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Make Q4 Profitable Ecommerce

How to Prep for
a Profitable Q4 in
9 SIMPLE STEPS



If there's one season you want to get ready for, it's the ultimate money-maker: Q4

Get this — in 2020, **14% of US ecommerce sales** took place in Q4, while in the UK, there were a whopping **106.6 million retail sales** in each Q4 week.

With online traffic and sales going through the roof in the final quarter, the floor is open for everyone to hit it big. But even with all this industry growth, there's one big question hovering over every ecommerce owner's head — will your business be rolling in profits or crying over losses when Q4 draws to a close?

The answer lies in your Q4 prep.

In this unmissable ebook, we explain how your financial setup can lead to success or failure, which key areas can **build profits** into your Q4 sales, plus share insider tips to ensure your store has the cash it needs to thrive. Ready? Let's get started!



Profitable Q4 Prep:

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Need funding to get your Q4 prep underway?

Chat with **SellersFunding** today



Why Your Q4 Capital Structure Can Make or Break Your Ecommerce Business

Few things will sway Q4 results more than your funding arrangements.

Your access to cash can be the difference between sailing through the busiest season on the ecommerce calendar or bracing for impact from all directions.

Here are **4 reasons** why having the right funding matters so much as you prepare for Q4:

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Reason #1:

Competition is tougher than ever

The pandemic has driven more people and businesses online, and with the increased footfall has come fierce competition from brands vying for shoppers' attention. To compete successfully, you'll not only need to bring your A-game in products, customer service and marketing — you also need sufficient cash to keep new and existing projects afloat.

"We're going to see more and more high quality sellers ordering from their suppliers ahead of their competitors. Because the competition is fierce and it's increasing, so the sooner you make that purchase order, the better for you. It's going to add marginally to your financial costs but the benefits of making sure that you have the proper inventory for sale in the fourth quarter is key," says Sellers-Funding's CEO, Ricardo Pero.

Reason #2:

Online selling is a complex game

Online selling shows little sign of returning to the good ol' days when ecommerce was simpler, with fewer competitors and higher margins.

Just look at the latest Amazon drama: Thanks to storage limits and extended shipping times, [Amazon FBA](#) is no longer a reliable 'quick and easy' shipping option for sellers, and Walmart Marketplace's seller count has grown exponentially in response.


To stay ahead of the curve, diversify your sales channels and fulfillment options to remain operational — you know, just in case anything goes wrong (because it probably will).



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Reason #3:

Ad costs are sky-high and still rising

If you thought advertising costs were steep in the past, get ready for more bad news: Ad costs are on the rise and likely to jump even higher before 2021 ends. 

To give you an idea, back in Jan 2020, Amazon's average cost per click (CPC) stood at \$0.88, but after a 7% month-on-month increase, by May 2021 it had risen to an eye-watering \$1.20 and could see a 50% increase by December 2021.

The moral of the story? To keep up with the CPC rise and fund your marketing campaigns, you'll need to put extra cash aside or home in on additional funding.

Reason #4:

Q4 is the ultimate sweepstake

Ecommerce stores with great products, optimised product listings and road-tested marketing campaigns can win big in Q4. To take advantage of all the opportunities on the market, you'll need liquidity to buy stock up front, maintain optimal stock levels, test audiences and craft scroll-stopping product pages.

Want to crush it this Q4?

Learn how SellersFunding
can help make it happen.



Get Your Store Ready to Win Big in 9 Simple Steps

No doubt about it. There's massive opportunity to rake in the dough this Q4 — but to make it a reality, you need a solid game plan.

This focused strategy will help you prepare for a busy (and profitable!) Q4.

Get Your Store Ready to Win Big In 9 Simple Steps

1 Start your run for success early

Whoever said...

The early bird catches the worm' clearly had Q4 in mind. 🕒

To put your best foot forward, start your Q4 prep early so you can straighten out any kinks in your strategy and give yourself enough time to accommodate things like production and [shipping delays](#). For best results, aim to complete all your final quarter prep by the end of September at the latest.

2 Put a realistic budget in place

If one thing's for certain, you're sure to pay multiple bills at once in Q4 — and without a solid budget, it's easy to spend more cash than you need to.

To get the biggest return on investment, map out your key focus areas and how much they'll cost, then add a buffer for unexpected expenses. And for greater accuracy, research current prices for goods, ads and fulfillment, to find out what your percentage increase or decrease may be.

To give you a starting point, here are some areas with rising costs to budget for:

- [Warehousing](#)
- [Shipping](#)
- [Ads](#)
- [Stock \(primary and backup\)](#)
- [Product testing](#)
- [Fulfilment](#)
- [Admin support](#)



Get Your Store Ready to Win Big In 9 Simple Steps

3 Supercharge your brand with festive content

Well-optimised marketing campaigns are must-haves for Q4 success.


Not only do fine-tuned ad campaigns help preserve your precious budget, they also get your products in front of more people for a higher conversion rate.

To get your brand image prepared for Q4, here are some questions to ask:

- Do we have a sufficient budget to handle the rising CPCs?
- Have we tested different audiences for the holiday season?
- Do we have broad match and phrase match campaigns for keywords discovery?
- Do we have exact match campaigns to drive sales?
- Do we have a strategy for testing products and ads during Q4?
- Have we optimised our ads to get the most conversions in Q4?
- Will we use influencer marketing?
- Have we created a calendar containing our Q4 specials and discounts?
- Have we amended our website homepage to show off seasonal products?
- Do our product pages tap into festive cheer?
- Have we built our email marketing campaigns for Q4?

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4 Craft a stock management plan fit for ecommerce royalty

Top of the Q4 agenda is to get and stay in stock throughout the holiday season. 

Aim for quality inventory management by tapping into tech tools for full supply chain visibility. This will let you know what action to take and when to ensure optimal inventory levels.

Here's how to guarantee A-class stock management:

- Clean up your existing data so you operate with accurate stock numbers.
- Know where your goods are, where they are going, and when they'll arrive.
- Restock your primary warehouses first.
- Put backup stock in place and keep an eye on its in-stock level.
- Set up accounts with local suppliers ready for emergency orders.
- Have a plan for what you'll do with stock that doesn't sell.
- Consider pre-sales to fund new products.

Get Your Store Ready to Win Big In 9 Simple Steps

5 Build stellar supplier relationships

Healthy supplier relationships are key to year-round success — and during Q4, they're more important than ever.

The better your relationship with suppliers, the stronger your negotiating power — meaning better payment terms and a healthier budget.

But to get in the good books with suppliers and vendors, you need access to ample cash to complete orders before Q4 hits. Showing you're prepared tells suppliers you're reliable, you can pay on time and you can be trusted over other brands. As SellersFunding's CEO, Ricardo Pero puts it:

"About 40% of retail sales in the US happen in the last quarter. So having a plan and a budget in place is really important to face that specific time of the year. Having proper liquidity is key to setting up good relationships with suppliers and vendors."

For example, production and freight slots become hot commodities in Q4 months — prices are usually high and space is limited. To beat the pack, it's crucial your store has enough cash to negotiate good deals and lock-in production and logistics slots as soon as they appear

6 Put a realistic budget in place

Q4 is the perfect time to test the waters with new offerings that meet your target audience's current needs.

To find standout products that make shoppers flock to your store, watch developing trends in your industry and on marketplaces. When you find relevant products, look for ways to add even more value (for example, by using better quality materials). This way, your store's items will have a higher perceived value than your competitors, encouraging more shoppers to buy.

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7 Plan for bumper sales

It's easy to worry about what will happen if your store's items don't sell well. But if we've learned anything during the pandemic, it's to expect the unexpected — and that could just as easily mean unexpected growth.

Some stores have gone from small startups trying to get their brand known, to fully-fledged multichannel stores in just 12 months due to the dramatic shift towards online shopping. So, flip the script and ask yourself what you'll do if your business sees explosive growth in Q4.

Here are a few insider steps to help you get ready for success:

- Communicate with your suppliers now to understand their availability for last-minute orders in case you sell out before your expected date.
- Use current data to guide your inventory purchases, instead of relying on historical customer shopping patterns. A lot has changed since Covid hit, including shopper's buying habits, so outdated info could lead you astray.

Consider how to provide unbeatable customer service. Here are a few things you can do to give visitors a shopping experience they won't forget:

- Use technology to provide real-time personalised promotions.
- Optimise your sales channels for easy shopping. For example, take inspiration from Amazon's one-swipe shopping feature.
- Implement measures to cope with increased queries. For example, you could use a ticketing system and hire additional support staff.
- Feed the happy holiday vibes into your customer touchpoints to build excitement and drive sales. 🎄
- Set shipping cut-off dates and advertise them everywhere.
- Prepare your website to handle high traffic volumes.

Get Your Store Ready to Win Big In 9 Simple Steps

8 Line up flexible ecommerce funding

To succeed in Q4, you need to have enough capital to get you through before the big season hits.

Hint: Don't depend on Amazon payouts, which are notoriously unreliable, or your sales platforms disbursements which always run the risk of being hit with reserves and delays.

Even if your store can afford to pay for Q4 initiatives, ecommerce funding is crucial as a backup strategy so you can rest knowing you have the cash to capitalise on new opportunities, restock items, and test ads — without putting extra strain on your cash flow.

Let's take a look at some flexible ecommerce funding options in closer detail:

- **Daily Advance:** If you're in the US, UK or Australia, SellersFunding's Daily Advances allow you to release up to 90% of the previous day's net sales and negotiate repayments up to 2-6 months later. You pay a lump sum interest fee and sell your sales at a discount. But here's the kicker: repayments are based on how much revenue you make each month. Cash is extracted through your card takings, meaning you won't have set monthly payments.
- **Credit limit:** If you're looking for complete funding flexibility, credit limits could be just what you need. You can withdraw from the pot as many times as you need, and you'll only pay interest on the amount you use. Plus, you can use the cash for any task in your business, from buying stock to investing in technology. SellersFunding can approve credit limits up to \$5 million in 48 hours or less.

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9 Keep tabs on your taxes

One crucial factor that's often overlooked is tax.

Expanding into new markets this Q4 will likely trigger new indirect tax obligations, and you'll need to have the right processes in place in order to manage those complexities.

We connected with our friends at [Avalara](#), and here's what they had to say.

No matter which geographies you're targeting, you need to understand what activities will trigger tax obligations in those markets, and take proactive steps to plan ahead. For example, if you are holding stock in a country it will likely require a registration for VAT, and therefore require a process to collect and file tax both on time and accurately.

Here are the key questions to think about to help you stay tax compliant during the busiest time of year:

- What recent tax legislation will affect your obligations?
- Will your finance operation be able to support ongoing compliance if you have to file in multiple countries?
- Can your marketplaces and finance tech integrate with a tax engine to calculate the correct taxes?
- Is your current tax process scalable as you spread into new markets?
- Are your goods correctly classified with HS codes?
- How you handle taxes can affect your customers. Are you able to be transparent with the relevant duties and taxes in order to give the customer the landed cost?

Some of the biggest Q4 mistakes brands make is failing to review their current tax obligations and compliance process, and not planning their tax strategy for the coming year. Take the necessary steps to make sure you're compliant and know that as the new year approaches, you'll be ahead of the game.

PRO TIP:

What should every ecommerce owner know about the 2021 VAT overhaul when doing business in the EU?

On 1 July 2021, the 27 member states of the European Union (EU) introduced sweeping reforms to the VAT obligations for B2C ecommerce sellers and marketplaces.

This includes the following major changes:

- Launch of the One-Stop Shop EU VAT return;
- End of low-value import VAT exemption, and introduction of the Import One-Stop Shop (IOSS) return; and
- Making marketplaces deemed supplier an liable for VAT.

As a result of these flagship reforms, some sellers will now be able to report all of their pan-EU sales on a single VAT return in their home country, instead of needing multiple VAT registrations across the EU.

Boost cross-border online trade
and **reduce compliance regulations**

Make Your Business Q4-proof

Q4 is an exciting time for ecommerce sellers. Not only can you ace your sales targets, you can also build a new band of loyal customers and make enough money to fund future projects.

But there's a lot of ground to cover to get your store ready to crush Q4.

So start early, hire help, and position your capital structure to stay resilient. Because unexpected issues will crop up — but with a little creativity, grit and the right kind of funding, there's no question you can come out ahead.

Let **SellersFunding** help set you up for your best Q4 yet

Find out how



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