The Ultimate Ecommerce Business Playbook for 2021

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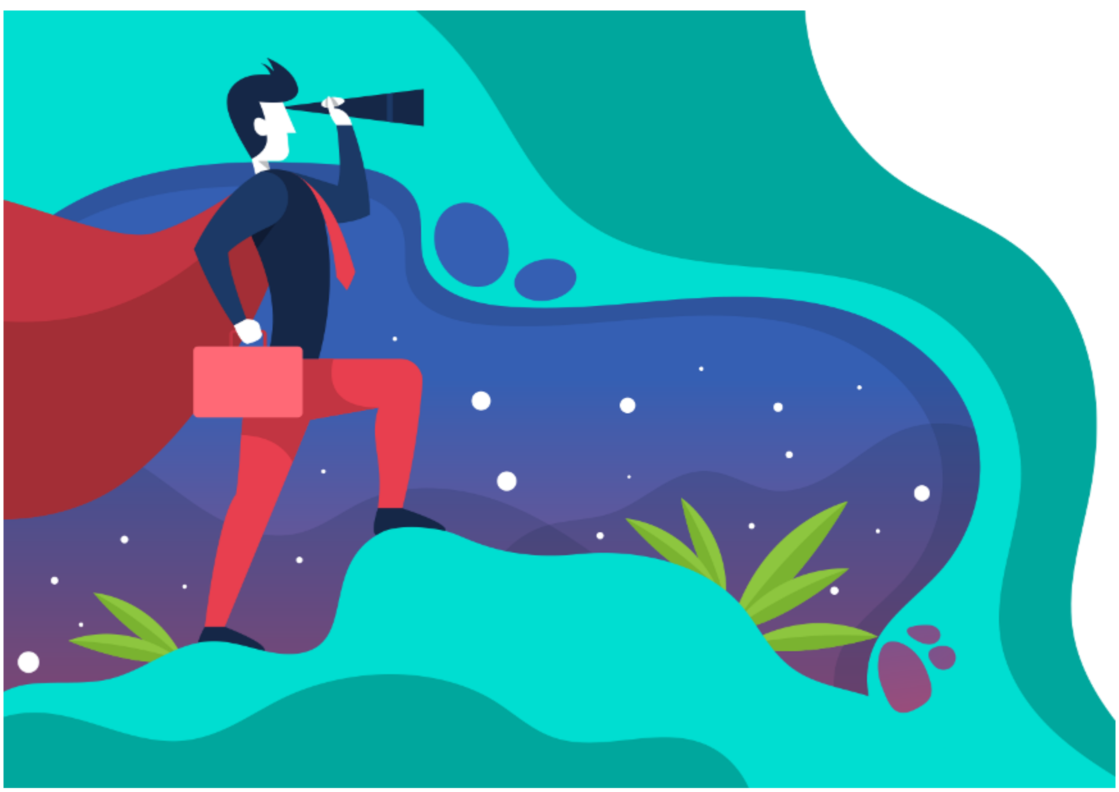

There's no doubt about it: There is big money to be made in ecommerce. In the US alone, consumers spent $861.12 billion online last year. Without the hefty startup costs of a physical storefront, ecommerce is one of the most accessible industries for ambitious entrepreneurs.

But just because there's a low barrier to entry, doesn't mean it's easy to build a quality store. From poorly executed concepts to under- (or even over-) investing in SEO, there are many easy-to-make missteps that could land your store in the ecommerce graveyard.

So what does it really take to build a profitable and lasting ecommerce business? Should you even build your own store, or buy an existing one? How do you choose an ecommerce platform? Do you really need to build an email subscriber list?

If you're considering starting an ecommerce business, these are probably some (but definitely not all) of the questions running through your head.

We're going to take you through the challenging (but rewarding!) process of building a successful ecommerce business — from idea to launch.

The scoop on starting an ecommerce business

How to start a successful ecommerce business

Before you decide to start an ecommerce business, it's helpful to think about what type of business you want to run. There are endless ecommerce opportunities to be had, but it's important that you consider the various advantages and disadvantages of each business type so you can choose the right revenue model to support your financial and lifestyle goals. Here are a few of the most common ecommerce business models:

Dropshipping

What it is: Dropshipping is when your business sells products on a website, but doesn't actually make or own them. Instead, your products are manufactured, packaged, and distributed to the customer by a third party. As a dropshipper, you never actually come in contact with the products you sell. Instead, you market them, facilitate the sale through your sales channel(s), and take a small cut from the manufacturer/distributor.

Pros: Can be very lucrative; less hands-on work involved

Cons: Extremely competitive; some sales channels may hold payouts and restrict cash flow (looking at you, Amazon)

Private Label

What it is: With a private label business, the business owner handles all aspects of making products (or acquiring them from a manufacturer), including: marketing, packaging, selling, and shipping them directly to the customer. It might sound intimidating, but it doesn't have to be!

Pros: Full control of your products and business

Cons: Higher upfront costs; lots of hands-on work involved; inventory management can be challenging

Wholesale

What it is: Wholesalers function as a middleman between manufacturers and brands. They purchase goods at a wholesale price from suppliers and resell them to retailers or dropshippers.

Pros: Working with business-to-business (B2B) customers

Cons: Inventory management can be challenging; customers often demand fast turnarounds

Subscription

What it is: Subscription offerings are incredibly popular right now. With a subscription business, you can offer individual products or a curated collection of them, which customers sign up to receive on a regular basis — typically monthly, semi-monthly, or quarterly.

Pros: Repeat purchases are built-in (score!); inventory needs are easier to predict and manage

Cons: Delivering consistent value to your customers with every shipment can be challenging

Buying an Existing Store

What it is: This one is pretty straightforward: You find an existing ecommerce business for sale on sites like Flippa or Shopify Exchange and take over operations.

Pros: Less up-front work; brand is already established

Cons: May have high upfront cost

Once you've decided what type of business you want to run, it's time to start making it a reality!

Looking for friendly ecommerce advice? Check out the Sellers Scoop newsletter. It's packed with awesome news, tips and practical insights from ecommerce owners just like you!

Step 1: Explore your best (and worst) ecommerce business ideas until you find your niche

If you're thinking about opening a store, odds are you already have quite a few ecommerce business ideas rolling around in your mind. But if you don't, that's okay! And if you do, it may be helpful to think about your ideas in more detail.

Whether you're generating ideas or just refining them, take some time to consider a few things:

- What are you passionate and excited about?
- What is a problem people need solved?
- What are some recent trends you've seen?
- What customer demographic do you want to serve?
- How can you take an existing idea and make it better?
- How can you differentiate yourself from similar businesses?

These questions can help you identify your niche. Here's an example:

Alex loves technology and style — her mobile device feels like an extension of her life and personality. But she's noticed a problem: When she wakes up in the middle of the night and reaches for her phone on the nightstand, it's too dark to see and she inevitably knocks things to the floor.

Alex starts to think, what if her phone case glowed in the dark? Of course, she'd still want it to look cool during the day, but adding a glow in the dark element could make it easier to find in a dark room. Plus, Alex has noticed a trend toward bright, glowing colors, and even glow-in-the-dark products…

Notice how in this example, Alex has brought together things she's interested in and a problem she knows well. She doesn't have to invent a new product from scratch, but she can take an existing product — phone cases — and make them better to solve a problem she knows very well, while also capitalizing on current trends. It can be that simple!

The next step is to get a feel for the competitive landscape by researching 7-10 competitors who sell similar products, operate a similar business type, and serve a similar customer demographic (it doesn't have to be an exact match — but the closer you can get, the better). Review their websites, see how they differentiate themselves in the market, take note of the different products they sell and their price points. Make sure you also look at reviews of their business and products — you may uncover another golden opportunity!

THE INSIDE SCOOP: Take a little extra time to look into competitors' marketing strategies. Visit (and even follow) their social media accounts and subscribe to their newsletters or blogs.

Step 2: Find your perfect-fit products

Once you have a good feel for the type of business you want to run and the niche you want to serve, it's time to start building out your product list. Depending on your business, you may need to work directly with a manufacturer, connect with a wholesaler, or acquire supplies to make your products yourself.

When it's time to find a manufacturer or supplier for your products, it's important that you find a partner who is reliable, responsive, and can deliver quality products on time — all of this will have a direct impact on your success.

A few places to find products or connect with suppliers include:

- Alibaba (connect with Chinese manufacturers of existing and custom products)
- Online supplier directories (note that some may charge a membership fee)
- Google — you'll want to try a variety of search terms and dig through multiple pages of search results (many of these suppliers have old websites and are not optimized for SEO). Here are some suggested searches:

- "[product] + [wholesaler/dropshipper] + Directory"
- "[product] + manufacturer OR distributor"

THE INSIDE SCOOP: Take the time to do your research, read reviews from existing customers, and get a sample of each product for quality assurance *before* you launch it in your store. By testing several vendors and products in advance, you can avoid costly mistakes like unsellable inventory and bad reviews!

Step 3: Create your super SMART plan

When you have a good idea of the products you want to sell and how much they'll cost, it's time to literally get down to business with a clear and comprehensive business plan.

Set your goals

First you'll want to identify your goals. Are you hoping to hit a specific revenue target? Is there a lifestyle goal you want to achieve, like quitting your day job? Maybe you want to help a certain number of customers improve their lives with your product.

You may have several goals, and that's ok. But in order to narrow it down to one north star objective, we recommend following the S.M.A.R.T. criteria: Make sure your goals are Specific, Measurable, Achievable, Relevant, and Time-bound.

THE INSIDE SCOOP: Tie your goals back to specific metrics, or key performance indicators (KPIs). This will make it easy to measure your goals and track your progress towards achieving them.

Write your ecommerce business plan

A business plan can be helpful for any business, whether you're just starting out as a one-person shop, expanding your team, or converting your side-hustle into a full-time gig. But it's especially important if you are seeking outside funding. Potential investors or funding partners may want to know the details of how you plan to run your ecommerce business.

Here are a few crucial areas your ecommerce business plan should cover:

- The People: Who is involved in running your business? What are their responsibilities? Why are they qualified to do the job?
- The Products: What products will you sell? Where will you acquire them? How will you price them? Are they one-time purchases or repeat purchases?
- The Value Props: What differentiates your business from competitors?
- The Market Analysis: Who are your buyer personas? How is your market growing or changing? What does the competitive landscape look like?
- The Marketing: What marketing channels will you use? What does your pre-launch campaign look like? Will you work with an ecommerce marketing agency or handle it in-house? Do you plan to use promotions or loyalty programs?
- The Logistics: Who are your third-party service providers? What is your plan for shipping and fulfillment? How will you control shipping costs? How will you handle returns?
- The Financials: What are your operational costs? What are your current assets? What's your projected profit and loss (P&L)? What are your expected margins on each product? Will you offer installment payments? What milestones do you intend to achieve, and when? How do you plan to reinvest in and scale your business?

Step 4: Build your shiny new brand

If you're the creative type, this your time to shine! (If not, don't worry. It'll still be fun ☺)

Choose a Name

First up is choosing a name for your business. It can be helpful to research competitors and other businesses or try a business name generator to get the creative juices flowing. You might even gather a few friends or employees to brainstorm with you. Don't be afraid to write down weird or "dumb" ideas — sometimes those ideas can lead to something great.

Before you commit to a name, get some feedback from your potential customer base. How do certain names make them feel? What conscious and subconscious associations come to mind? Find people in your target demographic to identify which names resonate the most.

THE INSIDE SCOOP: Make sure that you can acquire a domain name for your brand. If your exact brand name is not available (and you feel confident in your name choice), check out Google's recommendations for coming up with a good domain name.

Design a logo

Once you've settled on a name, it's time to give it a face — a.k.a. your logo. While there are many online tools to help you do this on your own, if you're new to graphic design, it may be worthwhile to get professional design help, either from a freelance designer via a platform like Dribbble or Upwork, or a professional brand agency.

Create a brand identity

Branding is so important for an ecommerce business — especially if social media is a big part of your marketing plan (or even one of your sales channels). Your brand can help you inspire your target demographic, show them that you're a reputable business, and help create recognition and connection with your customer base. Fonts, color palette, photography aesthetic, and more — all play into your brand's visual identity and help create a consistent customer experience across multiple touchpoints.

Whether you work with a professional designer or build your own mood board on Pinterest, creating a cohesive visual identity for your brand is crucial.

Step 5: Set up your store

Now it's time to bring your business to life by setting up your actual online store.

There are a variety of ecommerce platforms to choose from, including:

- Squarespace
- Wix
- Shopify
- Bigcommerce
- Square Online
- Magento
- GoDaddy
- Shift4Shop
- Weebly
- WooCommerce

You can also explore other avenues like selling on Amazon, Walmart.com, Etsy, or eBay, or taking advantage of social commerce on Facebook, Instagram, Pinterest, and more.

After you sign up with your desired platform, you'll have the opportunity to customize your store to match your brand identity, write compelling product descriptions, and upload captivating product photos.

You'll also want to prepare other important pages on your website with information about your business, your shipping policy, how to contact customer service, and other frequently asked questions.

THE INSIDE SCOOP: This is also a great time to set up your branded social media accounts, share a few sneak-peek photos, and generate some buzz about your upcoming launch!

Step 6: Launch your business

Finally, you've reached the big day: It's time to go live and officially launch your ecommerce business.

In the days and weeks before launch, you'll want to go through your checklist to ensure that everything is in order…and that you're ready to receive orders. 😉

Your launch checklist may include things like:

- Auditing the checkout experience for any snags
- Confirming that all your payment gateways are in order
- Testing your email notification settings and templates
- Checking the desktop AND mobile shopping experience
- Ensuring your images are optimized for SEO and fast loading
- Connecting your analytics tools so you can start measuring progress
- Staging and scheduling your pre- and post-launch marketing assets
- Reviewing your customer service and retention plan

Once you're sure all systems are a go, it's time to flip the switch — and wait for the orders to roll in!

THE INSIDE SCOOP: Celebrate your big moment (even if it doesn't feel big yet). Drink something bubbly, snap a pic…and don't forget to share on social media!

Once you've started your ecommerce business

Of course, starting an ecommerce business is just the beginning. From here, you'll have endless opportunities to grow your business and brand, expand your product line, experiment with new sales channels, and so much more!

For help along the way, you can count on us. Sellers Scoop is your go-to resource for all the latest ecommerce news and insights, plus actionable tips and tricks to help you grow your business with minimal headache and maximum success.

Sign up for our newsletter today to get the inside scoop delivered straight to your inbox each week.

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