

"We could not have imagined how much of an impact James Dillehay's advice would make on our business. To our delight we are seeing results on a faster and larger scale than we expected in such a short period of time!"

Ken Kobrick & Angela Geene,  
www.Passchal.com,  
featured on the Today Show

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# Craft

## Marketer

### NEWSLETTER

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Give this newsletter as a gift. Invite your craft friends to subscribe at [craftmarketer.com](http://craftmarketer.com). There's no risk. I don't share your email with anyone for any reason and you can always unsubscribe at any time, easy and fast.

**Santa Fe, NM is promoting art and craft from recycled material with an upcoming event called Recycle Santa Fe Art Festival, held Nov. 10-12, 2006. For details, see [recyclesantafe.org](http://recyclesantafe.org)**

## How to Price Your Crafts for Selling Wholesale

by James Dillehay

Pricing crafts profitably is a big concern. I recently wrote an article for *Create The Dream* magazine from which I am passing along the excerpt below. Hope you find it useful.

Wholesale means selling your craftwork to a store, mail order catalog or other retail outlet, which marks up the price - usually 100% - and then sells your craft items to the public.

Many craft artists sell both through wholesale arrangements and at direct-to-consumer markets like craft fairs. This article will give you formulas for pricing so you can move from retailing to wholesaling with ease and profitability.

### Average market price

Do some window shopping for how craft items like yours are priced in each market you plan to sell through. In other words, if you plan on wholesaling to stores, visit shops that sell work like yours and check out their prices. If you will display at craft shows, walk through several events and note how items similar in quality to yours are priced.

The average market price for work like yours is a general measure of what consumers are willing to pay. You don't want your prices to stray to far above or below the average because customers will then perceive your work as either cheap, if priced too low, or over-priced, if marked up too high.

### Bottom line price

The next step is learning exactly what it costs to make each piece. This is the bottom line price or the lowest amount you must earn back to cover your expenses. To find the bottom line price, you must learn the production cost, or what it costs to make an item. Production cost is the sum of your labor costs and materials costs.

As an example, let's calculate the production cost of a 4' x 6' woven tapestry wall hanging. After initial research, you learn that similarly sized pieces are priced around \$2000 to \$3000 in galleries.

### Labor costs

The first amount to know is the cost of your labor. This is the hourly wage you pay yourself, and if you hire employees, what you pay them.

For our tapestry example, say that you pay yourself a minimum of \$20 per hour and you have no employees. The tapestry takes 60 hours to complete and make ready

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**Most craft artists starting out price their pieces too low, then find they don't sell. The answer is to raise those prices to what other craftspeople sell similar items or even a little higher. Increasing perceived value makes the sale.**



**James Dillehay**  
Helping You Profit  
from Your Creativity

James' craft marketing books have been highly recommended by The Crafts Report, Family Circle, Sew News, Bead & Button, Country Almanac, Sunshine Artist, Ceramics Monthly, Working Mothers and many more craft magazines. He serves on the advisory boards of the National Craft Association and [ArtisanStreet.com](http://ArtisanStreet.com).

for display. The total cost of your labor is \$1,200.

#### Cost of materials

Cost of materials is amount spent on supplies, accessories or any other materials used to produce an item. If you rent special tools to complete the project, include the cost here. In our example, your tapestry has \$95.00 in raw materials.

#### Production cost

The production cost is the sum of your cost of labor and your cost of materials. For our example, you have a total production cost of \$1,295.00.

#### Other costs

In addition to your cost of materials and your labor, there are expenses which may not seem obvious, but nonetheless require compensation. For example, studio space, tools, and equipment all cost money that must somehow be recovered.

Since most craft artists work from home and can deduct a portion of their home expenses for business purposes, overhead is not usually an issue. If, however, you rent studio space, you would need to recover that cost with a dollar amount added into your pricing formula.

For instance, if you pay \$400 a month, 12 months a year to rent a studio,

your yearly cost is \$4,800. Let's say you work an average of 40 hours per week and 48 weeks per year for a total of 1,920 hours. The cost of your studio rental is \$2.50 per hour of labor. So if you chose to pay yourself \$20 per hour for labor, you would now have \$22.50 per hour as a cost of labor.

#### Setting wholesale prices

Galleries normally double the price of what they buy or take on consignment. This is known as 'keystoning' in the retail business. If the gallery prices your tapestry at \$3,000, your portion of the sale will be: \$3,000 less 50% = \$1,500.

You've already learned that you have \$1,295 in production costs, so you're slightly ahead on this sale. If you sold the same piece at a fine arts show directly to a customer for \$2,500, you would be even better off. Remember though, costs of doing the show include booth rental fees, travel and food expenses, all of which need to be deducted from your total show sales to learn your gross profit from the event.

Knowing all production and material costs for each item will allow you to make intelligent choices as whether to discontinue producing unprofitable items or find ways to make them at lower costs.

Learn more about profitably pricing your craftwork with *The Basic Guide to Pricing Your Craftwork*, (Warm Snow Publishers). Everything you'll need to know to learn how to price your work for selling at craft fairs and to stores. Get examples of recordkeeping forms that help you become and stay profitable.