

凡客 vancl Vancl outsources from China to Bangladesh

China's largest independent online clothing retailer by sales has started shifting production overseas in an effort to cut labour rates and beat the country's rapidly rising production costs. Vancl is sourcing part of its products from Bangladesh and plans to increase the proportion of clothes made outside China. Vancl said the main incentive for the move was cheaper labour costs. "One Bangladesh worker's monthly salary would be Rmb 500 to Rmb 600 (\$80 to \$95), while one Chinese worker now costs at least Rmb 2,000 per month,". He added that, noting that even after

paying higher transport and other costs, it could save 5 to 10% of total costs by outsourcing.

In fact, monthly pay for Chinese workers has risen by over 30% in the past 3 years. Difficulty recruiting workers was another reason for the move, Vancl said, noting that the 'new generation' of Chinese workers did not like factory jobs. A Vancl official said the company was contacting manufacturers in Indonesia, Cambodia and other South-East Asian countries as part of the outsourcing effort, although it has not yet decided how significant a proportion of its production it will source overseas. "The production cycle can be as long as four to six months (in Bangladesh)," said a company official, while domestic suppliers are required to deliver in 30 to 45 days. The online retailer said it also felt proud of its traditional "made in China" label. "Vancl only sells to the China market," said Shaun Rein of *China Market Research* in Shanghai. One of the reasons they win is they can introduce new products, tailored specifically for China, very quickly.' Mr Rein added that sourcing from Bangladesh could jeopardise that.

Please visit the website : <http://www.vancl.com>

Source : China's Vancl Trials Production Overseas, Financial Times, 08/08/2012

QUESTIONS

- Q1 What are the advantages to Vancl of outsourcing clothing production to Bangladesh and other South-East Asian countries?**
- Q2 What are the disadvantages of such outsourcing?**
- Q3 How can a French retail company keep control over the quality and production conditions of the factory workers?**

