

Have you wondered what the difference between them is?

If you are finding it hard to understand how these business models work, this article is for you.

Wholesale for E-commerce

There are two wholesale business models. You can either sell wholesale goods on Amazon or on your website.

You can use the Amazon FBA to sell wholesale products via Amazon for Businesses.

What you have to do is to find distributors who can provide you a wide variety of products, buy a big load and ship them to Amazon.

The benefit of selling using Amazon FBA is that you don’t require a website before you start selling the products.

The most crucial step is finding wholesalers.

The wholesale business model has the advantage of having lots of products that need to be sold at one’s disposal.

All you need to have is a few vendors that can help with the sales and delivery of these products.

You can also sell wholesale on your own website.

This will require you to manage your own inventory or use a third party logistics firm to do so.

The advantage of selling on your website is that you are in control of your brand.

Retail Arbitrage

To start with, you need liquidation stores to run this business successfully.

Since these businesses are closing down, they sell products at prices far lower than what

you would get on Amazon.

This has made this business model increasingly popular in the last couple of years.

What you have to do is to buy the merchandise from these liquidation stores and sell them at a higher price using the Amazon FBA

An advantage of this business model is that the average consumer won't have access to liquidation merchandise so, they have no choice but to purchase at the price you are putting it up on Amazon FBA.

Another advantage is that you save up on the cost of having to set up a website.

As you will be utilizing the Amazon FBA, there is no need to set up any website for your products.

The downside to this business model is you always have to be on the hunt for liquidation goods.

This isn't the most scalable of business approaches.

Dropshipping

As a wholesale business, there is two drop shipping business model. You can either dropship with your own website or you can drop ship from Amazon to eBay.

Basically, dropshipping is the act of creating a website where people can place orders on goods while you are not carrying any inventory.

All you need is a vendor. Once people place their order, you send those orders to your vendor.

Your job is done. Your vendor has the responsibility of shipping the order to the customer.

To run dropshipping on your website, you have to be approved by wholesalers as a retailer.

This makes them allow you access to their products. You just have to ensure that your vendors are reliable and carry the products you have.

If you are interested in the eBay/Amazon arbitrage, you have to constantly look for products on Amazon that sell higher on eBay.

What you will do is to copy the images and product copy then, list them on eBay at a higher cost.

This works most times because people who shop on eBay mostly don’t shop on Amazon so they won’t be aware of the price discrepancies.

You can also drop ship directly on Amazon without using FBA.

Private Label

You can sell private labeled goods on your website or Amazon

This business model is often viewed as the most sustainable model. Private labeling is when you brand products manufactured by a manufacturer and will hold your brand.

Most people running this business find manufacturers for their products overseas and instruct the manufacturer to produce in bulk for you.

If you are leveraging on Amazon FBA, you have to take advantage of its huge marketplace to make your sales.

The advantage of this is that you won’t require a website to sell your products.

The great thing about selling private label products on your website is that you are in control of everything from sales to distribution.

You have to drive traffic to your website and run your e-commerce business as you wish.

You won’t have to conform to anyone’s rules and regulations.