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Baby & Children's Toys & Garments



March 2010 US\$100



Essential sourcing intelligence for buyers

Vietnam manufacturer profiles

Detailed profiles of 32 suppliers with verified manufacturing and export credentials

Product & price trends

96 top-selling export products ranging from puzzles and building blocks to shirts and dresses

Design & material innovations

Coverage of the latest trends in style and materials

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Global Sources is offering this series of *Developing Country Sourcing Reports* as part of its corporate social responsibility undertakings in partnership with The Kearny Alliance, a non-governmental development organization whose mission is Aid through Trade.

The aim is to give international buyers new sourcing opportunities from experienced exporters, generating orders and create lasting jobs in developing economies.

BABY & CHILDREN'S TOYS & GARMENTS

Supplier capability in Vietnam

EXECUTIVE SUMMARY

Vietnam is developing as one of the world's key supply centers of moderately priced baby and children's toys and garments. Products feature a unique combination of aesthetics and quality.

The line boasts strong support from the larger wooden products and garments industries in the country. Competitive advantages of both sectors are also enjoyed by the smaller toys and children's apparel segments.

Another key benefit of sourcing from Vietnam is a readily available supply of raw materials. Different types of textiles and wood can be sourced from within the country, facilitating competitive prices.

The industry is export-oriented. In fact, most suppliers featured in this report send the bulk of their output to overseas clients. The EU is the main market, followed by Asia-Pacific and North America.

Toys dominate as the top product segment, accounting for close to two-thirds of total exports among featured companies. Within this line, children's models make up most of turnover.

Garments take up a third of overall exports. Children's wear represents the majority of models turned out by this segment.

Small, locally owned enterprises are the main type of companies in the industry. Most suppliers have been in business for two decades. A number have been manufacturing products since the 1950s.

The cities of Ho Chi Minh and Hanoi are the major production centers for toys and children's wear. These places host not only the head offices of most manufacturers, but their factories and showrooms as well.

Other key supply zones for the industry are the provinces of Nam Dinh, Binh Duong, Dong Nai and Hung Yen.

The line remains strong in spite of the widespread effects of the global

economic crisis. Nonetheless, it is facing several challenges that threaten to hamper its development. Rampant design piracy is one of the major issues affecting the sector.

The following are some of the key trends we see in Vietnam's baby and children's toys and garments industry:

- Due to intense competition in the line, most featured suppliers anticipate prices to stay level over the next six months. This strategy will be employed to ensure buyer loyalty and offer attractive quotes to prospective clients in new markets.

- An improved business climate is expected in the next 12 months. In light of this, all companies interviewed for this report have indicated that export turnover is predicted to improve over the previous year.

- The majority of featured companies will continue to focus on the EU as their main export destination. A growing number of suppliers are shifting to the US as their secondary market, which is indicative of renewed confidence in that country.

- To further underscore the developmental aspect of toys, new products will feature colorful patterns and designs. Garments are also expected to come in eye-catching styles.

This report covers the main types of toys made in Vietnam, including puzzles, building blocks, ride-on toys, train sets, dollhouses, and various types of activity, learning, creativity and discovery toys. Also included are baby and children's wear such as shirts, dresses, blouses, jackets, pants, jeans, school uniforms and swimwear.

The *Industry Overview* section discusses key issues affecting export manufacturers and elaborates on the composition of the industry.

The *Products & Prices* section details the features and price ranges of silk fashion accessories. It also lists the latest trends in style and materials.

In this report

- 12 in-depth company profiles
- 20 short company profiles
- 96 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics and charts

OBJECTIVE & METHODOLOGY

This Vietnam Sourcing Report is part of a series designed to provide buyers with information on new products from export manufacturers in supply markets that specialize in handmade merchandise.

The Developing Country Sourcing Report series is part of Global Sources' corporate social responsibility initiatives. It is offered in conjunction with The Kearny Alliance, whose mission is Aid Through Trade. The objective is to help create jobs in developing Asia through export promotion.

To produce this report, larger, midsized and emerging manufacturers—all with substantial export experience—were surveyed. The selection of suppliers is designed to reflect the composition of the industry in Vietnam in terms of geographic location, materials used and range of products offered.

For in-depth profiles, our researchers visited the facilities of each company and interviewed senior executives who discussed their recent performance and provided forecasts for the next 12 months. All other companies in this report were either visited or contacted by phone.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including a breakdown of exports by product type and market. Suppliers also participated in a survey designed to provide insight into the industry.

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INDUSTRY OVERVIEW

Vietnam is emerging as one of the world's prominent sourcing centers of reasonably priced baby and children's toys and garments.

The industry is supported by two of the country's most important export sectors: apparel and wooden products. The children's wear and toy segments respectively benefit from the numerous competitive advantages enjoyed by the wider garments and wooden products lines.

As with the broader clothing industry, the baby and children's wear segment relies on automated production. For the most part, suppliers operate factories equipped with imported machines. This key competitive advantage has helped propel the garments sector as Vietnam's top export earner in 2009.

Superior craftsmanship and unique designs are the hallmarks of the country's wooden crafts, of which baby and children's toys are classified under.

Both toy and children's wear segments benefit from a stable domestic availability of raw materials. As the country is home to a robust textiles industry, manufacturers of baby and children's garments are able to meet their material requirements quickly and less expensively.

Vietnam also has an adequate supply of wood as most types of lumber, including pine and rubberwood, are easily obtained within the country. Although a few varieties such as oak are imported, models in these materials are intended for the high end and take up only a small part of output.

Export figures specific to baby and children's toys and garments are not recorded because it is composed of two distinct subcategories of larger separate industries.

General trade statistics indicate that the entire garments and textiles sector in Vietnam generated \$9.1 billion worth of exports in 2008.

Official estimates show that the line grew further in 2009 despite the onslaught of the global economic crisis. The industry was projected to have registered \$9.3 billion in exports last year.

The wooden products sector, which includes the toys segment, is a \$2.8-billion export industry as of 2008.

Challenges

Local economists are of the opinion that Vietnam has seen and successfully weathered the worst of the global economic slump. Nonetheless, residual effects of the slowdown continue to be felt as many customers in key export markets have yet to return to their previous purchasing levels.

In addition, the industry is facing a number of other issues that threaten to slow its development.

First of these challenges is the rampant violation of intellectual property rights. Design piracy is a widespread problem that affects both garment and toy segments, although it is more pronounced in the former. Suppliers of baby and children's wear are usually victimized because their products are easier to copy.

Small local companies that do not have enough capital for R&D are the

Supplier summary

Suppliers surveyed	32
Export sales	\$13.2mn
Export ratio	72%
Capacity utilized	82%
Full-time employees	26,563

Data: All surveyed suppliers

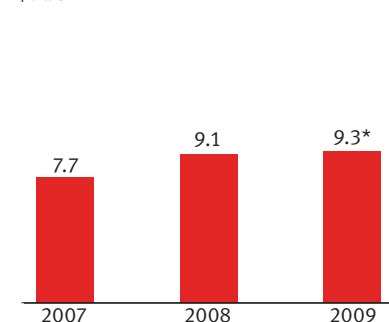
common IPR violators. Unfortunately, most suppliers do not have the resources to go after offenders and would rather focus on production instead of litigation.

In an effort to curb these violations, many suppliers have become strict in launching new designs. To avoid exposure, makers only show their latest models to customers that have expressed serious interest in sourcing products. Further, some companies no longer feature new releases in their websites, displaying products instead in their own showrooms.

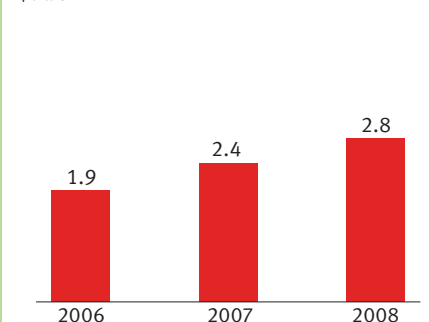
Rising labor costs are also a concern for suppliers in the line. Vietnam's national government has mandated that starting 2008 up to 2012, basic salaries will increase 20 to 38 percent for workers of locally owned enterprises, and 13 to 15 percent for employees of foreign-invested manufacturers. In doing so, the administration hopes to balance the wage discrepancy between

Export value

Garments & textiles
\$billion



Wooden products
\$billion



* Estimate
Source: Vietnam Customs

Asia Crafts and Furniture Co.

Asia Crafts has been producing handmade products in natural materials since 2007. Total sales in 2009 reached \$1 million.

Baby and children's garments account for nearly a third of total output. These lines are entirely exported, with 60 percent going to the UK. Other overseas markets include the US, Canada and Australia.

The product range consists of shirts, blouses, dresses, skirts, shorts, pants, underwear and sleepwear. Items are designed for children 3 months to 14 years old.

Models are usually between \$6 and \$14. Products that feature embroidered decorations are priced 30 percent more than regular items. A handembroidered dress made of 65:35 cotton-polyester is available for \$10.

The main materials used are pure cotton and 65 percent cotton blended with 35 percent polyester. The fabrics are purchased from suppliers in Ho Chi Minh City and Binh Duong province.

The design department is composed of three members and supervised by

the company's founder. The team releases 10 to 20 new models every month. Samples can be provided within one week.

Asia Crafts maintains two factories in Hanoi's Thuong Tin district and Ha Dong city. Combined, they cover a floor area of 600sqm. They are equipped with 30 sewing machines imported from Taiwan and South Korea. Aside from sewing, cutting is performed in-house. The company also carries out 40 percent of handembroidery requirements. The rest is subcontracted to outside factories.

Forty full-time workers are assigned to the various production lines. Administrative tasks are handled by 10 employees. One hundred temporary workers are hired when bulk orders are placed.

QC is performed by four inspectors at all production stages.

Labels are available on request.

Each item is packed in a nylon bag. A carton holds three or four bags.

The company is a member of the Vietnam Textile Association.

Capability

Materials used

Fabric	Yes
Plastic	No
Wood, cork and other natural materials	Yes
Rubber	No

Exports by product

Baby toys	—
Children's toys	—
Baby garments	50%
Children's garments	50%

Exports by market

United States/Canada	25%
European Union	60%
Europe (non-EU)	—
Asia-Pacific	15%
Middle East	—
Other	—

Company facts

Year established	2007
Head office location	Hoang Mai (Hanoi)
Ownership	Locally owned
Factory location(s)	Ha Dong, Thuong Tin (Hanoi)
Full-time employees	50
Part-time employees	100
Total annual sales (all products)	\$1,000,000

Sales & output: Baby & children's toys & garments

Annual sales	\$300,000
Share of total sales	30%
Annual export sales	\$300,000
Total monthly capacity	2,000 pieces
Average monthly output	1,800 pieces
Capacity utilized	90%
Average monthly exports	1,800 pieces
Export ratio	100%

Contact details

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Popular export models



Model: DR 598
MOQ: 100 pieces per style
Packaging: Nylon bag, carton
Delivery: 30 days
Price: \$10.00
Description: Dress; 65% cotton, 35% polyester; sleeveless; with handembroidered motif; for girls 1 to 12 years old; in sizes 80 to 152



Model: DR 542
MOQ: 100 pieces per style
Packaging: Nylon bag, carton
Delivery: 30 days
Price: \$12.00
Description: Smocked baby set; 65% cotton, 35% polyester; gathered sleeves and leg openings; three back buttons; in sizes 47 to 74



Model: BC 025
MOQ: 100 pieces per style
Packaging: Nylon bag, carton
Delivery: 30 days
Price: \$10.00
Description: Baby romper; 65% cotton, 35% polyester; gingham pattern; with Peter Pan collar and embroidered monkey motif



Model: BC 047
MOQ: 100 pieces per style
Packaging: Nylon bag, carton
Delivery: 30 days
Price: \$10.00
Description: Baby romper; 65% cotton, 35% polyester; with smock insert; with animal and train motif; in sizes 47 to 74



Model: HB160
MOQ: 100 pieces per style
Packaging: Nylon bag, carton
Delivery: 30 days
Price: \$1.00
Description: Hairclip; 65% cotton, 35% polyester; uses embroidery thread; handmade



Model: HB 173
MOQ: 100 pieces per style
Packaging: Nylon bag, carton
Delivery: 30 days
Price: \$2.00
Description: Hairband; 65% cotton, 35% polyester; gingham bow; for girls up to 10 years old

PRODUCT GALLERY

Baby & children's toys



Duc Thanh
(profile page 30)
Model: 63272
MOQ: 2,000 pieces
Packaging: Polybag, carton
Delivery: 45 days
Price: •
Description: Trailer truck; rubberwood; with rotating wheels and four detachable blocks in different colors; 365x70x105mm



Duc Thanh
(profile page 30)
Model: 60152
MOQ: 2,000 pieces
Packaging: Polybag, carton
Delivery: 45 days
Price: •
Description: Geomix; rubberwood; with 32 pieces in various colors; 217x217x21mm



Duc Thanh
(profile page 30)
Model: 66152
MOQ: 2,000 sets
Packaging: Polybag, carton
Delivery: 45 days
Price: •
Description: Flag set; rubberwood; pieces are assembled to create flags of different countries; comes in 253x162x38mm holder



Duc Thanh
(profile page 30)
Model: 61312
MOQ: 2,000 pieces
Packaging: Polybag, carton
Delivery: 45 days
Price: •
Description: Learning toy; rubberwood; teaches counting, numerals, basic arithmetic and color identification; contains 30 pieces; comes in 124x124x50mm holder



Duc Thanh
(profile page 30)
Model: 64072
MOQ: 2,000 pieces
Packaging: Polybag, carton
Delivery: 45 days
Price: •
Description: Balancing toy; rubberwood; with cylindrical pieces that are placed and should be balanced on top of the moon-shaped base; 197x197x43mm



Duc Thanh
(profile page 30)
Model: 60192
MOQ: 2,000 pieces
Packaging: Polybag, carton
Delivery: 45 days
Price: •
Description: Hammer bench toy; rubberwood; with a toy hammer that can be used to hit eight pegs out of the bench; 310x120x168mm

• Information not disclosed

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