

# BUYING JEWELRY?



DO NOT BE FOOLED BY THE WORD  
“WHOLESALE” IN ADVERTISING

If you are being sold jewelry for your  
own personal use, it is a RETAIL transaction.

## WHAT DOES “WHOLESALE PRICE” MEAN?

A price is considered wholesale if it is the same price at which retailers in the region usually buy the merchandise at. Many retailers claim to be selling at a wholesale price when in fact they charge the same as or even more than any other retailer in the area.

## WHY WOULD A RETAILER MENTION THE FACT THAT HE IS A WHOLESALER OR SELLING AT WHOLESALE PRICES?

In theory, wholesale prices will always be lower than retail prices because retailers must first purchase at wholesale prices. When the word wholesale is used in advertising, you may be led to believe that you are getting a better deal than from a retailer who does not have the word wholesale in his advertisement.

## ONLINE ADVERTISING – THE SAME LAWS APPLY

These rules for advertising “wholesale to the public” apply fully to selling on the Internet. If sales on the Internet are to the end user, these sales are retail, NOT wholesale.

## WHY IS IT CONSIDERED MISLEADING FOR A RETAILER TO ADVERTISE AS A WHOLESALER?

Transactions between a seller and an end-user are always retail. Using the word wholesale in advertising leads prospective customers to believe they will be participating in a wholesale transaction and will automatically save money over a retail transaction. This is erroneous because it in fact is a retail transaction at a higher price. Retailers seek to make a profit. Therefore, a markup from the wholesale price is expected. Even if there is a wholesale division, when selling to an end-user, the company is selling at a retail price. For that reason, mentioning that a company is a wholesaler selling to the public may be misleading.

Many states require all retail sellers to markup the wholesale price. Otherwise, the practice is considered dumping and unfair trade. Using the word wholesale masks that markup.



## IS IT LEGAL FOR JEWELERS TO ADVERTISE AS WHOLESALERS OR SELLING AT WHOLESALE PRICES?

Many states, including: Arkansas, Georgia, North Carolina, Kentucky, Texas, California, New York, and Michigan, have strict laws prohibiting the use of the word wholesale in retail advertisements. In some states this is a criminal offense, due to the word's ability to mislead consumers.

If a jeweler advertises as selling at wholesale prices, they must sell at the wholesale price. Some states define this as the price the jeweler paid for the item from the supplier. Other states, and the federal government, say they must sell at or below the average price retailers would pay in the area.

A company advertising as a wholesaler, must sell for the purposes of resale and rarely, if ever, sell to end-users.

## WHAT IS THE DIFFERENCE BETWEEN A WHOLESALER AND A RETAILER?

A jewelry wholesaler sells products, usually in bulk, to a company who will in turn resell the jewelry. It is the characteristic of selling to the trade that makes a wholesaler. A retailer sells to consumers who will use the product. One business can have both a wholesale and a retail division.

## WHAT IS THE DIFFERENCE BETWEEN WHOLESALE AND RETAIL TRANSACTIONS?

Wholesale transactions are often in bulk and therefore come with deep discounts. Wholesale transactions, as opposed to retail transactions, are for the purposes of resale only. Retail transactions are between a seller and an end-user. There is usually a markup since the seller expects to make a profit from the transaction.

## WHAT CAN I DO TO FIND THE BEST PRICE?

Be wary of the word wholesale in advertisements and company names. Do not rely on representations made by jewelry retailers' claims of having the lowest prices because they are wholesalers or sell at wholesale prices. Compare the prices to those of other local retailers for the same quality and size and see if the price is lower.



For more information about wholesale to the public, visit JVC's Web site: [www.jvclegal.org](http://www.jvclegal.org). or call JVC at: 212-997-2002.

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