

Victoria's Secret gets intimate with Sri Lanka

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US lingerie giant [Victoria's Secret](#) says that despite rising production costs and worldwide competition from countries like China and Vietnam, it plans to source even more from Sri Lanka over the coming years. On a visit to the island earlier this week, two of the company's top executives tell Dilshani Samaraweera why Sri Lankan lingerie is such a hit.



Lingerie lace from Sri Lanka

Sri Lanka might be a small supplier to the global garment market (it accounts for less than 1% of total clothing imports into the US) - but when it comes to intimate apparel like sultry nightwear and sexy underwear, the conservative island has a hot reputation.

Jerry Stritzke, chief operating officer of Victoria's Secret Megabrand which includes Victoria's Secret Stores, Victoria's Secret Direct and Victoria's Secret Beauty, explains that the company's sourcing relationship with Sri Lanka "started 19 years ago with Mast Industries," the sourcing arm of [Limited Brands](#), which owns Victoria's Secret.

"Then Victoria's Secret had 145 stores - and now we have 1,000 stores," he adds.

Over the years Sri Lanka has become one of the biggest suppliers to the US brand. For instance 55m of the 70m Victoria's Secret panties made every year come from Sri Lanka.

Sri Lankan factories also supply 15m bras, 10m sleepwear items and 2.5m swimsuits per year for Victoria's Secret Stores, catalogues and online sales and for sub-brands like Victoria's Secret Beauty, Pink, Intimissimi and Sexy Sport.

And Victoria's Secret's biggest bra manufacturing factory in the world is located on the Indian Ocean island. Called Bodyline, this 15-year-old joint venture with Sri Lanka's MAS Group dishes out 10m bras bearing Victoria's Secret labels every year.

In fact, total Sri Lankan production for the US speciality retailer is now around US\$500m, up from US\$300m just two years ago. Most of this growth is to do with Victoria's Secret moving more business into the island over the last two years.

"Sri Lanka has been a great partner. You could say we have almost grown up together, really. We pioneered the lingerie business in Sri Lanka together," says Sharen Jester Turney, president and CEO of Victoria's Secret Megabrand.

Getting cosier

The near two decade partnership with Sri Lankan companies, says Victoria's Secret, is still going strong and getting richer - quite literally.

The lingerie retailer is now looking to integrate more closely with the island's already well developed intimate apparel business, and is asking other companies to relocate to Sri Lanka as well.

"We have asked some of our raw material providers to relocate to Sri Lanka," says Stritzke.

These include suppliers of various components that go into making bras and panties, like lace and pads and also warp knit fabric.

The closer integration is expected to strengthen Sri Lanka's position as a niche intimate clothing supplier and make it easier for intimate apparel brands to do business in Sri Lanka.

Richer rewards

More good news for Sri Lanka is the fact that brands like Victoria's Secret are not as cost conscious as some mass market clothing labels. This allows for better margins for local producers.

"Victoria's Secret is not always looking for the cheapest product. Cost would be a factor for brands like [Wal-Mart](#). For us, what matters is that the island is vertically integrated. Many low cost countries do not have the fabric and other infrastructure that Sri Lanka does," explains Stritzke.

Sri Lanka's long term expertise in intimate apparel, and the investment in equipment and human resources for specialised segments like lingerie and swimwear, has also paid off. These segments are better backward integrated than other types of apparel and are better able to deal with post-quota pressures.

"Our partners here [in Sri Lanka] have got increasingly more sophisticated on how to tailor to what we need. So the level of the product we get here is competitive," says Stritzke.

Sri Lankan intimate apparel suppliers too, are predictably targeting upmarket brands - to bypass mass-market competition from China, India and Vietnam and of course, for better profits.

"Most vendors here are not looking at making the cheapest product. They are looking at upscale brands," says Stritzke.

Lingerie paradise

Stronger integration with brands like Victoria's Secret is expected to generate richer rewards for the local industry.

As it is, Victoria's Secret Direct - the company's online and catalogue sales arm - is one of the largest direct marketers of women's apparel and lingerie in the US, with sales over US\$1.2bn in 2005.

Total Victoria's Secret sales in 2005 were worth US\$4.4bn - more than the total value of Sri Lankan garment exports last year (around US\$3bn).

So stronger ties with high-end niche products like Victoria's Secret is good news for the Sri Lankan apparel industry that is besieged by rising domestic costs and pressures to increase wages.

Meanwhile Victoria's Secret says Sri Lanka's winning strategy should be to continue investing in design and development.

"Sri Lanka is at the forefront in terms of quality, integration and innovation. Sri Lanka's biggest strategic advantage is the emphasis on innovation," says Turney.