

LEARNING MADE EASY



7th Edition

# Starting an Online Business

ALL-IN-ONE

for  
**dummies**<sup>®</sup>  
A Wiley Brand



**Shannon Belew**  
**Joel Elad**

In-demand authors and leaders in  
e-commerce strategy and development





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**by Shannon Belew and Joel Elad**

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## Starting an Online Business All-in-One For Dummies®, 7th Edition

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# Introduction

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Online businesses have finally found a permanent foothold in today's marketplace, leaving little doubt that the Internet is not only the conduit for a viable online-business model, but is often a necessary tool for building, managing, and growing any type of business. Even traditional retailers are increasingly seeing their e-commerce sales eclipse in-store sales throughout the year, and especially during major shopping holidays, such as Black Friday.

We are excited about the potential that an online business holds and the fact that e-commerce and digital marketing are now thought of as necessary components of almost any business. Since beginning our own online endeavors, we have had the privilege of meeting and working with a variety of entrepreneurs — people who, much like you, share a dream of finding economic independence by running their own businesses. As you might have guessed, many of them found success on the Internet.

The Internet provides not only a legitimate resource for starting a business that will offer a steady source of income for your family, but also a nearly endless source of ideas and opportunities to market and grow your company. It can even give you the flexibility to work from home, the freedom to work part-time, or the ability to earn an additional source of income to help make your life more enjoyable. And maybe your online business could be the next Amazon, eBay, or Facebook! Almost anything is possible with the Internet, but the pursuit of success starts with a good idea, a solid business foundation, and an endless amount of determination and hard work.

In this book, we help get you started by sharing with you the knowledge and tools we've picked up along the way and by providing you with a few shortcuts to help further your own online endeavors.

## About This Book

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Much has changed since we wrote the first edition of this book in 2006, but much has stayed the same. Our number-one goal for the book — to cover the many ways you can start or expand a business by using the Internet — is still the same. Likewise, many of the basic principles for starting your online business are still tried-and-true methods. For this seventh edition, we took great care to update all

the key information that has remained valid in the past few years. Our second goal for the book is to expose you, the reader, to new trends and tools that can be utilized by all types of businesses from nonprofit organizations to traditional retailers. We searched out many of the new opportunities that have recently evolved. For example, the expanding use of artificial intelligence (AI), ChatGPT, print-on-demand (POD) capabilities, and an ever-expanding international marketplace, all of which are forever changing the way businesses must operate online.

Artificial intelligence alone has affected almost every area of online businesses, from developing and refining content for your business to downloading mobile applications and updating the logistics backend of how you organize inventory and ship packages. AI can help businesses look at their data and give the business owners some insight into how to approach potential customers with AI-written personalized communication to convert them into buying customers. AI programs called *chatbots* can help businesses reduce customer support costs by answering user questions. In addition, the increased sophistication and reduced costs of making goods in a “print-on-demand” environment change the game and enable aspiring entrepreneurs to respond quickly and nimbly to trends and fads and carry a dynamic assortment of relevant and timely products. And as the world becomes more connected and technologically advanced, an online business has even easier access to a global audience of potential customers. While the complexities and regulations of offering your products to a truly international audience may seem intimidating to some, for entrepreneurs it all leads to new ways to make money online, which we delve into a little deeper in this edition of the book.

Similarly, another change that continues to gain momentum and provide online-business opportunities is social commerce. Newer social media networking sites, such as Instagram, YouTube, and TikTok, have joined X (formerly Twitter), Facebook, and Pinterest in becoming necessary staples for both promoting your business and making money. There is an entire industry of “influencers” that is not only guiding consumers on what to buy, but has also become a new job path or business plan for some people to develop a following and monetize their reviews and guides for potential customers. Nonprofit organizations are realizing significant boosts in fundraising dollars thanks to the power of donations through social media. Powering all these platforms and online businesses is the use of content to help drive website traffic (customers). Google continues to emphasize the importance of quality content and rewards those online businesses that follow suit and produce with better search engine rankings. Knowing what type of content visitors want to see and understanding how to deliver it for the best results are now critical parts of managing and growing an online business. It may seem like a lot of information, but don’t worry! All these changes (and more!) are captured in this newest edition of our book.

The book also provides you with details regarding specific online-business strategies and moneymaking opportunities but also covers basic offline information. It’s the stuff that every small-business owner needs to understand, such as how

to apply standard accounting principles and keep up with the legal side of running a business.

Of course, using this book doesn't guarantee that you will make a lot of money — or any money, for that matter. We provide you with just enough knowledge and inspiration to keep your online-business dreams on track. Running a business is hard work and requires persistence, dedication, and perhaps an equal mix of patience and luck.

## Foolish Assumptions

While we wrote this book, we assumed a few things about you:

- » You're a smart, inquisitive person who is seeking information about running a business on the Internet.
- » You have an entrepreneurial spirit and are a bit of a risk taker — at least in the area of starting a business.
- » You may be looking for ways to use the Internet to build an existing bricks-and-mortar business or to increase online donations for a nonprofit organization.
- » You're comfortable using computers and browsing the Internet.
- » You use email regularly.
- » You're willing to find out about new technologies.
- » You want to use websites and online technologies to build a brand.
- » You're open to the idea of reaching out to others on the Internet using social media, such as Facebook, LinkedIn, Instagram, and Snapchat.
- » You want to use the Internet to make money.
- » You've bought items online and maybe even sold a few things.

## Icons Used in This Book

Throughout the book, icons call attention to important details.



REMEMBER

This friendly reminder serves up important information. Whenever you see this icon, know that this information is something worthwhile to keep in mind as you move forward.



TECHNICAL  
STUFF

You can usually understand an idea without having to know its behind-the-scenes details. Even when we point them out with this icon, feel free to skip them and move on.



TIP

Check out this helpful hint. We picked up this information somewhere along the way.



WARNING

Pay special attention when this icon appears. It could save you from making a fatal error — at least in your online business!

## Beyond the Book

In addition to what you're reading now, this book also comes with a free access-anywhere Cheat Sheet that gives you even more pointers on how to build a loyal online customer base and promote your business through social media. Also check out our list of web resources for online businesses as well as our handy checklist when launching your online business. To get this Cheat Sheet, simply go to [www.dummies.com](http://www.dummies.com) and type **Starting an Online Business All-in-One For Dummies Cheat Sheet** in the Search box.

## Where to Go from Here

You can start reading any section of the book that most interests you or that you think is helpful to you and your business. For example, if you're starting a business for the first time, you might want to begin with Book 1. For those needing a boost in marketing or expanding an existing business, you probably want to go directly to the books that discuss those specific topics. However, you should at least browse through *every* section of this book.

Even if your e-commerce skills are more advanced, it never hurts to have a refresher course on some business basics. Considering that the Internet touches many different aspects of people's lives, you never know what unexpected tidbits of information you might discover.

If you have questions or comments, you are welcome to share them with us on X ([www.twitter.com/shannonbelew](http://www.twitter.com/shannonbelew) and [www.twitter.com/joelelad](http://www.twitter.com/joelelad)) or connect with us on LinkedIn.



# 1

# Start-Up Essentials

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## IN THIS CHAPTER

- » Recognizing when the time is right
- » Understanding the different types of online businesses
- » Gathering your thoughts and getting started

# Chapter 1

# Starting from Scratch

It's sometimes difficult to remember a time when we didn't have instant online access to almost anything desired, from finding a phone number for a new business (no phone book necessary!) to ordering groceries from Amazon and having them delivered to your doorstep within hours (without ever leaving the comfort of your sofa!). The Internet has replaced or supplemented trips to the mall, library, bank, gym, auto dealership . . . the list is almost endless. You name it; there's little you cannot find, access, or buy online. Behind each of these unique and convenient online retailers are entrepreneurs that started out just like you — with a good idea for an online business and the motivation to turn it into a reality.

Of course, it doesn't hurt that everyone from consumers to investors now recognizes the legitimacy of online businesses. It was once considered risky to shop online. But an Internet-based business model has proven to be a worthwhile investment time and time again, with the same potential risks and rewards as any other type of business. Add to the mix that technology has also come a long way, and shopping online using everything from a desktop computer or laptop to a tablet or a web-enabled mobile phone (smartphone) is as easy as ever. Online-shopping options don't stop there. It's now common to shop by voice using Alexa or similar devices. And “smart” appliances, such as refrigerators, can sync with a mobile app or have a built-in screen to restock or order groceries online.

For anyone who remained skeptical, their attitudes likely changed during the global COVID-19 pandemic, which forced consumer buying habits to shift online

out of necessity. A world of home-bound shoppers resulted in a 43 percent increase in e-commerce sales in the first year of the pandemic. (E-commerce, or *electronic commerce*, is a type of business activity conducted over the Internet, such as sales or advertising.) According to a report from the U.S. Census Bureau, online sales skyrocketed to \$815 billion in 2020! And the confidence in online buying as a legitimate (and necessary!) business model has not only remained steady, but has continued to see double-digit increases in sales, year-over-year — for all types of products and services in almost every industry.

Individuals are not the only ones spending more on online transactions. Increasingly, businesses of all sizes are also buying products and services online. Those same companies are also spending money to advertise on the Internet and reach their customers through traditional websites and social media sites. All these interactions represent a business opportunity by which people earn a living on the Internet. Why shouldn't one of those people be you?

Even during challenging economic conditions and the most extreme world health crisis, when traditional retail stores have struggled with growth, online retail sales continue to surge. Traditional retailers continue to see more revenue come from their websites, accounting for more than 15 percent of total retail sales in 2023, according to the U.S. Department of Commerce. Even more staggering is that the same report noted that total e-commerce sales in 2023 generated more than \$1.8 trillion. By comparison, when U.S. government agencies first started tracking e-commerce sales in 1998, annual sales were only \$5 million. That's considerable growth across only two decades, and further speaks to the stability and opportunity offered from an online business. With all this growth, you may wonder if it's too late to profit. The answer is — no! Research and economic forecasts from multiple sources predict strong, continued growth of e-commerce sales globally. Even social media sites are providing an avenue for making and increasing online sales, thanks to 107 million buyers who collectively drove more than \$67 billion in social commerce sales in 2023, according to the *Insider Intelligence* report from eMarketer, an independent market research company.

Though all of these facts and figures are impressive, these numbers are from the United States, and North America represents only a small portion of potential online consumers. The international market is expected to exceed \$5 trillion in sales by 2027, for the B2C (business-to-consumer) segment and \$36 trillion by 2026 for the B2B (business-to-business) segment, as forecast by the International Trade Administration (ITA). Much like the United States, countries across Europe and the Asia-Pacific region are seeing steady increases in sales, but the most substantial opportunity for e-commerce sales is in Latin America and the Middle East. No matter where you are geographically located, there is potential to increase your online revenue through international sales. We discuss that in more detail in Book 8, Chapter 6. Isn't it time you join this generation of online

entrepreneurs and take advantage of these rapidly growing markets and start an online business? In this chapter, we describe the kinds of businesses that exist online and motivate you to get started.

## What Are You Waiting For? Start Your Business Now!

You might have dreamed for years about starting an online business. Or perhaps you woke up just yesterday with a brilliant idea. What are you waiting for? The truth is that the most difficult part of beginning a new endeavor is making the decision to do it. You can easily get bogged down with excuses for why your business won't happen. To keep you motivated and on track, here's a list of the top reasons to start an online business *now*:

- » **You can gain financial freedom.** One major incentive for owning any business is the potential for a better income. The Internet offers the opportunity to create your own wealth.
- » **You have unlimited customer reach.** No geographical boundaries exist when you run a business over the Internet. You can choose to sell your products or services in your community, in your own country, or to the entire world.
- » **It's affordable.** You can now create a website inexpensively and sometimes for free. The cost to maintain your site, secure products, and cover related expenses is often relatively low. This low start-up cost is especially evident when you compare the start-up costs of an online business and a traditional *bricks-and-mortar business* (a physical building from which to sell retail merchandise).
- » **Your schedule is flexible.** Part-time, full-time, year-round, or seasonal: Your schedule is up to you when you operate your virtual business. You can work in the wee hours of the night or in the middle of the day. An online business affords you the luxury of creating a schedule that works for you. (Of course, the more time you invest, typically the greater your earnings potential!)
- » **Novices are welcome.** As the Internet has grown, e-commerce applications have become increasingly simple to use. Although you benefit by having experience with your products or services, the process of offering those items for sale online is easy to understand. You can set up shop with little or no experience under your belt!

- » **You can start quickly.** From online auction sites such as eBay to storefronts powered by Shopify.com, the tools that can help get you started are readily available, essentially overnight. Many of these sites (such as Shopify) handle all the details for you — they set up the website infrastructure, manage the payment and shopping-cart system, and may even provide easy access to merchandise or provide information on how to get your products.
- » **You can expand an existing business.** If you already own a business, the Internet provides you with the most economical and most efficient way to expose your business to a huge new group of customers and increase sales.
- » **No age barriers exist.** You might be retired and itching for extra income, or perhaps you're a teenager who's only beginning to consider career opportunities. Online businesses provide economic opportunities for entrepreneurs of all ages.
- » **A variety of ideas qualify.** As proven time and again, the Internet supports a broad range of business concepts. Although some ideas are better suited to long-term success, almost all your ideas have potential.
- » **Niche markets hold unlimited potential.** Thanks to the reach of the Internet, unique or custom products and services have a potentially lucrative home in e-commerce. These products and services may not generate a large enough demand in a local market to sustain an offline business, but can find a significant niche customer base through the broad reach of an online audience.
- » **Everyone else is doing it.** Okay, maybe your parents wouldn't approve of using this logic. It's certainly true, though: People around the world are finding success and more financial freedom by starting businesses online. It's one leap you should be proud to take!

If you're still hesitant, consider this bonus reason: The information you need to take your business online is *right at your fingertips* — literally. This book gives you most of what you need to get started. Whatever else you require, such as information about conducting business in your specific state or country, or regulations for your specific industry, is on the Internet (put there by some other enterprising entrepreneur, no doubt). You have no more excuses!

## Choosing Just the Right Business

After you decide to start your own online business, you should look at the different categories of online businesses from which you can choose. In this section, we conveniently provide those categories.