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PROFITABILITY OF FOOTWEAR BUSINESS IN  
SELECTED AREAS OF CAVITE

THESIS

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**PROFITABILITY OF FOOTWEAR BUSINESS IN SELECTED  
AREAS OF CAVITE**

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**In partial fulfillment  
of the requirements for the degree of  
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SELECTED AREAS OF CAVITE**


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## ABSTRACT

**ESGUERRA, SHERILYN M. Profitability of Footwear Business in Selected Areas of Cavite.** Undergraduate Thesis. Bachelor of Science in Business Management, major in Economics. Cavite State University, Indang, Cavite. April 2007. Adviser: Dr. Nelia C. Cresino.

A study was conducted to determine the profitability of footwear business in selected areas of Cavite. Specifically, this study aimed to: describe the socio-economic characteristics of footwear vendors; determine the characteristics of footwear business; determine the marketing strategies employed by footwear vendors; determine the profitability of footwear business; determine the relationship between profitability of footwear business and the selected variables; and identify the problems encountered by the vendors in their business.

The study was conducted in ten selected areas of Cavite, namely: Amadeo, Silang, Naic, Dasmarinas, Tanza, Indang, Imus, GMA, Tagaytay City, and Carmona. The data used in the study were obtained through interviews with the use of the prepared questionnaires. Percentage, range, mean, frequency count and rank were used in analyzing the data. Profitability ratios were used to determine the profit generated from footwear business. The chi-square test was used to describe the relationship between profitability and the selected variables.

The average age of the respondents was 39 years. Majority of them were female, married and finished high school education.

The footwear vendors had an average initial capitalization of PhP69,931.19. Majority of the respondents operated under sole proprietorship form of ownership, sold products daily and purchased footwear from Baclaran. The respondents had been selling footwear for an

average of seven years. Most of them rented the space where they sell their footwear with average monthly rental fee of PhP4,160.80.

The types of footwear being offered in the market were rubber shoes, leather shoes, boots, sandals and slippers. Majority of the respondents were located in the public markets. Almost all the respondents said that nearness to potential customers was their first basis in choosing the location of their business. The price of footwear varied greatly depending on the type and quality of the products. One hundred percent of the respondents reported that they set the price of their footwear based from the cost of purchase. Most of them used personal selling in promoting their products.

It was found out that majority of the respondents have low level of profitability and have an average net profit of PhP60,986.27.

Some variables, such as initial capital of the business, frequency of selling, number of types of footwear offered and promotion activities used by footwear vendors were significantly related to profitability of the business. While the number of years in operation, location of the business and mode of payment were not significantly related to the profitability of the business.

Majority of the vendors considered the large number of competitors as their major problem.

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# PROFITABILITY OF FOOTWEAR BUSINESS IN SELECTED AREAS OF CAVITE <sup>1/</sup>

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## INTRODUCTION

Profitability is the primary goal of all business ventures. Without profit, the business will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important. Profitability is measured with income and expenses. Income is money generated from the activities of the business. However, money coming into the business from activities like borrowing money does not create income. This is simply a cash transaction between the business and the lender to generate cash for operating the business or buying assets. Expenses are the cost of resources used up or consumed by the activities of the business (Hofstrand, 2006, [www.extension.iastate.edu](http://www.extension.iastate.edu), March 21, 2007).

People wear shoes to protect their feet from cold weather, sharp objects, and uncomfortable surfaces. Shoes are also important part of the peoples clothing. As a result, fashion often determines the style of shoes that individual wear. The desire to be fashionable has led to many unusual shoe styles. Shoes, is a stiff soled, protective footgear that encloses the whole foot. Being one of the basic needs, many people and companies engaged in