

That Is Our Plan



It goes without saying that the apparel industry of Sri Lanka is one of the key

income generating sectors of the country. Though global economic conditions have caused challenges for the industry, the resilience as well as the reputation they have earned has ensured that the apparel industry remains at the fore. Timex and Fergasam Group has been in this sector for 50 years, they have proven that timely change as well as a forward thinking strategy will enable growth, whatever the challenges. They are one of the ten largest garment manufacturers in the world. As the only garment manufacturer with their own high street label-Aviraté-they have ensured the steady expansion of the brand by entering markets in South Asia, Far East, Middle East and Canada, while future plans include entering the European market as well.

Arshad Sattar, Managing Director of Timex and Fergasam Group and Aviraté, speaks of the importance of Sri Lanka moving away from the fold of CMT (cut, make and trim) operations and become a name for design labels and designers. Definitely, Timex has made the first move through Aviraté.

By Udeshi Amarasinghe Photography Menaka Aravinda

Timex is one of the top apparel manufacturers in Sri Lanka and the only one to have its own high-street fashion label-Aviraté. What was the thinking behind having your own label?

Timex has been in the garment manufacturing industry for the last 50 years. We have a diverse clientele and we manufacture garments for high-end global brands. Three years ago, we felt that with the experience that we had it was the time for us to start our very own brand. We realised that the future of this industry cannot depend only on outsource manufacturing and that we need to have branding. It was a question of either purchasing a brand from a dress company in the US or UK, or creating a brand new one. We decided to introduce an entirely new brand-Aviraté. We had the manufacturing and technical knowledge, what we lacked at that time was sales and marketing. However with the opening of our UK, Germany and Canada sales offices, we were able to garner that experience as well. We needed to get the retail section in place. We were able to build on the experience we had from Adress, which was our own brand that was sold only in the UK through BHS (British Home Stores).

Aviraté is a very unique name, which has been derived from Sanskrit. With Aviraté we focused the brand on Sri Lanka, South Asia and Middle East so that we do not have competition with our Timex customers. We will expand gradually, one step at a time to other countries. We have a product that our competition cannot provide at these price points. At the time we started, our research showed that a product at these prices did not exist in India, Sri Lanka and the far East. The price point is critical because we are pushing from a medium to a high range. This is a price point that is predominantly a women's dress category and is very expensive in Europe and USA. This type of product will start at around 150 US dollars. If you look at our prices here we are selling at a price range of 40-70 US dollars.

We launched our distribution in Canada recently. Again we have introduced smart pricing, ranging from 65 to 100 US dollars.

We are not young, our customers are not young; our customer is a woman, she is not a teenager, she is an adult and a career woman from the age of 18 or 20 going up to 50. We are pitching to this segment because we identified a gap in the market. We saw there was a need and we decided to start servicing that need of the customer where we felt we would be successful.

We Are In A Position To Sell Our Own Designs Rather Than Asking The Customer To Give Us Their Designs To Produce. In That Aspect There Is A Major Shift; Our Business Has Shifted From 100 Percent Designs Of Customers To 75 Percent Our Own Designs And 25 Percent Customer Designs.

Can you elaborate on the journey of Timex garments and also how that experience has ensured the success of Aviraté?

Timex was established by my father in 1963. It was started purely as a shirt manufacturing business for men, there was not even a hint of ladies wear. Our first shirts were to Sweden in 1967. In the 1970s we transformed to be an all ladies manufacturer and in the 1980s we specialised further on a specific product line that focused only on ladies and did not include men's or children's wear. It was very difficult during the initial stages, it was not an easy journey but look at the growth of Timex. We have 19 factories with a 12,000 strong work force. We started from zero and in a few years we were able to grow significantly. We are servicing very

high end customers now. Our business is unique, we do not have competition in Sri Lanka, we do not have competition in many locations. Our competition is in China, Vietnam to an extent and also in India in the dressy segment. We do not have competition because we make only fashion goods and in very small numbers. We do not manufacture commodity products, which sets us apart from the others. Timex has been growing and we want to grow further. Today we are selling our own design product. 50 percent of our business is in Europe and out of that 45 percent is our design product. We are not a labour manufacturer but a design oriented company. We are in a position to sell our own designs rather than asking the customer to give us their designs to produce. In that aspect there is a major shift; our business has shifted from 100 percent designs of customers to 75 percent our own designs and 25 percent customer designs. We experienced predominantly good growth and a shift to design oriented manufacturing rather than labour manufacturing as was in the past.

Aviraté has already expanded to India while also expanding within Sri Lanka. Can you elaborate on your expansion plans?

Aviraté has five stores in Sri Lanka and ten in India at the moment. In addition to our own stores our product is also available at department stores. We sell online to big names such as Jabong, Myntra and Flipkart who are online retailers in India with multinational support.

Overall The Plan For Aviraté Is To Have A Minimum Of 150 Stores Worldwide… Generating An Annual Revenue Of At Least 100 Million US Dollars In The Next Three Years.

We are finalising plans to open 14 more stores in India this year. Our plan for the next three years is to have 50 stores in India. Right now it is ten, by the end of this year we will have 24 of our very own stores in addition to other multi-brand outlets as well as online stores. We will add another store in Sri Lanka in one of the up coming malls. We are also looking at Singapore, to start a store this year in one of the prestigious malls on Orchard Road, where we have identified a fantastic location. Though this will be our first store in Singapore, considering the growth potential we aim to open at least eight to ten stores as there are many department stores and malls in the city. Thailand, Indonesia and Malaysia will also have our stores. We will be opening our store in Malaysia this year, Indonesia too could happen this year but we are still in the initial stages. We are looking at the

possibility of entering China and we are talking with the Sri Lankan government regarding this possibility. It will have to be under the Free Trade Agreement, so that will have to be finalised before China opens their market to us. In the Middle East we are looking at Dubai, Qatar and Oman. We should have a store in the Middle East this year. We plan to have at least 20 stores in the Middle East in the next three years. We started distribution in Canada this year, and it is our first season. We have not opened our own store yet but we hope to do so before the end of the year.

Overall the plan for Aviraté is to have a minimum of 150 stores worldwide besides working with multi-product outlets and other department stores as well as generating an annual revenue of at least 100 million US dollars in the next three years. That is the plan.

How has the response been so far?
Fantastic, that is why we are growing. It has just been three years in Sri Lanka and two years in India. During that time we have learnt a lot and what our experience has been is that 90 percent of the customers are repeat customers. And we are adding new customers every month. This is an indication that our customers love the product as well as our pricing.

Will you be looking at entering the European market?
Yes, but not right now. The reason being that the European market is not yet stable. But this does not mean we will not get an opportunity, we are currently in discussion with the biggest online retailer in Europe. Once that happens, Aviraté will be in Europe and then we will definitely open stores there as well.

If we look at the apparel industry as a whole, can you tell us how it is faring in this current economic environment?
The apparel industry is going through a very challenging time especially if you are not open to change. It is not easy because the costs have gone up and the economies of Europe and US are still struggling. Though US did experience some growth this has probably disappeared because of the severe winter that they had. The weather conditions play a big role especially in the US and they still have not been able to sell their spring product, which was supposed to be sold from January

till April and May because the weather condition is not good. Even though they might be coming out of the recession, they are still struggling. The next two quarters are going to be challenging. But the US economy will bounce back.

In Europe we are seeing an upwards push. It is tough, but if you are in the right market and if you do changes and look at different ways of doing business then you can grow. If you are only focusing on CMT (cut, make and trim) operations you will not last because the cost will not allow you to. And, if you do not do designing or have sales teams in London, Germany or any other place in the world to sell your product then it is very difficult because there are too many factories. The supply is more than the demand. Then, China is giving more incentives; when things go wrong the government reacts very fast. This year they devalued their currency after the Chinese New Year. They increased their export rebate by another two percent. China wants to come back, when we thought that they would become expensive and that manufacturing of many products would move to this part of the world, they proved us wrong because they do not want to let go. It is going to be tough.

What more can be done to develop the industry?
We need more design studios as well as opportunities for those coming out of colleges to earn recognition. The institutes in Sri Lanka do produce good designers but they need the exposure as well as experience in working with exporters. They need to think out of the box and not limit themselves to only product development. Our apparel industry needs to support the capacity building of young designers.

If you are studying in London, Paris or New York, you are within the fashion hubs. The big name designers are there and young designers can see and learn from their work. We have fantastic talent coming out but can we use that talent? They need to be trained further, a possibility is that they do part of their degree in Sri Lanka and the remaining part overseas. Fashion is not generated in Sri Lanka but in those countries.

Sri Lanka has a population of only 20 million, and with the development of the hotel industry it will become a big struggle for employers to find good quality employees. Therefore, we might not be able to expand in terms of numbers because we do not have the people except in the North, which we have done. We have just started a

factory in Mannar. The increase in the business cannot happen only with the people that we have, you need to focus on value addition.

Sri Lanka is looking at value addition in many of its sectors and the garment industry is looked upon as the sector to emulate. What advice can be given to other industries in terms of value addition, and producing a high quality product?

Sri Lanka is known for quality and that is what we should focus on. We have been able to sustain that even in the garment industry because of our quality compliance and having the right track record with the customers. They feel comfortable working with us. Other industries too should continue to focus on quality. We have a very good pool of talented people, but Sri Lanka is not a cheap country. We will never be a cheap country and we cannot beat Bangladesh and other places that offer low pricing as manufacturing hubs. But we have the right pool of people that can deliver a quality product. If we continue to focus on quality and education of new and young people coming into the industry or the business, then we will do very well.

I Want Sri Lanka To Be Known Not For CMT (Cut, Make And Trim) But For Great Designs. Through Brands Like Aviraté, We Can Showcase To The Industry That We Are Good In Design As Well… I Am Extremely Happy With The Way Aviraté Is Growing And I Want It To Go Further. We Have To Be Zara Of Sri Lanka.

Will Timex continue to focus on being an apparel exporter or will Aviraté be in the forefront?

Both will grow together. If Timex is there, Aviraté will be there. Definitely we want Aviraté to take up 25 percent of the Timex production, right now it is only a very small percentage. But in the next three years that will be our focus where Aviraté will be 25 percent of production so that we can have better pricing and control.

What are the future plans for Timex?

Timex will continue to expand in the North. We have started a factory in the North, which employs more than 1,000 people and operates more than 800 machines. That is phase one, we have two more phases to complete where we will employ 4,000 people and 3,000 machines. Our focus is going to be to build in the North, while looking at expansion in other areas as well.

Final thoughts?
I want Sri Lanka to be known not for CMT (cut, make and trim) but for great designs. Through brands like Aviraté, we can showcase to the industry that we are good in design as well. Sri Lanka is known as a good quality garment manufacturer, but they do not know Sri Lanka for design labels or good designers. On the other hand India is known for that. If we can do the same, Sri Lanka will be at the next level. I am extremely happy with the way Aviraté is growing and I want it to go further. We have to be Zara of Sri Lanka.



