Around The Block

EVERYTHING YOU NEED TO KNOW ABOUT CONSIGNMENT

Introduction

WHAT IS CONSIGNMENT?

When you sell by consignment, you entrust or "consign" your treasures to another party who contracts to sell them for you. You get a pre-agreed upon percentage of the sale price, typically varying from 50 to 70%.

At Around the Block, you will receive 60% of the final selling price. While this is a business transaction, we understand the value of these items to you, and we ensure the process is as easy as possible. We value our consignors and the items they trust us with. We care for and display your items until they sell.

We also understand that the consumers that visit us are looking for something special. Visiting our store is an experience a bit like a treasure hunt. They never know what they will discover. The items are displayed to stand out and catch their eye. The store is bright and clean, and well organized. People will wander and explore until they find something that speaks to them.

Focusing on both the consignor and the customer is what allows us to be successful and have repeat consignors and customers.

Part of ensuring you are comfortable with the process is ensuring you understand the terminology and how it all works.

In legal terms, you as the owner is the "consignor". The store that you contract to sell your treasures is the "consignee". Sometimes the consignee is called the "consignment shop", "consignment store", or, more broadly, a "retailer".

Consignment selling is different from the other core methods of selling merchandise: wholesale and retail. In wholesale, you sell your items to a retail outlet for a fixed price upfront. Typically, this is 50% of the final price that the retail outlet plans to sell to the consumer.

In a retail scenario, the retail store or outlet owner has sole responsibility for storing, promoting and selling those items to consumers they have purchased through a wholesaler. Because they are taking on more risk, they get to keep all the profits from any sales that they make. However, they also are incurring the costs of handling, storing, marketing, and selling those items.

As an individual looking to sell items that are of monetary and personal value, you won't be selling retail or wholesale.

Consignment is the best choice because it gets your treasured items in front of interested buyers without burdening you with merchandising, marketing and selling. You don't have to haggle on price or deal with buyers.

Introduction

WHAT IS A CONSIGNMENT STORE?

A consignment store is a business that displays and sells items for you. The consignment store acts as a "middle person" between you as the owner of the items and the end consumer.

The consignment store doesn't buy the items from you. Rather, you consign them to the consignment store on loan under the terms of a formal agreement.

The store is responsible for putting the items on display, promoting them, and handling the transactions involved in selling and delivering them to the customer. The store takes a mutually agreed-upon percentage of the final sales price for performing and managing these steps, and the balance goes to you, the owner/consignor of the item.

The standard legal practice is that ownership of the goods remains with you, the consignor, until the store completes the sale to the customer. Ownership then transfers to the customer who paid for them, and you get paid your percentage from the store.

Introduction

WHAT TO LOOK FOR WHEN EVALUATING A CONSIGNMENT STORE?

The main thing to consider when evaluating a consignment store is trust.

As a consignor, you want to know if the store can be trusted with your treasures.

- Will the store take care of your treasures?
- Will they be displayed well?
- Will they get the best possible price?
- Will you be paid promptly once the treasures sell?

Like any arrangement involving a financial transaction, it's critically important to do your research and due diligence to identify a trustworthy consignment store.

Example "trust indicators" are:

- **Personal referrals:** Ask around as personal experience is the best way of determining trust.
- **Track record:** Research how long the store has been in business (a measure of their experience and success).
- **Reviews from customers:** Check for online reviews of the store.

GO AND VISIT THE STORE

The primary goal of a consignment store is to properly display, promote, and sell items on behalf of its owners; the store's physical location, layout, and atmosphere are critical factors. The ideal venue is a clean, organized space designed to maximize the value and exposure of items for sale.

TALK TO THE STAFF

The consignment store management and staff should be well-informed about what is selling in the market right now. Being informed and on top of the market will help them set competitive prices that reflect the current market and to help maintain quality and reflect the trends of the day. If the consignment store is full of low-quality items, this may indicate that it's not the place for your items.

Products

WHAT ITEMS ARE THE BEST SELLERS?

Unique items with a "WOW!" factor are typically best sellers. Most items of good quality, in good condition, or are on trend will be sold if priced correctly.

Examples of high revenue-generating items tend to come from the following categories:

BONE CHINA

FINE CRYSTAL

ORIGINAL ART

RUGS

FINE JEWELLERY

DESIGNER FURNITURE

There are other types of consignment stores that cater to other markets and specific products. Some other everyday items sold through consignment fall into these categories:

- Antiques and collectable items
- Athletic equipment and sports gear
- Baby accessories and furniture
- Clothing and shoes
- Furniture of all types
- Musical instruments

Prices

HOW TO DETERMINE A SELLING PRICE?

A quality consignment store with a good track record will have the data and information on items and product categories that have sold well in the past -- and the kinds of prices they typically attracted.

The consignment store pricing staff will also have access to external resources such as Etsy and eBay, plus their own experience and expertise, enabling them to gauge demand accurately and have current research on the greater market.

A great consignment store should ideally have its pricing staff certified as personal property appraisers. For example, In Canada, a consignment store pricing staff would have a CPPA designation from the Canadian Personal Property Appraisers Group (CPPAG). This is a national, not-for-profit association of professional personal property appraisers that requires certified professionals to adhere to a Code of Ethics and Standards & Practices modelled after the Uniform Standards of Professional Appraisal Practices (USPAP) Standards.

Products

WHAT TYPE OF PRODUCTS DOES A CONSIGNMENT STORE TAKE?

A consignment store will usually specialize in a few things: clothing, jewellery, artwork, etc. Consignors should take this into account when deciding where to sell their inventory. For example, an owner is highly unlikely to maximize their return on a Rolex watch if it's for sale in a store that specializes in children's clothes.

Consignors should remember that when you consign something, it means you are authorizing a third party to act on your behalf to sell your possessions. The seller should do some research and identify a consignment store that deals with the type or types of items that they are trying to sell. This can help to ensure that items receive maximum exposure and increase their chances of being sold at an agreeable price.

Commission

WHAT SHOULD YOU LOOK FOR IN COMMISSION SPLIT?

The consignment store percentage split determines how the final selling price for a consigned item is divided between the owner and the business selling it on their behalf.

Most consignment businesses have commissions between 30 and 50%. The exact commission split should be clearly understood and detailed in your agreement contract.

Consignment transactions for many types of goods are conducted on the basis of a 60:40 percentage split that favours the consignor. So for every 100 dollars worth of consigned goods sold, the owner of the item receives 60 dollars, while the consignment store retains 40 dollars for selling it.

Contract

WHAT MAKES A GOOD CONSIGNMENT STORE CONTRACT?

A good consignment store contract should spell out specifically what the consignor should expect from the store.

Are you thinking about consigning an item?

Some points to consider:

- Will the consignment store at any time take possession of the owner's item?
- Is there a discount schedule? i.e., is the selling price for each item reduced after an agreed time period?
- How long is the contract for?
- What happens if an item doesn't sell after a certain period?
- Will there be storage fees charged or penalties to get it back?
- How will you be paid when your item sells?
- What is the consignment store's commission?
- Does the commission change with time?
- Are there any other hidden costs?

Consignors are advised to seek legal guidance during the contract negotiations and when reviewing the final document.

Process

HOW LONG DOES IT TAKE TO SELL YOUR ITEM?

This is the million-dollar question.
Generally speaking, if an item is placed in the right store and priced appropriately, it will minimize the selling time.

Certain categories of items can take longer than others. The best way is to research how quickly similar items have been selling at other consignment stores in a particular area.
As a ballpark figure, half of the goods at consignment stores in the Toronto area typically sell within 60 days. After that, an item rarely takes more than six months to sell.

HAVE AROUND THE BLOCK SELL YOUR ITEM

If you need to sell something on consignment, AROUND THE BLOCK approaches all consignments with experience, professionalism and compassion. We are experts and can assist you, whether you're downsizing, renovating, redecorating, or dealing with an estate disbursement. You deserve the best service and best price for your items, and we understand that. We back everything we do and make sure that all consignments in our store are treated as if they were still in your home.

Our CPPAG accredited appraisers have the knowledge and experience to accurately price your items so that they sell as quickly as possible while getting you the best return on your consignment. You can view our inventory of high-quality products here.

Based in Toronto, AROUND THE BLOCK has knowledgeable and friendly staff and offers the best consignment terms in the city! If you're ready to get started or would like to know more, get in touch with us.

Contact Us Today
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