

What is the Amazon Wholesale Business Model?

Amazon wholesale means you **buy products in bulk directly from brands or authorized distributors** at a discounted price and **resell them on Amazon for a profit**. You're not creating your own brand (that's private label), and you're not dropshipping.

Think of it as:

Brand/Distributor → You → Amazon customer

How It Works (Step-by-Step)

1. Find profitable products

- Existing branded products already selling well on Amazon
- Look for:
 - High demand
 - Stable pricing
 - Good margins
 - Low return rates

2. Open wholesale accounts

- Contact brands or authorized distributors
- Provide:
 - Business license
 - Reseller permit (tax certificate)
 - Amazon seller account info

3. Buy in bulk

- Minimum Order Quantity (MOQ) is common
- Lower cost per unit than retail arbitrage

4. List on Amazon

- Usually sell on **existing listings**
- Compete for the Buy Box

5. Fulfillment

- **FBA (Fulfilled by Amazon)** – most common
- Or **FBM (Fulfilled by Merchant)**

6. Profit

- Profit comes from volume, not huge margins

Wholesale vs Other Amazon Models

Model	Risk	Startup Cost	Control	Competition
Wholesale	Medium	Medium–High	Low	High
Private Label	High	High	Very High	Medium
Retail Arbitrage	Low	Low	Low	High
Dropshipping	Low	Low	Very Low	Very High

Pros of Amazon Wholesale

- Already proven products
- Predictable sales
- Scalable
- Less branding & marketing work
- Easier to automate long-term

Cons of Amazon Wholesale

- High competition (Buy Box wars)
- Lower profit margins (10–30% typical)
- Requires capital upfront
- Brand gating & approvals
- Amazon can jump in and compete

Typical Startup Costs

- Inventory: **\$2,000–\$10,000+**
- Amazon fees (FBA, referral)
- Business setup costs
- Software (optional but helpful)

Tools Commonly Used

- **Keepa** – price & sales history
- **Helium 10 / Jungle Scout** – product research
- **InventoryLab** – accounting & listing
- **Seller Central** – core operations

Who Wholesale Is Best For

- ✓ People with some capital
- ✓ Those who want **stable, scalable income**
- ✓ Sellers who prefer operations over branding
- ✓ Anyone planning to build a long-term Amazon business