

Baby Strollers & Carriers



April 2008 US\$395



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BABY STROLLERS & CARRIERS

Supplier capability in China

EXECUTIVE SUMMARY

Entering a period of rapid development beginning 2000, China became the world's leading supplier of baby carriages and related parts in 2006, with overseas shipments worth more than \$660 million. Exports remained strong in 2007, increasing 17 percent to \$778 million.

Shipments of baby carriers and car seats are not tracked independently by customs. For the latter, however, statistics for seats of other motor vehicles (HS code 94012090) indicate a robust industry, with annual growth exceeding 50 percent last year.

Projections on exports of baby strollers, car seats and carriers for the next 12 months are optimistic, with many companies anticipating increases in revenue to exceed 20 percent.

Demand from North America and the EU are expected to be the primary drivers of growth. Together, these two regions currently account for 62 and 55 percent of China's revenue from shipments of baby carriages and vehicle seats, respectively.

Australia, Asia, Eastern Europe, the Middle East, Africa, and South and Central America will also be key markets, particularly for small and midsize companies. Several suppliers find it easier and less expensive to ship to these regions, since the requirements are generally not as stringent as those in North America and the EU.

A major concern for companies trying to boost export sales is the steady increase in various operating expenses. In the past year, escalations in the cost of steel and other raw materials reached 40 percent, cutting into margins that were already trimmed by the reduction of the export tax rebate and the appreciation of the yuan. These have eroded the price advantage of many companies, since they have had to raise quotes 5 to 10 percent to cover the higher manufacturing outlay.

In the face of this challenge, the following are some of the key trends

we see among China's suppliers of baby strollers, car seats and carriers:

- Prices will remain on the upswing as operating expenses, particularly those related to raw materials, components and labor, continue to surge. Most companies, however, will try to keep adjustments within 10 percent to remain competitive.

- To avoid competing solely on price, many suppliers will release innovative, high-value designs for which they can charge a price premium. Upcoming models will be fitted with more functions and accessories, especially those promoting safety and convenience.

- Production capacity for baby transport systems will expand in coming months, as new factories or workshops become operational. At most manufacturing operations, existing facilities are also being upgraded in preparation for a surge of orders. Improvements include the adoption of automated equipment and advanced management systems.

This report covers baby strollers, car seats and carriers. The different types offered in each category, their common features and price determinants are detailed in the Products and Prices section. The latest trends in materials, designs and accessories are also identified.

Stricter standards, rising costs and other major issues concerning China suppliers and how they deal with these challenges are discussed in the Industry Overview. The section also expounds on the industry composition, underscoring the key differences among small, midsize and large companies.

To reflect the industry structure, 63 percent of the suppliers in this report are located in Guangdong, Zhejiang and Jiangsu. These provinces are the primary sources of baby strollers, car seats and carriers in China, accounting for more than 70 percent of exports.

In this report

- 15 in-depth company profiles
- 20 short company profiles
- 84 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 each company profile, 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 capabilities of each supplier.

All suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry in the next 12 months. 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 is among the world's largest suppliers of baby transport systems, which include strollers, car seats and carriers. The industry entered a period of rapid development starting 2000, with many companies experiencing double-digit growth in export sales annually.

The country's exports of baby carriages and related parts, where strollers are categorized, are particularly strong. In 2006, shipments of these products reached a value of \$663 million, accounting for more than 50 percent of the global trade value.

Exports grew 17 percent in 2007 to \$778 million, with the EU and North America as the largest markets. Shipments to the two regions accounted for more than 60 percent of China's aggregate.

Compared with baby carriages and related parts, China's exports of baby car seats are considerably smaller. The line is not tracked independently by customs, but data of other seats for motor vehicles or products under the HS code 94012090 indicate that the sector is growing stronger each year.

In 2007, the value of products sent overseas increased 54 percent to \$102 million. The primary destinations were the EU, Asia and North America, which accounted for nearly 80 percent of the revenue.

Exports of strollers, carriers and car seats are expected to grow stronger in coming months. The EU and North America will remain key markets, but other regions, including Australia, Eastern Europe, Asia, the Middle East, Africa, and South and Central America, are expected to gain importance. This is particularly true for small and midsize suppliers, as stricter standards being implemented in the EU and North America have made it more difficult and expensive to send products there.

Strollers, for example, have to meet ASTM F833-05 to enter the US

market, while those bound for EU member countries have to comply with EN 1888-1. Both standards deal with the safety requirements and test methods for wheeled child conveyances.

Car seats, on the other hand, have to comply with the FMVSS 213 criteria if these are being exported to the US, and the ECE R44.04 if they are going to the EU. Both standards contain provisions for the approval of child restraint systems used in power-driven vehicles.

For carriers, relevant standards include the ASTM F2236-03 and F2050-03 requirements of the US. The former contains safety specifications for soft carriers, while the latter is for handheld types.

For models going to the EU, among the standards that they have to comply with are EN 13209:2004, Part 1, and EN 13210:2004. The first specifies the safety requirements and test methods for framed back carriers, while the latter defines those for safety harnesses, reins and similar child care products.

In addition, some clients may require certificates of compliance with the Oeko-Tex Standard 100, which limits the use of certain chemicals in textiles for human ecological safety. Regulated substances include formaldehyde, pesticide, extractable heavy metal, chlorinated phenol, azo dyes and phthalates. The last has been of particular interest to customers in the EU and the US, where market concerns about the safety of these plasticizers continue to increase.

In the EU, the use of certain phthalates has already been limited or banned in toys and child care articles. Directive 2005/84/EC, which took effect January 2007, restricts the level of the phthalates DEHP, DBP and BBP to 0.1 percent by mass of plasticized material. Three other phthalates, namely DINP, DIDP and DNOP, cannot be used as substances

Supplier summary

Suppliers surveyed	35
Export sales	\$105.3mn
Export ratio	96%
OEM business	39%
Capacity utilized	73%
Annual R&D spending	\$9.9mn
Full-time employees	14,255

Data: All surveyed suppliers

or constituents of preparations at concentrations greater than 0.1 percent by mass of the plasticized material in toys and child care products that can be placed in the mouth.

In the US, California prohibited the use of phthalates in products for children under the age of three last year. More than 10 other US states have instituted or are considering similar regulations.

With all the standards that strollers, car seats and carriers have to be certified compliant with, testing fees to acquire the marks of approval from accredited institutes such as SGS and Intertek can reach more than \$20,000 for each model.

Suppliers move upmarket

Despite the added cost, China suppliers of baby strollers, car seats and carriers are generally striving to comply with the stringent standards being implemented in the US and the EU, as these are gradually being adopted in other countries and regions. Many companies are also doing so in line with efforts to move higher up the value chain, since rising production costs continue to cut into margins and push prices upward, eroding their primary advantage in the international market.

In February, quotes for metal and plastic were up 20 to 40 percent compared with their levels during the same period in 2007. Wages and other labor-related expenses have also been rising, particularly in the coastal hubs, as a result of the labor shortage, inflation and new labor laws.

Cixi Babysky Children Products Co. Ltd

Cixi Babysky manufactures midrange and high-end baby strollers, car seats and carriers. The company has about 50 models, including seven with patents. Its car seats meet the ECE R44.04 standard.

The products are manufactured in a 2,000sqm factory. Another 2,000sqm plant is being planned to boost capacity by more than 50 percent in the next 12 months. The new facility will have three or four assembly lines, and as many machines and workers as the existing factory.

The company's baby transport systems adopt T/C and polyester fabric seat covers. Strollers usually have steel frames, and some PP parts. Car seats feature PP and HDPE bases, while carriers are mainly in PP.

The fabric, metal parts, and other components are domestically sourced, mostly in Zhejiang and Jiangsu provinces. PP and HDPE are procured in South Korea.

The in-house R&D team is focusing

on safe and easy-to-use models such as those with self-locking and single-hand folding features, and one-step rear braking systems.

Releases will also have increased functionality and improved user-comfort. Some models of the company, for instance, have been fitted with detachable trays. Versions that can be laid flat, and have three-level back support, reversible handles, swivel front wheels, and anti-vibration two-spring support on the front and rear wheels are available as well.

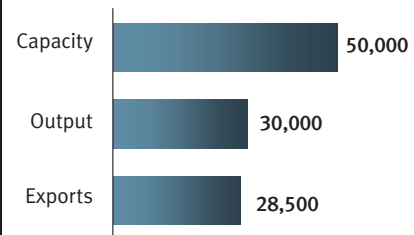
The R&D group requires seven to 14 days for sample development. Delivery is in 45 to 90 days.

To ensure quality, Cixi Babysky conducts QC on all incoming materials and finished products. The defect rate is kept at 2 to 3 percent. Most components also undergo impact testing in-house.

Aside from baby strollers, car seats and carriers, the company offers high chairs and playpens.

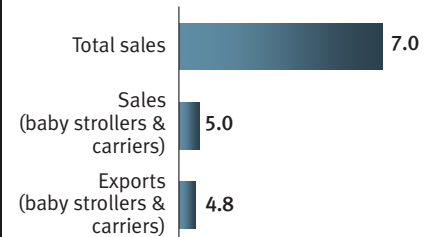
Production

pieces/mth



Sales

\$mn/year



Profile

Company facts

Year established	2003
Head office location	Ningbo (Zhejiang)
Business type	Manufacturer: Direct exporter
Ownership	Mainland China-owned
Factory location(s)	Ningbo (Zhejiang)
Total factory area	2,000sqm
Full-time employees	500
Total annual sales (all products)	\$7.0mn
Annual R&D spending	\$0.30mn
ISO certified	No

Sales & output: Baby strollers & carriers

Annual sales	\$5.0mn
Share of total sales	71%
Annual export sales	\$4.8mn
Total monthly capacity	50,000 pieces
Average monthly output	30,000 pieces
Capacity utilized	60%
Average monthly exports	28,500 pieces
Export ratio	95%
OEM % of exports	50%
ODM % of exports	10%
OEM % of exports	40%

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Capability

Production checklist

Assembly lines	3
R&D/design staff	12
QC staff	10
Cutting machines	8
Plastic-injection/foaming machines	9
Metal-punching/bending machines	11
Sewing machines	100
In-house impact testing	Yes

Exports by product

Strollers	55%
Car seats	35%
Carriers	10%

Exports by market

Nth America	25%
European Union	10%
Europe (non-EU)	25%
Middle East/Africa	25%
Asia	5%
Other	10%

Outlook

- **Export prices**
Increase up to 5%
- **Export sales**
Increase more than 20%
- **Production capacity**
Increase more than 50%
- **Expansion plan**
Build additional factory
- **Main target market**
Nth America
- **Hot product trend**
Enhanced safety features
- **Major challenge**
Raw material costs
- **Efficiency improvement**
Upgrade management systems
- **Capability improvement**
Widen product range

Popular export models



Stroller

Model	B-6CG
Minimum order	1,680 pieces
Packaging type	Carton
Delivery time	60 days
Indicated price	•

Description: PP, steel frame; polyester seat cover; two-position seat; movable protective front bar; 114x29x48cm



Stroller

Model	A-8
Minimum order	1,050 pieces
Packaging type	Carton
Delivery time	60 days
Indicated price	•

Description: PP, steel frame; T/C seat cover; reversible handle; three-position seat; removable front tray; two safety locks; 80x50x34cm



Stroller

Model	A-7
Minimum order	1,050 pieces
Packaging type	Carton
Delivery time	60 days
Indicated price	•

Description: PP, steel frame; T/C seat cover; reversible handle; three-position seat; two safety locks; 80x50x34cm

• Information not disclosed

PRODUCT GALLERY

Strollers



Bair
 (profile page 56)
Model: C608
Minimum order: 600 pieces
Packaging type: Carton
Delivery time: 50 days
Indicated price: •
Description: Standard type; aluminum frame; reversible handle; four-position seat; removable armrest; adjustable footrest; adjustable bumper for front and rear wheels; one-touch double brakes for rear wheels; 4x10.5-inch wheels



Bair
 (profile page 56)
Model: B200
Minimum order: 600 pieces
Packaging type: Carton
Delivery time: 50 days
Indicated price: •
Description: Carriage type; one-hand folding system; 5-point harness; four-position seat; adjustable footrest; adjustable bumper for front and rear wheels; one-touch double brakes for rear wheels; 10.5-inch wheels



Bair
 (profile page 56)
Model: C508-18
Minimum order: 600 pieces
Packaging type: Carton
Delivery time: 50 days
Indicated price: •
Description: Standard type; one-hand folding system; 3-point harness; 100 percent polyester shell; three-position canopy; three-position backrest; adjustable front bar and footrest; removable basket



Cixi Babysky
 (profile page 26)
Model: B-6CG
Minimum order: 1,680 pieces
Packaging type: Carton
Delivery time: 60 days
Indicated price: •
Description: PP, steel frame; polyester seat cover; two-position seat; movable protective front bar; 114x29x48cm



Cixi Babysky
 (profile page 26)
Model: A-8
Minimum order: 1,050 pieces
Packaging type: Carton
Delivery time: 60 days
Indicated price: •
Description: PP, steel frame; T/C seat cover; reversible handle; three-position seat; removable front tray; two safety locks; 80x50x34cm



Cixi Babysky
 (profile page 26)
Model: A-7
Minimum order: 1,050 pieces
Packaging type: Carton
Delivery time: 60 days
Indicated price: •
Description: PP, steel frame; T/C seat cover; reversible handle; three-position seat; two safety locks; 80x50x34cm

• Information not disclosed

