

Jan 2016 UPS Audit Report

for Adafruit Industries

Table of Contents

Overview	1
Shipping Revenue	2
Services	3
Top Five by Number	3
Top Five by Net Amount	4
Top Five by Billed Weight	5
Returns	6
By Count	6
By Net Amount	7
Address Correction and Residential	8
Area and Delivery Confirmation	9
Shipping Charge Correction	10
Other	11

Overview

- Overall shipping revenue decreased 0.86 percent, average shipping revenue per order up 3 percent
- Shipping revenue for Ground up 11 percent and 17 percent for Worldwide Express
- Ground and Worldwide Expedited are two most used services and are most expensive for us
- Ground Residential, Ground Commercial, and Worldwide Expedited have the highest total billed weight amounts, comprising 62.5 percent of total billed weight
- Total returns make up only 0.3 percent of total packages sent and 0.15 percent of the total net amount of packages shipped
- All \$30,500 worth of address correction and residential charges absorbed through adequate customer billing or the 5 cent order add on
- Area, delivery, and extended area surcharges, and delivery confirmation signature surcharges amount to almost \$9,000. Currently working with Dev to understand how these are impacting Adafruit on an order-by-order basis and overall, as well as ways to reduce them.
- Dev's box predictor tool has reduced the overall discrepancy between entered and billed weight by 46.6 percent, and Ground alone by 43 percent
- “Other” charges category down 54.6 percent

Shipping Revenue

UPS Dec to Jan percent change				
service	monthly shipping rev	monthly orders	avg shipping rev per order	avg monthly shipping rev
2nd day air	-18.93percent	-22.50percent	4.61percent	-18.93percent
3 day select	-30.75percent	-32.48percent	2.56percent	-32.92percent
express saver	-20.28percent	-31.29percent	16.03percent	-22.77percent
ground	11.08percent	8.07percent	2.78percent	7.61percent
next day air	-12.55percent	-18.38percent	7.14percent	-15.28percent
worldwide express	17.24percent	13.84percent	2.98percent	13.57percent
Grand Total	-0.86percent	-3.81percent	3.06percent	-3.46percent

January shipping revenues				
service	monthly shipping rev	monthly orders	avg shipping rev per order	avg monthly shipping rev
2nd day air	\$41,308.56	3,079	\$13.42	\$1,332.53
3 day select	\$23,139.95	1,933	\$11.97	\$723.12
express saver	\$26,221.88	505	\$51.92	\$819.43
ground	\$129,319.25	15,063	\$8.59	\$4,041.23
next day air	\$29,769.83	1,519	\$19.60	\$930.31
worldwide express	\$101,470.11	2,459	\$41.26	\$3,170.94
Grand Total	\$351,229.58	\$24,558.00	\$14.30	\$1,838.90

Overall shipping revenue, monthly orders, and average shipping revenue saw a slight month-to-month decrease. However, average shipping revenue per order saw an increase.

Ground and Worldwide Express both saw increases in shipping revenue and order number. All Ground services combined comprise about 60 percent of shipments this month. About 87 percent of orders this month stayed within the continental U.S., proving that a large volume of our shipments have domestic destinations.

The increase in Worldwide Express is a different story, but a good one, since international shipments are some of the most expensive, but also come with smaller incentive rates. It is important to keep an eye on these to make sure that our incentive rate is a good fit for the volume we are experiencing with this service.

Services

Top Five by Number

SERVICES	count	percent of Count
000071EY05 subtotal	20,358	99.10percent
Ground Residential	8,989	43.75percent
Ground Commercial	3,249	15.81percent
Worldwide Expedited	1,834	8.93percent
2nd Day Air Residential	1,762	8.58percent
3 Day Select Residential	1,077	5.24percent
0000A881T5 subtotal	186	0.90percent
Ground Commercial Collect	136	0.66percent
Ground Commercial	16	0.08percent
Ground Commercial Third Party	13	0.06percent
2nd Day Air Commercial Collect	6	0.03percent
3 Day Select Commercial	5	0.02percent
Grand Total	20,544	

Here we see the balance between domestic and international shipments. Ground Residential and Commercial exceeds Worldwide Expedited by about 10,400 packages, or about 17.5 percent. 2nd Day Air and 3 Day Select are both domestic services. We see that the top five services in both accounts comprise about 83 percent of our shipping volume.

Top Five by Net Amount

SERVICES	sum net amount	percent of net amount
000071EY05 subtotal	\$241,401.53	99.08percent
Ground Residential	\$62,842.79	25.79percent
Worldwide Expedited	\$62,268.44	25.56percent
Ground Commercial	\$23,193.66	9.52percent
Worldwide Saver	\$19,256.97	7.90percent
2nd Day Air Residential	\$17,442.10	7.16percent
0000A881T5 subtotal	\$2,250.03	0.92percent
Ground Commercial Collect	\$1,491.81	0.61percent
Worldwide Saver	\$195.31	0.08percent
Ground Commercial	\$137.92	0.06percent
Ground Commercial Third Party	\$93.89	0.04percent
2nd Day Air Commercial Collect	\$88.11	0.04percent
Grand Total	\$243,651.56	

We see that Ground and Worldwide Expedited are the top two services which are the most expensive for us. Ground because it is one of the most popular services, and Worldwide Expedited because international shipments have a smaller DIM divisor than domestic shipments, thus making them more expensive.

Top Five by Billed Weight

SERVICES	sum billed weight	percent of billed weight
000071EY05 subtotal	42,544	90.71percent
Ground Residential	14,024	29.90percent
Ground Commercial	9,077	19.35percent
Worldwide Expedited	6,239	13.30percent
Worldwide Saver	2,476	5.28percent
2nd Day Air Residential	2,459	5.24percent
0000A881T5 subtotal	4,357	9.29percent
Ground Commercial Collect	3,378	7.20percent
Ground Commercial	646	1.38percent
Ground Commercial Third Party	192	0.41percent
Worldwide Saver	34	0.07percent
3 Day Select Commercial	33	0.07percent
2nd Day Air Commercial Collect	26	0.06percent
Grand Total	46,920	

It is interesting to note here that Worldwide Saver, although in the top five for billed weight and net amount, it does not make the top five for most packages sent. Packages shipped with this service and that are in the 10 and 15 pound range comprised 18.5 percent of all Worldwide Saver shipments. This same billed weight range only made up 0.8 percent of all Ground shipments.

Returns

By Count

RETURNS AND OTHERS	count	percent of count
000071EY05 subtotal	69	98.57percent
Returns Electronic Label	14	20.00percent
Returns Ground	14	20.00percent
Returns Fuel Surcharge	14	20.00percent
Ground Undeliverable Return	9	12.86percent
3 Day Select Undeliverable Return	4	5.71percent
Returns Declared Value	3	4.29percent
Return To Sender - Web Request	3	4.29percent
Ground Return to Sender	2	2.86percent
Reroute - Web Request	2	2.86percent
Service Charge	1	1.43percent
Reroute - Phone Request	1	1.43percent
WW Expedited Undeliverable Return	1	1.43percent
Returns / Undeliverables	1	1.43percent
0000A881T5 subtotal	1	1.43percent
Reroute - Web Request	1	1.43percent
Grand Total	70	100.00percent

Returns for January were sparse, only making up 0.3 percent of total packages sent.

By Net Amount

RETURNS AND OTHERS	sum net amount	percent of net amount
000071EY05 subtotal	\$459.48	97.27percent
Returns Electronic Label	\$14.00	2.96percent
Returns Ground	\$97.75	20.69percent
Returns Fuel Surcharge	\$5.16	1.09percent
Ground Undeliverable Return	\$62.46	13.22percent
3 Day Select Undeliverable Return	\$33.00	6.99percent
Returns Declared Value	\$4.23	0.90percent
Return To Sender - Web Request	\$38.70	8.19percent
Ground Return to Sender	\$13.88	2.94percent
Reroute - Web Request	\$25.80	5.46percent
Service Charge	\$12.50	2.65percent
Reroute - Phone Request	\$18.70	3.96percent
WW Expedited Undeliverable Return	\$123.30	26.10percent
Returns / Undeliverables	\$10.00	2.12percent
0000A881T5 subtotal	\$12.90	2.73percent
Reroute - Web Request	\$12.90	2.73percent
Grand Total	\$472.38	100.00percent

The UPS dollar charge for returns was only about \$470, or about 0.15 percent of the total shipping net amount.

Address Correction and Residential

ADDRESS AND RESIDENTIAL	count	sum incentive	sum net amount	avg net amount
000071EY05 subtotal	12,922	\$13,751.87	\$30,571.89	\$2.37
Address Correction 2nd Day Air	5	\$-	\$65.00	\$13.00
Address Correction 3 Day Select	8	\$-	\$104.00	\$13.00
Address Correction Expedited	26	\$-	\$336.50	\$12.94
Address Correction Express	6	\$-	\$78.00	\$13.00
Address Correction Ground	33	\$-	\$428.00	\$12.97
Address Correction Worldwide Saver	3	\$-	\$39.00	\$13.00
Residential Adjustment	1	\$-	\$2.86	\$2.86
Residential Surcharge	12,840	\$13,751.87	\$29,518.53	\$2.30
0000A881T5 subtotal	1	\$1.14	\$2.11	\$2.11
Residential Surcharge	1	\$1.14	\$2.11	\$2.11
Grand Total	12,923	\$13,753.01	\$30,574.00	\$2.37

Address correction and residential surcharges remain numerous and costly, and the two charges combined cost us about \$30,500, of which only \$979 was left unabsorbed by initial customer order fees. This was subsequently covered by out 5 cent order add, which actually resulted in a small surplus of \$410 after all remaining fees were absorbed.

Area and Delivery Confirmation

AREA AND DELIVERY	count	sum incentive	sum net amount	avg net amount
000071EY05 subtotal	2,294	\$539.00	\$8,940.35	\$3.90
Delivery Area Surcharge	1,081	\$-	\$3,295.70	\$3.05
Delivery Area Surcharge - Extended	768	\$-	\$2,801.40	\$3.65
Delivery Confirmation Signature	385	\$539.00	\$1,097.25	\$2.85
Extended Area Surcharge	52	\$-	\$1,560.00	\$30.00
Remote Area Surcharge	8	\$-	\$186.00	\$23.25
0000A881T5 subtotal	1	\$-	\$30.00	\$30.00
Extended Area Surcharge	1	\$-	\$30.00	\$30.00
Grand Total	2,295	\$539.00	\$8,970.35	\$3.91

These are some of the more fickle of the fees that we incur. We receive an incentive for the delivery confirmation signature surcharge, but not for any of the area surcharges. We are currently working with DEV to understand how each fee impacts each order and the orders overall, and what we can do to reduce these charges. Stay tuned...

Shipping Charge Correction

SHIPPING CHARGE CORRECTION	count	sum incentive	sum net amount	avg net amount
000071EY05	1,439	\$116.64	\$1,430.96	\$0.99
2nd Day Air	146	\$-	\$306.65	\$2.10
3 Day Select	95	\$-	\$208.78	\$2.20
Expedited	32	\$-	\$161.78	\$5.06
Express	4	\$-	\$19.09	\$4.77
Fuel Surcharge	705	\$116.64	\$61.88	\$0.09
Ground	331	\$-	\$350.19	\$1.06
Next Day Air	124	\$-	\$316.09	\$2.55
Worldwide Saver	2	\$-	\$6.50	\$3.25
0000A881T5	31	\$4.72	\$81.88	\$2.64
2nd Day Air	2	\$-	\$11.87	\$5.94
3 Day Select	5	\$-	\$51.09	\$10.22
Fuel Surcharge	15	\$4.72	\$3.47	\$0.23
Ground	9	\$-	\$15.45	\$1.72
Grand Total	1,470	\$121.36	\$1,512.84	\$1.03

The overall discrepancy between billed and entered weight saw a dramatic decrease of 46.6 percent from last month. Ground alone experienced about a 43 percent decrease. This tells us that Dev's box predictor tool is making progress in reducing the disparity between entered and billed weight. Nice work, Dev!

Other

OTHER	count	sum incentive	sum net amount	avg net amount
000071EY05 subtotal	20,431	\$15,117.01	\$13,523.92	\$0.66
Additional Handling	1	\$-	\$10.50	\$10.50
Early Surcharge	2	\$-	\$60.00	\$30.00
Electronic Export Information Fee	45	\$-	\$450.00	\$10.00
Fuel Surcharge	20,374	\$15,112.79	\$12,986.14	\$0.64
Service Charge	1	\$-	\$12.50	\$12.50
Third Party Billing Service	8	\$4.22	\$4.78	\$0.60
0000A881T5 subtotal	231	\$115.85	\$470.75	\$2.04
Declared Value	28	\$-	\$294.30	\$10.51
Duty and Tax Forwarding Surcharge	4	\$-	\$60.00	\$15.00
Fuel Surcharge	186	\$114.34	\$114.02	\$0.61
Third Party Billing Service	13	\$1.51	\$2.43	\$0.19
Grand Total	20,662	\$15,232.86	\$13,994.67	\$0.68

The fuel surcharge inflates this category, but putting it in the Services section seemed a bit misleading. Without the fuel surcharge, this category cost us only about \$900, compared to last month's amount of \$1,900, a 54.6 percent decrease.