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How To Start

an
Ecommerce
Business



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Abstract

With our comprehensive guide on how to start an e-commerce business, you'll have all the tools and insights needed to launch your own profitable online store and thrive in the digital marketplace.



Introduction

E-commerce is more popular today than ever before. Between 2019 and 2023, the number of e-commerce websites increased from 9.2 million to 26.5 million. If you're looking for a way to earn money online while being your own boss, an e-commerce business may be worthwhile.

While it takes much time, effort, and dedication, it can become a profitable, enjoyable venture. With our handy guide on how to start an e-commerce business, you can hit the ground running and bring a successful e-commerce store to life.

I. What Is E-Commerce?

Before we discuss what it takes to start and run an e-commerce business, let's define e-commerce. Put simply, e-commerce refers to the buying and selling of

products or services online. An e-commerce website acts as a virtual storefront, allowing customers to purchase what they want from their desktop or mobile devices. While brick-and-mortar locations can be attached to e-commerce websites, many e-commerce businesses solely operate online.



E-commerce in Australia - statistics & facts

Australia is home to a less-advanced digital economy compared to other countries in the Asia-Pacific region, such as China and Japan. Nonetheless, several developments from AI-integration into online businesses and increased personalization to a rising internet penetration rate and an ever-more competitive marketplace environment hope to propel the country's e-commerce market into a new era of growth.

🚦 Leading e-commerce segments in Australia

Across Australia's online shopping segments, consumers spent the most in the home and garden products category in 2023, followed by the variety stores and food and liquor segments. Gen Y and Gen X shoppers had the highest

online expenditure across Australia's generational cohorts that year, with Gen Y accounting for around 35 percent of total spending.

While e-commerce has become a core element of the country's retail landscape, online spending on goods plateaued over the past years due to fluctuating economic conditions and a return to in-store shopping in the absence of lockdowns. Nonetheless, long-term e-commerce expansion in the country appears promising. The number of Australian households shopping online continues to rise hand-in-hand with the online share of retail sales remaining above 10 percent, various e-commerce innovations set to boost market development, and new players causing a shift.



Online marketplaces driving e-commerce growth

From long-standing market players such as Amazon and eBay to new competitors including Temu, online marketplaces have been attracting more of the country's shoppers, drawn in by their broad product ranges at generally affordable prices complimented by convenient buying processes. In 2023, Amazon Australia surpassed its prime competitors eBay and Kmart, with the e-commerce giant taking the top spot among the country's leading online retailers and marketplaces. While Amazon continues to profit from an

expanding customer base, with a year-on-year increase in its online retail audience in 2024, eBay Australia's user base has contracted.

eBay Australia faces intensified competition from Chinese online-only platforms Temu and Shein, which have taken the Australian market by storm due to the appeal of their low-priced product ranges to cost-conscious consumers. Despite its market entrance in early 2023, Temu has already cemented itself as one of the largest online retailers in the Australian market by audience size, vying for eBay's place in the ranking.

Staying ahead in a competitive e-commerce market

With more retailers entering Australia's online landscape and consumers searching for ways to buy the items they love without draining their bank accounts, several strategies are coming into play to foster customer loyalty. Many brands offer an integrated digital and physical presence to increase customer engagement through streamlined purchasing journeys, enabling effective product research and price comparison. Social media has become a significant driver of B2C e-commerce transactions across Australia, with online sellers leveraging influencer marketing strategies to boost sales. Online sales periods, including Black Friday and Cyber Monday, Australia's 'Click Frenzy' period, and pre-Christmas sales, also incentivize consumers to open their wallets. Yet, the integration of AI into Australian e-commerce may hold the key to faster development, allowing organizations to optimize their daily operations and better connect with their customer base.

Revenue growth in the e-commerce market in Australia from 2020 to 2029

Australia's e-commerce market growth rate soared in 2020 and 2021 amid the pandemic, as in-store shopping became highly restricted. In 2022, e-commerce revenue fell by 9.7 percent across the country, due to many consumers returning to their in-store shopping habits. In 2024, the market is expected to see a positive increase of 10.82 percent.

II. Types of E-Commerce Businesses

In general, e-commerce businesses fall into these four categories:

- Business to customer (B2C): A B2C website sells to individual customers, similar to brick-and-mortar storefronts. Customers can choose a product, check out, and wait for the product to be shipped to them.
- Business-to-business (B2B): A B2B website sells products or services to other companies. It usually receives many bulk and recurring orders.
- Consumer-to-consumer (C2C): A C2C website or marketplace allows customers to sell to one another. Etsy and eBay are popular examples of C2C sites.
- Consumer to business (C2B): A C2B website allows individuals to sell to businesses. Customers can often write reviews, exchange affiliate links, or provide places on their websites in exchange for compensation.

III. Why Start an E-Commerce Business?

There are a number of benefits to e-commerce stores, including:



- Lower overhead costs: Compared to running a brick-and-mortar store, an e-commerce website is often more affordable. There's no need to pay for a commercial property and the utility costs that come with it.

Instead, you'll invest in a domain name, web hosting, inventory and digital marketing.

- **Chance to reach a broader audience:** With an e-commerce store, you don't have to limit your customer base to where you're located. Even if you're in a small town, you may reach customers across the country and world. This can lead to higher profits and greater success.
- **Ability to easily scale:** It's much more difficult to grow a business with physical storefronts than one that operates online. If you go the e-commerce route, your website and store can grow as your business grows. You won't have to open and manage more brick-and-mortar locations.
- **Flexibility for customers:** In today's day and age, customers are busy and often lack the time or desire to drive to a store and purchase what they need. If you can serve them through an e-commerce website, they'll be able to make purchases whenever they want, from the comfort of their own home, office or anywhere with an internet connection. Flexibility can lead to happy customers who return to your store and refer their friends.
- **Access to customer data:** An e-commerce business can allow you to collect valuable customer data. You may gain insights on your customers' buying habits and demographics. In addition, you'll have a better understanding of demand and be able to reduce the risk of understocking or overstocking as a result.

IV. Steps To Start an E-Commerce Business

1. Define your e-commerce business idea

First and foremost, figure out what you're going to sell. Ideally, you'd choose a product or service in a very specific niche. This way, you'll have less competition and increase your chances of success.

If you decide to sell clothing, for example, you can target young professionals with affordable suits for young children with comfortable formal wear. Make

sure that you're passionate about whatever you're trying to sell and/or can do or make well.

2. Validate your idea

A business idea is only worth pursuing if you determine it's actually viable. To do so, consider the following:

Market-based criteria: Market-based criteria focuses on market factors that will impact your business. It considers market size, competition, target customers and whether your products or services are trends or part of a flat or growing market.

Product-based criteria: Product-based criteria revolves around your products and services. It examines your potential selling prices, size, weight and durability, how seasonality may affect demand, product regulations and whether your product caters to a passion or solves a pain point.

Both market-based and product-based criteria can help you understand whether your products or services have potential. If you believe that there is a market for your offerings, you can move on to the next steps.



3. Write a business plan

Once you hone in on and validate your business idea, it's time to create a business plan. Think of your business plan as a blueprint that outlines what you hope to accomplish and how you'll get there. In general, a business plan involves the following components:

Executive summary: This is where you discuss your structure, industry, leadership team, and offerings.

Competitor research: Competitor research is all about your competitors and their tactics.

Product or service descriptions: Product or service descriptions explain each offer and how customers may benefit.

Marketing and sales strategy: The marketing and sales section should describe what you'll do to reach prospective customers and retain the ones you land.

Financial projections: Here's where you may want to work with an accountant to estimate your pricing strategy and profit goals.

4. Set up your business

After solidifying your e-commerce business idea and finalizing a business plan, you can take the plunge and set up your business. You'll choose a business structure, name your business, apply for an employer identification number (EIN), and open a business checking account. Getting all the licenses and permits you'll need to operate legally is also a good idea. For help with the setup process, don't hesitate to contact an attorney, accountant, or other professionals who can answer any questions and steer you in the right direction.

5. Develop or source your products

Next, you'll need to develop the products you plan to sell. If these are tangible products, you may make them yourself or leave the task to a manufacturer. At this point, you should decide whether you want to produce or order your products in bulk so you'll have inventory in stock.

You may decide to start small and only stock a few products until you get a better sense for demand and determine whether bulk inventory makes sense. Another option is dropshipping, which is when products are manufactured and sourced when orders are placed. If you're selling professional services online, such as graphic design or bookkeeping, you should zero in on what they'll be and how much you'll charge for them.

6. Create your e-commerce website

Your e-commerce website will be one of your most important assets. Customers will visit your site to learn about you, explore your offerings, and, hopefully, make purchases. The easiest way to launch a site is through an e-commerce website builder, such as Shopify or BigCommerce. While every builder is different, most allow you to market your offerings, manage inventory, collect payments, ship orders, access analytics, and more.

If you're limited on funds or don't want to invest too much in your business, a free e-commerce platform can be helpful. As your business grows, you may always upgrade to a paid plan or platform. Do your research and compare your options to figure out the best e-commerce tool for your unique budget, preferences, and goals.

7. Figure out order fulfillment

Fulfillment is essential to your e-commerce store because it ensures your customers receive the products or services they paid for. Fortunately, most e-commerce website builders come with shipping label printing, allowing you to add shipping costs at checkout automatically. If you want to take the entire fulfillment process off your plate, you might want to outsource it to a company. Just make sure your potential profits outweigh the fees they'll charge.

8. Market your e-commerce business

In a perfect world, you'd launch your e-commerce website, and countless customers would run to it. The reality, however, is that you'll need to find, attract, and convert your target audience. While your marketing plan will

depend on your budget, products or services, and capabilities, it may include search engine optimization (SEO), social media marketing, paid search, email marketing, and/or influencer marketing. Regardless of your chosen strategies, be consistent and establish a brand that allows you to stand out from your competitors.

V. Tips for Running Your E-Commerce Business



- Once you have all your ducks in a row and your e-commerce store is ready for business, keep these tips in mind:
- Focus on customer retention: Retaining a current customer is more accessible and less expensive than landing a new one. That's why you should keep your customers returning through excellent service, loyalty programs, exclusive discounts and new products and services.
- Optimize your shipping strategy: While an e-commerce store offers many benefits to customers, high shipping costs can turn them off. If possible, offer free shipping or deals for loyal customers or those who spend over a certain amount.

- Offer excellent customer service: In the world of e-commerce, the customer truly is king. That means you must be responsive and cater to customer needs and preferences through friendly agents, live chat and 24/7 availability. Otherwise, your reputation and profits will likely take a hit.
- Diversify your distribution channels: To raise your likelihood of success, go beyond your website and use other channels to sell your offerings. Amazon, social media and affiliate marketing are a few options to consider.
- Upsell and cross-sell: When you upsell, you encourage customers to purchase a higher-end product or service than the one they were considering. A cross-sell is when you encourage customers to buy products that are related to complementary products. Both strategies can boost profits.

VI. Guide to E-Commerce Fraud Prevention



E-commerce is becoming the most popular mode of shopping for Queenslanders. The industry recorded a 4.3% year-on-year growth in 2023 and will continue to showcase its magic streak. The pandemic was pivotal in pushing consumers to shift to online buying from visiting physical stores. The

security of online transactions has infused confidence in customers who find it more convenient to shop online than driving in traffic and standing in queues for billing. However, the exemplary rise of e-commerce has increased the interest of hackers in this niche.

They target small businesses with virtual stores to carry out illegal transactions using fake information. Cybercriminals are using sophisticated methods to deceive businesses and consumers and steal money through identity theft, credit card fraud, phishing, and chargeback fraud. These can severely damage the business and taint its image. So, here is an essential guide to e-commerce fraud prevention. It can help entrepreneurs steer clear of cyber attacks and keep their financial data and transactions secure.

1. Understanding E-Commerce Fraud

E-commerce fraud is any scam that takes place on a virtual retail platform and affects the business or customers. Cybercriminals intercept online transactions and use varying fraudulent activities to deceive merchants and customers. They can steal confidential customer data to exploit them. They then use the information to conduct fraudulent transactions that lead to losses and reputational damage.



Thus, small businesses wishing to expand their sales through online stores must take steps to prevent these frauds. Cyber security should be a priority and they must train the employees in the protection framework to avoid getting duped by hackers. It is vital for entities that are unprepared to handle these unexpected attacks.

2. Types of E-Commerce Frauds

E-commerce frauds have increased excessively because of the high growth of virtual stores and online shoppers. Budding entrepreneurs who purchase a business for sale Brisbane often use an online store to enter new markets. Thus, they must be aware of the common methodologies used by cybercriminals. These include:

- **Account Takeover Fraud**

This fraudulent activity, also known as phishing, involves hackers breaching the accounts of customers created on e-commerce stores. They send emails to customers to get access to their login details on the site and then use the information to make unlawful purchases.

- **Credit Card Fraud**

Credit card fraud is also known as card-not-present fraud or payment fraud. Criminals use stolen credit cards to make payments, defrauding both the cardholder and the merchant, who must refund the purchase.

- **Chargeback Fraud**

Also known as friendly fraud, chargeback fraud occurs when customers ask for a refund from the credit card company for buying a product online. The bank then asks the merchant to pay the amount, leading to losses.

- **Triangulation Fraud**

The triangulation e-commerce fraud occurs when customers purchase a product from a third-party marketplace, but it is fraudulently bought from another retailer.

- **Affiliate Fraud**

Affiliates are partners of retail stores who drive traffic to the merchant site by sending links to products. They can start a fraud by showcasing fake traffic and earning commission from the merchants.

3. Signs to Identify E-Commerce Frauds

Business owners must be vigilant of suspicious activity and train their staff to identify e-commerce fraud. Common signs of fraudulent activity include customers creating a new email ID to complete transactions or placing several orders one after the other. If customers request an address change for a bulk order or make extra payments for same-day deliveries, the merchant must ask for verification details.

Other signs that suggest fraud is when customers several products to be delivered at different addresses or various credit cards are used by the same IP address. Businesses must adopt AI and machine learning to detect fraud and improve data privacy through effective authentication and authorisation measures.

4. Steps to Prevent E-Commerce Frauds

E-commerce merchants can reduce the risk of fraud by reviewing the orders before processing to check the signs of fraudulent activities. The store payment gateway must not allow a large volume of stock buying as it is usually a case of credit card fraud. Also, the merchants must make the delivery partners collect proof of delivery and returns to process legitimate refunds and avoid losing money.

New entrepreneurs who acquire a Brisbane business for sale with an e-commerce site must ensure they comply with PCI DSS (Payment Card Industry Data Security Standard). The international standard is applicable to all businesses that accept card payments. The merchant site should implement strong password policy for customer logins and block all defaulters. It should have address and card verification functionality to keep hackers at bay.

5. Protecting Your Business From Frauds

Businesses with e-commerce functionality can improve data privacy by using fraud prevention software and updating it regularly. Merchants must use tools that automatically detect suspicious buyers and block fraudulent purchases. Cyber security protocols must be implemented without fail across the organisation, and customers must be informed about using the right access methods to safeguard their confidential data.

They must have a reliable, user-friendly payment gateway that allows users to pay through various modes. Businesses must verify their affiliate partners and use employee passwords and a multi-factor authentication system to access data.

6. Building A Successful E-Commerce Business

Entrepreneurs who acquire a business for sale in Brisbane must understand that their e-commerce site is a valuable part of the venture. It must be safeguarded and promoted to build credibility and boost revenue. They must invest in creating a responsive and SEO-optimised website that offers an engaging and intuitive buying experience. It should have an immersive user interface and provide easy navigation and browsing of the products.



Entrepreneurs must partner with trusted shipping companies to ensure safe delivery of products on time every time. It helps to improve customer service

and increase number of genuine orders from time-poor urban dwellers who need convenient shopping avenues. The site must be marketed through paid ads, blogs, social media promotions and email marketing. It is vital to monitor the performance of the site and make improvements based on the insights.

E-commerce fraud is leading to loss of millions across the globe because of the high number of virtual stores filling the digital space. So, if own a business or are looking for businesses for sale in Brisbane, you must know how to prevent this fraud. It can help you avoid losses and destruction of the brand's image.

Bottom Line

An e-commerce business can be advantageous. It may allow you to share your passions, interests or experience with customers near and far while providing some great income. By following the steps and tips listed above, you'll put yourself on the path to success. Best of luck!

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