

How To **Start** an Ecommerce Business

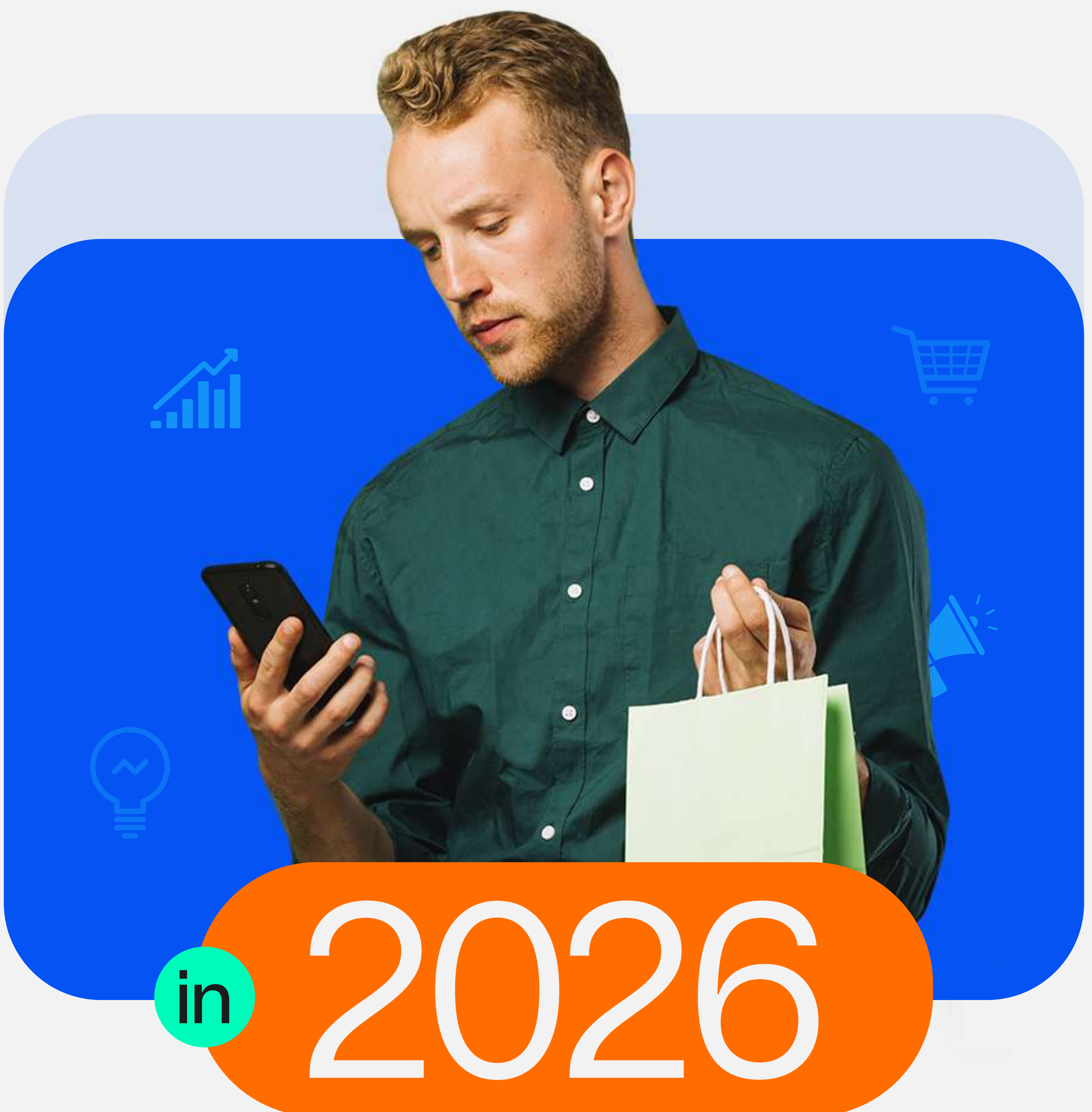




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Introduction

Ecommerce has transformed the way the world buys and sells goods and services. Fueled by advances in internet access, mobile technology, secure digital payments, and global logistics networks, online commerce now represents a significant and rapidly growing share of total retail activity worldwide. Rather than being confined to niche markets, ecommerce has become central to the strategies of both **multinational corporations and small enterprises alike**. In 2025, ecommerce's influence spans traditional retailers, social media platforms, and digitally native marketplaces—creating a diverse landscape of competition and opportunity.



What Is Ecommerce?

Ecommerce (electronic commerce) refers to the buying and selling of goods and services over the internet, where transactions occur digitally and customers interact with businesses through online platforms rather than physical stores. It encompasses a wide range of business models, including direct-to-consumer stores, marketplaces, social commerce, and mobile shopping applications.

Key characteristics of ecommerce include:

- **Online sales channels:** products and services are presented and purchased through websites, apps, or social commerce interfaces
- **Digital transactions:** customers browse, add items to a virtual cart, and complete purchases using secure online payment systems
- **Market diversity:** ecommerce encompasses small independent shops and global platforms with millions of users

Ecommerce by the Numbers

- The global ecommerce market continues to expand rapidly, with significant penetration into overall retail sales. Ecommerce is expected to account for a growing share of global retail in the mid-2020s, reflecting sustained consumer adoption and digitalization of commerce.
- In the United States, ecommerce sales reached an estimated ~\$1.19 trillion in 2024, accounting for roughly 16–22% of total retail sales and showing consistent year-over-year growth.

- Globally, online marketplaces (platforms facilitating third-party sales) made up a majority of retail ecommerce sales in 2024, with marketplaces generating USD 2.4 trillion in global retail ecommerce value.

Leading Ecommerce Platforms

Amazon (US & Global Leader)

- Amazon remains the dominant ecommerce platform in the United States, capturing approximately 37–38% of total U.S. ecommerce spending in 2024—equivalent to roughly \$440–\$450 billion in online retail revenue.
- Amazon continues to lead global ecommerce traffic, with its sites accounting for about 43% of visits among the top 20 ecommerce platforms in 2025.

Pinduoduo & Temu (China & Global Growth)

- **Pinduoduo** (parent company of Temu) reported revenues near **\$34.9 billion in 2023**, reflecting its rapid expansion in China's massive ecommerce market.
- **Temu**, an international marketplace launched by PDD Holdings, achieved significant growth, with gross merchandise volume (GMV) of USD 15.1 billion in 2023 and tens of millions of active U.S. users, highlighting its strength in cost-competitive online retail.

Shein (Fast-Fashion & Global Reach)

- Shein continues to be one of the world's most downloaded fashion ecommerce apps and a major force in online apparel sales, with **tens of billions in global revenue** and operations in over 150 countries. Its focus on low-cost products and agile supply chains fuels broad consumer adoption.

TikTok Shop (Social Commerce)

- **TikTok Shop** is emerging as a fast-growing social commerce channel, generating hundreds of millions in sales during major shopping periods and expanding its retail ecosystem by integrating short-form content and in-app purchasing. It has experienced rapid adoption and, in some reporting periods, growth rates significantly higher than other ecommerce players.

Merchant Infrastructure & Digital Storefront Solutions

While global marketplaces offer discovery, a brand's long-term sustainability relies on its owned infrastructure. Selecting a digital storefront is a strategic choice that dictates the merchant's level of control over the customer experience and the efficiency of **Third-Party Logistics (3PL)** integration.

Shopify stands as the industry benchmark for independent brands requiring enterprise-grade automation. It provides a robust, "plug-and-play" ecosystem centered on the Shopify Fulfillment Network (SFN). By partnering with global logistics leaders, Shopify enables integrated storage, real-time inventory synchronization, and automated order routing within a single, unified dashboard.

Other platforms offer specialized alternatives to the Shopify model:

- **WooCommerce:** An open-source solution that provides brands with absolute technical sovereignty and granular customization.
- **Wix:** A user-friendly entry point for emerging SMEs, focusing on simplicity and rapid setup.



Basic Steps to Start an Ecommerce Business

1. Choose What to Sell

Choosing the right product(s) is the foundational decision in launching an ecommerce business. Market opportunities vary widely, and careful evaluation helps ensure your offering meets real demand and can be profitably sourced and sold.

Identify Product Ideas



- Products should meet existing customer demand or solve a clear problem.
- High-demand categories often include consumer electronics, fashion and apparel, health & wellness, and home goods.
- Research tools and marketplaces (e.g., Amazon best sellers lists) reveal trends and gaps in demand that can help identify promising product ideas.

Assess Demand and Competition



- More than **2.7 billion people** shop online globally, representing over one-third of the world's population – indicating broad demand potential.
- The average ecommerce site conversion rate worldwide was about **1.88% in early 2024**, showing that only a small share of visitors actually purchase – underlining the importance of product and market fit.
- Evaluate competition by reviewing similar products on major marketplaces, price positioning, customer reviews, and niche saturation before committing.

Decide How Products Are Sourced



There are three main product sourcing strategies, each with different cost structures, operational complexity, and risk profiles:

a. Make Your Own Products

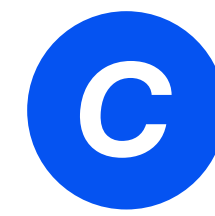
Best for handcrafted goods, proprietary designs, or differentiated offerings.

Requires upfront costs for materials, production capacity, and inventory management.

b. Buy From Suppliers

Purchasing wholesale inventory from manufacturers or distributors.

Allows control over stock levels and pricing but requires upfront inventory investment.



c. Dropshipping (No Inventory)

The seller lists products that are stocked and shipped by a third-party supplier only after a customer order is placed.

- The global dropshipping market was valued at approximately \$290.7 billion in 2025 and is projected to grow significantly through the 2030s, indicating broad and growing adoption of this model.
- Dropshipping reduces inventory costs and risk, making it accessible for early-stage entrepreneurs, though profit margins can be slimmer and competition high.

Bonus Tip: Best Place to Source Ecommerce Products From

Selecting the right sourcing country has a direct impact on product cost, quality, speed to market, and scalability.

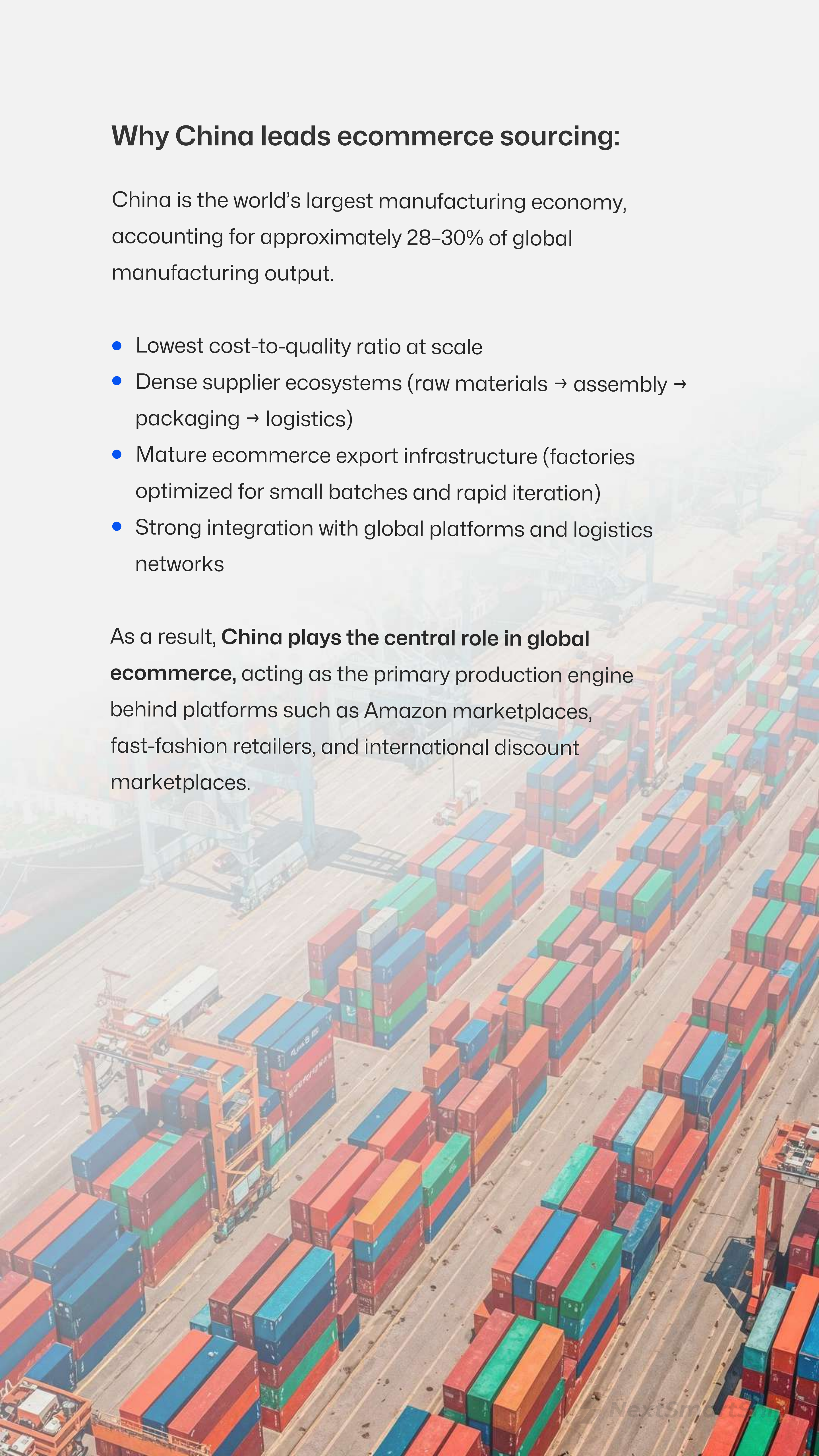
China is the world's leading sourcing country for ecommerce products due to its unmatched combination of price efficiency, manufacturing scale, and supply-chain integration.

Why China leads ecommerce sourcing:

China is the world's largest manufacturing economy, accounting for approximately 28–30% of global manufacturing output.

- Lowest cost-to-quality ratio at scale
- Dense supplier ecosystems (raw materials → assembly → packaging → logistics)
- Mature ecommerce export infrastructure (factories optimized for small batches and rapid iteration)
- Strong integration with global platforms and logistics networks

As a result, **China plays the central role in global ecommerce**, acting as the primary production engine behind platforms such as Amazon marketplaces, fast-fashion retailers, and international discount marketplaces.



2. Research and Plan

Choosing the right product(s) is the foundational decision in launching an ecommerce business. Market opportunities vary widely, and careful evaluation helps ensure your offering meets real demand and can be profitably sourced and sold.

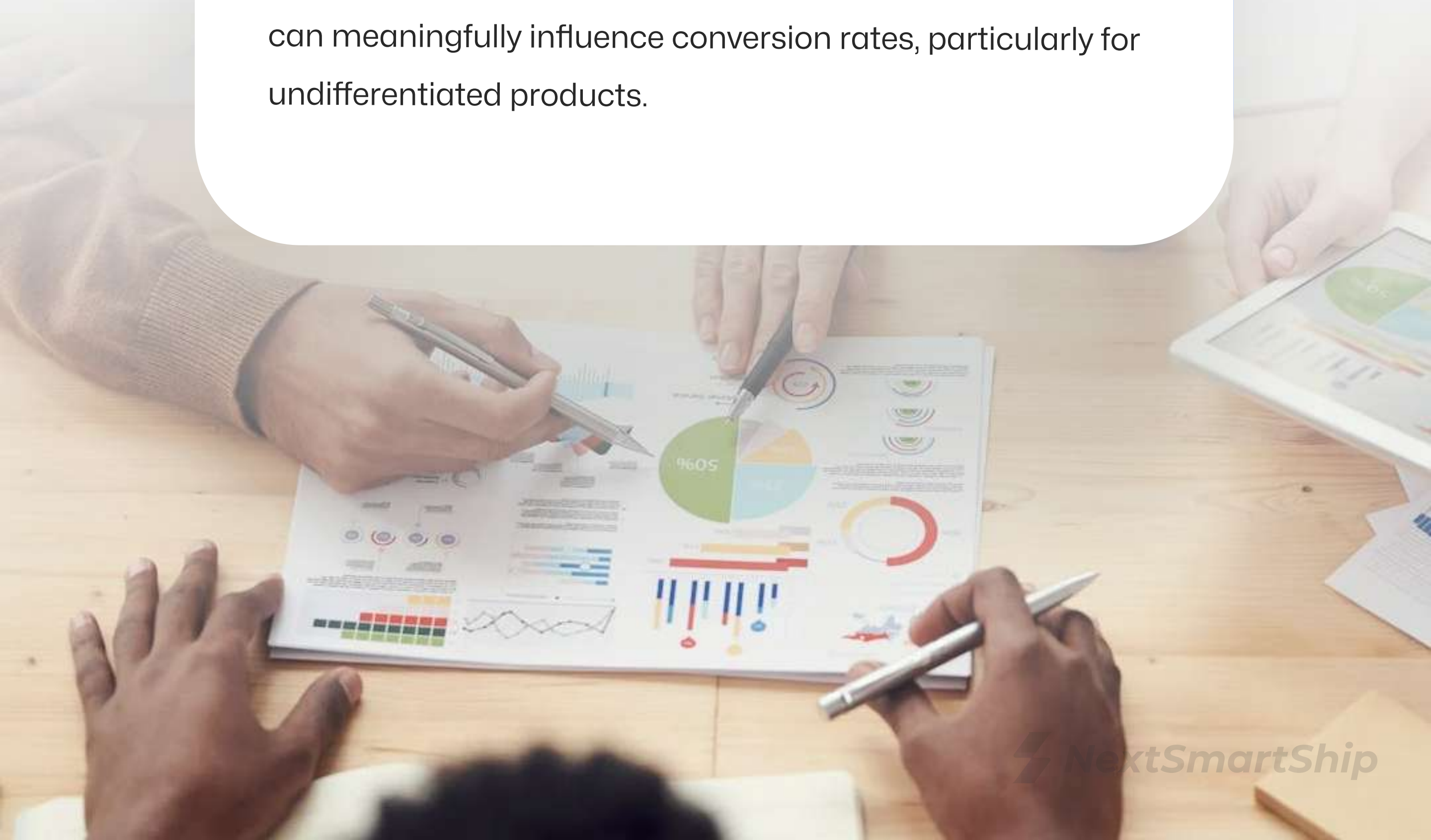
Study Competitors

Ecommerce markets are typically highly concentrated, with a small number of large platforms capturing a significant share of online sales, while thousands of smaller sellers compete within niches.

Competitive analysis focuses on:

- Product assortment and pricing ranges
- Customer reviews and ratings (often the strongest indicators of market expectations)
- Shipping speed, return policies, and customer experience

In most ecommerce categories, price differences of 5–10% can meaningfully influence conversion rates, particularly for undifferentiated products.



Identify What Makes Your Store Different

Differentiation is critical due to low switching costs for online consumers.

Common differentiation strategies include:

- Unique product features or design
- Superior quality or materials
- Branding and positioning
- Faster delivery or better customer support

With average global ecommerce conversion rates typically around 1-3%, even small improvements in positioning or perceived value can significantly impact revenue performance.

Create a Simple Business Plan

A business plan provides structure and alignment, even for early-stage ecommerce businesses. At a minimum, it defines the economic logic of the store and guides decision-making.

Core components include:

a.Goals

- Revenue targets (monthly and annual)
- Customer acquisition goals
- Break-even timelines

b.Target Audience

- Demographic and geographic focus
- Purchasing behavior and price sensitivity
- Primary acquisition channels

c.Pricing and Costs

- Product cost and gross margin targets
 - Many ecommerce businesses aim for 40-60% gross margins to support marketing, fulfillment, and operating expenses
- Key cost categories:
 - Product sourcing and fulfillment
 - Marketing and customer acquisition
 - Platform, payment, and operational costs



3. Build Your Brand and Store

Brand development and store setup translate strategy into a customer-facing experience. In ecommerce, where customers cannot physically interact with products, brand perception, presentation, and usability play a critical role in trust and conversion.

Pick a Business Name

A business name should be clear, memorable, and aligned with the product category and target audience.

Strong brand recall is particularly important in ecommerce, where customer acquisition costs are high and repeat purchases drive long-term profitability.

Short, easy-to-pronounce names perform better in search and brand recognition, especially in mobile-first environments.

Create a Logo and Brand Look

Visual branding establishes credibility and signals professionalism to first-time visitors.

Consistent use of colors, typography, and imagery improves brand recognition and customer trust.

Studies consistently show that users form a first impression of a website within **milliseconds**, making visual consistency critical at launch.

Set Up an Online Store

The online store serves as the primary sales and trust-building channel.

Core elements include:

- Clear navigation and mobile responsiveness
- Fast page load times (conversion rates decline as load time increases beyond ~2-3 seconds)
- Secure checkout and payment options

Mobile commerce now accounts for over half of global ecommerce traffic, making mobile optimization essential rather than optional.

Write Product Descriptions

Product descriptions reduce uncertainty and support purchase decisions.

Effective descriptions clearly communicate:

- Features and benefits
- Use cases
- Materials, sizing, or specifications

Clear product information helps reduce return rates, which average 20-30% in some ecommerce categories, particularly apparel.

Add Product Images

High-quality images substitute for in-store product inspection.

Best practices include:

- Multiple angles
- Contextual or lifestyle images
- Zoom or detail views

Visual content is a major conversion driver, as customers rely heavily on images when evaluating online products.

Choose Where to Sell

Ecommerce businesses often sell across multiple channels to maximize reach:

- **Direct website:** full control over branding, pricing, and customer data
- **Marketplaces:** immediate access to large audiences but higher competition and fees
- **Social commerce:** integrates discovery and purchasing, particularly effective for mobile and younger audiences

Multi-channel strategies are increasingly common, as consumers frequently interact with brands across several platforms before making a purchase.

4. Prepare for Sales

Brand development and store setup translate strategy into a customer-facing experience. In ecommerce, where customers cannot physically interact with products, brand perception, presentation, and usability play a critical role in trust and conversion.

Set Up and Fulfillment

- Shipping and fulfillment directly affect customer experience, costs, and repeat purchases.
- Businesses must determine how orders will be packed, shipped, and delivered, whether in-house or through third-party logistics providers.
- Delivery speed and reliability are critical: shipping delays are a leading cause of cart abandonment and negative reviews in ecommerce.
- International shipping considerations include customs, duties, and longer delivery times, which can impact conversion rates.

Bonus Tip: Scaling with Third-Party Logistics (3PL)

Managing fulfillment in-house can quickly become a bottleneck for growing brands. To maintain a competitive edge and ensure customer satisfaction, hiring a **Third-Party Logistics (3PL)** provider is highly recommended.

What is a 3PL?

A 3PL is an external service provider that takes over the end-to-end logistics operations for a business.

Key Roles of a 3PL:

- Warehousing & Inventory Management
- Pick, Pack, and Ship
- Returns Management
- Scalability

Decide Shipping Prices

- Shipping costs are a major factor in purchasing decisions.
- Common pricing strategies include:
 - Free shipping (often built into product pricing)
 - Flat-rate shipping
 - Variable shipping based on location or order size
- Research consistently shows that unexpected shipping costs are among the top reasons customers abandon their carts, making transparent pricing essential.

Define Success Metrics

- Establishing key performance indicators (KPIs) before launch enables objective evaluation of performance.
- Core ecommerce metrics typically include:
 - **Sales revenue** – total and per-order performance
 - **Traffic** – number and quality of site visitors
 - **Conversion rate** – percentage of visitors who complete a purchase
- Global ecommerce conversion rates commonly fall within the 1-3% range, making even small improvements in conversion meaningful at scale.
- Tracking these metrics early supports faster optimization and more informed decision-making after launch.

Launch and Market

The launch phase marks the transition from setup to active customer acquisition. At this stage, success depends on the ability to generate targeted traffic, convert visitors into customers, and establish trust in a competitive digital environment.

Launch the Store

- Launch involves making the ecommerce store publicly accessible and operational.
- Key priorities at launch include functional checkout, payment processing, and order fulfillment readiness.
- Early performance data gathered immediately after launch is critical for identifying technical or user experience issues.

Drive Traffic to the Site

- Traffic acquisition is essential, as ecommerce stores generate no revenue without visitors.
- Traffic quality matters as much as volume; targeted visitors are significantly more likely to convert than general audiences.
- New ecommerce businesses typically rely on a mix of organic, paid, and referral traffic during early growth stages.

Use Marketing Channels

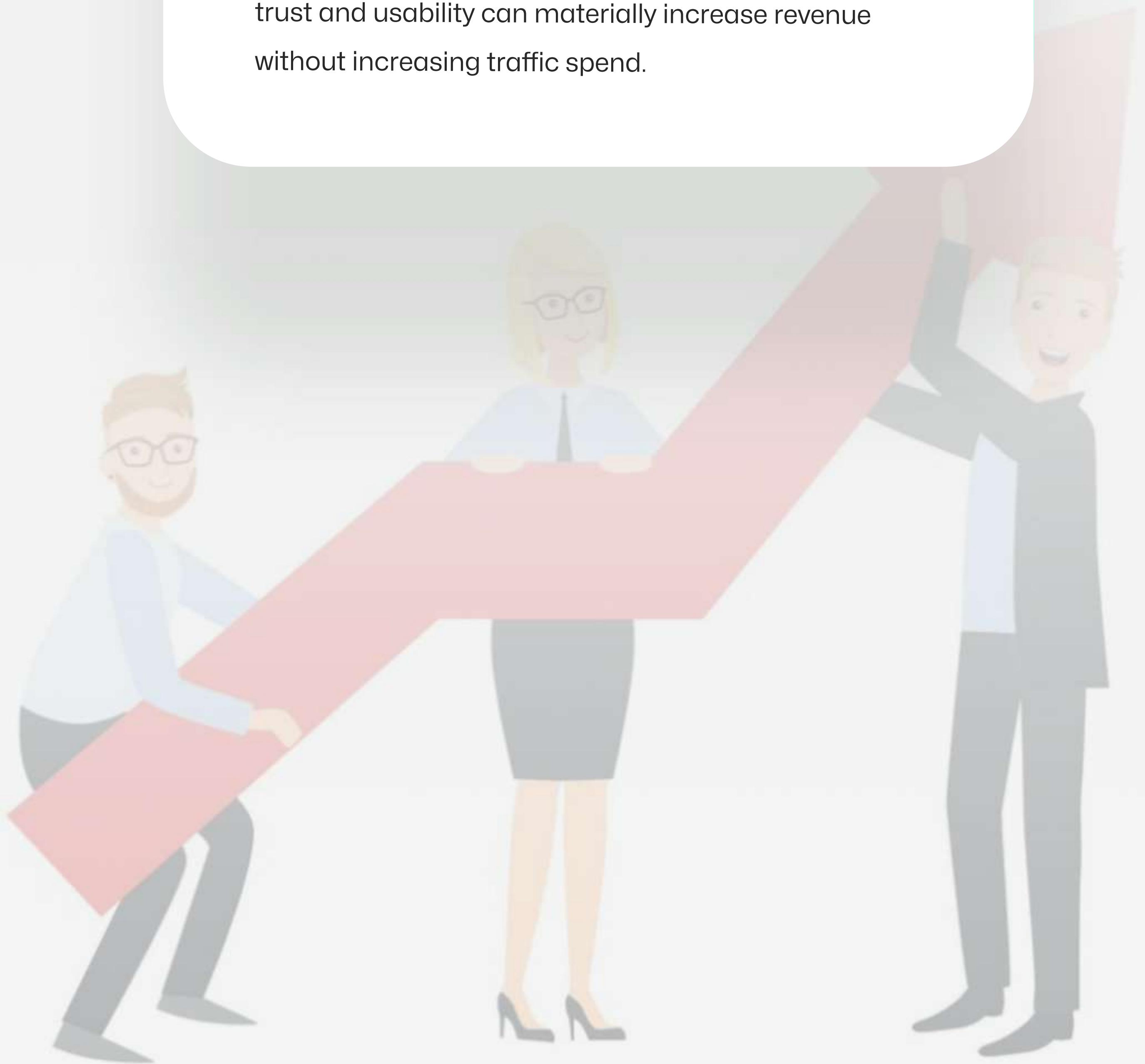
Ecommerce marketing is inherently multi-channel, as consumers often interact with brands across several touchpoints before purchasing.

- **Email marketing**
 - One of the highest ROI digital marketing channels
 - Used for customer retention, promotions, and lifecycle messaging
- **Social media**
 - Supports product discovery and brand awareness
 - Social commerce platforms increasingly allow in-app purchasing
- **Paid advertising**
 - Enables rapid traffic generation and testing of audiences
 - Commonly used on search engines and social platforms
 - Customer acquisition costs must be balanced against margins
- **Influencer marketing**
 - Leverages trust and credibility of content creators
 - Particularly effective in visually driven and lifestyle categories

ONLINE
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Improve Conversions and Trust

- Driving traffic alone is insufficient without effective conversion optimization.
- Trust signals play a central role in purchase decisions, especially for new brands. These include:
 - Clear product information
 - Transparent pricing and shipping policies
 - Customer reviews and testimonials
 - Secure payment and checkout indicators
- With global ecommerce conversion rates commonly ranging between **1-3%**, incremental improvements in trust and usability can materially increase revenue without increasing traffic spend.



Conclusion

Building a brand is exciting, but managing logistics, fulfillment, shipping, and operations can quickly become overwhelming and time-consuming.

That's why having the right partner makes all the difference. At NextSmartShip, we offer a true end-to-end, one-stop fulfillment solution designed specifically for DTC brands of all sizes—whether you're just getting started or scaling globally. Our services are fully customized to your business, adapting to your specific needs instead of forcing you into a rigid system.

If you're looking for a reliable, flexible, and scalable fulfillment partner, NextSmartShip is here to support you every step of the way.


Let us take care of the heavy lifting, so you can focus on what matters most: growth.

Feel free to contact us for all your fulfillment needs.

Ready to scale smoothly?

Contact NextSmartShip Today.

june@nextsmartship.com



Ready to Explore Global Routes?

Going global isn't complicated when you have the right partner. With NextSmartShip, your brand gains the infrastructure, expertise, and speed to scale internationally – without extra stress or cost.

Let's take your brand where the world is shopping.



Contact us today and go global with confidence.

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