SELLING ONLINE: E-COMMERCE BASICS

Setting up an online store, taking payments, shipping, returns, and the costs that eat into online profits.

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AT A GLANCE

- You can sell online through **your own store**, through **marketplaces** like Amazon and Etsy, or through **social commerce** on platforms like Instagram and TikTok. Many sellers use more than one.
- Online selling has **hidden costs**: platform fees, payment fees, shipping, packaging, returns and ads. Price with all of them in mind.
- Clear photos, honest descriptions, fast shipping and easy returns build repeat customers.

Why it matters

Selling online can reach customers far beyond your neighborhood. But many new online sellers lose money on each order without realizing it, because fees and shipping add up. Planning the numbers first keeps you profitable.

Where to sell

Option	Pros	Cons
Your own online store	You own the customer relationship and brand; lower fees	You must bring in all the traffic
Marketplaces	Millions of shoppers already there	Higher fees, strong competition, less control
Social commerce	Sell where customers already scroll	Depends on platform rules and reach
Wholesale to stores	Larger orders	Lower prices per item; slower payment

The real cost of one online order

> EXAMPLE
>
> **Amara** sells a $32 skincare set on her own store.

Item	Cost
Product cost	$9.00
Packaging	$1.50
Payment processing (about 3% plus $0.30)	$1.26
Store platform share (her monthly fee spread over orders)	$0.80
Shipping she pays	$6.50
Ad spending per order (average)	$7.00
Total cost per order	**$26.06**
Profit per order	**$5.94**

Amara raised her price to $36 and offered free shipping over $50, so customers more often bought two items. Her profit on a single-item order rose to almost $10, and two-item orders earned far more.

Step by step

1. **Choose where to sell first.** Start with one channel and do it well.
2. **Take great photos**: clean background, several angles, in-use shots.
3. **Write clear descriptions**: what it is, size, ingredients or materials, how to use it.
4. **Set shipping rules**: carriers, rates, free-shipping thresholds and delivery times.
5. **Write a returns policy** and post it clearly.
6. **Price with all costs included.**
7. **Collect sales tax where required.** See **M-13 Sales Tax, Payroll Tax and Staying Current**.
8. **Build an email list** so you can sell again without paying for ads.

Common mistakes

- **Forgetting fees and shipping** in pricing.
- **Poor photos.**
- **Slow shipping** or no tracking.
- **Relying entirely on one marketplace** whose rules can change.
- **No plan to bring customers back.**

Your checklist

- ☐ Calculate the full cost of one order
- ☐ Choose your first sales channel
- ☐ Take and edit product photos
- ☐ Write shipping and returns policies
- ☐ Set up sales tax collection where required
- ☐ Start an email list

Where to go next

- **P-10 E-commerce and Online Brands**
- **M-07 Pricing Your Product or Service**
- **L-11 Customer Service That Brings People Back**

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