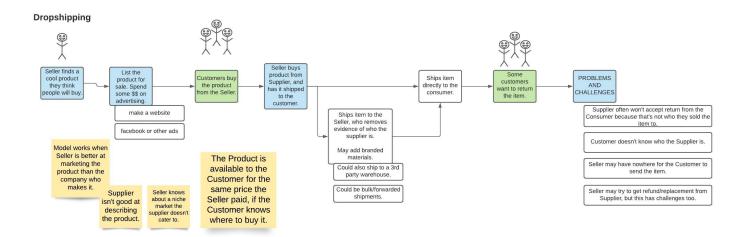
# **Ecommerce Business Models Explained**

This is far from an exhaustive or comprehensive list, but this page illustrates some of the most common ecommerce business models and how they work.

## **Dropshipping Business Model**

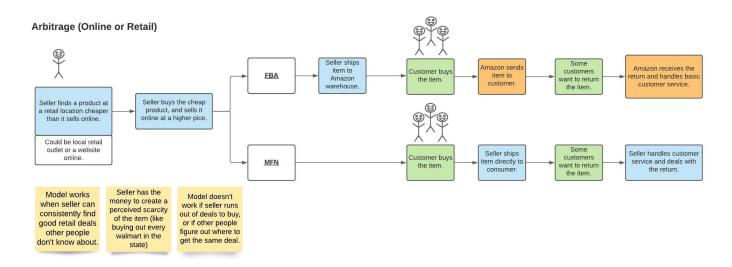
Basic idea: the seller is listing inventory for sale they don't actually own. They buy the inventory once a customer pays, and then ship it to the customer.



# **Arbitrage (aka OA or RA)**

Basic idea: Seller buys inventory at a discount from a retailer or online store, and then sells it at a higher price somewhere else.

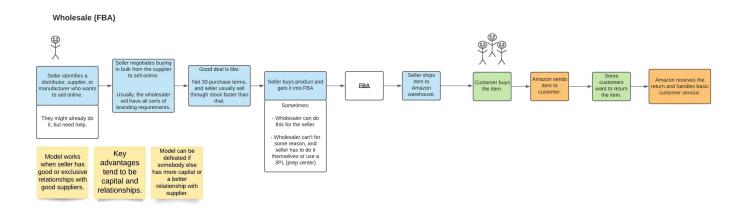
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#### **Wholesale**

Basic idea: Seller negotiates a deal with a wholesaler, distributor, or manufactuer to purchase large quanitites of products in bulk at a discount. The seller then sells them online.

Wholesale can have certain advantages over private label, especially getting started.

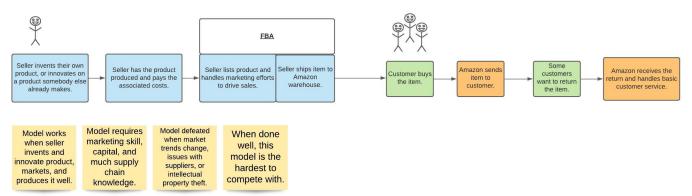


### **Private Label**

Basic idea: Seller invents their own product or innovates on someone else's. The seller then has it produced, markets it, and sells it online.

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#### Private Label (FBA)



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