How to Set Up and Operate an Online Store

April 30th, 2019
Types of ecommerce

- Business-to-Business (B2B)
- Business-to-Consumer (B2C)
- Consumer-to-Consumer (C2C)
- Consumer-to-Business (C2B)
- Business-to-Administration (B2A)
- Consumer-to-Administration (C2A)
Types of Vendor Sales

• Physical Goods (Clothes, Electronics, Food, etc.)
• Services (Website Design, Consulting, Freelance)
• Digital Products (Photos, Software, Education)
Retail Ecommerce Sales Worldwide, 2015-2020

trillions, % change and % of total retail sales

Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets
Source: eMarketer, Aug 2016
Basic Steps Overview

1. Decide on your market or niche
2. Drop shipping or inventory?
3. Create a legal structure
4. Develop and build your online presence
5. Create a marketing plan
Decide on your market or niche
Artists, Products, Services

Your art or services are not limited to Erie

Artists struggle to enter a small and crowded market

Create your market or enter a new one and more
Micro Niches and Services

- You do not have to sell to a million customers
- Micro Niches of can contain fifty thousand to a million potential customers.
- Example: Rob Knopper, helping musicians excel at orchestra job auditions.

<table>
<thead>
<tr>
<th>Estimate Monthly Traffic</th>
<th>Total Backlinks</th>
<th>Domain Authority</th>
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<tbody>
<tr>
<td>Unknown</td>
<td>186</td>
<td>23</td>
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<tr>
<td>Facebook Fans</td>
<td>Twitter Followers</td>
<td>YouTube Subscribers</td>
</tr>
<tr>
<td>3382</td>
<td>1631</td>
<td>4900</td>
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Micro Niches and Services

- Example: You are targeting a micro niche of around 200 thousand people in the US and globally about 350 thousand, a total market of 550,000 or .0073% of the world population.
- If you captured .01% of that total market or 5,500 per year and your product or service was valued at $20 you would see revenues of $110,000
- Your product and service has a market. That us help you find it.
Drop Shipping or Inventory?
Picking a Market Place

• Online marketing places go hand in hand with your website or online store
• Amazon, EBay, Alibaba, Upwork, etc.
• They are domestic and international
• Connecting buyers and sellers
• Facilitating your transactions
Picking a Storefront

• Your online store has a storefront just like a physical location.
• Unless you design your own many services exist to help
• Things to look for:
  • Inventory management, shipping charges, payment gateways, multilingual support, order processing, SEO management, customer service.
Ecommerce Usage Statistics
Statistics for websites using Ecommerce technologies

- WooCommerce 11%
- Magento 11%
- Shopify 9%
- Magento Enterprise 6%
- Drupal Commerce 1%
- Oracle Commerce 11%
- BigCommerce 1%
- Volusion 1%
- Demandware 6%
- Yahoo Store 1%

Other 42%
Services Out There

- Magento: Advanced, powerful, larger or high profit stores
- Demandware: Cloud based, Omni channel retailers, fully hosted
- Shopify: Versatile and flexible, little learning curve, social selling, in person sales
- BigCommerce: Sell on other platforms (Amazon, EBay, etc.), sales from emails and blogs, wholesaler friendly
- Woo Commerce: Compatible with Word Press, highly flexible, and expansion friendly
Social Selling

• Utilizing social media market places
• Facebook Market Place: Purchase ads, built in trust, ease of use
• Pinterest (Buyable Pins): Great for handmade items, creative services, commissions, and one of kind pieces.
• Instagram: Like2Buy creates a shoppable Instagram page
Payment Gateways

- Authorize.Net
- PayPal
- Amazon Payments
- Stripe
- Square
- Brain Tree
Creating a Legal Structure
LLC? S-Corp? Sole Proprietorship?

- Sole proprietorships are fast, easy, and efficient. Fictitious name form ($70), Tax ID number ($75), EIN (Free)
- LLC’s offer asset and legal protection. Two forms Certificate of Organization and Docketing Statement ($125 dollars), Tax ID number ($75), EIN (Free)
- S-Corporations are a hybrid of LLC and Corporation. Same requirements as an LLC with IRS Form 8832. Legal and accounting assistance will be required.
Secure a tax license

- Even if you are selling a nontaxable item or service in PA you will have to pay sales tax

- PA-100.gov will guide you through securing a tax id number

- You are responsible for tracking your tax liability to the state, good book keeping is a must

- Excel, QuickBooks, Bench Accounting, CPA’s, even a note book
Legal Assistance

- Penn State Legal Clinic: Free, professional, accurate entrepreneurial legal assistance. Drafting operating agreements, articles of incorporation, sales agreements, etc.
- Erie Bar Association: Offer attorney referral services for most legal specialties.
Your Online Presence and Marketing
How to build an online presence

- **Start Local**
  - Hyper localized web searches
  - Over the fold searches, first 200 words
  - One page for each service

- **Move to Mobile**
  - Email and text marketing is king!
  - Flash sales, maintenance marketing
  - Text messaging marketing as a 90% open rate

- **End at Social**
  - Use your social media to drive traffic and feed engagement
  - One clear call to action, simple and essential step
Marketing Plan, part 1

- How are customers going to reach you?
  - Paid advertising online works
  - Boosted posts reach more followers
  - Esty and Amazon boosted results lead to increased sales
  - Email newsletters, build an email database
- Physical Advertising
  - Ads in targeted life style magazines
  - Cards or coupons with discount codes
  - A code redeemed from physical media means it reached a customer and turned them into a sale
Marketing Plan, part 2

- Window Shopping
- Google search
- Store visitor
- Visits website
- Shows interest
- Conversion
- Buys/Hires
- Lead
- CRM
- Repeat / Refer
- Buy/Hires
- Subscribe / Share

[Diagram showing a marketing funnel with stages from Window Shopping to Repeat / Refer and Subscribe / Share]
Go and Create!

- If you have additional questions after this seminar is done please contact the SBDC or myself with the information below.

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