

# How to Evaluate and Buy an E-Commerce Business

By BVC Research Team | February 2026 | 14 min read

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E-commerce acquisitions offer an exciting path to business ownership for buyers with digital marketing skills or a willingness to learn. But the category also carries unique risks that don't exist in traditional brick-and-mortar businesses. Understanding these nuances is critical to avoiding expensive mistakes.

## The E-Commerce Landscape in 2026

US e-commerce sales now exceed \$1.2 trillion annually, representing roughly 22% of total retail sales. The growth rate has normalized post-pandemic but remains strong at 8-10% annually. Within this massive market, opportunities range from \$100K Shopify stores to \$50M+ DTC brands.

## Key Metrics That Matter

### Traffic and Customer Acquisition

- **Traffic diversity:** What percentage comes from organic search, paid ads, social media, email, and direct? Over-reliance on a single channel (especially paid advertising) is a major risk.
- **Customer Acquisition Cost (CAC):** How much does it cost to acquire a new customer? Is this trending up or down?
- **Organic traffic trend:** Strong SEO creates a defensible moat. Look for consistent organic growth over 12-24 months.

### Unit Economics

- **Average Order Value (AOV):** Higher AOV businesses are generally easier to scale profitably
- **Customer Lifetime Value (LTV):** How much does the average customer spend over their entire relationship?
- **LTV:CAC Ratio:** Should be at least 3:1 for a healthy business. Below 2:1 is a red flag.

- **Repeat purchase rate:** Businesses with 30%+ repeat purchase rates command premium multiples.

**KEY INSIGHT:** Always verify traffic claims with third-party tools (SimilarWeb, Ahrefs, SEMrush) and request Google Analytics access during due diligence. Seller-reported traffic numbers can be inflated by bot traffic or misleading metrics.

## E-Commerce Valuation Multiples

| Business Type          | SDE Multiple Range |
|------------------------|--------------------|
| Dropshipping           | 1.5x – 2.5x        |
| Private Label (Amazon) | 2.5x – 4.0x        |
| DTC Brand (Shopify)    | 3.0x – 5.0x        |
| Subscription Box       | 3.5x – 5.5x        |
| B2B E-Commerce         | 3.0x – 5.0x        |

## E-Commerce Due Diligence Red Flags

- **Amazon dependency:** If >70% of revenue comes from Amazon, you're essentially buying a product, not a business. Amazon can change policies, increase fees, or suspend accounts without warning.
- **Single product dependency:** A business reliant on one hero product is vulnerable to competition, trend shifts, and supply chain disruption.
- **Paid advertising dependency:** If the business can't profitably acquire customers without paid ads, any increase in ad costs (which happens regularly) directly erodes margins.
- **Supplier concentration:** Single-source suppliers create existential risk. Verify backup supplier relationships.
- **Inventory quality:** Request an inventory aging report. Slow-moving inventory over 6 months old should be heavily discounted in your valuation.

## Post-Acquisition Value Creation

E-commerce businesses respond exceptionally well to AI-driven improvements. Key opportunities include AI-powered email marketing automation (Klaviyo, Omnisend), dynamic pricing

optimization, personalized product recommendations, AI-generated content for SEO, chatbot customer support, and predictive inventory management. These tools can typically increase revenue 15-25% while reducing operational costs by 10-20%.

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