BUILD CONFIDENCE FOR STABILITY

Fashion Bug celebrates 25 years of being a truly Sri Lankan company having made landmark strides in the industry. As the pioneers of the ‘one price’ concept as well as establishing prominent megastores around the country, Fashion Bug has a unique origin story. M Rizal Subian, Chairman, shares the journey of the company and the strategies adopted that enabled Fashion Bug to reach the status it enjoys today as a proud Sri Lankan entity that respects diversity.

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M Rizal Subian, Chairman, Fashion Bug.

How did you get into the fashion industry?

We were managing a construction company and had no involvement in fashion. In fact, none of our family members were in the business of fashion. We were in dynamic businesses, such as managing sugar mills, sugar cultivation, rice mills, construction, printing and importing/ trading. There arose a situation in 1990, where I had to help some friends and relatives to start businesses after they had completed their education. This was how I got the opportunity to help them in the fashion industry. This gave me courage to venture into this sector. I have helped many of the above mentioned companies to manage their businesses with just-in-time inventory control and a fixed pricing strategy while offering value for money. The ideas I gave them were successful. The experience I gained as a result of helping them gave me courage. At the same time, these friends that I assisted also supported me to start our business. We started our business in Bandarawela in 1994. That was the beginning.

Were the other ventures based in Bandarawela as well?

We started our construction business in Badulla, the plantation and the mills in Moneragala, and distribution in Uva and in the East. We started our fashion label from Bandarawela.

How did you manage the big change of moving from construction and plantations to the fashion industry?

Yes it was a big change. As I had assisted my friends to start businesses from scratch, which included helping them with the location, buying and procuring goods, and designing the showroom were challenges which gave me the courage to start a business of my own. The people I had helped to launch businesses supported me in turn with their experiences, because by the time we entered the fashion industry, they had at least five years experience.

How did you come up with the name Fashion Bug?

We were toying with many ideas and we were thinking of various brand names. We stumbled upon many names revolving around the word ‘Fashion’ and finally arrived at the name Fashion Bug after much debate.

Having started from Bandarawela, Fashion Bug is a well known name today with stores around Colombo. Can you speak about your brand expansion?

We selected Bandarawela for the first Fashion Bug store as it's a town where many people travel for the holidays. We are the pioneers of the the one price concept. We introduced it to Sri Lanka. At the time we started, I had not seen any other entity in Sri Lanka offering the one price and value for money concept. Our main point of marketing therefore was to offer one price, which was a reasonable price. Our first slogan was 'Best for Less'. We started with such a slogan with the idea of giving the best at one price, as certain stores were offering one price but were expensive. We wanted to maintain proper inventory and to manage credit so that we could buy the goods with cash and give the customer a better deal. At that time, we did not have the barcode system, so we had to print ready-made tags and attach them according to the price. I was able to do that as I was a printer.

The one price concept was aimed at the holidaymakers who came from around the country. They admired our concept and the store display in Bandarawela. There were times when some of them invited us to setup a store in Kandy, likewise some others invited us to Colombo. We went to Kandy on invitation. Once we setup our store in Kandy, people who visited the store invited us to open in Colombo. Our expansion was based on the invitations we received from loyal customers.

We did have an idea in the beginning to expand from Bandarawela to Kandy and to Colombo. We opened a store in Colombo in 1998- 1999. It was in Colombo that we considered setting up a mega showroom. We were one of the first to introduce such a concept. Of course now there are many bigger stores, but at that time there was only one other big showroom on that street, the rest were all small stores. We opened our flagship outlet in Colpetty making our way into Colombo while we had the operations running in Bandarawela and Kandy. We opened a store in Nugegoda, which was also a mega showroom.

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At that time, we were the initiators of the mega showroom concept. We moved to Kandy and also set up branches in Negombo, Kurunegala, and Matara. We also had the idea of taking our brand offshore, to the Middle East, but we had to think twice and delay this move due to the conflict tensions in these countries. We can think of moving to other countries only if things go well in the world, because with the present situation, it is very difficult to decide to move into international markets. As such, we have to watch for some time and then decide

Our members of the staff belong to all communities and religions. We select the best candidates as per their applications, which is done by HR. We do not know who is selected or rejected, until we get the details of the finalized candidate on to our table.

Can you elaborate on the one price concept?

At the time we started Fashion Bug in Bandarawela in 1994, the practice was when a person went to a shop, the salesperson would quote 1,000 rupees and the customer will bargain and may get it for 500 rupees. But then the customer wonders whether he or she got it for the correct price. People used to bargain in shops like on the pavement. We did not want that to happen, as such we decided to offer the best price, and a reasonable price at one price. When the customer bought from us, we were sure that he or she will not be able to buy that product from anywhere else in that town for the same price. That is what we ensured. We also gave them the opportunity to return purchased items within three days, an option which no one else offered at that time. Some stores didn't want to exchange items when customers came to them first thing in the morning, but we did not have such a policy, and we allowed our customers to come in at any time, even in the morning as we opened to either get the money back or exchange the item. We had a return policy for three days, as a result of which people became more confident about our products. In 1994, such shopping convenience and facilities were seldom within the retail landscape. We were the first to practice such a policy in Bandarawela. Customers could buy garments, and if they were unhappy with their purchase they could bring them back within three days. Initially, we allowed a return policy of three days after purchase, but today we are more flexible.

Can you tell us about the products that you offer?

Initially most of the products were sourced from Sri Lanka and from local manufacturers. Once we setup about three branches, we were faced with heavy

challenges in the market and had to deliver the best price in the town to our customers. We started obtaining samples from abroad and procuring imported items from countries such as Thailand, China and India. After a while, we realized that we had more potential, and we tried to manufacture our own garments, but there was a bottleneck, in that, our garment factories were geared to manufacture large volumes for export. There were no small scale production units at that time in Sri Lanka to do quality production. Even if there were small scale units, they had no quality in their production. However, following the removal of the 20 year quota system by the US, there were many garment factories idling, which created an opportunity for us, and we outsourced the manufacture of our products to these factories. We were also importing by then from China. Today, 60 percent or even more of our products are manufactured locally. We look at imported items in order to improve the design, but in terms of quality, our locally manufactured products are far superior to the imported ones.

What about the designs of the clothing?

We have a design team working for us. We have different teams working to create ladies', gents' and other types of fashion. We design in-house, while we source the fabrics from overseas markets. We manufacture the products to suit our customer requirements and trends. Our own brands are very popular among our customers as many of these designs are manufactured under these inhouse brands

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How is the cost factor when you manufacture in Sri Lanka?

In terms of cost, sometimes the manufacturing cost for certain items is low, and sometimes high. The difference is that when you buy from an international market, they manufacture a big volume of the same garment. But when you manufacture here, it is unique to us, and the quantity being limited, the production cost will definitely go up. Therefore the cost of designing and all other subsidiary costs involving its production are high for a limited quantity. However, we absorb most of the cost into the company and pass the best price to our customers.

For our showrooms and our customers, we do not want to manufacture large volumes, because the design can get stale in the market, which we do not want to happen. We want to give a unique product to the customer.

Would you be able to elaborate on your other business ventures?

My father was a building contractor. He also owned a rubber estate. Before this, he cultivated oranges in the Moneragala District in Sri Lanka. His orange cultivation was so successful; he was exporting oranges from Sri Lanka during the 1950s. The Government gifted us with land to plant oranges at that time. From 1958 to 1960, my father was a pioneer in cultivating oranges in Sri Lanka. However, the plantation had to be abandoned when a virus spread through the trees. As a result, he changed the plantation into rubber cultivation, which he did while in the business of construction

I moved into running rice mills and sugar cane mills in Moneragala. We had large sugar cane plantations along with the mills. We had a printing press in Badulla and we were also managing certain business transactions up to Ratnapura from Badulla. Subsequently, we moved to Colombo in 1989. We started importing vehicles. My brother, Ashan Subian who is a partner in this business, was also into importing vehicles. He was in the construction industry as well. A C M Tharick, who is a director at Fashion Bug, joined the present fashion business over the years

Today we have given up all the other businesses. We are currently focusing on fashion only. With investment from Fashion Bug, we started the largest private paper mill in Horana, which had a capacity equal to the one in Valaichchenai, but we encountered problems in procuring raw material and although we proposed some ideas to the Government, we had to give it up because the Government was not in a position to support the local industry with the open economic policy

We have the one and the only pencil factory in Sri Lanka located in Panadura. At present, we are manufacturing and supplying to some of the renowned brand names in the market.

Have you thought of going into cultivation again?

I am into mango cultivation, which is a large plantation, where I grow the variety of mango known as Alphonso. It is a modern farm and well equipped farm. I have tried cultivating oranges in Moneragala, but again it had to be stopped due to a disease.

We are considering in trying orange cultivation again, which will depend on the conditions.

Can you tell us about yourself?

I studied at Uva College Badulla and thereafter St. Thomas' College, Guruthalawa, which had a very mixed culture. There were about 350 students who stayed in the hostel. We met each other at breakfast, lunch and dinner and at games and tutorials. There were no differences among us while in college. The dormitory I resided in and the church were separated by a single wall. We used to socialize with students from all communities. The school had classes only up to GCE Ordinary Level and since my performance at this exam was not very good, my father realized that the best education for me would be in a Pirivena.

It was the practice of the Temple priest to visit our house to speak with my father. I was sent to a Pirivena for one year. The education I received at the two colleges and the Pirivena has molded me to be a balanced citizen in society and enhanced my ability to be with all communities.

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Are you confident about taking the business forward in Sri Lanka?

We have been in business in the fashion sector for 25 years and we are proud to say we are a truly Sri Lankan company. In terms of going forward, we need a stable Government in the country for us to think ahead. We have great opportunities in Sri Lanka. Foreigners are still looking at Sri Lanka, despite the issues. I believe Sri Lanka is a country that can bounce back to normal in a short period of time. Unlike other countries, Sri Lanka has been through similar situations. This time around we suffered greatly. But I hope we build confidence and bring the country back to the same level soon. That is what we are looking at. For that to happen, we need a strong Parliament to take decisions. Otherwise the country will be driven in different directions and at the end of the day, it will not move on. It is only with a stable Government with steady policies that the country can become stable.

