

# **Shipping Audit for October 2016**

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## Purpose + General Points

- The purpose of this monthly shipping audit is to asses the costs and revenue generated from Adafruit's shipping activities with UPS and USPS.
- Data from October shows a healthy shipping profit of \$10,800 and a shipping profit margin of 3 percent. For this reason, the company should continue to use the current pricing model.
- The UPS Worldwide services are the most expensive and have the highest number of late shipments: about 22 percent of all late shipments. We are currently exploring the possibility of switching carriers for international shipments.

## Overview

During the month of October Adafruit made a total shipping profit of \$10,800. This profit shows that overall customers are being quoted accurate shipping prices. Including free shipping, Adafruit's overall shipping profit margin is 3.21 percent. If we exclude free shipping Adafruit's profit margin is 8.11 percent. Through precise price quoting we have managed to generate a small profit from shipping while still offering free shipping on Ground orders that total \$200 or more.

Most if not all UPS surcharges are accounted for in the original customer quote. In terms of the types of services used during October, domestic shipments account for 76 percent of all shipments and contribute 58 percent to total shipping revenue.

## Conclusion + Follow-up

With the exception of exploring the company's options for shipping internationally, no action is currently necessary. Through precise pricing Adafruit has managed to make a small profit off of shipping while still offering free shipping and accounting for any surcharges.

As always, please see the accompanying workbook for an even deeper look into the numbers, as well as for charts and graphs.

Please email Jarad at [Jarad@adafruit.com](mailto:Jarad@adafruit.com) with any questions.