

# Victoria's Secrets

Note on Marketing Strategy and IT Infrastructure

Version 1.22

November 15, 2003

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## Foreword

For some strange reasons, I started to notice the brand, Victoria's Secrets, the leading brand on lingerie and beauty in the United States.

Several months ago, I met some friend, who was in Uni. Pitt MBA (Actually she has already graduated this summer), when I walked on Walnut Street, best place for shopping and dining here (Shadyside, Pittsburgh, PA). She told me her marketing professor wanted students to compare the difference and compatibility of real stores and virtual channel, Internet, of Victoria's Secrets. Just curious, I also went to the website that night.

<http://www.victoriasecrets.com>

Everything happens for a reason, and I also agree to one belief; learning is just like sewing nets. The more closely you've sew before, the more fish you can catch in the future. If your basic knowledge is enough, you can get more when you and others see the same thing at the same time.

Because I bought something on the website as gift, I started to get its catalogues, meaning that I am under its marketing strategy. Because I took a course, and there is a guest lecture saying Victoria's Secrets is their flagship customer, I started to look the IT structure of its website, now widely used in many websites.

Thus, you can see the note now.

## Introduction

"Victoria's Secrets" is a brand owned by Limited Brand Inc., which also owns other brands including "Express" and "Bath, Body and Works."

How big is the company? Or how big is "Victoria's Secrets"? Here are its 3 years operation data. (Sales in million)

	2003 (1Q ~ 3Q)	2002	2001	2000
Victoria's Secrets	2,454 (43%)	3,586 (42.5%)	3,272 (38.8%)	3,301 (36.3%)
Limited Brand Total	5,703	8,445	8,423	9,080

As can be seen, Victoria's Secrets is more and more important for its mother company, Limited Brands.

There are 2 channels accounted for Victoria's Secrets' sales. Victoria's Secrets Stores is the real, brick and mortar, stores. Victoria's Secrets Direct is the catalogue and E-Commerce department. (Sales in million)

	2003 1~3Q	2002	2001	2000
Victoria's Secrets Stores	1,787	2,647	2,403	2,339
Victoria's Secrets Direct	667	939	869	962
Total	2,454	3,586	3,272	3,301
(Growth)	(6.5%)	(9.6%)	(-0.9)	

I can't tell how much sales contributed only by the Internet, and the focus of this note should be in marketing and IT infrastructure.

### IT Infrastructure

Akamai Technologies, a Boston, MA -based company, provides the Internet server system for Victoria's Secrets. I noticed it not only because it provides Internet infrastructure for Victoria's Secrets. One SCS (School of Computer Science) CMU professor is its Vice President, Research.

The basic idea is not too difficult. Akamai placed a lot of "content servers" at the edge of each core network, and each server would have the same copy of data. When one customer enters the website, the customer would get data from the nearest content server, according to his location. Thus, customers from different places may not connect to the same server, but would get the same content. With these capabilities, Victoria's Secrets.com can effectively distribute its content server's load into many servers in different locations. More information regarding the technology and the success story can be found in Akamai. (<http://www.akamai.com>) ([http://developer.akamai.com/pdf/CS\\_VS.pdf](http://developer.akamai.com/pdf/CS_VS.pdf))

I also found some CRM (Customer Relation Management) software information when I searched the Internet. The success story of Victoria's Secrets' parent company, Limited Brand. (<http://www.sas.com/success/limited.html>)

### Marketing Strategies

Now some analysts in Wall Street start to worry the sluggish sales of Victoria's Secrets. ([http://money.cnn.com/2003/06/11/news/companies/victorias\\_secret/index.htm](http://money.cnn.com/2003/06/11/news/companies/victorias_secret/index.htm)) There are still some lessons I can learn from its marketing strategy.

Actually I do not have formal marketing course training, and all I know about marketing are fragmented. I just try to digest what I get and make note for my further reference.

I just watched the archived presentation data by Limited Brand at the CSFB conference on June 12. The CEO of Victoria's Secrets said something about the Victoria's Secrets brand. I just tried to summarize her points for brand growth strategy.

([http://limitedbrands.com/investor/financial\\_performance/current\\_releases/index.jsp](http://limitedbrands.com/investor/financial_performance/current_releases/index.jsp))

- Best Bras (Victoria's Secrets has the highest market share in USA bra market)
  - 4.5 Billion Sales in 2002
  - Bra is not commodity. Loyal customers will repeat purchase.

- Bra can create related sales.
- Bra has higher margin, contributing more profit.
- Win Panties
  - Large and growing market
  - Accessible point to the brand
  - Faster fashion cycle
- Sub-brands (Can be seen on its website)
  - Different sub-brands target different purposes
  - Body by Victoria's Secrets (Everyday bra)
  - Angels Collection (Romantic, Pretty)
  - What is Sexy (Sexy, Special Occasion)

Integrated marketing plays important role here. For example, when the Angels Collection appeared on its website, you can see the Angels in the store window. Moreover, Angels Collection catalogue would reach you at the same time.

On October 21, 2003, the parent company of Victoria's Secrets, Limited Brands, held a 2001 analyst update meeting at its headquarter, Columbus, Ohio. As usual, I try to keep some note on that meeting, to see what their strategy is on holiday season, the most important period for retailing businesses in every field. You can view the web conference here.

<http://www.videonewswire.com/Limited/17800/event.html>

In average, I would get 1 catalogue from Victoria's Secrets every week. Now the observation has been proved. The company said they publish 52 catalogues every year. No wonder. But they would focus on year-end holiday season, pushing more catalogues at that time.

There are several subbrands in Victoria's Secrets, including Angels Collection, Body by Victoria, What is Sexy, Pink, etc. This year the company expects a continued growth in Angels Collection and stable results in Body by Victoria. Moreover, this year they want to push "lifestyle" merchandising, including Very Sexy and Such a Flirt.

The annual Victoria's Secrets fashion show will be on November 19, 2003, 10pm ET. It's good time to see beautiful girls. :P

I am man, and it's impossible for me to use its products. ☺ (By the way, that for Victoria's Secrets, **50% of the sales on the Internet are to men**) But I saw a lot of marketing strategies happening in front of me. I also saw the process of carefully building and maintaining a brand. According to its CEO, the image of Victoria's Secrets should be "always fresh, always young and always sexy". Sounds great.