



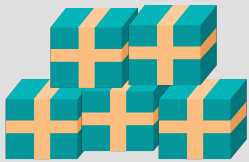
FOOTWEAR DISTRIBUTORS AND RETAILERS OF AMERICA

## Factory Survey Analysis 2014 - Infographic

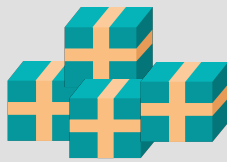
In early 2014, the Footwear Distributors and Retailers of America (FDRA), in partnership with ELEVATE, conducted the association's annual survey for the fifth consecutive year. The goal of the survey was to gain insight into the current state of footwear factories in China and to develop a better understanding of how they are managing the various challenges facing the industry. The survey produced the following findings:

### Factory Information

#### Pair of Shoes Shipped



**3.7 Billion**  
2012



**3 Billion**  
2013



**Avg. 1,868 Employees**  
2012



**Avg. 1,203 Employees**  
2013



**61%**  
Shoes (Cement)



**32%**  
Boots



**28%**  
Sandals & Indoor



**27%**  
Athletic Shoes



**20%**  
Shoes (Molding)



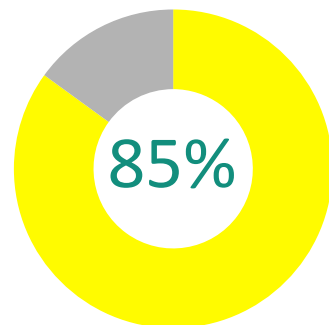
**14%**  
Shoes (high-end)

### Business Challenges and Prospect

#### 2014 Top Business Challenges:

<b>59%</b>	Raw Material Cost
<b>47%</b>	Labor Shortage
<b>40%</b>	Wage & Compensation
<b>26%</b>	RMB Currency Appreciation
<b>19%</b>	Business Competition
<b>16%</b>	Finding Good Management
<b>14%</b>	Worker Retention

#### Business Prospect for 2014



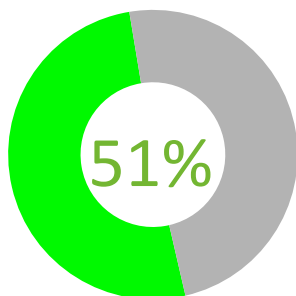
■ % Factories that expect an increase in business in 2014

**13%**

More factories expect business increase than in 2013

# Labor Shortage and Seasonal Fluctuation and Its Implication

## Labor Shortage



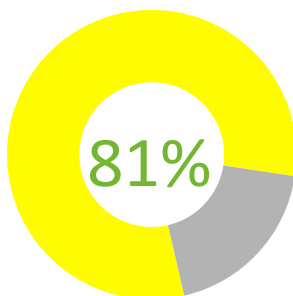
■ % Factories experience labor shortage in 2013

Factories with low worker turnover are less affected by labor Shortage.

Wage level has a limited impact.

Strong internal communication and worker participation reduces the impact of labor shortage.

## Seasonal Fluctuation



■ % Factories experience seasonal fluctuation

24% is the average fluctuation in workforce between seasons.

66% is the highest reported fluctuation in workforce.

Factories with strong seasonal fluctuation are more likely to work long hours and use labor brokers.

## Use of Student Workers and Workers at Retirement Age



31% of factories use student workers .

24% of factories use juvenile workers.

60% of factories use female workers over 50.

## Other Challenges

### Wages



15% Wage increased from 2013 (non-peak)

11% Factories do not pay legal minimum wage.

### CSR Management



97% Factories have CSR personnel

45% Factories have full time CSR personnel

### Audit



93% Factories were audited in 2013.

No correlation between number of audits and factories' quality of communication, wage compliance, and turnover rate.

The Factory Survey included a total of 110 responses that were collected online. The survey reveals a strong sense of optimism amongst factories about their business prospects, but it also indicates that they are facing challenges related to seasonal production fluctuations, raw material costs and shrinking labor pools. For the full factory survey report, please contact us at [info@fdra.org](mailto:info@fdra.org).