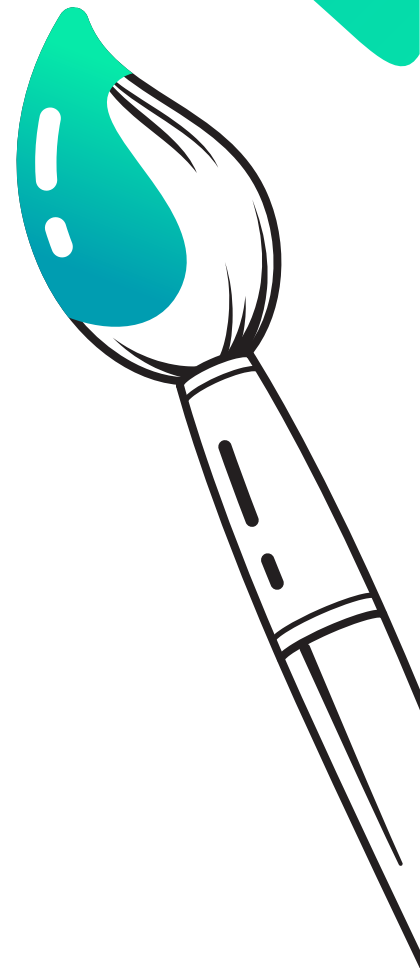


# Why white-labeling builds trust



# What is white-labeling?

Even though you may have never heard of the term “white labeling” before, chances are you have used a product or a service under a “white label”.

Basically, white-labeling is an arrangement between two companies; the product made by one company is sold by the other company, under their brand name.

The term “white label” means there is no brand name imprinted upon a product/service by the company that creates it. The actual labeling part is left to the other company; that is the business agreement.

White-labeling is a common practice in many industries; for example, retail products sold in stores (so-called “store brands”) are in most cases white-labelled products. The agreement is simple: a manufacturer makes non-branded products and then sells them to retailers that put their own brand name on those products.

There is a practical reason for this. Most retailers don't have their own manufacturing facilities; on the other hand, manufacturers don't have their own supply chains. Therefore, white-labeling benefits both parties. Many white-label agreements between manufacturers and retailers last for a long time, due to mutual business interests and well-defined roles in the process.

White-labeling enables companies to buy products (or services) that they later rebrand and resell to their own customers. Therefore, it is very important that the manufacturer stays anonymous; buyers should know only the name of the retailer i.e. the company whose brand is on the product/service.

It is also important to note that white-labeling works both in B2C and B2B business arrangements. The end users can also be other companies, buying products or services. In general, white-labeling allows manufacturing companies to focus on production and buyer companies to focus on branding and placement.

## The origins of the term “white-labeling”

Oddly enough, white-labeling as a name has its origins in the music business. Back when records were mass-produced, it was very important to make sure what the audience likes, so that money wouldn't be spent on records that don't resonate with the audience.

That is why many well-established DJs would get a copy of a new record in a white album sleeve (no artwork, no letters). Then, a DJ would play the record and watch how the audience reacts to it, or try to create hype around the future release. The record company would use the metrics and decide on the number of copies for that particular record.

Later, the practice of white-labeling entered other industries and many companies have been using it regularly for decades. This model has proven to be excellent: it reduces friction and enables an optimal flow between supply and demand.



# Why a business should use white-labeling?

White-labeling is regularly used because it helps the business perform much better on the market. Since the competition is huge (and fierce), it is very important to start in the right way. When a business decides to incorporate white-labeling into its work process, it is usually because of the following reasons (or all of them):

## 1. Expanding the current offer

Having only one product, or one line of products can be somewhat limiting for a company. White-labeling allows more products to be added to the current offer, thus enriching it. This goes for both physical and digital products that want to expand their line of products.

### In short, what are the pros of white-labeling?

- Entering the market is simplified (especially important for small companies with limited options)
- Lower risk of product failure (a company knows what it is buying from the manufacturer)
- Strengthening the brand as an important name on the market
- A lot more time to focus on growing the company through marketing and sales optimization
- Lower production costs, compared to when a company has to make the products on its own.

Because it enables the company to add a lot of products to its catalogue — quickly. If there is a need to increase the offer fast (because of a deadline or a delicate situation the company is in), white-labeling proves to be an efficient and time-saving solution.

## 2. Solidifying the company brand

This is connected with the previous reason; however, here, the company wants not only to go for quantity (more products) but also higher exposure. Oftentimes, this is followed by marketing campaigns reinforcing the company brand and/or repositioning on the market.

### Benefits

The best way to build a strong brand is to maintain a presence in the market and create a following among the target audience. It is almost impossible to create a brand without enough products to “back the claim”, because without products — a brand is just a set of empty messages. By white-labeling more products, the company can stand out above the competition and secure a good section of the market through branding.

### 3. Focusing on marketing and sales

If a company invests too much time on creating products, it may not be able to do well in its marketing efforts. And if marketing suffers, then sales will most likely suffer, too. This is why many companies go with white-labeling and dedicate most of their work time to marketing and sales.

#### Benefits

A company doesn't have to worry about the production side of the work process. It can hire more people in marketing and focus on finding the right way to the end consumers. This is especially useful for smaller or medium-sized companies that don't have a large workforce.

### 4. Increasing the number of customers

A company wants to have more customers, which is why it needs more products. When it starts to scale, a regular influx of products is necessary to maintain work at an optimum level.

#### Benefits

When a company starts growing, it usually gets not only more customers — but bigger customers (especially in B2B). In case a big order comes, or the demand for products goes sky-high, it's crucial for the company to have enough products to offer in return. White-labeling allows the company to scale and increase customers without worrying about products "in stock".

As you can see, these four reasons for using white-labeling are interconnected. It's very rare that a company focuses on only one of them (it's often all four of them because they are all very important for business success).

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# How can your business benefit from using white-label software?

## 1. You have a ready-made solution

You don't have to waste time coming up with the right product or service. The only thing you need is a concept of what you want to do. Once you decide on the business model and how you want to help your customers, you can use the ready-made solution and start selling.

## 2. You focus on growth right away

No waiting before you see the first results of your business efforts. When you don't have a product, or when you're in the process of creating it — growth is still far away. But with a white-labelled product, you can focus all your effort on growing your revenue.

## 3. The manufacturer helps you succeed

It is in the manufacturer's interest to help you out and see your success. Why? Because by helping you, the manufacturer is helping their own white-label product. The people start using the white-labelled product, the better for the manufacturer.

## 4. You have more time to focus on future plans

The white-labelled product is often just a springboard for much more. Your business doesn't have to stop there — you can continue improving and expanding. By having a white-labelled product, you are able to see things in the long run and think about new ways to grow your company.

## 5. You are ahead of the competition

Many of your direct competitors won't use a white-label solution, for various reasons. Some won't know it exists, some will stubbornly try to come up with their own product, losing time and money in the process. By choosing a white-label product, you will get a competitive advantage and be ready for new developments in the market.

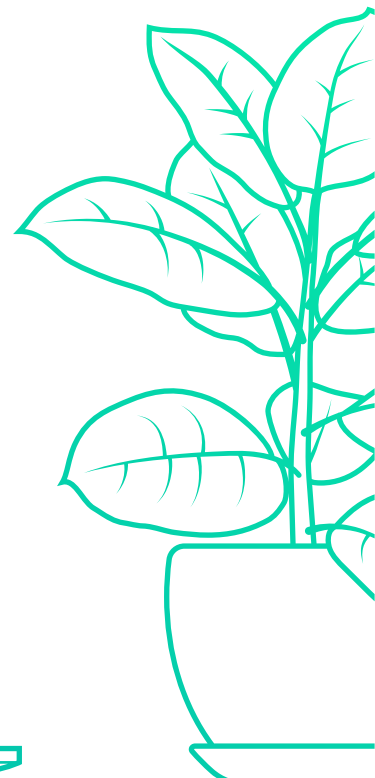
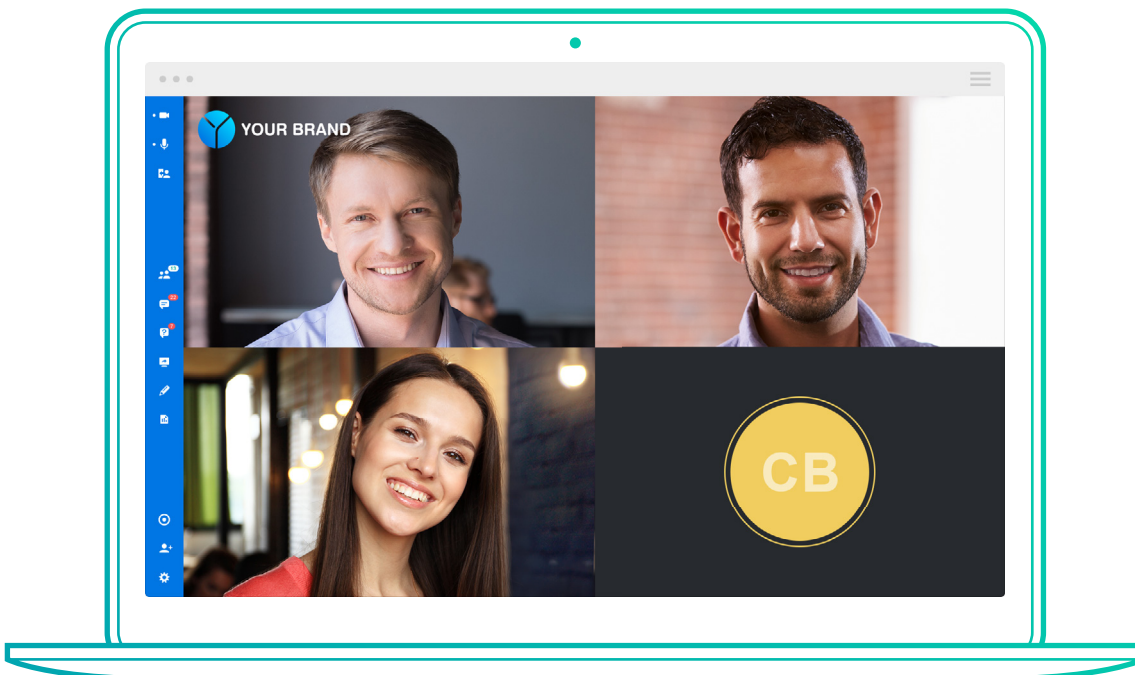
## 6. You'll be able increase revenue

If you already have a customer base you may want to introduce additional products to them. By expanding your product line with a complementary product you will be able to up-sell your existing catalogue of clients. This is one of the most efficient ways for a company to increase its revenue.

# Why is it smart to trust a white-label product?

White-label products come from manufacturers who are driven by three things: quality, affordability, and reliability. When you go with a white-label solution, you are not only purchasing a useful and helpful product; you are purchasing a promise that the solution will work perfectly. White-label products are made for mass consumption, which means they are used by thousands of people around the world — all of which are equally satisfied with their purchase.

White-label manufacturers focus on providing pure value, leaving the creative side to you and your business. It is a perfect agreement where you get the “hardware” part and have the freedom to use your “software”. This is why white-labeling as a model has worked so well for decades and continues to do so.



# Now you are ready to start

You've learned what white-labeling is and how it can be used in business, for growing a company, getting more customers and increasing revenue. We hope this knowledge will help your future success.

Stop waiting for downloads and updates, start your free trial in 60 seconds now.

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