

Shoes

COME AT A

PRICE

What is the profit of a brand name shoe produced then shipped from China?

- Retail price of a fancy shoe is about **\$100 retail, wholesale \$50.**
- The price for one pair of shoes is **\$15.**
- A freight from China is **\$.50** per pair on **40 foot** shipping container that holds **5,000** pair.
- **5,000 x \$.50 = \$2,500.**
- U.S. import duty of **8.5%** of the F.O.B. price is **\$1.32**, customs insurance **\$.32**

So that's $\$15.00 + \$.50 + \$1.32 + .32 = \17.10

$\$100 - \$17.10 = \$82.90$ profit per shoe at retail

$5,000 \times \$82.90 = \$414,500$ profit for 5,000 shoes at retail,
half a million dollars made from \$2,500

\$15 shoe cost

upper parts, hardware, foam, logo, printings, tongue and laces **34%**
leather **16%**
labor overhead and profit **27%**
shoe bottom **14%**
packing and tags **6%**
mold **3%**

The Chinese worker

hourly wage **\$1.36**
12 hour workdays
earn **\$16.32** a day
monthly rent **\$342.99**



If a worker made **100** shoes a day they make **\$16.32** a day despite how many shoes are created by that individual, but the company would make **\$15** per shoe. That would be **\$1,500** made from one worker. If the warehouse had 100 workers the shoe company in China would make **\$150,000** from all their workers only needing to pay the total of employees a sum of **\$1,632.00**.

References

1. sneakerfactory.net/sneakers/2015/04/cost-to-make-a-sneaker/
2. <http://m.huffpost.com/us/entry/1327413>