Table 1: Single Order Analysis - 1st party vs 3rd party (Example data)

ORDER EXAMPLE	3rd Party	1st Party	Comments
Retail Price	$ 16.00	$ 34.00	First Party often has higher AOV and orders prepared foods.
Markup %	30.00%	10.00%	Markup can vary by channel
Markup $	$ 4.80	$ 3.40	Markup dollars provide a pool to fund delivery expenses
Customer Price	**$ 20.80**	**$ 37.40**	
DSP Rev Share %	20.00%	0.00%	Rev Share varies when you go direct vs with a partner
DSP Rev Share $	$ (4.16)	$ -	
Marketing Cost $	$ -	$ (2.00)	Estimate - prices can vary from $1-$5 or higher per order
Delivery Cost	$ -	$ (5.00)	Estimate - for comparison only.
Net of Delivery Costs	**$ 16.64**	**$ 30.40**	
COGS %	40.00%	40.00%	
COGS $	$ (6.40)	$ (13.60)	
Gross Profit	**$ 10.24**	**$ 16.80**	Profit before allocation of delivery operation expenses
Gross Margin	64.00%	49.41%	
Software Cost	$99	$29	Monthly cost of delivery/digital enablement software
Estimated Orders	40	13	Retailers typically see a higher % of orders through 3P
Cost Allocation/Order	$ (2.48)	$ (2.23)	Software costs spread across monthly orders
TOTAL REVENUE (Order)	$ 20.80	$ 37.40	The amount paid by the customer
TOTAL 3rd Party Costs	$ (6.64)	$ (9.23)	All expenses
COGS	$ (6.40)	$ (13.60)	Product COGS
PROFIT	$ 7.77	$ 14.57	
PROFIT %	37.33%	38.96%	
TOTAL Profit (All Orders)	**$310.60**	**$189.40**	Sum of profits from all orders

Note: Allocated costs from incremental internal staffing can reach as high as $8 per order, significantly impacting true margins.

💡 **Key Insight**

Both channels can be very profitable. While first-party is often a much larger average order size, marketplaces are able to drive much higher volumes overall. Effectively managing your traffic driving efforts, while using pricing and promotion to improve conversions can optimize growth in both channels.