SALES & MARGINS / A WORKING PROFIT MODEL

REVENUE / COSTS / MARGIN / ACTION

TikTok Shop Profit Worksheet

Know what each sale keeps.

Eight practical worksheets to connect your seller records with the cost of running your shop.



A CLEARER VIEW OF THE BUSINESS

01 Track one SKU, then the catalog.

02 Calculate contribution and profit.

03 Choose a change you can measure.

SHOP / OWNER

For TikTok Shop product sellers using organic, creator, live and paid promotion.

START HERE

Begin with real records



Use one reporting period, one currency and one product before expanding the model.

A bank payout is a cash settlement, not profit. Product purchases, advertising, overhead and timing differences can sit outside that payout. Reconcile order-level activity and costs for the same period before drawing conclusions.

GATHER THE EVIDENCE

- [ ] Export order and settlement records, including refunds and fee credits.
- [ ] Collect supplier invoices, shipping bills and inventory cost records.
- [ ] Download advertising reports and creator commission statements.
- [ ] Identify overhead and any other costs not already included.

WORK THROUGH THE EIGHT WORKSHEETS

Pages 5–10 build revenue and costs. Page 11 brings them together; page 12 tests the margin. Compare monthly results on page 13 and choose the next action on page 14. Repeat for each SKU, then reconcile totals to the whole shop.

REPORTING DATES

CURRENCY / PRODUCT OR SKU

ABOUT THE WORKED EXAMPLE

Glow Theory is fictional. All dollar amounts, the 6% fee and $200 overhead are teaching assumptions. Use current account-specific charges. Printable fields do not calculate automatically.

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What's inside

Select a title below or use the PDF bookmarks. The same fictional product carries through the examples.

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GLOW THEORY / THE STARTING ASSUMPTIONS

Glow Serum: $28.90 list price less a $0.90 seller coupon = $28 buyer-paid revenue. One unit per order; 380 units per month. Free customer shipping; no taxes, refunds, platform-funded discounts or other costs in this simplified example.

A COMPLETE WORKED EXAMPLE

The profit equation

Seller revenue less product, shipping, fees, ads and creator costs gives contribution. Deduct overhead to estimate operating profit.

GLOW THEORY / ONE UNIT AND ONE MONTH

LINE	PER UNIT	380 UNITS / MONTH
Seller revenue	$28.00	$10,640.00
– Product cost	$7.20	$2,736.00
– Shipping	$4.10	$1,558.00
– Referral fee / illustrative 6%	$1.68	$638.40
– Advertising	$6.00	$2,280.00
– Creator commission / average	$1.90	$722.00
Contribution	$7.12	$2,705.60
– Monthly overhead	Allocated below	$200.00
Operating profit	**About $6.59**	**$2,505.60**

THE COUPON IS ALREADY COUNTED

The $0.90 seller discount reduced the list price to $28. Do not deduct it a second time. Average overhead is $200 ÷ 380 = $0.5263 per unit; the exact average operating profit is $6.5937, rounded to $6.59.

READ THE RESULT WITH THE RIGHT DENOMINATOR

Contribution margin: $7.12 ÷ $28 = 25.43%. Operating margin: $2,505.60 ÷ $10,640 = 23.55%. This is before interest and income tax. Positive contribution alone does not prove that overhead is covered.

01 / WHAT THE SHOP EARNED

Revenue worksheet

Use seller revenue before fees, after seller discounts and refunds. Exclude tax collected for remittance. Count each sale once.

Include retained item revenue, buyer-paid shipping and add-ons. Record earned platform reimbursements separately when applicable. Samples are costs, not sales. Reconcile cancelled and returned orders; keep their costs and fee credits in the model.

ONE WEEK / MUTUALLY EXCLUSIVE MANUAL SOURCE TAGS

SOURCE TAG	UNITS / ORDERS	SELLER REVENUE
Organic / FYP	31 / 31	$868
Creator	44 / 44	$1,232
Paid-tagged	20 / 20	$560
LIVE	7 / 7	$196
Week total	**102 / 102**	**$2,856**

AOV = revenue ÷ orders = $2,856 ÷ 102 = $28 here. Units equal orders only in this example. GMV Max attribution overlaps organic and creator sales; do not add its attributed totals to these tags.

DATE	PRODUCT / SKU	SOURCE TAG	UNITS	REVENUE
TOTAL				

Orders: _____ AOV: _____ Platform reimbursements / reconciliation note: _____

02 / BUILD UP ONE UNIT

Product cost worksheet

Record the cost to make or acquire a saleable unit. Keep customer delivery costs on page 7.

GLOW THEORY / FICTIONAL UNIT COSTS

COMPONENT	COST
Serum + ingredients	$3.10
Bottle + pump	$1.60
Retail box	$0.90
Label + insert	$0.40
Assembly labor	$1.20
Product cost / unit	**$7.20**

$7.20 ÷ $28 = 25.71% of revenue. Choose a target based on your costs, quality needs and required margin; there is no universal category threshold.

Allocate inbound freight and duty. A $480 case of 200 usable bottles costs $2.40 each before other landed costs. Account for damaged or unusable stock.

YOUR UNIT COST / INCLUDE EACH COST ONCE

COST COMPONENT	SUPPLIER / ALLOCATION NOTE	COST / UNIT
TOTAL PRODUCT COST		

For resale or POD, start with the supplier charge and add costs it excludes. Avoid duplicating labor or packaging already included.

03 / FROM SHELF TO CUSTOMER

Shipping cost worksheet

Track fulfillment and delivery costs consistently. Buyer-paid shipping belongs in revenue; record the corresponding expense here.

GLOW THEORY / ILLUSTRATIVE, NOT A CARRIER QUOTE

COMPONENT	COST / UNIT
Postage	$3.80
Mailer / box	$0.18
Dunnage + label	$0.12
Shipping total	**$4.10**

The example has one unit per order and free customer shipping. For multi-unit orders, record the order cost and allocate it consistently. Weigh the packed parcel and verify the current service, size and weight charge.

USING FULFILLED BY TIKTOK

FBT fulfillment charges can include pick, pack, packaging and last-mile delivery. Do not add those components again. Check your current rate card for storage, inbound and other charges; record each in one place.

COST COMPONENT	CARRIER / ALLOCATION NOTE	COST / UNIT
TOTAL SHIPPING		

Official reference: FBT rate card and included services

04 / RECONCILE THE PLATFORM CHARGES

TikTok Shop fee worksheet

Use the fee type, eligible base and rate on your own account. Category, market, program and effective date can change the charge.

TikTok's US referral guidance includes platform-funded discounts in the eligible base: buyer-paid amount + platform discount − tax. Refund fee credits may be reduced by an administration charge, with exceptions. Check the actual transaction instead of assuming a full fee refund.

GLOW THEORY / FEE ASSUMPTION ONLY

No platform discount or tax in the example. $28 × 6% = $1.68 per unit; $10,640 × 6% = $638.40 for 380 units. No refund administration charge is assumed. Enter actual fees and credits for your period.

MARKET / CATEGORY / FEE PROGRAM

VERIFIED ON / EFFECTIVE DATES

ORDER / PERIOD + FEE TYPE	ELIGIBLE BASE	RATE	NET FEE
TOTAL FEES			

Reconcile referral charges, refund administration and other applicable fees. Deduct fee credits once. Put creator commissions on page 10 and fulfillment on page 7, even if the settlement report also lists them here.

Official reference: referral fees and refund treatment

Official reference: settlement report definitions

05 / COMPARE LIKE WITH LIKE

Advertising cost worksheet

Ad cost per unit = spend ÷ units. ROAS = attributed revenue ÷ ad spend. Record the report's revenue definition and attribution window.

GLOW THEORY / MONTH	CALCULATION	RESULT
All-source revenue / spend	$10,640 ÷ $2,280	4.67× MER
Spend share of revenue	$2,280 ÷ $10,640	21.43%
Ad cost per unit	$2,280 ÷ 380	$6.00
Pre-ad contribution margin	$13.12 ÷ $28	46.86%

MER uses total seller revenue, not campaign-attributed revenue. ACOS uses ad spend ÷ attributed revenue. GMV Max reports paid and organic attribution and may use a gross-revenue definition different from this workbook. Never add overlapping campaign totals.

BREAK-EVEN ON A MATCHED REVENUE BASIS

Before fixed overhead: 1 ÷ positive pre-ad contribution margin. Here, 1 ÷ 0.468571 = 2.13×. This is a model threshold, not proof that a campaign caused incremental profit. If margin is zero or negative, no finite positive ROAS covers these costs.

CAMPAIGN / PERIOD	AD SPEND	REPORTED REVENUE	ROAS
TOTAL / RECOMPUTE			

Report / attribution window / revenue basis: _____

Official reference: GMV Max reporting and attribution

06 / COUPONS, CREATORS & SAMPLES

Promotion cost worksheet

Separate discounts already deducted from revenue from additional promotional expenses.

GLOW THEORY / BLENDED PER-UNIT ILLUSTRATION

ITEM	TREATMENT	AMOUNT
Seller coupon	Memo: already net in revenue	$0.90
Creator commission	Additional expense	$1.90
Additional promotion cost	**Carry to page 11**	**$1.90**

An illustrative 15% commission on an eligible $28 base is $4.20 on that order. The $1.90 above is an average across all units, including non-affiliate sales. Use actual commission bases, contracts and settled amounts.

YOUR ADDITIONAL PROMOTIONS / ONE BASIS THROUGHOUT

PROMOTION TYPE	DETAIL / RATE / PERIOD	ADDITIONAL COST
TOTAL TO PAGE 11		

Include creator fees, gifted sample cost and sample shipping if not recorded elsewhere. Keep seller discounts as a memo; avoid duplicating shipping subsidies or commissions.

07 / BRING THE TOTALS TOGETHER

Profit calculation worksheet

Use monthly totals first. Divide by units for an average unit result; allocate overhead consistently when comparing products.

GLOW THEORY / THE RECONCILIATION

Revenue $10,640 − variable and allocated selling costs $7,934.40 = $2,705.60 contribution. Less $200 overhead = $2,505.60 operating profit before interest and income tax. The complete unit/month example is on page 4.

PERIOD / SKU / CURRENCY

UNITS SOLD

LINE ITEM	SOURCE	PER UNIT	PER MONTH
Seller revenue	5		
− Product cost	6		
− Shipping	7		
− Platform fees / net credits	8		
− Advertising	9		
− Additional promotions	10		
− Other costs / return losses	Records		
CONTRIBUTION	Subtract above		
− Allocated overhead	Records		
OPERATING PROFIT	**Less overhead**		

Return losses: unrecovered inventory, extra shipping or other costs not already entered. Refunds reduce revenue on page 5; fee credits reduce page 8. Do not subtract them twice. Overhead may include software, rent and administration. This model excludes interest and income tax.

08 / PRICE WITH THE FULL MODEL

Profit margin worksheet

Margin = profit ÷ revenue × 100. Use the same period and state whether “profit” means contribution or operating profit.

GLOW THEORY	CALCULATION	MARGIN
After product + shipping only	($28 − $7.20 − $4.10) ÷ $28	59.64%
Contribution	$2,705.60 ÷ $10,640	25.43%
Operating profit	$2,505.60 ÷ $10,640	23.55%

TARGET PRICE / PERCENTAGE FEES MUST MOVE WITH PRICE

Buyer-paid price P = C ÷ (1 − r − m). C is fixed-dollar cost per unit, r is all price-based cost rates, and m is the desired margin as a decimal. Require 1 − r − m > 0. Use the correct fee bases; the simple formula assumes each percentage applies to P.

Example target: 25% operating margin at 380 units. C = $19.20 + $200 ÷ 380 = $19.7263; r = 6%. P = $19.7263 ÷ 0.69 = $28.5889 → round up to $28.59. With the same fixed $0.90 coupon, list price would be $29.49. Creator cost is held at $1.90 here; if it scales with price, include its effective rate in r instead.

PRODUCT / SKU	PRICE	PROFIT / UNIT	MARGIN %	DECISION

Profit basis / target: _____ Zero revenue makes percentage margin undefined. Test demand and recalculate all costs when price, coupon depth or sales volume changes.

09 / TRACK THE TREND

Monthly review

Use comparable periods and the same profit definition. Set a review date and bring forward the changes you want to test.

MONTH / YEAR: _____	RESULT
Revenue	
Total costs incl. overhead	
Operating profit	
Operating margin %	
Units sold	
Average order value	
MER / all-source ratio	
Return rate %	

THREE WINS THIS MONTH

ONE THING THAT HURT PROFIT

MOST PROFITABLE SKU

LEAST PROFITABLE SKU

ONE CHANGE FOR NEXT MONTH

SIX-MONTH TREND / OPERATING PROFIT BASIS

MONTH	REVENUE	PROFIT	MARGIN %	MER	UNITS

Return rate = returned orders ÷ fulfilled orders for the same order cohort × 100. State the cohort and allow time for returns. AOV = seller revenue ÷ orders; recompute ratios from totals.

10 / CHOOSE A MEASURABLE CHANGE

Profit action plan

Compare performance with your own cost model and targets. Keep the next experiment specific enough to evaluate.

LEVER	POSSIBLE ACTION	WATCH
Price	Test a price or bundle change	Conversion; contribution
Product cost	Compare suppliers and yield	Quality; return losses
Shipping	Weigh; right-size; compare	Service; size and weight tiers
Advertising	Test against a matched model	Incremental profit; attribution
Promotion	Review combined campaign cost	Discounts + creator charges

WHERE THE MODEL NEEDS ATTENTION

- ☐ Margin below my target
- ☐ Ad return below modeled break-even
- ☐ Promotions above my budget
- ☐ Shipping above my estimate
- ☐ Returns above my planned allowance

MY 30-DAY LEVER

EXACTLY WHAT I WILL CHANGE

TARGET MARGIN / REVIEW DATE

90-DAY ACTION STEPS

ACTION / LEVER	BY WHEN	EXPECTED IMPACT

Repeat the loop: reconcile records → calculate → choose one change → review in 30 days.