**Hands-on Exercise No. 2**

**DigiSkills 2.0 Batch-07**

**Virtual Assistant**

**Due Date: 16/05/2024**

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**Scenario 01:** You are a business owner who decides to sell smart watches on Amazon. You source the watches from a supplier in China. The supplier requires 5 business days to process and ship the order. Ocean freight from China to the United States typically takes 25-30 business days. Once the shipment arrives at your warehouse, it takes 2 more business days to clear customs and process the inventory.

Task: Calculate the total lead time for your smart watches from the moment you place an order with the supplier to the point they are ready for sale on Amazon.

**Solution:**

**Step 1: Supplier Processing and Shipping Time**

- Number of business days required to process and ship the order: 5 days

**Step 2: Ocean Freight Time from China to the United States**

- Number of business days required for ocean freight: 25-30 days (let's assume 27.5 days, the average of the range)

**Step 3: Customs Clearance and Inventory Processing Time**

- Number of business days required to clear customs and process inventory: 2 days

Total Lead Time Calculation

- Total lead time = Supplier processing and shipping time + Ocean freight time + Customs clearance and inventory processing time

- Total lead time = 5 days + 27.5 days + 2 days

- Total lead time = 34.5 business days

**Question No 2.**

Imagine you are an Amazon seller who makes adorable stuffed alpacas! You have received an order for one of your plushies, and it’s time to ship it off to the excited customer. The alpaca plushie itself is very lightweight, coming in at only 0.5 pounds. However, you want to make sure it’s well-protected during shipping, so you use a box that measures 12 inches long x 10 inches wide x 8 inches high.

**Salutation:**

i) Calculating Dimensional Weight:

Dimensional Weight = (Length x Width x Height) / Dimensional Weight Divisor

= (12 x 10 x 8) / 166

= 960 / 166

= 5.78 pounds (round up to 6 pounds, as carriers typically round up to the nearest pound)

ii) Determining the weight used for calculating shipping costs:

Since the actual weight (0.5 pounds) is less than the dimensional weight (6 pounds), Amazon will likely use the dimensional weight (6 pounds) for calculating shipping costs. This is because dimensional weight takes into account the package's size and volume, which affects shipping costs, rather than just its actual weight.

**Question no3.**

You are an Amazon seller who designs and manufactures creative phone cases. You are supposed to calculate the profit margin for your latest iPhone case design. Here's the breakdown of your costs: Product cost (manufacturing): $5.00 Shipping cost from your manufacturer: $1.00 Port clearance cost: $1.50 VAT (Value-Added Tax): Assume a 7% of Product cost as VAT rate. 3rd party logistics (fulfillment by merchant): $3.00 Task: i) Calculate the total cost of selling the iPhone case on Amazon by considering all the cost factors mentioned above. (2 Marks) ii) Determine the profit you want to make on each phone case (we recommend 30% of the cost incurred is the profit margin in this scenario).

**Solution:**

i) Calculating the total cost of selling the iPhone case:

1. Product cost (manufacturing): $5.00

2. Shipping cost from manufacturer: $1.00

3. Port clearance cost: $1.50

4. VAT (7% of product cost): $5.00 x 0.07 = $0.35

5. 3rd party logistics (fulfillment by merchant): $3.00

Total cost = $5.00 + $1.00 + $1.50 + $0.35 + $3.00 = $10.85

ii) Determining the profit:

Recommended profit margin = 30% of total cost

= 0.30 x $10.85

= $3.26

To achieve a 30% profit margin, i would need to sell the iPhone case for:

Selling price = Total cost + Profit

= $10.85 + $3.26

= $14.11

So, we would need to sell the iPhone case for at least $14.11 to achieve a 30% profit margin.