



How to Use Private Labeling & Wholesaling to Make Money on Amazon

Purpose

In the previous lesson we did an overview of what *Private Labeling* (PL) and *Wholesaling* (W) is. In this lesson, we'll now look into how to use PL & W to make money on Amazon.

Wholesaling

How

To do *Wholesaling* on Amazon, you can take two different approaches:

- **Amazon.com research** – with this option, you can research Amazon for a product you'd like to sell that is a viable candidate for wholesaling, assuming you can't find it for drop-shipping.
- **Wholesaler product availability** – if you have a connection with a wholesaler, either through direct access or one that you have an account with, depending on what they have in stock and are making available for wholesaling, you may find products that are viable candidates for selling on Amazon through wholesaling.

Why

Even if you do find wholesale products you can sell on Amazon, why would you?

Well, first of all, if the product doesn't already exist on Amazon, you would be the first to sell it there and stand a chance of making a good profit for being the first.

Secondly, *wholesaling* allows you to sell products you can't drop-ship. You may have found products on Amazon or have another source for a product you could sell on Amazon but that product isn't available for drop-shipping. In this instance, you could buy a small amount of inventory and likely have a good turn-around because there would be less competition than say a drop-shipped item might have.

That would be a third reason to do *wholesaling* – less competition. Given the availability of drop-shipped products, you could be up against some stiff competition. With *wholesaling*, you're likely to have less or even no competition, so that makes this approach a viable option.

Fourthly, you can make more money selling wholesale. Some drop-shipping sites or providers are simply middlemen, marking up products to such a level where the profit margin is low, zero, or even negative compared to a like item found on Amazon. The reason some are able to make money in this scenario is they are purchasing wholesale or are wholesalers themselves and thus



are able to buy in bulk which typically has a reduced per-unit price, increasing the profit margin for them when they sell.

Lastly, another reason to wholesale is to test products for *private-labeling*. In this scenario, you purchase wholesale a few different products and sell them on Amazon, watching to see which ones sell best. Then, you find products to private label that match that product market and even keep selling the wholesale product if it keeps making you money.

Private-Labeling

How

Similar to *wholesaling*, you have a couple of options here to consider as to how you might sell private label products on Amazon:

- **Amazon.com research** – do some research on here that has keywords or categories you want to rank for, then create PL products within that market. This is beneficial in that you don't have to worry about needing to change product names or whatever (because you can't) on products that are there and by creating your own PL product, you can dominate in those researched markets.
- **Private-labeler product selection** – if you have access to a Pler, you may look at the products that they sell, research on Amazon to see what market is best to enter (e.g. by keyword or category), and then add those products to Amazon with your own PL.

Why

There are a few reasons as to why you would want to sell PL products on Amazon. The number one reason is competition or, more specifically, the lack of it.

With wholesale products, even if the product was never sold on Amazon until you added it, because it is a product that you don't own the brand for, someone else might find your product on Amazon and decide to sell the same product, driving up competition for the "buy box", possibly driving down the price for the product to such a point that no one makes any money on it.

With PL products, no one else will have access to your product as it is branded by you. Therefore when you add it to Amazon, even if someone else sees it and tries to compete with you on it, they can't because they don't have access to that brand on that product. If they did copy your brand, you could simply contact Amazon and report them which could result in them even getting kicked off of Amazon.

Yet another reason to do PL is that you get all the benefits of promotion yourself. If you are selling a product on Amazon that no one else can list against and you're doing some SEO or



Amazon-internal optimization to get you better ranked for a category or keyword in Amazon, you can be confident there is no one else that can outrank you for the same product.

Another reason for doing PL is good margins. Whatever market or product you choose, you can use good marketing strategies to rank well, set better (profitable) pricing, etc. As there's no competition, there's more opportunity to profit without outside, competing interference.

Finally, another great reason for doing PL is branding. With PL products, you are able to build your own brand, which is highly respected by Amazon. By leveraging your own brand, you can see your ranking go up and your authority in Amazon increase in the markets you insert your PL products into. This makes a strong case for using PL products in Amazon.

Conclusion

As this lesson clearly outlines, there are advantages and disadvantages to *wholesaling* vs. *private-labeling*. Both methods can prove profitable and it is up to you decide which method (or both) you feel most comfortable applying to your Amazon seller's business.

Whichever method you choose, be certain to do your research. Well researched products or markets can make all the world of difference as to whether you prove profitable in your chosen markets.

Either way, opportunity exists and you are now informed as to how you can proceed.