



Private Labeling & Wholesaling Explained

Purpose

The purpose of this lesson is to give some understanding of what "*Private Labeling*" and "*Wholesaling*" are so that you know how to use them for Amazon.

Private Labeling

Definition

Private Labeling is the taking of a product that is being produced and putting your own label on it. This is not the same as coming up with a custom product, getting a patent, performing product research and development, etc. You simply take an existing product and place your own label on it.

In a normal model, a manufacturer has its own manufacturing facilities and its own people to produce the product which they eventually introduce to the consumer. The product is already branded and no one else is allowed to put a brand or label on their product.

With *Private Labeling*, a manufacturer produces its product and makes it available to a marketing company, which in turn produces a label to put on the product before it gets introduced to the consumer. The consumer, in this model, has no idea that this product was not invented or made by that marketing company.

Wholesaling

Definition

When people refer to *Wholesaling*, they are generally referring to the ability to buy products from a manufacturer and sell them in bulk to retailers, etc. However, for the purposes of this training course, when we refer to *Wholesaling* we're referring to the ability to purchase products at wholesale prices and sell them. You're not branding them or anything like that (as you might with a *Private Label* product), you're just buying and selling.

In Wholesaling, a manufacturer produces a product and sends it to a wholesaler. This wholesaler in turn sells the product to a seller or retailer at wholesale prices, who then in turn sells it directly to the consumer.

Now this is an oversimplified explanation of the process as there are many different business models for *Wholesaling*. For example, other models are ones where manufacturers who have retail operations, wholesalers who have retail operations, retailers who sell to other retailers or sellers. As you can tell, it can get quite confusing.



Again, the basic definition of wholesaling for the purpose of this training course is your ability to purchase at wholesale price and sell that product directly to the consumer on Amazon.

Private Labeling vs. Wholesaling

When deciding which to do, there are certain considerations to take into account:

- **Availability** – not all brands will private-label. You can't call up Apple and tell them you will sell their product (e.g. iPod) with your label and no credit to Apple.
- **Availability** – not all products you want are readily available for private labeling. If you were wanting to have a product enhanced or modified, built from scratch, etc. you may have to do it yourself vs. having a ready-made manufactured product that you can work with in that way.
- **Cost** – some PL products may not come as cheap as a wholesaling product, e.g. the increased cost may be for creating and adding the label.

Conclusion

The material in this lesson is just a quick overview of *Private Labeling* and *Wholesaling*, but hopefully you're comfortable enough with it as we go deeper into how to use this for Amazon.