Down is on the up

The only Chinese down wear brand to have reached the summit of Mount Everest, as well as both the North and South Poles, is Bosideng, the Bosideng Group's leading and top end brand. It has been China's market leader in down wear products every year since 1995, while the Group's newer Snow Flying (in Chinese, Xuezhongfei) brand has been the country's No.2 since 2000. Between these two the company had captured over 25% of China's domestic market in down garments in 2002. And that is despite the availability of three further down garment brands: Kang Bo aimed at the young male, and Binfei and Binjie aimed at China's lower priced markets. The Group claims to be the world's largest down wear company and one of China's largest garment manufacturers. In 2002 Bosideng was regarded as one of China's best known trademarks and a value brand worth RMB3.37 billion ($407 million).

Although essentially a domestic company, it has also moved into export, with 80% of its January to June production going abroad —to Japan, approximately 30%, Europe 40% and the USA 20%. The remaining 10% finds its way to Russia, Australia, Finland, the Czech Republic, Hungary and Canada. Export value in 2003 amounted to $40 million, with the total company turnover equalling RMB2.3 billion. This was down on the total 2002 figure of RMB3.0 billion due to the mild winter of that year, the SARS outbreak and the subsequent national retail turndown. During July to December each year, 100% of production is sold into the domestic market.

Exported products are manufactured under contract, through its Shanghai Bosideng International Trade subsidiary, for some of the leading international retail brands such as Hugo Boss, Tommy Hilfiger, Gap, Polo Sport, Columbia Sportswear, London Fog, Liz Claiborne, Nike, JC Penny, Reebok, and Elle. The company is also beginning to export its garments under the Bosideng brand into Europe, notably Switzerland. Export brand promotion is seen as one of the key areas for company growth in the future.

Production facilities

The company operates three new, and highly impressive, manufacturing complexes. Jiangsu Bosideng, the head office complex and factories making Bosideng branded products, are located in the Jiangsu Changshu Bosideng 100,000 sq.m industrial plant which started operation in 2000. Nearby the Snow Flying brand is made at the 88,000 sq.m Jiangsu Xuezhongfei plant. With an investment of over RMB1.0 billion and a production area of 42,000 sq.m, this is one of the largest garment workshops within China. Bosideng Shandong produces the lower priced brands in the Shandong Dezhou economic development zone situated in the north of the country. This 120,000 sq.m plant has received an investment worth RMB420 million and was opened in late July 2001. Five million pieces per year are produced from the three factories, which between them employ 10,000 people.

Patterns, grades and markers are made using a Gerber CAD system. Cutting is carried out in the Jiangsu factories by two high-ply Gerber cutters. The sewing floors are divided into production lines of about 35 operators to one supervisor. They manufacture on a sectional basis with each operator able to carry out four or five operations. Order sizes range from 5,000 pieces per style to half a million. The company has been awarded ISO 9001, 2000, and 14001 as well as the Chinese Green Product Symbol.

Although the majority of the garments are down filled, some synthetic fill is also used for export markets depending on customer request. Both duck and goose down are used, the latter for high value production. The company uses twelve computerised and automated Japanese-made down filling machines, each able to fill over 1,000 garments per day and each costing $40,000. Apparently Bosideng is the only such company in China to use this type of machinery, with most down garment producing companies continuing to fill by hand. In the light of the SARS problem, in 2003 the company also invested RMB10 million in an ecological purifying machine to ensure all down used is 100% bacteria-free, a system known as 'Chitosanté', a





Examples from the Bosideng clothing range.

Bosideng

fortuitous investment in the light of the subsequent 'avian flu'.

As well as garments, the product range includes eiderdowns and duvets, whilst 10% of sales cover other garment types. Although branded Bosideng, these are subcontracted to other manufacturers, which specialise in these areas. They include tailored products, coats, leisure jackets, and skirts, which are seen as another area ripe for exploitation with the product mix expanded to include apparel such as shirts and ties.

Small beginnings

The company started operation in 1976 in a very small way, with eight sewing machinists and eleven employees, making subcontracted down products for a Shanghai producer. Seeing that other new brands were beginning to do substantial business in China, it later began to produce its own label alongside the subcontract work and by 1990 it had some two to three hundred employees located in one factory unit. It was at this stage that it began to develop its own brands, Bosideng and Kang Bo, and the business took off so well that by 1995 it was the largest domestic down manufacturer in the country, both in terms of volume and sales value, a position it has continued to hold ever since. The Snow Flying brand was set up in 1997 aimed at the mid-priced casual wear market. By then Bosideng was already consolidated at the upper end. In 1999 the company changed its name from the original Kang Bo Group to the Bosideng Group. The brand name was so well established that, whilst Kang Bo was one of its smaller brands, the company name was not associated with Bosideng. Aimed at sportswear for young men, the Kang Bo brand varies 10th and 20th in the league table of clothing brands, depending on the year in question. Although the company undertakes a great deal of promotion and advertising within China, it does not have any retail stores of its own, and, being a seasonal business, it has no plans to move into this sector.

Currently a joint stock company, Bosideng is 51% controlled by the government but still run by its founder Gao Dekang, its president and chairman — though known internally as the General Manager. In a joint stock company the general manager is employed by the government to run the company, all other employees are employed by the company itself, and the company retains 49% of any profit. However, like many of the large successful Chinese companies, the Bosideng Group is planning to float as a public company on the Hong Kong Stock Exchange as soon as the situation is advantageous. Other future plans include taking each brand, one step at a time, into export markets as a separate product lines; to use its brand names, beginning with Bosideng, in an expansion of product type, a programme which has already commenced; and (most ambitiously) possibly to take its brand name into non clothing products such as cars.

The company explains its success is based on several factors: developing the right policies at the right time, the way that the company is organised and the culture within it, having "good fortune", and a successful brand. The brand is successful due to three major updates: the redesigning of a thick, unattractive utility garment into a fashionable product; the switch from duck down to goose down in its higher end products, which are softer and lighter, and more recently the promotion of Chitosanté ecological antibacterial fillings.



The Jiangsu factory cutting room.
Bosideng

