

ECOMMERCE STARTER KIT · PART 1

The four ecommerce business models, side by side

Every model trades money and effort for margin and control. Use this table to see where each one sits before you choose.

	Dropshipping supplier ships it	Print-on-demand your designs, printed per order	Private label your own brand	Wholesale buy in bulk, resell
Startup cost money needed to begin	Low	Low	High	Medium-High
Margins profit kept per sale	Low	Low-Medium	High	Low-Medium
Risk what you could lose	Low	Low	High	Medium
Control quality, packaging, delivery	Low	Medium	High	Medium
Brand potential lasting value you build	Low	Medium	High	Low
Effort to launch work before first sale	Low	Medium	High	Medium

Low

Medium

High

Pros and cons at a glance

Dropshipping

- + Very low startup cost, no stock to buy or store, easy to test lots of products.
- Low margins, little control over quality and shipping, very competitive, hard to build loyalty.

Print-on-demand

- + No upfront stock, unique designs set you apart, easy to add new designs.
- Higher cost per item so modest margins, you rely on the printer, needs design skills.

Private label

- + Higher margins, you own the brand, you control quality, packaging and experience.
- High upfront cost and risk: you pay for stock before you've sold anything.

Wholesale

- + Trusted brands, more predictable demand, little product development.
- Thin margins, brands may restrict sellers, retail competition, capital for stock.

The pattern: the more effort and money you put in, the more control and margin you get out. There's no single right answer. Plenty of stores start low-risk, then move to private label once they know what sells.

ECOMMERCE STARTER KIT · PART 2

Profit-per-sale worksheet

Revenue isn't profit. Fill in the numbers for a product you're considering. The worked example from the lesson is shown alongside (figures are illustrative).

For one sale	Example	Product A	Product B
Selling price what the customer pays	£30.00	.....	.....
– Product cost buying or making the item	£10.00	.....	.....
– Shipping cost getting it to the customer	£4.00	.....	.....
– Payment fees the payment provider's cut	£1.20	.....	.....
– Advertising per sale (CAC) often your biggest cost	£8.00	.....	.....
– Other costs packaging, software, returns...	—	.....	.....
= Total costs	£23.20	.....	.....
Profit per sale selling price – total costs	£6.80	.....	.....
Gross margin (price – product cost) ÷ price	67%	.....	.....
Net margin profit per sale ÷ price	~23%	.....	.....

Gross margin

(price – product cost)
÷ price × 100
£30 sale, £10 product = 67%

Net profit

price – ALL costs
Product, shipping, fees, ads,
software, everything.

CAC

marketing spend
÷ customers gained
In the example: £8.00 per sale.

- **Check the gap.** A 67% gross margin turned into a ~23% net margin once shipping, fees and ads were paid.
- **Watch your ad cost.** Advertising is often the single largest cost per sale, and it's the one beginners forget.
- **Know your margins before you fall in love with a product.** If profit per sale is near zero, the product won't work.

ECOMMERCE STARTER KIT · PART 3

Choose your model: four honest questions

Answer each one honestly and tick your answer. Your ticks point you towards the model that fits you right now.

1

How much can I afford to risk?

Under £500 → **dropshipping or print-on-demand**. Private label will eat that budget before you've sold a thing.

☐ Under £500 ☐ £500 or more

2

Do I want to build a brand, or test a business?

Long-term brand → **private label**. Learning the ropes → **dropshipping or print-on-demand**.

☐ Build a brand ☐ Learn & test first

3

Am I creative?

Enjoy making designs → **print-on-demand** is a strong fit.

☐ Yes, I like designing ☐ Not really

4

Do I have access to suppliers or stock already?

Yes → **wholesale or private label** may be much easier for you than starting cold.

☐ Yes ☐ No, starting from scratch

My starting model is...

☐ Dropshipping ☐ Print-on-demand ☐ Private label ☐ Wholesale

Starting small and learning quickly is a completely valid strategy. You're not failing by beginning low-risk. You're buying information cheaply.