

March 2016 UPS Audit Report

for Account # 000071EY05

updated 4/22/2016

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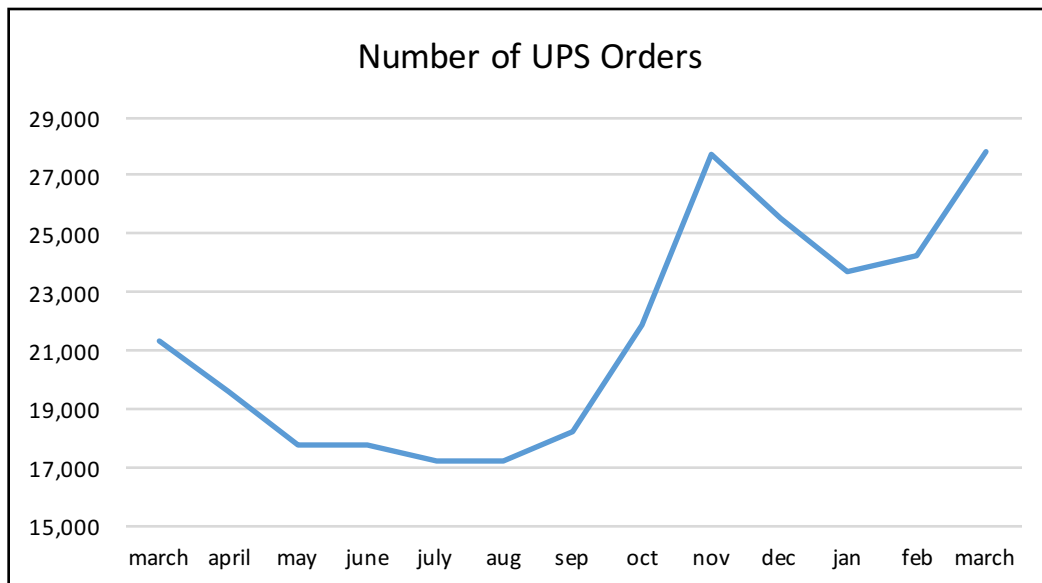
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Overview

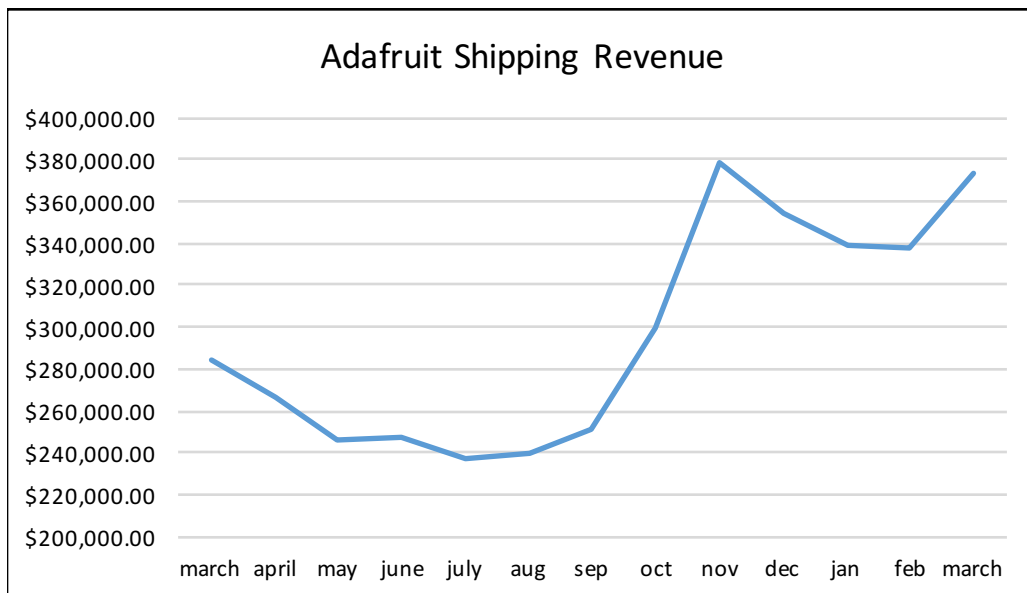
- Number of UPS orders up 15 percent, UPS shipping revenue up 11 percent, average UPS shipping revenue up 5 percent
- Profit from UPS shipping revenue reaches \$16,000
- Free shipping costs well under control
- UPS shipping overcharges well under control; number of orders UPS overcharges us comprises 1.6 percent of total orders sent UPS
- Domestic services account for 90 percent of UPS services used
- Top Three domestic destinations: California, Texas, and Massachusetts
- Top Three international destinations: Ontario, British Columbia, and Quebec
- Highest average UPS charge goes to Worldwide Saver
- Returns and Reroutes amount to \$1,000
- \$0.05 order add-on covers all outstanding Address and Residential charges
- Delivery/extended/Remote Area surcharges under control

Quick Stats

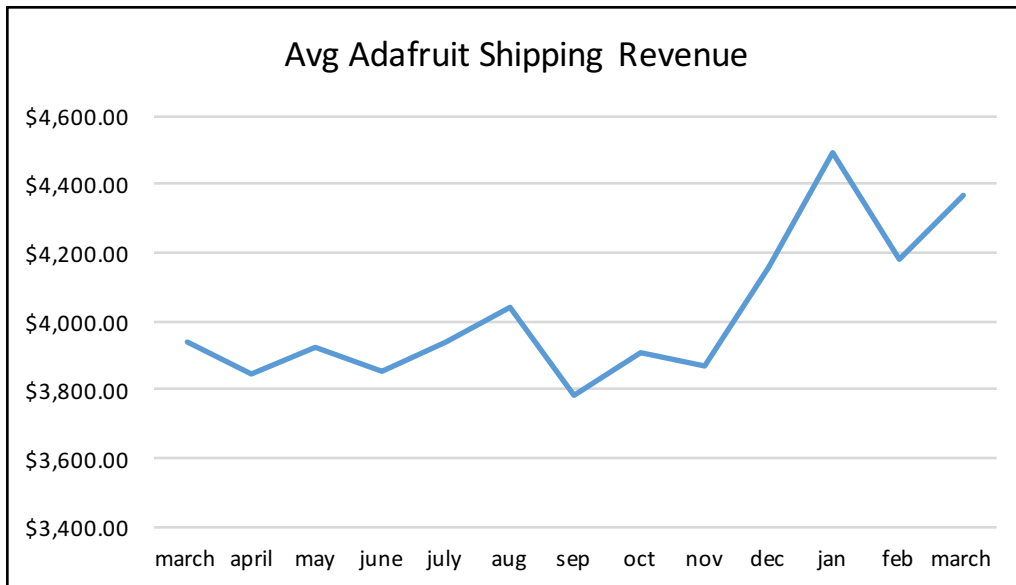
Number of UPS Orders			
Service	march	feb	% change
2nd day air	3,804	3,409	12%
3 day select	2,069	1,830	13%
express saver	491	483	2%
ground	17,366	14,650	19%
next day air	1,819	1,675	9%
worldwide express	2,308	2,184	6%
grand total	27,857	24,231	15%



Adafruit Shipping Revenue			
Service	march	feb	% change
2nd day air	\$ 49,886.63	\$ 45,297.86	10%
3 day select	\$ 24,115.13	\$ 21,624.65	12%
express saver	\$ 24,602.83	\$ 24,845.44	-1%
ground	\$ 147,774.38	\$ 123,029.85	20%
next day air	\$ 34,660.91	\$ 32,387.21	7%
worldwide express	\$ 92,008.43	\$ 90,240.93	2%
grand total	\$ 373,048.31	\$ 337,425.94	11%



Average Adafruit Shipping Revenue			
Service	march	feb	% change
2nd day air	\$ 408.01	\$ 385.61	6%
3 day select	\$ 361.46	\$ 343.10	5%
express saver	\$ 1,534.12	\$ 1,461.14	5%
ground	\$ 265.15	\$ 245.29	8%
next day air	\$ 588.54	\$ 558.08	5%
worldwide express	\$ 1,213.24	\$ 1,186.33	2%
grand total	\$ 4,370.52	\$ 4,179.55	5%



Adafruit vs. UPS

Free Shipping

Free Shipping	March	Feb	% change	March % of totals
Count	1,731	1,664	4%	7%
Order Subtotal	\$ 920,861.00	\$ 909,514.00	1%	30%
UPS Shipping Charge	\$ 17,668.09	\$ 17,233.85	3%	5%
Difference	\$ 903,192.91	\$ 892,280.15	1%	

Free Shipping costs are well under control. It is interesting to note that 30 percent of our order subtotals receive free shipping.

UPS and Overcharges

	March	Feb	% Change
UPS did not overcharge			
Count	25,630	21,913	17%
Adafruit Ship Charge	\$ 359,969.64	\$ 317,152.61	14%
UPS Ship Charge	\$ 339,302.28	\$ 298,405.90	14%
Difference	\$ 20,667.36	\$ 18,746.71	10%
UPS did overcharge	March	Feb	% Change
Count	456	518	-12%
Adafruit Ship Charge	\$ 11,723.85	\$ 12,964.38	-10%
UPS Ship Charge	\$ 14,018.14	\$ 15,732.40	-11%
Difference	\$ (2,294.29)	\$ (2,768.02)	-17%
Total Adafruit Ship	\$ 371,693.49	\$ 330,116.99	13%
Total UPS Ship	\$ 353,320.42	\$ 314,138.3	12%
Difference	\$ 18,373.07	\$ 15,978.69	15%
Shipping Profit	\$ 16,078.78	\$ 13,210.67	22%

UPS overcharges are under control since the overall count decreased from the previous month, and only 1.6 percent of total UPS orders for March were subjected to a UPS overcharge.

Overall, Adafruit made a profit of \$16,000 during March.

Services

Services by Count

	Count of Services			% of Total Services
Services	March	Feb	% change	March
Ground Residential	12,327	10,040	23%	44.27%
Ground Commercial	5,018	4,590	9%	18.02%
2nd Day Air Residential	2,404	2,170	11%	8.63%
Worldwide Expedited	2,011	1,786	13%	7.22%
3 Day Select Residential	1,387	1,242	12%	4.98%
2nd Day Air Commercial	1,414	1,220	16%	5.08%
Next Day Air Residential	911	869	5%	3.27%
Next Day Air Commercial	886	770	15%	3.18%
3 Day Select Commercial	665	597	11%	2.39%
Worldwide Saver	501	477	5%	1.80%
Worldwide Express	320	344	-7%	1.15%
Grand Total	27,844	24,105	16%	100.00%

Domestic services such as Ground, 2nd Day Air, 3 Day Select, and Next Day Air compromised almost 90 percent of all services used, showing us that the majority of our business is conducted within the United States.

Ground Residential showed a somewhat mighty increase of 23 percent, up from 10,000 to 12,300 packages. The break down of this service is as follows:

Ground Res by Customer Type	March Count	Feb Count	% Change
All Customes	12,327	10,040	23%
Non-Resellers	12,261	9,987	23%
Resellers	65	53	23%
Super Resellers	1	0	

Ground Res Top Three Destinations	March Count	Feb Count	% Change
California	1,412	1,608	-12%
Texas	511	703	-27%
Massachusetts	361	324	11%

The remaining 10 percent of services belong to international services. The top three international destinations are as follows:

International Services Top Three Destinations	March Count	Feb Count	% Change
Ontario	438	312	40%
British Columbia	147	116	27%
Quebec	144	107	35%

Services by UPS Dollar Charge

UPS Dollar Charge				% of Total Services
Services	March	Feb	% change	March
Ground Residential	\$ 85,935.72	\$ 70,106.88	23%	28.24%
Worldwide Expedited	\$ 65,935.86	\$ 58,881.07	12%	21.66%
Ground Commercial	\$ 35,451.59	\$ 32,556.40	9%	11.65%
2nd Day Air Residential	\$ 23,785.85	\$ 21,586.65	10%	7.82%
Worldwide Saver	\$ 21,235.78	\$ 20,861.41	2%	6.98%
2nd Day Air Commercial	\$ 14,387.48	\$ 12,399.98	16%	4.73%
Next Day Air Residential	\$ 13,853.37	\$ 12,959.81	7%	4.55%
Next Day Air Commercial	\$ 13,743.04	\$ 12,514.54	10%	4.52%
Worldwide Express	\$ 12,621.23	\$ 14,214.99	-11%	4.15%
3 Day Select Residential	\$ 11,723.90	\$ 10,493.29	12%	3.85%
3 Day Select Commercial	\$ 5,684.38	\$ 5,134.81	11%	1.87%
Grand Total	\$ 304,358.20	\$ 271,709.83	12%	100.00%

Keep in mind these figures are for UPS services only and do not include surcharges and fees.

Percentage Change Comparison Between UPS Dollar Charge and Service Count

Services	Count % Change	UPS Dollar Charge % Change	Average UPS Dollar Charge
Ground Residential	23%	23%	\$ 6.97
Ground Commercial	9%	9%	\$ 7.06
2nd Day Air Residential	11%	10%	\$ 9.89
Worldwide Expedited	13%	12%	\$ 32.79
3 Day Select Residential	12%	12%	\$ 8.45
2nd Day Air Commercial	16%	16%	\$ 10.18
Next Day Air Residential	5%	7%	\$ 15.21
Next Day Air Commercial	15%	10%	\$ 15.51
3 Day Select Commercial	11%	11%	\$ 8.55
Worldwide Saver	5%	2%	\$ 42.39
Worldwide Express	-7%	-11%	\$ 39.44

We can see that most of the services possess a one-to-one change between their count and their UPS dollar charge.

The exceptions are:

- Worldwide Saver (3 percentage points)
- Worldwide Express (4 percentage points)
- Worldwide Expedited (1 percentage point)
- Next Day Air Commercial (5 percentage points)
- Next Day Air Residential (2 percentage points)
- 2nd Day Air Residential (1 percentage point)

When the average UPS dollar charges are ordered largest to smallest, we see the connection between the count of a service and its total UPS dollar charge:

Services	Count % Change	UPS Dollar Charge % Change	Average UPS Dollar Charge
Worldwide Saver	5%	2%	\$ 42.39
Worldwide Express	-7%	-11%	\$ 39.44
Worldwide Expedited	13%	12%	\$ 32.79
Next Day Air Commercial	15%	10%	\$ 15.51
Next Day Air Residential	5%	7%	\$ 15.21
2nd Day Air Commercial	16%	16%	\$ 10.18
2nd Day Air Residential	11%	10%	\$ 9.89
3 Day Select Commercial	11%	11%	\$ 8.55
3 Day Select Residential	12%	12%	\$ 8.45
Ground Commercial	9%	9%	\$ 7.06
Ground Residential	23%	23%	\$ 6.97

Large average UPS dollar charges explain how a small change in the count of a service results in a large change in the total UPS dollar charge for that service. The smaller the average UPS dollar charge, the smaller the difference between the change in the count and the change in the UPS dollar charge for that service.

The table above also shows us our most expensive services: the international services, above all.

Services by Billed Weight (lbs.)

Billed Weight				% of Total Billed Weight
Services	March	Feb	% change	March
Ground Residential	17,648	15,719	12%	35.08%
Ground Commercial	11,355	11,253	1%	22.57%
Worldwide Expedited	5,934	5,359	11%	11.80%
2nd Day Air Residential	3,160	3,008	5%	6.28%
Worldwide Saver	2,676	2,712	-1%	5.32%
2nd Day Air Commercial	2,245	1,956	15%	4.46%
3 Day Select Residential	1,897	1,709	11%	3.77%
Next Day Air Commercial	1,573	1,558	1%	3.13%
Next Day Air Residential	1,476	1,334	11%	2.93%
Worldwide Express	1,344	1,617	-17%	2.67%
3 Day Select Commercial	996	943	6%	1.98%
Grand Total	50,304	47,168	7%	100.00%

We see that over half of the total billed weight goes to the Ground services, and the next largest amount goes to Worldwide Expedited.

The top three “heaviest” countries using Worldwide Expedited are:

Country	Total Billed Weight (lbs.)
Canada	1,313
France	425
Australia	401

We previously saw that the top three international destinations in terms of number of packages sent were all in Canada.

If Ground comprises most of the services used (thus designating the United States as “busiest” destination), and Canadian destinations account for most of the international services, it would make sense that these two countries would appear towards the top of a list of countries organized by billed weight. And indeed they do:

Top Ten Countries by Billed Weight	Total Billed Weight (lbs.)	Average Billed Weight (lbs.)
United States	48,067	0.67
Canada	1,887	1.11
Australia	822	1.84
France	713	1.60
Germany	509	2.15
United Kingdom	486	2.09
Netherlands	405	1.91
Switzerland	398	1.94
Japan	390	2.20
South Korea	367	2.96

Returns and Reroutes

I would like to make a correction to last month's report with regard to this section. Last month I reported that Returns and Reroutes did not account for much, when in fact they added up to about \$1,500 total. The error was due to a missed detail in my SQL query, which I have now fixed to reveal the details below:

	March	Feb	% Change
Count	255	361	-29%
UPS Dollar Charge	\$ 1,085.61	\$ 1,511.73	-28%

Shipping Charge Corrections

	March		Feb			
Service	Count	UPS Dollar Charge	Count	UPS Dollar Charge	Count % change	Charge % change
2nd Day Air	241	\$ 549.47	295	\$ 686.43	-18%	-20%
3 Day Select	156	\$ 221.86	177	\$ 297.48	-12%	-25%
Expedited	15	\$ 109.64	22	\$ 92.57	-32%	18%
Express			1	\$ 1.93	-100%	-100%
Fuel Surcharge	948	\$ 58.58	1,108	\$ 76.27	-14%	-23%
Ground	368	\$ 508.76	467	\$ 516.47	-21%	-1%
Next Day Air	201	\$ 575.41	202	\$ 584.82	-0%	-2%
Worldwide Saver	1	\$ 35.06	1	\$ 13.81	0%	154%
Totals	1,930	\$ 2058.78	2,273	\$ 2269.78	-15%	-9%

Shipping Charge Corrections occur when UPS finds that a package's weight and dimensional specifications do not match those that we report.

An overall decrease in this category shows us that shippers are avoiding "bulging boxes" and Dev's Box Predictor Tool is making some headway.

It is interesting to note that alongside these decreases we saw an overall *increase* in the number of packages sent, so it is safe to conclude that these results are due to employee efforts and not simply from a fewer number of packages sent.

Address Corrections and Residential Surcharges

	March		Feb			
Category	Count	UPS Dollar Charge	Count	UPS Dollar Charge	Count % change	Charge % change
Residential Surcharge	17,444	\$ 40,030.55	14,668	\$ 33,865.12	19%	18%
Address Correction Ground	34	\$ 442.00	35	\$ 455.00	-3%	-3%
Address Correction Expedited	17	\$ 221.00	12	\$ 156.00	42%	42%
Address Correction 2nd Day Air	12	\$ 156.00	6	\$ 78.00	100%	100%
Address Correction Express	5	\$ 65.00	1	\$ 13.00	400%	400%
Address Correction Worldwide Saver	4	\$ 52.00	3	\$ 39.00	33%	33%
Address Correction 3 Day Select	4	\$ 52.00	4	\$ 52.00	0%	0%
Address Correction Next Day Air	4	\$ 52.00	5	\$ 65.00	-20%	-20%
Residential Adjustment			3	\$ 7.86	-100%	-100%
Totals	17,524	\$ 41,070.55	14,737	\$ 34,730.98	19%	18%

Residential and Address Correction charges are proportional to the number of orders sent, and the increase in this arena coincides with the increase in our number of packages.

The table above is the total number of these charges, both what was covered by the shipping cost and what Adafruit absorbed. The total number of charges *not* factored into the shipping costs are below, along with the results of our \$0.05 order add-on:

	March		Feb			
	Count	Dollar Charge	Count	Dollar Charge	Count % change	Charge % change
Residential	81	\$ 186.66	77	\$ 187.00	5%	-0%
Address Correction	85	\$ 1105.00	50	\$ 650.00	70%	70%
Total Orders	32,935		27,722			
Total Charges		\$ 1,291.66		\$ 837.00		
Orders * 0.05		\$ 1,646.75		\$ 1386.10		
Difference		\$ 355.09		\$ 549.10		

The \$0.05 order add-on has successfully covered all outstanding Residential and Address Correction charges for both March and February.

Delivery/Extended/Remote Area Surcharges

	March		Feb			
Category	Count	Dollar Charge	Count	Dollar Charge	Count % change	Charge % change
Delivery Area	1,404	\$ 4,285.65	1,245	\$ 3,798.30	13%	13%
Delivery Area - Extended	1,138	\$ 4,136.65	992	\$ 3,597.55	15%	15%
Delivery Confirmation Signature	506	\$ 1,442.10	481	\$ 1,370.85	5%	5%
Extended Area	47	\$ 1,410.00	40	\$ 1,200.00	18%	18%
Remote Area	14	\$ 257.25	11	\$ 237.00	27%	9%
Remote Area - Extended	1	\$ 30.00	1	\$ 30.00	0%	0%
Not Previously Billed Delivery Confirmation Signature	1	\$ 2.85				
Totals	3,111	\$ 11,564.5	2,770	\$ 10,233.70	12%	13%

Like the Residential and Address Charges, these charges are proportional to our total number of packages sent, so it is natural to see an increase here alongside the increase in our order numbers.

These charges amounted to 3 percent of our shipping revenue for the month.

Out of the 3,000 orders which incurred a Delivery/Extended/Remote Area surcharge and which did not receive free shipping because of an order value greater than \$200, there were only 2 orders where these charges were not factored into the shipping costs. Overall we did not lose any money regarding these types of charges.

Other Charges

Charge	March Count	March UPS Dollar Charge
Electronic Export Information Fee	33	\$ 330.00
Fuel Surcharge	27,845	\$ 11,847.18