

The Cost of Overselling Across Channels

A £2M-a-year multi-channel consumer goods seller running Shopify, Amazon and eBay on four people and 4,000 SKUs. Overselling costs it roughly £58,000 a year. Every input is shown below so the model can be re-run on your own order count, average order value and hourly cost.

VERTICAL

Multi-channel consumer goods

REVENUE

£2M/yr

TEAM

4 people

SKUS

4,000

STACK

Shopify + Amazon + eBay

WHERE THE MONEY ACTUALLY GOES

Oversell cancellations

≈ £26,000

- Orders a year: 40,000 ($\text{£2,000,000} \div \text{£50 average order value}$)
- Oversell rate assumed: 1% of orders → 400 oversold orders a year
- Handling time per incident: 45 minutes (investigate, contact, refund, re-sync, follow up)
- Labour: $400 \times 0.75 \text{ hrs} = 300 \text{ hours} \times \text{£20/hr} = \text{£6,000}$
- Order value reversed: $400 \times \text{£50} = \text{£20,000}$ — 1.00% of turnover
- $\text{£6,000} + \text{£20,000} = \text{£26,000}$

≈ £26,000 a year — orders that are taken, then taken back, plus the hours spent taking them back.

Manual channel sync

≈ £17,200

- Daily cross-channel reconciliation: $45 \text{ min} \times 5 \text{ days} \times 48 \text{ weeks} = 180 \text{ hours}$
- Re-keying quantities after goods-in and returns: $30 \text{ min} \times 5 \text{ days} \times 48 \text{ weeks} = 120 \text{ hours}$
- Weekly sweep of the top 500 SKUs: $2 \text{ hrs} \times 48 \text{ weeks} = 96 \text{ hours}$
- Month-end variance investigation: $4 \text{ hrs} \times 12 \text{ months} = 48 \text{ hours}$
- Extra checking through 8 peak weeks: $2 \text{ hrs} \times 8 = 16 \text{ hours}$
- Total 460 hours $\times \text{£20/hr} = \text{£9,200}$
- Suppressed sales from safety buffers held back from channels: $\sim 160 \text{ orders} \times \text{£50} = \text{£8,000}$ — 0.40% of turnover
- $\text{£9,200} + \text{£8,000} = \text{£17,200}$

≈ £17,200 a year — a quarter of a full-time role keeping three systems from disagreeing, plus the sales given up to stay safe.

Lost ranking and repeat custom

≈ £14,800

- Lost repeat custom: 400 affected customers; baseline 12-month repeat rate 35%, assumed halved for this cohort → 70 customers × 2 further orders × £50 = £7,000
- Amazon visibility: 40% of turnover = £800,000/yr ≈ £15,400/week; ~6 weeks of suppressed Featured Offer share at a 5% conversion hit → 6 × £15,400 × 5% ≈ £4,600
- eBay standing: 15% of turnover = £300,000/yr ≈ £25,000/month; one evaluation cycle Below Standard at a 12.8% hit to that month = £3,200
- £7,000 + £4,600 + £3,200 = £14,800 — 0.74% of turnover

≈ £14,800 a year — the compounding cost: customers who do not come back and listings the channel stops showing.

TOTAL, PER YEAR

£58,000

What closing it looks like

- The 45-minute cancellation chain stops happening 400 times a year, because the second channel never gets the chance to sell the unit.
- The 460 hours of reconciliation stop, because there is one stock number rather than three copies of it.
- Safety buffers come off and the last units of every fast mover go live — a leak that returns revenue, not just saved cost.
- Amazon's Cancellation Rate and eBay's defect rate stop being weather and become a monthly habit check.
- Honest payback: £10,000–£25,000 for a right-sized operations system against £58,000 a year is three to six months — but only if the reclaimed 460 hours are actually redeployed.

THE ASSUMPTIONS BEHIND EVERY FIGURE

- 40,000 orders a year at a £50 average order value; channel split 45% Shopify, 40% Amazon, 15% eBay.
- Blended labour cost of £20/hr, anchored to ONS ASHE 2025 median gross hourly pay excluding overtime of £19.67 (April 2025).
- Oversell rate of 1% of orders is a stated assumption, not a published statistic. The widely circulated '£20–£120 per incident' (converted) and '2% of orders oversold' figures could not be traced to a primary source and were not used.
- Leak 1 counts the full reversed order value, not gross margin only. On a margin-only basis at 40%, leak 1 falls to about £14,000 and the total to about £46,000.
- Platform consequences are published policy: Amazon requires an Order Defect Rate under 1% and a Cancellation Rate under 2.5% (measured over 7 days); eBay treats an out-of-stock seller cancellation as a transaction defect and Below Standard sellers may face higher final value fees, lower selling limits, held funds and selling restrictions.
- Leak 3 impact sizes are estimates on top of those published consequences. Halving all of leak 3 still leaves a total near £51,000.

How to read this. This is a worked example of a representative operation — not a named client. Every figure above is a transparent calculation, shown so you can substitute your own numbers and argue with the result. No testimonials, no invented results.

Run it against your real numbers.

The free Operations Leak Audit does this exercise on your actual operation: where it leaks, what that costs, and what closing it would involve. No commitment — you keep the findings either way.

[Book a free Operations Leak Audit](#)

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