

SETTING *Wholesale* Discounts



**Wholesale
Discount**

**Who gets what
and why?**

WHOLESALE DISCOUNTS

HOW DO I SET THE WHOLESALE DISCOUNT ON MY BOOK?

This goes hand-in-hand with [setting your retail price](#) - and one influences the other significantly. When the physical characteristics of your book (such as page count, covers, binding, size, etc.) are finalized, Dog Ear Publishing will calculate a single-copy [printing cost](#) (we'll give you an Estimate far before this point however). This price is a function of trim size, binding, cover stock, colors, etc - all the "physical" traits of your book.

You then need to determine the **Retail Price**. The retail price should be based on your appraisal of the target audience - this includes the value your product provides to the reader, as well as what price point OTHER competitive products are selling. The retail price should be at least 2.5 times the single-copy printing cost to allow for a reasonable margin (to cover our costs and your payments) after trade discounts are factored in. The Retail Price also helps establish the Net Sales Payment amount - the amount you, the author, make from each sale.

Now we approach the topic of **book wholesale discounts** - everyone in the supply chain takes a 'cut' of your sale (unless you sell direct to consumers - which is a great idea that increases your profit). The book wholesale discount is the amount of the retail price you give away to a wholesale or retail account such as Ingram Book (a wholesaler / distributor) or Barnes & Noble (a retailer). You can choose a wholesale discount anywhere from **20%** on up.

Typical book wholesale discounts fall in a few ranges: **20%**, **40%**, **50%** and **55%**. Most bookstores will purchase your book from a distributor such as Ingram - due to the huge number of publishers in the industry, most smaller chains and stores find it

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easier to consolidate orders in one place. This means that the distributor will receive a portion of the wholesale discount you offer. If you give Ingram **50%**, then the small guy may get **40%** from Ingram.

Each book wholesale discount level has advantages and disadvantages - the more you give, typically the broader your distribution *may* be...Here's a rough breakdown:
55% - Everyone has the ability to carry your book - at least financially speaking. Even the smallest independent bookstores can get a decent wholesale price when they purchase your books from a distributor like Ingram. The online sites and large retail stores will most likely discount your book heavily from retail.

The downside is that you give away more than HALF the money on your book. A 55% discount is **NOT USUALLY NEEDED** for most books.

50% - A standard 'trade discount'. Everyone still has the ability to carry your book, though independents will begin to feel the squeeze. Online retailers such as B&N.com and Amazon.com may discount your book from retail. Your profit is still a challenge since you are giving away half your money. This discount is only needed if 'brick-and-mortar' stores are a cornerstone of your marketing efforts.

40% - The chains (Barnes & Noble, Borders, Books-A-Million) will happily sell your product, but independents probably won't have enough profit left in the sale. The online sites (BN.com, Amazon.com, PowellsBooks.com etc) are the true focus of your sales efforts. It is unlikely any discounting will occur on your book - however, a 'discount from retail' typically does not impact a purchaser's decision when looking at self published books. Discounting is really only necessary in crowded and highly competitive markets - and even then it's used to help one retail outlet succeed over another.

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20% - Very few if any 'brick-and-mortar' stores will carry your product, and B&N.com and Amazon.com will be the main focus of your sales. This discount is usually reserved for textbooks or highly unique product. No discounting will occur on your book.

As noted on the retail pricing guide - where it is recommended that this **book retail price** be at LEAST 2.5 times the "single-copy print cost" to allow for standard trade discounts to book stores and distributors and libraries, and leave enough "gross margin" remaining so you enjoy a reasonable Net Sales Payment (see [How Are My Sales Credited?](#) for more on Sales Payments).

Here's an example - you'll see it runs 'backwards' from the retail pricing page:

Step 1 - Pick a Retail Price:

You survey the market and set a competitive retail price at \$11.95

Step 2 - Set a Wholesale Discount:

Independent bookstores as well as chain stores are part of your book marketing plan, so you offer a 55% wholesale discount from the retail price.

Step 3 - Calculate the Wholesale Price:

You multiply \$11.95 by .45 to get the 'per-sale' wholesale price (100 - 55% = 45%) and get \$5.38 as the wholesale price.

Step 4 - Calculate your Book Printing Cost:

For this example, your book printing cost is \$3.50 per unit

Step 5 - Calculate Your Per Sale Profit:

This is the wholesale price minus your book printing cost:

$\$5.38 - \$3.50 = \$1.88$ per unit when sold via '[distribution](#)'.

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Most authors move back and forth between the retail pricing calculations and the wholesale discount to try and find the ideal pricing / discount combination. You can also call us - which is often the simplest - and we'll walk through all of this with you on the phone.

Normally, various discounts are offered to libraries and college bookstores (15%-20%), independent bookstores (40%) and large chains and distributors (50%-55%). You may also want to offer volume discounts for individuals who buy more than 5 or more than 10 copies of your book at one time.