

# Baby & Children's Wear



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# BABY & CHILDREN'S WEAR

## Supplier capability in China

### EXECUTIVE SUMMARY

The baby and children's wear industry in China is optimistic of export sales growth, despite slow global economies.

Turning in approximately \$10 billion in overseas sales in 2008, the more than 10,000 manufacturers in the line are confident that export revenue will improve by up to 10 percent in the months ahead.

This positive outlook is due to several reasons, foremost of which is an industry-wide shift to upscale manufacture. Suppliers believe doing so will help them gain an edge over competitors, especially since the market is already saturated with low-end models.

Companies are also adjusting their order requirements and accommodating buyers' requests. For instance, several makers now only need a minimum of 100 pieces to confirm a transaction. In the past, as many as 1,000 garments were required.

Suppliers believe such measures would entice clients to place repeat orders, thereby ensuring sustained growth.

The following are some of the key developments we see in China's baby and children's wear industry:

- Most companies cut export prices by up to 10 percent during the past three months. This came as a result of lower material outlay and a more stable yuan. But growing demand for costly environment-friendly fiber and increasingly stringent product safety requirements are pushing up expenses. Even traditional fibers such as cotton are also becoming more expensive. If costs continue to rise, suppliers may have to raise quotes in the next six months, but only by up to 3 percent.

- Despite material sourcing and testing difficulties, more businesses will be releasing designs made from environment-friendly fibers such as organic cotton. Textiles with UV, static and bacterial resistance will see increased usage as well.

- Although a growing number of manufacturers are moving upmarket, OEM will continue to dominate shipments. High investment costs, inexperience in branding and the difficulty in setting up sufficient distribution channels are holding back many companies from venturing into OBM.

China suppliers produce rompers, shirts, blouses, skirts, dresses, shorts and pants for babies and children. These are also the scope of this report.

Each product category has its own section with details on the features and prices of low-end, midrange and high-end models. The manufacturing and QC processes are discussed for the key products as well.

The section also elaborates on the industry composition, highlighting key characteristics of the different types of companies.

The Industry Overview illustrates the steps suppliers are taking to move upmarket. Further, it discusses the challenges that companies continue to face.

The baby and children's wear export manufacturing industry in China is comprised of mostly small and midsize companies. Approximately 75 percent of all suppliers are private locally owned companies, and the rest have foreign participation.

The provinces of Guangdong, Zhejiang and Jiangsu are the main production centers. Each of these hubs contribute approximately one-fifth of national exports in the line.

Reflecting this structure, nearly 80 percent of suppliers profiled in this report are private local businesses. About one-fifth have participation from Hong Kong companies and the rest are foreign-invested. More than 20 percent of featured companies come from Zhejiang, 10 percent from Guangdong and 6 percent are from Jiangsu.

### In this report

- 31 in-depth company profiles
- 22 additional suppliers
- 123 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

### METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that may or may not be clients of Global Sources.

The selection of suppliers is designed to reflect the composition of the industry in China in terms of geographic spread, business type and company ownership.

For in-depth company profiles, our research teams interviewed senior executives and export managers who discussed their recent performance and provided price, R&D, production and export forecasts for the next 12 months. The interviews were done in person, by phone or e-mail.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including their production and export statistics, and a breakdown of exports by product type and market. Our production checklist details the product-specific manufacturing capability of each supplier.

All profiled suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

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## INDUSTRY OVERVIEW

China's baby and children's wear industry is continuing its gradual upmarket shift even while economies worldwide struggle to recover from the financial downturn. Believing that doing so can help distinguish themselves from competitors, makers are optimistic the upscale move can stimulate demand in a difficult trading environment.

Suppliers admit that the gloomy export situation remains their biggest challenge. Because of slow retail sales, many of their buyers have been placing fewer orders per transaction but asking for steeper discounts and requiring compliance with stricter standards.

Despite this, the majority of companies are still willing to invest large sums of money in order to shift out from low-end production.

The use of quality materials is one of the steps being taken to produce midrange and high-end apparel. Many makers are now working with large and reputable material suppliers with the aim of eventually forming long-term partnerships.

Such providers are generally able to render the same high level of quality for every order.

Companies are implementing stricter QC procedures as well. Some of them are sending inspectors to the fabric mills and accessory factories to monitor production and evaluate the output.

Many factories are requiring test reports and certificates ensuring compliance with the necessary standards for each delivery. In addition, certain makers even send material samples to third-party laboratories for further analysis.

Suppliers have also intensified their marketing efforts to communicate the emphasis on midrange and high-end production to clients. A number of these businesses are investing between 10 and 20 percent of annual revenue in several promotional

activities, including online and print advertisements, and trade show participation.

Despite the heightened focus on upscale models, however, the majority of companies continue to concentrate on OEM production. Although they can charge higher prices for ODM and OBM models, the investment required in terms of time and resources are also very significant. In fact, if such expenses are taken into consideration, the profit that can be gained from OBM designs is only 5 percent more than what could be generated from OEM models.

For one thing, companies would have to spend intensively on R&D and marketing. Even then, many of them can only export to developing countries such as the Middle East and Africa.

### Supplier summary

Suppliers surveyed	31
Export sales	\$122.0mn
Export ratio	63%
OEM business	86%
Capacity utilized	48%
Annual R&D spending	\$2.2mn
Full-time employees	11,324

Data: All surveyed suppliers

This is because traditional destinations normally require higher and more stringent standards on quality, safety, workmanship and environmental friendliness.

In addition, most exporters lack branding experience. Many are also cautious because they know not all OBM ventures are successful, especially when there are insufficient distribution channels and scant market

### Major customers

Company	
3S	Pippi (Denmark), Reima (Finland), KappAhl (Sweden)
Alfa	Matalan, George (UK)
Allwear	Alcampo, Cadena Q, Charanga (Spain); Pacific Brands (Australia); Liabel (Italy); Lemur Group (Canada)
Baichuan	Snoopy (Germany)
Fujian Hengxia	Target (Australia); Carrefour (France); Wal-Mart, Disney (US)
Groupe	George, Next (UK); HBC (Canada); Carrefour (France)
Haining Zhanao	Target (Australia)
Hangzhou Artsun	Freddy (Italy), Varner (Norway)
Hiking Group	Daiichibo (Japan); Mee Too, Catvig, Ida T (Denmark)
Shandong Gainmor	
Hongfang	Prenatal S.p.A (Italy), Centrale d'Achats Zannier (France), Wójcik Fashion Spółka Z Ograniczoną Odpowiedzialnością (Poland), VF Corp. (US)
Pattern	Disney (France)
Poptex	Kimelman S & Sons (Israel)
Qingdao Nabobism	Jet (South Africa), Hibiscus (France)
Quanzhou Great	Zeeman, Hema (Netherlands); Pelican (Russia)
Quanzhou Mingquan	Auchan (France)
Quanzhou Qingyi	Lee Cooper, Delta (Israel); LPP (Poland)
Richforth	Greggy Girl (US), Disney (Italy)
Yixing Sainty	Wal-Mart (US), La Senza (Canada), Tesco (UK)
Zhangjiagang City Yucheng	Mamiye (US)
Zhejiang Orient Creation	Miniconf (Italy), Monoprix (France)
Zhejiang Orient Junye	C&A (Germany), ECI (Spain), Mondetta (Canada)

Data: All surveyed suppliers

### 3S I/E Shijiazhuang Co. Ltd

3S generates nearly half of its annual revenue from baby and children's wear. Last year, exports of bodysuits, outerwear, shirts, blouses, skirts, dresses, shorts and pants amounted to \$6.5 million.

Products were sent to North America, the EU and the Asia-Pacific region. OEM orders accounted for 80 percent of shipments, while the rest consisted of models under ODM agreements.

Manufacturing is conducted at the company's two factories in Hebei province that have a combined area of

13,000sqm. The plants can yield up to 120,000 baby and children's garments per month.

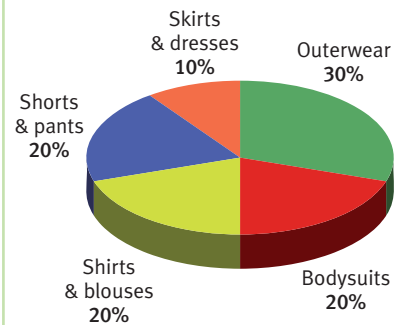
Running the supplier's operations are 350 full-time employees, five of whom are in charge of R&D. Each year, \$23,500 is allocated for product development.

ISO 9001:2000-certified 3S expects export revenue of baby and children's wear to increase between 10 and 20 percent in the months ahead. It plans to boost shipments to the EU.

The company is holding capital expenditure at current levels.

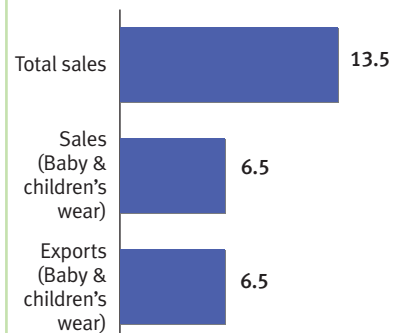
#### Profile

##### Products made



##### Sales

\$mn/yr



##### Contact details

###### Business contact

SONG Tao

###### Phone

(86-311) 8776-6078

###### Fax

(86-311) 8777-4910

###### E-mail

song@apparels.com.cn

sales3s@globalsources.com

###### URL

www.apparels.com.cn

www.globalsources.com/3s.co

###### Address

1109 Shangde Guoji Building, 8 Kangle Street, Shijiazhuang, Hebei, China

#### Company facts

Year established	1992
Business type	Manufacturer
Company ownership	Mainland China-owned
Head office location	Shijiazhuang (Hebei)
Number of factories	2
Factory location(s)	Shijiazhuang, Cangzhou (Hebei)
Total factory area	13,000sqm
No. of full-time employees	350
No. of R&D/design staff	5
No. of QC staff	8
Annual sales (all products)	\$13.5mn
Annual R&D spending	\$23,500
ISO certification	Yes

#### Sales & output: Baby & children's wear

Annual sales	\$6.5mn
Share of total sales	48%
Annual export sales	\$6.5mn
Total monthly capacity	120,000 pieces
Average monthly output	120,000 pieces
Capacity utilized	100%
Average monthly exports	120,000 pieces
Export ratio	100%
OEM % of exports	80%
ODM % of exports	20%
OEM % of exports	—
Major customers	Pippi (Denmark), Reima (Finland), KappAhl (Sweden)
Other products made	Men's and women's apparel, baby stroller bags, bags, caps, rain shoes

### Capability

#### Production checklist

Cutting machines	6
Sewing machines	200
Knitting machines	180
Needle detectors	2
In-house embroidery	Yes
In-house fabric printing	No
In-house chemical testing	No
In-house washing test	Yes
Oeko-Tex Standard 100 certification	Yes

#### Exports by product

Bodysuits	20%
Outerwear	30%
Shirts & blouses	20%
Skirts & dresses	10%
Shorts & pants	20%
Underwear	—
Sleepwear	—
Swimwear	—

#### Exports by market

North America	10%
European Union	80%
Europe (non-EU)	—
Asia-Pacific	10%
Middle East	—
Other	—

### Survey

- **Export prices**  
Decreased
- **Export price decrease**  
5-10%
- **Export sales**  
Increase 10-20%
- **Target market**  
European Union
- **Capital expenditure**  
No increase
- **Major challenge**  
Price competition
- **Export capability**  
Decrease product defects
- **R&D focus**  
Eco-friendly models

### Popular export models



#### Rainwear

Model	3S-ML-1010
Minimum order	800 sets
Packaging type	Polybag
Delivery time	80 days
Indicated price	\$8.80

**Description:** PU-coated fabric; 100% cotton single-jersey lining; Vislon zipper, EN 471-compliant reflective tape; plastic snap buttons; 3,000mm water resistance; sizes 70 to 140



#### Skiwear

Model	S-ML-2017
Minimum order	800 sets
Packaging type	Polybag
Delivery time	70 days
Indicated price	\$14.00

**Description:** Rayon or polyester shell; 100% polyester lining with padding; Vislon zipper; reflective tape and piping; metal snap buttons; water- and wind-resistant; breathable; sizes 70 to 140



#### Jacket

Model	3S-ML-2011
Minimum order	800 pieces
Packaging type	Polybag
Delivery time	60 days
Indicated price	\$14.50

**Description:** Three-layer softshell; water-resistant zipper; 3,000mm water resistance; 3,000mm breathability; sizes 70 to 140; in solid colors

## PRODUCT GALLERY

### Bodysuits



**3S**  
(profile page 34)  
**Model:** 3S-HK-102  
**Minimum order:** 1,000 pieces  
**Packaging type:** Polybag  
**Delivery time:** 60 days  
**Indicated price:** \$1.20  
**Description:** Romper; 100% cotton interlock; snap buttons on both shoulders; picot collar and cuffs; sizes 50/56 to 92; in solid colors



**Allwear**  
(profile page 38)  
**Model:** B05845  
**Minimum order:** 1,500 pieces  
**Packaging type:** Carton  
**Delivery time:** 45 to 60 days  
**Indicated price:** \$0.92  
**Description:** Romper; 100% cotton double-faced fabric; 180g; for babies 3 to 24 months old; in green; packed on a hanger



**Allwear**  
(profile page 38)  
**Model:** B05822  
**Minimum order:** 1,500 pieces  
**Packaging type:** Carton  
**Delivery time:** 45 to 60 days  
**Indicated price:** \$2.20  
**Description:** Romper; 100% cotton double-faced fabric; 180g; for babies 3 to 24 months old; in rose pink; packed on a hanger



**Baichuan**  
(profile page 40)  
**Model:** CB-002  
**Minimum order:** 5,000 pieces  
**Packaging type:** Polybag  
**Delivery time:** 30 days  
**Indicated price:** \$1.00  
**Description:** Romper; 100% combed cotton interlock; 230gsm; rubber-printed pattern; for 6-month-old babies



**Century Star**  
(profile page 44)  
**Model:** 6776  
**Minimum order:** 600 pieces  
**Packaging type:** Polybag  
**Delivery time:** 90 to 100 days  
**Indicated price:** •  
**Description:** Romper; 100% cotton interlock; 180gsm; with floral print; for babies 3 to 18 months old; in various colors



**Century Star**  
(profile page 44)  
**Model:** 6782  
**Minimum order:** 600 pieces  
**Packaging type:** Polybag  
**Delivery time:** 90 to 100 days  
**Indicated price:** •  
**Description:** Romper; 100% cotton interlock, 180gsm; for babies 3 to 18 months old; in various pastel colors

• Information not disclosed

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