

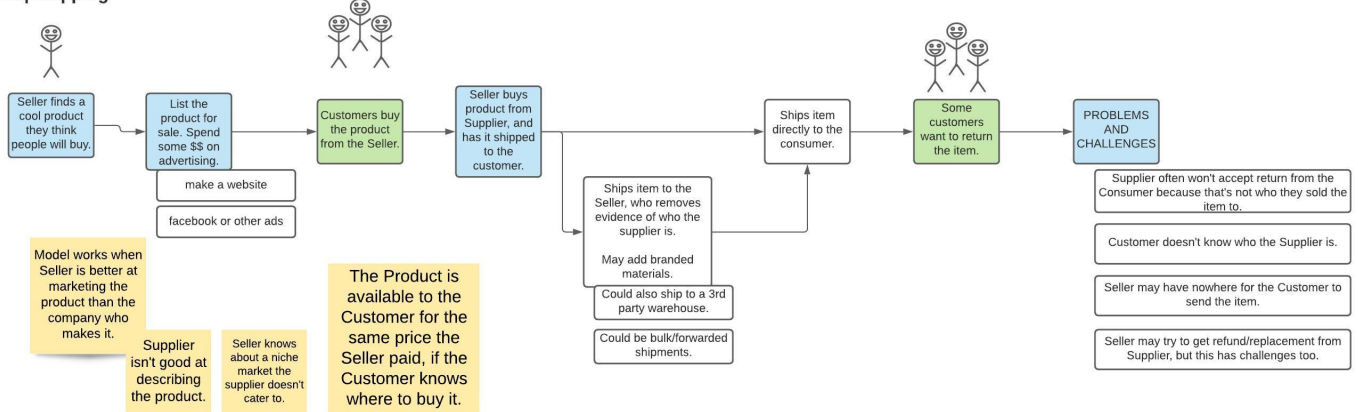
Ecommerce Business Models Explained

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.

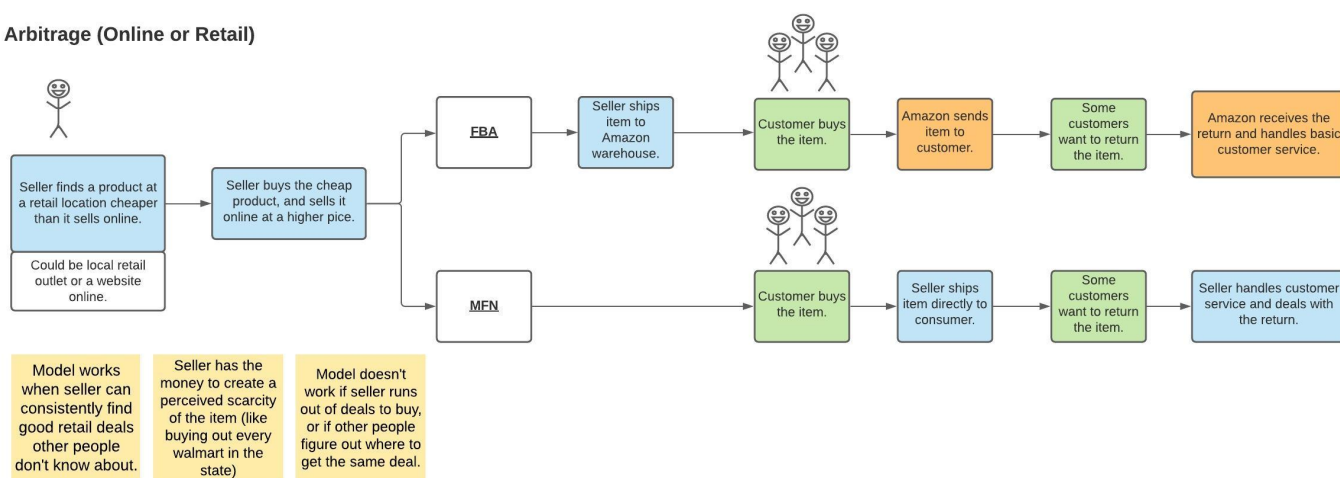
Dropshipping



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.

Arbitrage (Online or Retail)

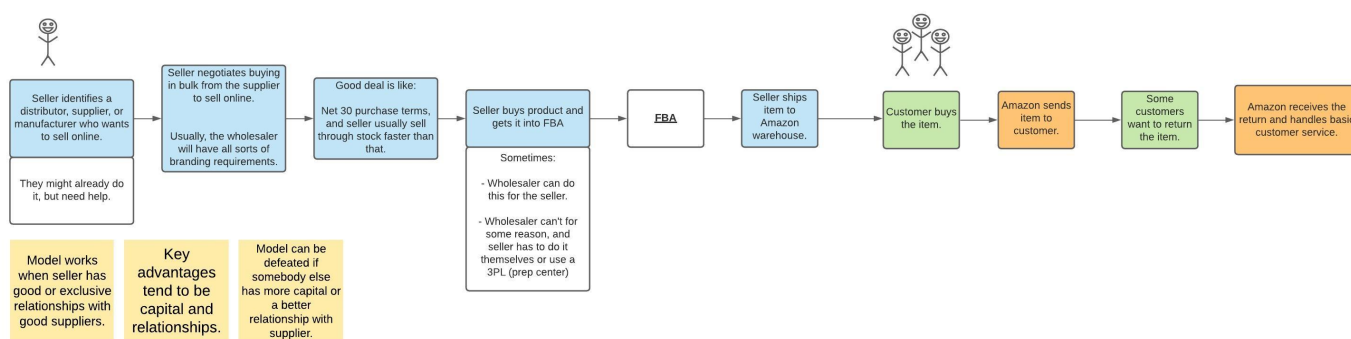


Wholesale

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

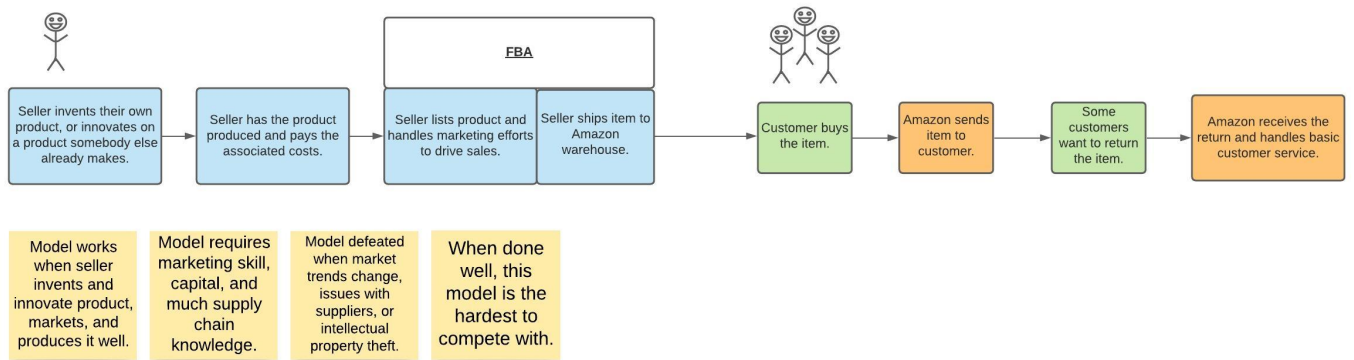
Wholesale can have certain advantages over private label, especially getting started.

Wholesale (FBA)



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.

Private Label (FBA)

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Last update: 2021/04/10 13:48

