Unit Economics

One paddle, all the way down — where the margin lives or dies · September 19, 2026 · Prepared by Pang for Ryan Eckert · Confidential

The margin on a premium paddle looks fabulous and mostly is — on paper. This section models the full path from revenue to profit and shows where a small brand actually loses. Inputs are industry-typical estimates ESTIMATE; Cobra's real factory cost and ad spend would sharpen them.

Per-paddle P&L at a $170 price

LINE	DIRECT (OWN SITE)	AMAZON
Revenue	$170	$170
Landed cost (overseas carbon)	–$30	–$30
Channel fee	–$5 (card ~3%)	–$25 (Amazon 15%)
Fulfillment / shipping	–$8 (free-ship absorbed)	–$6 (FBA)
Returns / warranty reserve	–$10	–$10
Customer acquisition (CAC)	–$40	–$42 (~25% ad cost)
Profit per paddle	**$77 (45%)**	**$57 (33%)**

A real founder (Spartus) disclosed ~$28.50 landed cost and ~$50 contribution per paddle at an $88–110 price SELF-REPORTED — consistent with the model above.

Where it breaks — the CAC vise

- **CAC is the whole game.** At $40 to acquire a customer you keep $77; at $80 — realistic for an unknown brand fighting 150+ rivals — you keep ~$37 direct, ~$15 on Amazon.
- **Priced like a value brand, it goes negative:** at $99 revenue – $30 COGS – $15 fees – $10 returns – $50 CAC = **–$6 per paddle.** That negative number is how GAMMA lost $3.3M on $14M of sales. DISCLOSED

Gross vs net — the trap in the "insane margin" story

Gross margin on a $170 paddle is ~80% — real and fat. But the only audited comparison in the space (Escalade, public) runs a **~26% blended gross margin** DISCLOSED, and net profit after ads, returns, warranty and certification is far thinner than the sticker suggests. "Insane returns" describes gross margin in the 2021–23 boom, not net profit for a 2026 entrant.

Breakeven & takeaway: fixed costs are low (~$2,500 certification + storage + Mike's time; call it $40–60K/yr), so at ~$65 profit/paddle Cobra breaks even at roughly **700–900 paddles a year** — very reachable. The math works at $170 with modest volume *if* customer-acquisition cost stays low. That single condition is why the strategy (Section 05) is built around **organic demand**, not paid ads.