

Direct Selling Order Flow Model



Key Elements		Description
MARKETING CHANNELS	Paid	Paid acquisition channels. Modeled via blended CPO (e.g., SEM: Google, Bing; Social: Facebook, Instagram).
	Non-Paid (Retention)	Non-paid acquisition sources (Email, Newsletter, Organic Search, Direct). Modeled via cohort retention/repurchase.
		Total Orders
GMV	Product Category Mix	AOV based on category blend (items/order × avg. item price).
	Shipping Fees to Customers	Shipping revenue added on top of AOV (depending on free vs. paid shipping rate).
		GMV (Gross Merchandise Value)
NET REVENUE	Returns	Share of orders returned. Deducted from revenue as % of GMV (orders × avg. return value).
		Net Revenue
COGS	Stock Composition	Cost of goods sold (COGS), incl. owned inventory & consignment. Expressed as % of sales.
	Commission	Marketplace/platform commission costs (% of GMV).
		Gross Profit
OPEX	Discount Costs	Discounts on non-commission GMV only (rate × GMV non-comm). For marketplace sales, discounts are already reflected in GMV before commission is applied.
	Return Costs	Handling costs for returned orders (labor, inspection, restocking).
	Picking & packing costs	Personnel costs for warehouse operations (order picking and packing).
	Payment Costs	Payment provider fees (PayPal, Stripe, Klarna, etc.), modeled as GMV incl. shipping × fee %.
	Shipping costs	Carrier/shipping provider costs. Calculated as orders × shipping cost/order (SLA & provider dependent).
	Fulfillment Costs (passthrough)	Outsourced fulfillment costs (Amazon FBA, 3PL). Pass-through, no margin impact.
	Rent for pick & pack, logistics	Fixed logistics costs, e.g., warehouse rent, tied to capacity (step costs).
		Contribution Margin 1
G&A	Marketing Costs	Performance marketing budget (paid channels) plus branding/awareness spend.
		Contribution Margin 2
	Technology & License Costs	SaaS/software licenses, tech stack, and tech team costs (step costs).
	Indirect Labour Costs	Overhead staff costs not directly tied to fulfillment or marketing.
	Contracted Services Costs	External agency, contractor, legal, accounting, or consulting costs.
	Office Rent	Fixed office rent and related facilities costs (step costs).
		Contribution Margin 3
		EBITDA