

The Shopify Margin Bridge

Which channels and products create contribution after every variable cost?

WHAT THIS GIVES YOU

Turn one reporting period into three decision numbers: total contribution, contribution per order and contribution margin by channel or SKU.

01 See where revenue leaks

02 Compare unlike channels fairly

03 Know what to protect, fix or stop

WORKED EXAMPLE - FROM GBP 100K SALES TO GBP 22K CONTRIBUTION

LINE	VALUE	WHAT IT MEANS
Gross sales	GBP 100,000	Starting point
Discounts	- GBP 8,000	Price given away
Refunds	- GBP 10,000	Revenue not retained
Net revenue	GBP 82,000	Sales kept after leakage
COGS	- GBP 32,000	Product cost
Fulfilment	- GBP 8,000	Pick, pack and delivery
Media spend	- GBP 20,000	Acquisition cost
Contribution	GBP 22,000	Cash contribution before fixed costs
Contribution margin	26.8%	GBP 22,000 / GBP 82,000

TURN THE RESULT INTO A DECISION

PROTECT

Positive contribution with healthy contribution per order.

FIX

Positive sales but returns, discounts or fulfilment suppress margin.

STOP AND INSPECT

Negative contribution. More volume currently destroys value.

The Shopify Margin Bridge

Run it on your brand

Use one consistent cut-off. The workbook performs the calculations; this page keeps the review disciplined.

1. COLLECT ONE COMPLETE PERIOD

PERIOD AND CUT-OFF	CHANNEL OR SKU	ORDERS
GROSS SALES	DISCOUNTS	REFUNDS
COGS	FULFILMENT	MEDIA SPEND

2. CALCULATE THE DECISION NUMBERS

- 01 Net revenue = gross sales - discounts - refunds
- 02 Contribution = net revenue - COGS - fulfilment - media spend
- 03 Contribution / order = contribution / orders
- 04 Contribution margin = contribution / net revenue

3. APPLY A DECISION RULE

Contribution is negative	Do not scale. Check price, discounting, returns, fulfilment and media allocation.
Margin is positive but falling	Compare the current period with the prior period and isolate the largest bridge.
High total, low per order	Volume may be hiding weak unit economics. Test the marginal order before adding spend.
One SKU funds the range	Protect availability and avoid using blended margin for assortment decisions.

BEFORE YOU ACT

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|---|---|
| ☐ All sources use the same order cut-off | ☐ Refunds are assigned to the original SKU or cohort |
| ☐ COGS and fulfilment definitions are finance-approved | ☐ Media spend is complete and not double-counted |