

How to Start an Online Business and Find Success



Before the digital age, only the privileged few could consolidate the resources necessary to start their **own business**. Starting capital had to be significant, while outside funding was often scarce unless you had connections with financial and entrepreneurial know how.

In the world of online sales and **ecommerce**, that is simply no longer the case as the demand for ecommerce and online businesses has exploded. Even in the last few years, the growth of ecommerce has been tremendous. From 2019 to 2021, ecommerce sales **grew more than 50%, representing 13.2%** of all retail sales in the U.S.

Today, **anyone can start and scale an online business**, regardless of professional background or past entrepreneurial experience.

However, while the entry barrier has been lowered, it's not entirely gone, either. Potential business owners still need to develop a quality product idea, figure out sourcing or manufacturing strategy and then implement a viable sales model.

Reasons You Should Start an Online Business

You may be wondering, why start an online business in the first place? Why not go with a brick-and-mortar one instead?

The answer? Starting an online business has several advantages, including:

It is fairly inexpensive to start.

Many want to start a business but are deterred by the investment required to get it off the ground. You must pay for a lease, purchase inventory and budget for employee salaries. If the business fails, it could ruin you financially.

However, with an online business, all you need is:

- Computer.
- Domain name.
- Website builder.

In other words, launching an online business with \$100 as a starting capital is feasible, and you don't need to risk your life's savings to become a successful online entrepreneur.

Major potential and growth.

When you have a brick-and-mortar business, you have to deal with the limitations of the real world, from real estate costs to local demand.

When you run an online business, none of these limitations apply. You can sell to anyone — no matter where they live, and with each year — your pool of potential customers expands because more people are getting comfortable with online shopping.

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By 2025, ecommerce will account for nearly [25% of global retail sales](#). On top of that, the global internet population is also growing as internet users worldwide are projected to reach [5.6 billion by 2025](#).

More people online means more potential exposure for your online brand — especially if you don't mind taking your online business [across the border](#).

Always on.

Another advantage online businesses have over brick-and-mortar businesses is that they can stay open 24/7, even through lockdowns and other disruptions.

Once your business website is online, you are always available to make a sale. Shoppers can order from you at any time.

Since you don't need to be physically present to make a sale, your business can generate revenue with less day-to-day involvement.

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Determine Your Niche and Business Idea

A business niche is your focus area — a market segment and target audience you primarily cater to. This can be anyone from sports enthusiasts to hobbyists to professionals.

You need to pick a [niche for your new business](#). To find the right target audience, ensure they have:

- A problem no one else is solving.
- Willingness to pay for a solution to that problem.
- Sufficient discretionary income to afford the solution.

Once you have determined your niche, consider the following steps to establishing your business idea:

Start an ecommerce store.

Ecommerce has been around for [nearly four decades](#), but there has never been a better time to launch an online store than now.

According to [“The Future of Retail 2019”](#) report, one-third of U.S. consumers (32%) now receive one or more Amazon packages per week. Meanwhile, 10% of consumers receive three or more Amazon packages weekly.

Once you have decided on your niche, select an [ecommerce platform](#), set up your online store and start driving traffic to it. If you intend to self-host, you can choose [a dedicated service](#).

Alternatively, you can start selling on online marketplaces such as Amazon, eBay and Etsy.

Get into dropshipping.

[Dropshipping](#) is an online fulfillment method that allows you to sell physical goods without maintaining inventory.

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Here's how it works:

- The customer orders a product on your ecommerce website.
- You forward the order to the manufacturer.
- The manufacturer then ships the product directly to the customer.

Dropshipping is an attractive option for those who want to get into ecommerce without assuming the financial risk of carrying inventory. With the revenue forecast for the year 2025 at **\$557.9 billion**, it is no wonder that the dropshipping business market is growing.

Become an affiliate.

Affiliate marketing is worth considering if you want to start an online business but aren't interested in creating your products.

It's a popular way to make money online. According to the **SaaS Scout**, the annual affiliate marketing spending by brands is estimated at \$12 billion. The figure is expected to grow by 10% in the next few years.

Here's how affiliate marketing works:

1. Sign up for an affiliate program.
2. Select someone else's product to promote to your audience. This can be any digital product or physical goods.
3. Get paid a commission for each sale generated through your referral link.

Promote affiliate products on your blog by creating SEO or social content around relevant keywords and then optimizing it to get organic traffic from Google. You can also promote affiliate products to your email list subscribers by allowing your affiliate partners to host webinars for your audience.

Affiliate marketing has an extremely low startup cost. You only need to pay upfront for a domain name, web hosting and **email marketing software**.

Offer web design services.

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Create a portfolio website to start attracting clients. You can learn the basics of web development and design via eLearning platforms and experimentation.

Alternatively, you can register with a freelance marketplace such as Upwork or 99Designs. Freelancing can be challenging at times. While you benefit from location independence and a flexible schedule, you also have less predictable income and financial stability at first.

Regardless of which option you select, once you have web design skills, you can expand into creating and selling your own products — helping mitigate financial instability and bringing greater autonomy.

Create a note-worthy blog.

Do you have a knack for writing? Then blogging might be an online business idea worth considering.

While having a blog is not a business model in and of itself, it allows you to build an audience. Once you have an audience, you can sell your products or services, promote affiliate products, run sponsored campaigns with brands, etc. — helping you to gain passive income while working on other business projects.

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Conduct Product Research

When conducting product research, you'll want to review the following primary product types:

Physical goods.

As the name implies, physical goods are material objects that must be manufactured, stored in a warehouse and shipped to customers.

Selling physical goods can be lucrative, but the profit margins can be low if you don't manage your operational costs well.

Digital downloads.

You can also sell digital products, a category of products that includes anything a customer can download to their device, such as eBooks, audio courses, podcasts, online courses, etc.

Digital products have higher profit margins compared to physical goods. However, pricing them can be tricky because they are often perceived as having a lower value than physical products.

Services.

Almost any service available remotely can be sold online. Selling services is one of the fastest ways to start an online business and turn a profit.

However, it's important to remember that it's a business model where you are selling your time. This means that your earning potential is limited since you have a finite amount of hours each day.

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Conduct Market Research

Market research is an essential step in starting your own online business. It helps determine any selected business vertical's depth, competitiveness and profitability.

The last thing you want to do is launch an offer no one's keen on buying. By conducting online market research, you can learn what your target audience wants, needs or lacks.

Here's how you can get started with market research:

Check the SERPs.

Look up the variations of your product/service keywords and analyze search engine result pages (SERPs). What type of content is currently ranking on the first page? What businesses are paying to advertise on top of organic search results?

Doing so will help you pre-assess your competition and gain information for a preliminary [SEO](#) and digital marketing strategy based on the content your target audience prefers.

Research competitors.

You will want to look closely at your main competitors beyond SERPs.

What are the biggest business ventures in your niche? How much money are they making? What are their strengths and weaknesses?

By putting a microscope over the other players in the market, you can figure out what could give you a competitive edge over them.

Track high-performing keywords.

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Analyze how the demand for different products changes in your niche and what content ranks best by monitoring niche-relevant keywords.

Quality tools to use include:

- [Google Trends](#).
- [Google Keyword Planner](#).
- [Ahrefs](#).
- [Semrush](#).

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Define Your Target Audience

By understanding who your target audience is and what they desire, you can begin the process of soliciting sales and scaling your business. When combined, these insights help develop a thorough understanding of your ideal buyer needs, preferences and purchase triggers.

To learn about their needs and preferences, make sure to research the following:

Demographics.

Demographic data includes basic socioeconomic characteristics and templates such as:

- Age.
- Gender.
- Ethnicity.
- Income.
- Job title.

Psychographics.

Psychographic data includes various psychological characteristics such as:

- Values.
- Beliefs.
- Interests.
- Opinions.

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Source Products to Sell Online

It will be challenging to run a successful online business if your products are mediocre. Even if your industry or products do eventually trend, it'll likely be for all of the wrong reasons.

When sourcing products to sell online, consider your sourcing strategy by:

Making your own products.

This option is relatively easy if you plan to sell digital products.

On the other hand, physical product manufacturing involves hard work in terms of design, interactions, material selection, etc. The financial costs are higher, too.

However, manufacturing will always give you an advantage over the competition in regards to quality, product range and branding capability.

Finding a dropshipper.

Finding a manufacturer that allows you to dropship their products is potentially lucrative. This is especially true since many small business owners negotiate dropshipping deals with overseas manufacturers to offset the business costs.

Working with a wholesaler.

A wholesaler can provide your business with a range of products to purchase and curate in your online store. Some even offer a plan to distribute your products for you as well.

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Evaluate Product Viability

You want to evaluate your product's viability holistically before purchasing or manufacturing a big order. To do that, ask these questions:

- Is there a successful online business already selling products like that?
- Is the demand for this product sustainable? Or is it temporary?
- Does the math behind this product make sense? Can you sell it at a profit?

Remember, it doesn't matter how cool or exciting a product may seem. What's important is that it's viable from a business perspective.

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Define Your Brand and Image

A brand is the overall essence of your business. You want everything from your business name to your web design and copy to convey a consistent visual image and ideas. The same applies to your off-site presence — from social media and email newsletters to packaging.

As you work on your brand identity, pay attention to your:

- Logo.
- Color scheme.
- Landing pages.
- Page layouts.
- Typography.
- Graphics and photos.

Your brand image should be a result of all these elements working together.

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Learn About Online Business Laws

Small business owners may assume that because they are running an online business, traditional business laws don't apply.

That's not the case.

While an online business requires fewer licenses and permits than a brick-and-mortar operation, you still need to sort out several critical legal details. Specifically:

- What kind of business license do you need to start operations?
- What legal structure makes the most sense — a sole proprietorship, limited liability company or corporation?
- Are there any permits that you need to obtain?
- Are there any inspections that you need to pass?
- Do you need a sales tax license?
- Are there any specific regulations applicable to online businesses only?
- What are the laws regarding hiring contractors and hiring employees?

Each state and country has its own laws. Make sure to always verify information with local authorities.

Learn more about [online business laws and regulations](#) for ecommerce companies.

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Launch Your Online Store

After a significant amount of setup, you should be ready to prepare for the launch of your website. To ensure that your website grows into success and viability, consider the following steps:

Choose your ecommerce platform.

An ecommerce platform is a technical backbone for selling online. Such software provides you with all the necessary features, from a product catalog to payment processing.

Here are a [few of the most popular options](#):

- BigCommerce.
- WooCommerce.
- Shopify.
- Adobe Commerce (Magento).
- Salesforce Commerce Cloud (Demandware).

Make sure to select a platform that provides all the features you need at a price you can afford.

Add your products.

Once you have chosen a platform and a store theme, add products to your catalog. As you, do pay special attention to:

- **Product images:** Provide high-def visuals featuring the product from different angles. Check this [guide to ecommerce photography](#) for more insights.
- **Product descriptions:** Don't line up features — focus on benefits the customer will get. This post provides a quick [formula for writing compelling product descriptions](#).

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Product images and product descriptions significantly impact the conversion rates of your product pages. Make sure to take the time to get them right.

Choose how you will do your shipping.

Fast and free shipping is the **number one driver** for making an online purchase and can significantly affect the quality and quantity of your sales.

Ensure that all the products will get to your customers without any delays. You will want to have several shipping strategies, including:

- In-store pickup.
- LTL freight carriers.
- Same-day or next-day delivery.
- Free shipping.

Make sure everything works.

Finally, once your ecommerce store is live, triple-test all the facets. Verify that:

- All pages look good across devices, including desktop, tablet and mobile.
- The website functions well in multiple browsers, from Chrome and Firefox to Safari and Microsoft Edge.
- All buttons are clickable/connected to the correct apps.

If you have a budget, it may be helpful to hire a QA specialist to run site tests for you and report on the findings.

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Grow Your Business

Once everything is set up, it's time to start driving traffic to your ecommerce store. Prioritize the following channels:

- **Paid ads:** Allocate an ad budget for pay-per-click (PPC) ads on social networks and in search results. That's one of the quickest ways to improve brand awareness for a new store.
- **Influencer marketing:** Set about building partnerships with social media influencers to create testimonials promoting your products.
- **Social media marketing:** Complement paid campaigns with organic traffic by building audiences on social media platforms like LinkedIn, Instagram and Facebook.
- **Search engine optimization (SEO):** Ensure that all your website pages are SEO-optimized and create a content marketing strategy for your written content.
- **Email marketing:** Build an email list by capturing the email addresses of the people who visit your ecommerce site. You can then promote your products to your email subscribers.

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The Final Word

Starting an online business doesn't have to be overwhelming.

To make the process easier, take it step by step. From research and development to the eventual launch of your website, the process can be complex, but it doesn't have to be complicated.

By following this guide and through the use of helpful analytics, you can build a successful online business and have it running in no time

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FAQS About How to Start an Online Business

What is the best type of online business to start?

It depends on your professional background and personal preferences.

The popular options include online service-based businesses — as an evolutionary step from a freelance side hustle — and product-based online businesses such as online stores. These two typically require the least starting capital for beginners and can be effectively scaled over time.

What kind of online business is most profitable?

Ecommerce is one of the most profitable online business types since you have limitless potential for scaling.

You can start a small niche store and grow it into a cross-country or even cross-border operation, servicing customers worldwide.

What can you sell online?

Today you can sell virtually any type of product online as long as there's a demand for it on the market.

To determine product viability, analyze the target market size — the estimated number of people who may want to buy from you — and possible profit margins — the amount of money you can earn from selling a product for a price that the target market is ready to pay.

Can you start an online business with no money?

Technically, you can start an online business without any capital investment.

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However, there still will be a few minor startup costs such as domain name, website builder/platform and website content creation. If you DIY your business website creation and setup, you can start an online business at a low cost.

Do you need marketing to help your business launch?

You don't necessarily need marketing as a business function to launch an online business, but you'll have to invest in some promotional activities during launch.

Unless you are launching to a pre-warmed audience acquired earlier — e.g., your existing fans on social media or blog readers. A strategic marketing campaign for the launch will pay itself off in hours.

Do you need a business plan for your online business?

Absolutely. Starting an online business without a business plan is like driving without a rearview mirror — you can get where you need to be but may miss obstacles headed your way.

While you don't need a formal, business school-style plan for a small ecommerce business, it's best to prepare at least a short roadmap document, charting your main steps before the launch.

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