



Labor

Overhead

Factory Profit

Transportation



Retailer



Brand



Whole seller
(Intermediaries)

Material Costs: As the name itself suggests, this cost head consists of all the material costs of the product like fabric, thread, trims, etc.

Labor Costs: This head chronicles the wages of the employees directly involved with the garment production, like the cutting, sewing and finishing helpers and operators.

Intermediaries: Organizations that assist in moving goods and services from business to business or business to customers are called Intermediaries (In the middle) and share a part of the profit.

Brands: In business, consumers often develop interest towards a product due to the high reputation and popularity of its brands. So, when a product is sold, a part of its profit goes towards the brand. This profit is known as brand equity, otherwise referred to as the value of the brand name.

Overheads: this section comprises of both the variable and fixed, indirect manufacturing costs. This includes indirect labor costs (managerial labor, service personnel, quality control staff, etc. or the staff not directly involved in product manufacturing), occupancy costs like rent, depreciation, property taxes, insurance, and security; and other overheads like administrative costs, material management (carrying costs), machinery and equipment costs, compliance and regulation costs, etc.

Factory Profit: factory profit (or manufacturing profit) is the money that businesses save from making the product themselves rather than buying a product from another company. For example, An apparel company needs some zippers. If the company buys the zipper from a zipper company, the zipper company is likely to charge extra on the zippers for profit. Whereas, if the company makes its own zippers, they would save and thus, the money saved is the "profit" made.

Transportation: The costs needed to transport materials to customers from the company itself is transportation cost. If a company hires a different company to deliver its items to a consumer, the delivery company is a distribution intermediary, and the distribution intermediary could also count towards the transportation costs and thus shares a part of the profit.

Retailer: A retailer is a person or business that you purchase goods from. Retailers typically don't manufacture their own items. They purchase goods from a manufacturer or a wholesaler and sell these goods to consumers in small quantities.

