

Warehousing & Fulfillment

The 5 Biggest Differences Between Wholesale vs Retail

Would you like to know the main differences when it comes to wholesale vs retail? Let's compare the two!



By Lauren Green, November 7, 2022

Key Points:

- Wholesalers buy products in bulk so they can sell smaller quantities on for a higher price
- It is expected that by the end of 2026 retail sales will reach a gigantic \$7.9 trillion
- Wholesale is business-to-business focused, while retail is business-to-customer based

Are you thinking of starting your own business and want to know the difference between wholesale vs retail? There are many differences between the two options and new businesses or those in the thinking process of developing a business often consider which option is best. In this article, we'll discuss the 5 differences between wholesalers vs retailers so you can decide the best purchasing option.

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Wholesale Meaning

Buying wholesale is when goods are purchased in large quantities, directly from the distributor or manufacturer. Wholesale products are typically purchased from those who own a business, in order to sell the items for a profit. Wholesale items are usually stored in a warehouse once purchased and are then rebranded or sold from a customer-facing store. The more products that are purchased at once from a manufacturer, the bigger the discount. This is why wholesalers tend to buy products in bulk, so they can keep large quantities of goods and then sell them in smaller quantities for a much higher price than they purchased them for.

To sum up, the main benefits of wholesale vs retail applies to businesses that buy lots of products in bulk to lower their costs and then sell them for a high-profit margin.

A commonly asked question is, is Amazon a wholesaler? The answer is no, Amazon is not a wholesaler, it is in fact an online retailer. Amazon sellers buy products from wholesalers for low costs and then sell them, usually for a profit margin of 50-150% on their Amazon store.

The Meaning of Retail

Retail is the sale of a service or goods from a business to a consumer for personal use. Retail items are usually sold in smaller quantities such as single items or a handful together. For instance, you may see a bottle of water being sold individually, or in a pack of 6. Take supermarkets for example - they have many retail stores and they tend to offer a lot of individual products as well as multipacks so the customer has a choice and can usually save money when buying a multipack of an item in smaller quantities. Stores will spend a lot of time considering their retail business model before offering their items to customers and there is a lot of competition between retail stores to offer the best retail price possible.

Did you know? In June 2022, retail sales in the United States grew by around 5.8% year-over-year. Clothing sales were up 0.2%, however, electronic sales were down by 8.7%. In April 2022, department store sales alone in the United States were estimated to hit around \$10.7 billion. Retail sales have been growing since 2021 due to the easing of COVID-19 restrictions and it is expected that by the end of 2026 retail sales will reach a gigantic \$7.9 trillion.

Related post: [eCommerce Sites for Wholesalers](#)



5 Main Differences Between Wholesale vs Retail

1. Pricing

When it comes to wholesale vs retail pricing there are many popular questions that arise such as - how much cheaper is wholesale than retail? As well as - who makes more profit wholesaler or retailer? Well, both wholesale vs retail businesses make a profit of course. Wholesalers buy items in such large quantities that they pay a much higher upfront fee, but when selling the items individually they can make a higher profit. Retail items have a higher price tag compared to buying the item from a wholesaler but remember that wholesale costs are only offered when buying many items at once. Retail customers won't get access to the same discounts offered by wholesalers due to how the supply chain works.

For example, let's say a wholesaler purchases a notebook. The price of the notebook individually could be \$1.45 if 1000 notebooks are purchased at the same time. This would mean that if 1000 notebooks are purchased, it would cost a total of \$1,450. If fewer notebooks were purchased then the individual wholesale pricing will be higher, and if an even higher quantity of notebooks were purchased, individual prices would be lower. After the wholesaler has purchased the notebooks, they could then be sold through a retail store for a much higher price. In this case, notebooks could be sold individually for £3.62 which is a 150% increase that gives a high-profit margin.

2. Fulfillment

When it comes to fulfillment with wholesale vs retail, wholesalers have to concentrate on warehousing and shipping large quantities of items. With many clients to take care of, a lot of income comes from repeat business. Retailers, on the other hand, focus on customer service, selling items in small quantities, marketing and branding to customers for personal use. Wholesale and retail businesses both have to take care of workers, cash flow, and inventory so they do have some things in common.

3. Marketing

When buying from a wholesaler, the main thing that is considered is the price. Therefore wholesalers don't tend to market their products or spend a lot of time advertising them, because the main focus is to sell products in bulk to a business. Because retailers sell directly to the end user, this is where marketing and other factors come into play. Retail stores speak directly to the customer - the people consuming/using the goods so businesses need to have a strong marketing game.

When retailers consider their marketing, they will think about many factors such as their branding, packaging, marketing channels, unique selling point as well as many other factors. All of this combined has the aim of converting individuals into customers. Without marketing, customers will not have heard of most retail stores.

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4. Customer

There is a big difference between wholesale vs retail customers. As mentioned previously, wholesale is business-to-business focused (B2B), while retail is business-to-customer focused (B2C) this makes a huge difference when it comes to marketing the product and the sale of goods. The customer of wholesale vs retail products are targeted very differently, and the business customer doesn't need to go through the marketing process while retail customers do.

5. Location

Another important factor to consider is location. Retail stores need to be in busy places, with a heavy flow of foot traffic such as shopping centers and high streets. These locations will already be well known so this is useful for retail stores as they can easily get new customers just by being in a good location. Usually, the better the location, the more expensive the cost to rent/buy.

Wholesalers have a much simpler need - space. The main thing that a wholesaler requires is a large amount of storage space in order to contain large quantities of goods. However, even though storage space is the main interest when choosing a wholesale location, it is also important to consider the cost of shipping. It would be handy to have a location near an airport or highway for quick and easy transportation

So What's Best When It Comes to Wholesale vs Retail?

In conclusion, if you're buying for business use (to sell on) then wholesale is typically your better bet. If you're buying for personal use then buying from retail stores is a better option. Easyship can integrate with top online marketplaces such as Amazon, Shopify, Alibaba, and eBay. It's quick and easy to sync your orders on our dashboard and we will show you the best shipping options when shipping domestically and internationally. Here are some of Easyship's features that you may find useful:

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Shipping Policy Generator: Our shipping policy generator helps merchants and crowdfunding campaigns generate their shipping policy by providing tracking and insurance options, important returns information can also be generated so your customers know what to expect

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