

Building Your Alpaca Store – Beginning Steps for Retailers

Deb Hill

"Don't just think better. Think different!"
-Harry Beckwith in *Selling the Invisible*

It does not take most alpaca breeders very long to realize the opportunities to be had from selling alpaca products. After all, having an alpaca retail operation in conjunction with your farm assists you with selling alpacas and generates an income of its own. What's not to like?

Still, the vast majority of farms do not have a farm store. For many of these breeders the issue simply comes down to money. Most have visited at least one farm where the alpaca store was large and beautiful...and clearly expensive. We worry about being able to find the additional financial resources necessary to build, stock and operate a store like that. If that's how you've been feeling, prepare for a sea change. There are a variety of ways to begin retailing alpaca products that do NOT require large outlays of cash. Your only limit is your imagination!

The first step on the road to setting yourself up in the retail arena is to re-think your definition of a store. When we talk about fashion retailing, most of us instantly picture a department store or perhaps a trendy boutique. We visualize a physical structure filled with shelving, fancy lighting, attractive flooring, soft music, and big windows bursting with seasonal fashion displays. Luckily, retailing can be done in many ways that don't involve storefronts, lighting and window displays - but which still work to generate happy customers and profitable outcomes.

Consider the primary elements of the typical store. Some things are essential no matter what kind of store you run. You will need a basic inventory, including stock items in a variety of sizes, colors and price ranges. You will need a way for the customer to see the items. You will need a storage area to keep back inventory. Finally you will need a way to transact business - a sales desk with cash register, a cash box and receipt book, or an order form. Before setting yourself up as a retail establishment, check your local and state laws governing commerce. You will need a retail sales license, which typically is available from your state department of revenue. If you live inside city limits you may also need a city sales tax license. Some types of zoning restrict business activity, so it is wise to check on whether you are allowed to run a store from home, and whether there are restrictions on your activity such as sign codes, numbers of employees you can have or where the public can park.

Once you have the proper licenses and permits in hand you are ready to begin. Whether you are running a virtual store or a real time outlet, you need a source of inventory. Companies that wholesale alpaca products seem to be popping up all over. Wholesale companies are those that sell products, typically in large quantities, to retail stores, which sell products directly to customers. Wholesaling is the level between the manufacturing and the retailing.

To buy products wholesale you need a retail sales license, and you may need to sign a contract with the wholesale company. Most wholesalers have a minimum dollar amount for your first order - for example, you must agree to order at least \$500 worth of goods the first time. After that you can usually order in smaller amounts. Check the quality of goods carefully - not all products are of the same workmanship. Also check on the promptness with which orders are filled and ask about return policies, in case something you order is not what you wanted.

Now that you have a basic understanding of what is required to set yourself up as a retail operation, let's look at inexpensive ways to build your own alpaca 'store':

Store in a Box - My first alpaca "store" was an antique trunk in my living room. I kept a few examples of alpaca products there to show visitors what can be created from alpaca fleece. The light bulb went off when visitors began to ask whether they could purchase my 'props'. I bought a few more of each type of item so that I could say "Yes" when my visitors wanted to buy. Products that I have found sell well with this approach include small items that do not require sizing or trying on, and especially those suitable for as gifts. For example, I sold socks, scarves, teddy bears, hats and gloves. This small amount of inventory may not reach the minimum required to purchase from a wholesaler, so consider working with a group of farms to achieve the required minimum purchase, and split the inventory between all the farms when it arrives. Setting up a 'store' such as this can cost under \$1000, including the cost of the trunk! For a little bit more, the Alpaca Fiber Coop of North America has developed a very nice Alpaca Product Station that takes up only a tiny bit of floor space and which comes already stocked with initial inventory.

Store on Paper - If you are aiming at a larger customer base than those who visit your ranch, an alpaca products catalog may be just the thing! Catalogs have become a way of life for American shoppers, and you have the potential to reach a huge audience. Starting small, with a limited distribution and inventory will allow you to minimize your initial expenses.

Many of the expenses come in the up-front work of producing your catalog: each item must be photographed, priced, and described in words. The catalog must be designed to be eye-catching and show off each item well. You will also need to create an order form and work with your bank on types of payments you can accept. If your initial mailing list is small, you can probably get by with color copying as opposed to printing. If your mailing list is large, printing becomes more cost effective. Don't forget to calculate the cost of the mailing itself. For large mailing lists you may wish to hire a mailing house to do the actual work. Keep in mind you will be getting orders in the mail, and your cost of doing business must include the cost of shipping orders to your customers.

Costs for a paper 'store' will vary greatly depending on the size and quality of your catalog and mailing list, but you may be able to get by initially with an outlay of around \$2000 for

a very small run. Build on your success, adding new inventory and enlarging your mailing list as your business grows.

Store On-Line - The number of web based stores is growing every year. If you already have a ranch web site, why not add an on-line store? Check with your web master and see she suggests for format and functionality. For those who already have web sites, the cost of adding a few pages and links, and some way to take orders will be minimal. You will still need to have each item photographed, and write a description for each.

Besides the photography costs, you may need to purchase new software if you want to take orders on-line, or you can link to sites such as "Pay Pal"® that are set up to take money for you. You will still need an inventory, and, as with catalog sales, don't forget the supplies and cost of mailing orders to customers. Total start up costs for an on-line store can be as little as \$1000.

Store on the Road - Somewhere between having a trunk in your living room and a retail outlet downtown is the concept of a traveling store. While trunks in your house are a good way to capture sales from visitors to your ranch, perhaps you would also like to sell to customers who are not ever going to come see you at home. These are folks that are not interested in raising alpacas, or even in visiting them but still love the products they produce. How can you reach these customers without the cost of setting up shop in the local mall?

Traveling stores are the answer. These can be as informal or formal as you wish, varying from selling off the tailgate of your truck at the local farmer's market to an upscale vendor's booth at the home and garden show in Big City, USA. Travelling stores allow you to take your products to the buyers, rather than forcing the buyers to find you. Options to investigate include farmer's markets, crafts shows, trade shows, gift shows, fairs and festivals, and special events. Do some research to determine the amount of traffic the event generates, average sales in past years, entry fees and percentage of take charged, size of booth space available, list of other vendors, typical weather (if outdoors), and customer characteristics. Most of the more formal events track sales, foot traffic and buyer demographics, and will share these if you ask. No matter what sort of event you are part of, your goal should be to create a booth that is visually appealing and includes a variety of items for all price ranges.

You will need some sort of booth that includes a cover such as a pop-up tent (available at discount stores for around \$200), folding tables and table covers, folding chairs (for you to sit on), portable display fixtures, sales books and cash register or money box. Attractive displays can be made with materials you have at hand such as baskets, barrels, wood boxes, etc. More formal events will require more formal displays such as wire or glass cubes, slat wall displays, or professional matching furniture. Total costs therefore vary from extremely low (\$300 or so for a tent-covered farmer's market booth selling fleece and yarn) to

quite high (\$3000 or more for a professional-quality display booth with graphics and matching furniture for a trade or gift show).

Retail Outlet in Your Home or Barn - We started this discussion with the premise that building a retail store was too expensive for small alpaca ranches. However, this is not always the case. Is there a guestroom, 'junk' room, or other room in your home that is not currently being used very often? It is possible to convert it to an alpaca retail store without costing nearly as much as setting up a typical retail outlet.

The two big expenses for retailing are the display fixtures and the inventory. Inventory costs depend on the size of your store and the amount you sell. A store on a ranch that gets three visitors a year will obviously have much smaller inventory costs than a store that gets 50 or 100 visitors a year. In either case, though, it is possible to begin with a small inventory which you enlarge as time goes by. You will find, however, that stocking a retail store, even a small one, will usually require at least \$500 worth of products.

Display fixtures are the racks, shelves and hanging rods on which the products are set out for the buyer to view. I have seen alpaca stores that were successfully furnished using rolling closet racks purchased at discount stores, wire shelves or cubes designed for home closet storage, and/or bookshelves and other existing home furnishings. The main idea is to create a display that shows off your products to their best advantage, and one that is easy for customers to maneuver around. If you do not have access to attractive inexpensive home storage fixtures and if your existing home furnishings do not display items well enough, larger cities near you often have stores that sell commercial display fixtures, including used items. Every once in a while, regular retail stores sell or give away their used display fixtures - be on the look out!

The total cost to create your own retail store depends on the size of your space and size of your inventory. You can assume it will range from a minimum of \$1500 for a store that only requires inventory and small supply purchases to begin with, to \$5000 and up for a large store with brand new display furniture and many product lines.

Other Options - There are many other ways to generate an income from selling alpaca products that are not covered here. I know of breeders who keep a variety of products in their professional offices to sell them to their colleagues and co-workers. I have heard of breeders who have camper trucks full of products and wherever they travel they set up 'shop', selling to those who they meet along their way. I recently was told of an "alpaca products party", like a Tupperware® party but featuring the finest in alpaca fashions, which was very successful. I am sure there are thousands of great ideas for selling alpaca products just waiting to be discovered.

The market for alpaca products in this country is virtually in its infancy. Consider that the Gap, Inc (parent company to Gap, Old Navy, and Banana Republic stores), considered small by retail fashion industry standards, runs over 3500

stores in the United States, and you can see that we alpaca retailers truly are limited only by our imaginations. As Roy Rogers would have said, had he owned an alpaca product store, happy sales to you!