Linkun Foundation

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FREE TOOLKIT · PRODUCT BUSINESSES AND THEIR ADVISORS

# Selling Channels Toolkit

Wholesaler or retailer, storefront or online or both, selling direct or through stores. Compare margins, payment timing, and costs for each way of selling, and work out which channels pay you best.

- Each channel has a different margin, a different payment timeline, and different hidden costs. Compare them on what you keep and when you get it.
- Selling direct earns the highest margin but costs the most in marketing and labor. Selling wholesale gives you volume at about half the retail price, with slower payment.
- Online marketplaces bring customers but take fees on every sale and control the customer relationship.
- Use the channel worksheet to see your real profit per sale in each channel before you add a new one.

Fill it in on screen (any PDF reader) or print it. Prefer a version that tailors itself to your business? Use the interactive toolkit at linkunfoundation.org/resources/toolkits/selling-channels.

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How to use the business-type notes: sections marked “For wholesalers”, “For storefronts” and so on apply only to that kind of business. Read the general guidance, then the notes that fit you.

SECTION 01

# The main ways to sell

| Business model | Who you sell to | How you price | When you get paid |
|---|---|---|---|
| **Maker selling direct** | Consumers, at your shop, online, or at events | Full retail price | At the sale (card payouts in 1 to 3 days) |
| **Maker selling wholesale** | Stores that resell your products | Wholesale, often about half of retail | Net 30 to net 60 after delivery, or on consignment after the item sells |
| **Wholesaler or distributor** | Retailers, restaurants, other businesses | A markup on what you paid the manufacturer | Usually net 30 to net 60; you often pay suppliers first |
| **Retailer** | Consumers | Retail, often about double your cost (keystone) or more | At the sale, but cash is tied up in inventory beforehand |
| **Service provider** | Consumers or businesses | Hourly, per project, or subscription | Deposit, on completion, or monthly |

**KEYSTONE PRICING**

Many retailers expect to roughly double the wholesale price to set the retail price. If your product sells for $40 in stores, a store will often expect to buy it for about $20. Your wholesale price has to cover your costs and still leave you a profit.

SECTION 02

# Storefront, online, or hybrid

| | Storefront | Your own website | Marketplaces | Hybrid (store + online) |
|---|---|---|---|---|
| **Main costs** | Rent, staff, utilities, fixtures | Website platform, payment fees, shipping, ads | Referral and listing fees, ads, fulfillment fees | All of the left, plus inventory shared between channels |
| **Strength** | Walk-in traffic, personal service, community | You own the customer and the data | Large built-in audience | Customers buy the way they like; more resilient |
| **Watch for** | Fixed costs that don't drop in slow months | Getting found takes ongoing marketing | Fees, rule changes, account holds, price competition | Overselling stock, keeping prices consistent |
| **Cash timing** | Same day to a few days | Processor payouts in 1 to 3 days | On the platform's schedule, sometimes held longer | Mixed; forecast each channel separately |

### FOR STOREFRONTS

Your rent is the same whether sales are high or low, so know your breakeven per month and per day. Adding online ordering, local delivery, or pickup can earn more from the space you already pay for.

### FOR WEBSITE SELLERS

Shipping is where online margins disappear. Build shipping into prices or set a free-shipping minimum above your average order, and compare carriers once a year.

### FOR MARKETPLACE SELLERS

Include every fee in your price: referral or commission, listing, payment processing, fulfillment, advertising, and returns. Put a card or note in each package inviting buyers to your own website or email list, if the marketplace's rules allow it, so you build customers you own.

### FOR EVENT AND MARKET SELLERS

Count booth fees, travel, and your hours when you compare events. Collect emails or social follows at every event so one-time buyers become repeat customers online.

SECTION 03

# Selling to retailers

Getting into stores can grow your volume quickly, but it changes how you get paid and what you need to have ready.

- **Small independent shops** often buy in small quantities, pay on net 30, or take products on consignment (they pay you after an item sells).
- **Regional chains** may want a vendor application, proof of insurance, barcodes, and steady supply.
- **Large retailers** often require product liability insurance, electronic ordering (EDI), strict labeling and shipping rules, and payment terms of net 60 or longer. They may deduct money (chargebacks) for late or incorrect shipments.

## Before you pitch a store

- [ ] Set a wholesale price that leaves you a profit at about half the retail price.
- [ ] Set a minimum order and your payment terms in writing.
- [ ] Prepare a one-page line sheet: photos, item numbers, wholesale and suggested retail prices, case sizes, lead times.
- [ ] Get UPC barcodes if the store requires them.
- [ ] Check your product liability insurance and get a certificate of insurance ready.
- [ ] Make sure you can produce or source enough stock for reorders.
- [ ] Decide whether you'll accept consignment, and on what terms.

### FOR MAKERS SELLING TO STORES

Wholesale orders mean buying materials in bulk weeks before you're paid. Ask for a deposit on large first orders, and add the delay to your cash flow forecast.

### FOR WHOLESALERS AND DISTRIBUTORS

Your margin depends on volume and on keeping inventory moving. Track gross margin by product line and customer, check credit before giving terms to new accounts, and keep supplier terms at least as long as your customers' terms where you can.

SECTION 04

# Selling direct to consumers

Selling direct earns the full retail price and gives you the customer relationship, but you pay to attract each customer and handle every order, return, and question.

- [ ] Know your cost to win a customer, and compare it with what a customer spends with you over time. The customer lifetime value calculator helps.
- [ ] Build ways to bring customers back: email, texts, loyalty perks, subscriptions.
- [ ] Write a clear return and exchange policy.
- [ ] Collect sales tax where required. Rules differ by state and by channel; marketplaces often collect it for you.

SECTION 05

# Selling to businesses and institutions

### FOR BUSINESSES THAT SELL TO OTHER BUSINESSES

Expect purchase orders, net 30 terms, and a W-9 request before your first payment. Keep a simple credit application for new accounts and a written agreement for repeat work.

### FOR BUSINESSES THAT SELL TO GOVERNMENT, SCHOOLS, OR HOSPITALS

Register as a vendor with each agency and look into certifications such as small, minority-owned, woman-owned, or disadvantaged business enterprise programs, which can open set-aside contracts. Payments can be slow, so keep a larger cash reserve.

SECTION 06

# Compare your channels

Fill in one product sold through two channels to see what you really keep from each sale.

## Channel A (for example: your website)

Price the customer or store pays you $

Cost to make or buy the item $

Platform, processing, or commission fees $ per sale

Shipping and packaging you pay $ per sale

Marketing cost per sale $

Labor per sale (packing, service) $

= You keep per sale

= Margin

## Channel B (for example: wholesale to stores)

Price the customer or store pays you $

Cost to make or buy the item $

Platform, processing, or commission fees $ per sale

Shipping and packaging you pay $ per sale

Marketing cost per sale $

Labor per sale (packing, service) $

= You keep per sale

= Margin

A lower margin can still be worth it if the channel brings much more volume or steadier orders. Compare total profit per month and how long you wait to be paid, not only margin. The gross margin calculator helps with several products at once.

SECTION 07

# Plan your channels with AI

### AI PROMPT Which channels should I sell through?

Act as a retail and wholesale strategy advisor for small businesses. I run a {industry} business in {location}. Model: {model}. I sell through: {channel}. My customers are: {buyer}. Team: {size}. In business: {stage}. Goals: {goals}.
Ask me about my products, prices, costs, current sales by channel, and how much time and cash I have.
Then compare the channels that fit me (storefront, my own website, marketplaces, events, wholesale to stores, selling to businesses or institutions) on margin, payment timing, startup cost, and effort. Recommend which to focus on for the next 12 months, which to drop or test, and the first three steps.

Replace the [brackets] with your details, then paste into ChatGPT, Claude, Gemini, Copilot or any AI assistant.

### AI PROMPT Set my wholesale and retail prices

Help me set wholesale and suggested retail prices for my {industry} products. I'm a {model} business selling to {buyer}.
Ask me for each product's cost to make or buy, my target profit, and prices of similar products.
Build a price table with cost, wholesale price, suggested retail price, my margin at wholesale, and the store's margin at retail. Flag any product where wholesale doesn't leave me a healthy profit, and suggest fixes.

Replace the [brackets] with your details, then paste into ChatGPT, Claude, Gemini, Copilot or any AI assistant.

### AI PROMPT Write my line sheet and store pitch

**FOR BUSINESSES THAT SELL TO RETAILERS**

Write a short, friendly email pitching my {industry} products to independent stores in and around {location}, plus the text for a one-page line sheet.
Ask me about my products, wholesale prices, minimum order, lead times, and what makes my products sell well.
The email should be under 150 words with a clear next step. The line sheet should include product names, item numbers, wholesale and suggested retail prices, case packs, minimums, and terms.

Replace the [brackets] with your details, then paste into ChatGPT, Claude, Gemini, Copilot or any AI assistant.

# Frequently asked questions

### What's the difference between a wholesaler and a retailer?

A wholesaler buys in bulk from manufacturers and sells to other businesses, usually on payment terms. A retailer sells to consumers, usually at about double the wholesale price, and is paid at the time of sale.

### How do I price my products for wholesale?

Start from the retail price customers will pay. Many stores expect to buy at about half of retail (keystone pricing). Make sure that wholesale price covers your full cost plus a profit; if it doesn't, lower costs, raise the retail price, or sell direct instead.

### Should I sell in a store, online, or both?

It depends on your product, customers, and cash. Storefronts bring walk-in traffic with high fixed costs; your own website keeps the customer relationship but needs marketing; marketplaces bring buyers but take fees. Many small businesses do best with one main channel plus one supporting channel.

### What is consignment?

With consignment, a store displays your products but pays you only after each item sells, usually keeping a percentage. It's an easier way into stores, but your cash and inventory are tied up until things sell.

FREE 1:1 COACHING

## Talk it through with a mentor

Bring this toolkit, your numbers, and your questions. Book a free session:
https://calendar.app.google/Y9th1oVrDYsY7tbk8

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