Understanding How to Account for eCommerce DTC Orders

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> This guide offers best practices on how to account for direct-to-consumer (DTC) orders from non-integrated ecommerce providers. It is intended for general users.

A business may receive web orders from multiple ecommerce sales channels. For example, an aACE customer might use an ecommerce provider with an aACE integration, but also receive direct-to-consumer (DTC) orders from a solution that aACE does not currently integrate with.

To keep your inventory and accounting records up-to-date, you should manually enter data from DTC orders into aACE. However different ecommerce providers supply varying information about your DTC orders and their billing methods can vary. These variations can raise questions about how to account for these orders in aACE. (E.g. DTC orders often go to an individual customer, but an aACE order record requires *company* information — should you then create a company record for every customer?)

This guide offers several best practices and highlights features that can help you keep inventory and accounting records updated. However the many variations among ecommerce providers mean that you will need to establish the protocols that work best for your organization. Choosing the best option often hinges on the quality of data you receive from your sales channels.

General Approaches for Entering Data for DTC Orders

Your approach for handling orders should account for:

- The volume of orders you'll be processing
- The shipping details you need to store (e.g. for tax responsibilities, for reporting, etc)
- Any discrepancies between the amount on the order and the payment received
- The amount of data entry your staff can do

To manually record DTC orders, you should select one of the following two methods:

1. Single aACE orders that reflect multiple ecommerce orders
2. Multiple aACE orders that each reflect a single ecommerce order

A good starting point for this decision is to review your orders and receipts from the ecommerce platform. This can give you a sense of how much work will be involved and how much value you'll get from capturing information.

Method 1: Create a Single aACE Order to Reflect a Multiple eCommerce Orders

If you receive a high volume of DTC orders, a single aACE order can record a batch of ecommerce orders. A batch could include orders for a day, a week, or longer, depending on how quickly you need aACE records to be updated. Creating a batch is typically a quicker method, but captures less detail about your customers. It also precludes using aACE shipping tools. This option works well if your DTC solution provides its own shipping tools (e.g. Amazon Seller Central).

For a batch order, be sure to set the Delivery Type to *Not Applicable*. This circumvents the aACE Shipping module. Inventory is decremented when the *invoice* is marked as Open.

Method 2: Create Multiple aACE Orders to Reflect Individual eCommerce Orders

This approach requires more data entry and time, but other business needs may make it worth the investment. The decision on how to set up these orders hinges on the quality of data you receive from your ecommerce solution:

- Substantive contact information — Creating a company record for each customer can help capture this data.
- Minimal contact information — Creating specific company records will have limited value. To streamline your DTC-order workflow, you could instead create a generic record (e.g. "Web Order").

When you enter these orders in aACE, record the addresses as follows:

- Use Bill To — Clear this flag
- Ship To Address — Set to the *end-customer* address
- Bill To Address — Set to the *ecommerce provider* address
  (Note: Technically, the ecommerce provider is paying you, rather than the end-customer.)

Streamlining Order Entry by Importing Data

eCommerce platforms often allow you to export the order data. aACE provides robust tools for importing data from external spreadsheets. Note: This approach works easiest when using a generic company record (e.g. "Web Order") for each DTC order.

Import data in this sequence:

1. Prepare data on the spreadsheet(s) for import into aACE — This may include company data, order data, and order item data.
2. Import company data — This is only needed if you are creating *new* company records.
3. Import orders data — This may be a batch order or a single aACE order representing a single DTC order.
4. Import order items (https://aace5.knowledgeowl.com/help/importing-master-data-and-transaction-data#ImportTransactionData) data — This is done at the order record:
   A. Click **Edit** to enter edit mode.
   B. Click **Actions** > **Import Order Items**.

Shipping and Inventory Considerations

Settings on your orders can trigger or circumvent aACE shipping functionality. If you will be handling DTC orders using aACE's shipping tools (e.g. shipping integration):

- Create an aACE order for *each* DTC web order
- Enter the *customer's* shipping address
- Set the Delivery Type as *Ship Together* or *Ship Separately* to activate the Shipping module
- Inventory is decremented when the shipment is marked as Shipped

Invoicing, Receipts, and Accounting Considerations

Another important detail for web orders is how various ecommerce platforms levy fees in their marketplace. For example, one platform may charge a monthly fee, while another may take a fee out of the payment for each order (e.g. you might receive an order for $100.00, but only receive a payment of $95.00).

Accounting for Discrepancies Between Order Amounts and Payments

When ecommerce providers levy a fee, you must account for it appropriately:

- Fee charged periodically — Create a purchase and a disbursement for that fee.

- Fee charged by *reducing* the amount paid to you — [Enter a receipt adjustment](https://aace5.knowledgeowl.com/help/using-the-adjustment-column-in-receipts) so the related invoice can be closed. For example, if an ecommerce provider levied a fee of $5.00 on a $100.00 order, the receipt would show $95.00 as payment. The remaining $5.00 should be recorded as a receipt adjustment to a GL account for that ecommerce provider.

eCommerce Fees

Fees levied on DTC orders might not be easy to discern. If you can't identify the per-order fee, you might not be able to enter orders individually. For example, if you completed 10 orders on an ecommerce provider site and the ecommerce provider charged you $100.00, that bill might *not* include information about how the charge was allocated across those 10 orders.