

# E-COMMERCE COURSE WORKBOOK

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“The secret to getting ahead, is getting started.” Mark Twain

## Module 2

Last week I showed you how to set up your trial account. Let's review that and then we will look at choosing a vendor, products, costs and profit margins. Fun, right?

In your files to download you have “Setup Your Shopify Trial Account.”

Let's do a live version of that now.

1. Start your free trial at [shopify.com](https://www.shopify.com)
2. Input your email and password.
3. Choose a unique name.
4. In the “Are you already to start selling: pick “I'm not selling products yet.”
5. In the “Current Revenue” pick “0-500 I'm just getting started.”
6. Click on “Next.”
7. Fill in your real first name and address. If you haven't set up a PO Box address you can do that later but you have to fill in an address to start. It's not public so don't worry, you can change it before your store goes live.
8. Put in a phone number. If you don't want to use your real number, get a Google number here: <https://voice.google.com/about>

Once your account is opened you can continue with store setup. We are going to leave that for a minute and talk about product. It won't do any good to setup a beautiful store if you don't have product to sell. We'll return to store setup in a later module.

### Product Definition

What type of product will you sell?

- Apparel - tee shirts, hat, scarves, etc.
- Accessories - phone cases, tote bags, jewelry, etc.
- Homegoods - pillows, mugs, bedding, etc.
- Art Reproductions - prints, canvas, metal, etc.
- Printed Products - greeting cards, calendars, journals
- Books - How-to books, artist catalogue.
- Services - Workshops, classes, coaching, etc.

In last week's class I asked you to setup your customer avatar. This will give you an idea of who your customer is and what they might want to buy.

And you began to look at products.

From last module you should have downloaded and used the guide [“Setup Your Shopify Trial Account.”](#)

Let’s look at vendors and products now before we move into completing the store setup.

### **Set Up Your Vendor Account**

1. Go to your dashboard in Shopify and tap on Apps.
2. Visit the Shopify store and search for the vendor you want to use. You can use Gooten or Printiful or search for “print on demand” vendors.
3. Add the app.
4. On the next screen click “install.”
5. Gooten will integrate with your Shopify store.
6. Then your Gooten dashboard will open.
7. Go to Settings and set up your business information including your credit card information. Gooten will charge your credit card for your products, create the product and ship it to your customer. Your customer pays you and you keep the difference.
8. Along the top of the page you will see ‘Fulfillment’. Make sure this is enabled. This allows Gooten to fulfill your orders directly from Shopify without your intervention.
9. Leave “pending time” alone. You don’t need to change it.
10. Back at your dashboard you will see Add New Product. This is where you add the products for your store. They then go to “Product Hub.” Think of Product Hub as your catalog of products.
11. You will also see the Shipping Calculator which we will discuss in detail.
12. The Product Catalog is the vendor’s catalog of available products that you can create for your store.
13. The Product Catalog is the vendor’s catalog of available products that you can create for your store.

Once you've found a vendor you like, dig into their product catalog and pick a couple of products you want to produce. Remember, these will be created with your unique image, so choose products that reflect your style and also your customer.

For instance, if your Customer Avatar is a 55-year-old woman, you may not want to choose a crop top as your product. Or maybe you do! Whatever product you start with, keep in mind it should be something that your Customer Avatar will be interested in buying.

Once you've decided on 1 or 2 products, it's time to do some cost analysis. Ugh, right? But trust me, if you don't do this, you will have no idea what it actually costs to make and sell your product. And you may inadvertently offer sales or discounts on products that don't have enough margin to handle them.

Let's look at a simple way to figure out the cost and profit of your product.

12.99		Cost of goods from vendor
5.99		Shipping
18.98		Wholesale cost
10		Your Markup
28.98		Customer pays
1.03		Deduct Credit Card Fees
27.95		NET REVENUE
18.98		Deduct wholesale cost
8.97		YOUR PROFIT
		YOUR PROFIT MARGIN (gross profit divided by net revenue)
32%		

In the example above, our initial cost for the product is \$12.99. Add shipping to that for a final wholesale cost of \$18.98. Most vendors do not charge sales tax to stores. Next, let's add an even ten dollars to our product as our markup. Our customer pays \$28.98 for our product. We don't charge shipping on anything in our store. More on that later. Now deduct the credit card fees from what your customer pays. Our Net Revenue is \$27.95. Deduct the final wholesale cost of \$18.98 for a Profit of \$8.97. Now divide your Profit by your Revenue for the Profit Margin of 37%.

Why is this exercise so important? Because if you don't know these numbers, you could actually lose money, even though you are making sales.

Let's do the math on a product with only an 18% profit margin.

Product cost	\$12.99
Shipping	\$5.99
Wholesale Cost	\$18.98
Markup	\$5.00
Customer Pays	\$23.98
Deduct credit card fees	0.80
Net Revenue	\$23.18
Deduct Wholesale Cost	\$18.98
Your Profit	\$4.20
Profit Margin	18%
20% sale deduction	\$4.79
Customer pays	\$19.19
Your cost (wholesale cost + shipping + credit card fees)	\$19.78
You make on every sale.	0.59

You would have to sell a lot of that product to even cover your store account fees. To say nothing of the time and energy you spend running your store, advertising costs and so on.

And this means that you can never offer a sale on that product. That could hamper your marketing efforts.

This is why it is vitally important that you understand how to price your products.

Now you know who your customer is and how much it costs to make a product for them.

## **HOMEWORK MODULE 2**

1. **Setup your vendor account. Watch the video “Set Up Your Vendor Account.”**
2. **Read the article in Resources “When Your Craft Or Hobby Becomes A Business.”**
3. **Read the article in Resources “How To Register For A Sales Tax Permit In Every State.”**
4. **Choose one product from your vendor and download and fill out the Product Cost Analysis Worksheet for that product.**

