE FTD® LOVE BOUQUET BY HALLMARK — GLASS (HMA)

6"W × 2½"D × 6"H.

\$101.88 ctn. of 12 (\$8.49 ea.)

DELIVERED PRICE \$15.28 ctn. of 12 (\$1.27 ea.)

MF 1675

85% OFF + FREE SHIPPING

2C. THE FTD® PEACE, COMFORT AND HOPE™ BY HALLMARK — GLASS/METAL (HMW)

3½" dia. opening × 7½"H.

\$77.88 ctn. of 12 (\$6.49 ea.)

DELIVERED PRICE \$11.68 ctn. of 12 (\$0.97 ea.)

MF 1676



You make money on what you BUY!!!!



1E

Regular \$5.99 ea

87% off \$0.78 ea
\$9.34 ctn of 12

Regular \$6.49 ea

85% off \$0.97
\$11.68 ctn of 12



2H

47



You make money off what you BUY!!!!!!

Stock Up

ON THESE GLASS VASES UNDER \$1.99 EACH!!!



OFFER VALID 6/1/18 - 6/29/18

Offer valid for Continental U.S. and Canada only.
All prices are in U.S. dollars.

**A. CLEAR GLASS
VASE ASSORTMENT**

4 each of 3 styles.

Curved Vase: 3" sq. opening x 6 $\frac{1}{4}$ "H.

Rectangular Vase: 6"H x 4"W x 3"D.

Garden Vase: 4" dia. opening x 7"H.

\$15.48 ctn. of 12 (\$1.29 ea.)

FI FTG01

**B. RECTANGULAR
GLASS VASE**

6"H x 4"W x 3"D.

\$11.88 ctn. of 12 (\$0.99 ea.)

FI FTG246C

**C. ROUND GLASS
GATHERING VASE**

4 $\frac{1}{4}$ " dia. opening x 7 $\frac{1}{4}$ "H.

\$10.74 ctn. of 6 (\$1.79 ea.)

FI FTG145C

CALL FTD MARKETPLACE AT 800.767.4000 TO PLACE YOUR ORDER



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Profitability Starts with Educated Buying!!!

Education leads to Profitability

Profitability leads to Success!!



Questions?

Email: randywooten11@gmail.com

**Webinar will be available to view at:
[YouTube.com/FTDMercuryNetwork](https://www.youtube.com/FTDMercuryNetwork)**