

Children's Clothing Market in China: Trends and Dynamics

According to the survey report entitled *China's Baby Boom Dividends* published by HKTDC Research in 2013, clothing is the kind of goods after food most often bought by parents on the Chinese mainland. Practicality aside, parents also look for beautiful and fashionable designs when they buy clothes for their children. Many international brands have set up stores for children's apparel on the mainland in recent years. In 2013, the 3rd Plenary Session of the 18th CPC Central Committee adopted the *Decision on Major Issues Concerning Comprehensively Deepening Reforms*, which proposed allowing couples to have two children if one of them is an only child. Subsequently, 16.87 million babies were born in 2014, some 470,000 more than a year ago. The National Health and Family Planning Commission estimates that 1 million more babies will be born in 2015 than in 2014 as a result of the two-child policy. The baby and children's apparel market is expected to have a promising future in the wake of steady economic growth and as parents become more demanding about their children's clothing and as the number of newborn babies steadily increases.

HKTDC Research organised eight focus group discussions in Guangzhou, Shanghai, Chengdu and Wuhan in January 2015 in a bid to find out more about the spending habits and demands of middle-class parents.[1] It also interviewed mainland brand owners to better understand the market characteristics and development trends.

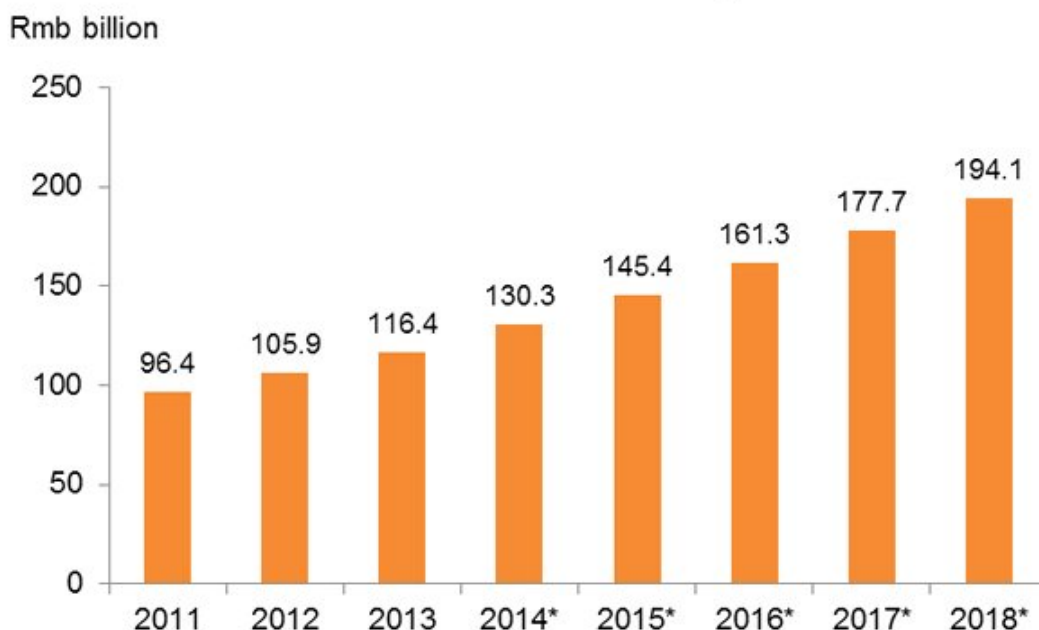
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Obvious Increase in Demand

There were very few famous children's apparel brands on the mainland more than a decade ago. As China's economy grows and following the implementation of the two-child policy, more and more big companies and foreign apparel brands have been actively trying to develop the mainland children's market. According to figures published by Euromonitor International, total retail sales of children's clothing[2] amounted to Rmb130.3 billion in 2014 and are expected to increase by 10.5% annually during 2014-2018 (to reach about Rmb194.1 billion by 2018). This growth rate is much higher than that of the UK (3.4%), the US (2.4%) and even the global average (6.4%). On the whole, the demand for children's clothing is more obvious in China than in other countries and regions.



Retail Sales of Children's Clothing in China



Note: * projected figures

Source: Euromonitor International

Change in Consumer Mentality

Copying is easy and common for baby and children's clothing and there is a high degree of substitution between quality and product. Market competition is becoming increasingly intense, with some brands resorting to price cutting to attract customers. As the society becomes more affluent, parents' spending mentality gradually shifts from "buying with plan" to "buying what takes their fancy". The respondents said they would buy regardless of the season when there are offers of discounts or when they see products of special designs, and keep these until their children are big enough to wear them or the season is right. However, they admitted that "children would sometimes out-grow their purchases before they had a chance to wear them", which is one of the side-effects of "buying on impulse".

Purchase Considerations: Material and Design Safety

The respondents were most concerned about the safety of material and design. Since young children under three years of age have very delicate and sensitive skin, parents are particularly concerned about the material of the clothing. "Pure cotton" was their top choice for baby clothing and was virtually their only choice when buying underwear. Parents also know about materials like "organic cotton" and "mulberry silk", but those interviewed said they would not purposely buy clothing made of these materials or pay a higher premium for them, because "pure cotton" already satisfied their requirements for the quality of children's clothes.

At the same time, parents are also concerned about the dyes and chemicals used in the production of clothes. For example, some T-shirts have colourful patterns and manufacturers may use phthalates to make the pigment softer and more comfortable to



wear, but chemicals may affect the development of children's endocrine and reproductive systems. Babies may put clothing in their mouth and ingest the chemicals in the clothes. Thus, the respondents said they would buy baby and children's clothing that conforms to health standards as far as possible.

The younger their children, the more attention their parents would attach to the safety of design. Since babies have limited ability to express themselves and cannot tell their parents which part of their clothes is making them uncomfortable, parents would pay attention to the safety of the clothing design while ensuring that it is easy to put on and remove. For example, drawstrings are not suitable for the neck opening because babies can get tangled in them. Also, seams should be on the outside of the garment or bound in order to avoid rubbing against the baby's skin.

Proliferation of Brands

More than 10 years ago, the mainland children's apparel market was still in its start-up stage and there were very few well-known brands around. Mainland companies began to develop their own brands of children's clothing (such as [TQ-bebe](#) and [Minipink](#)) as the economy took off. Foreign companies have also come to see the great prospects of China's baby and children market in recent years and some big companies and leading brands are beginning to venture into the children's apparel business. Top-end international brands like Armani, Burberry and Bonpoint and mass-appeal labels like GAP, Zara and Uniqlo have all ventured into the mainland children's clothing market.

When choosing clothing for children aged 3-6, parents' concern has extended beyond "material" and "design safety" to "good taste" and "individuality". Parents hope to see their children dressed differently than other children to attract other people's attention and praise. Some respondents said they bought brand-name clothing for their children to cultivate their "temperament" and "good taste", as this also reflects the parents' good taste. Some respondents said this would increase the confidence of their kids and give parents a sense of pride. They reckoned they could readily find "stylish" items with "character" when they buy famous brands. Some parents even tried to buy foreign brands like Carters of the US not yet sold in Chinese stores through overseas online shopping.

Physical Stores Supplemented by Online

Online shopping is very popular on the mainland and all focus group participants had online shopping experience. However, they said they still preferred to buy children's wear from physical stores. Some respondents said they would not buy baby and children's clothing online because they want to feel the quality and thickness of the material and do not want to deal with the problem of getting shades of colour different from the online images. The focus group discussions also found that parents would often rely on their own senses, "seeing, smelling and touching" the garment, as well as personal experience to judge the quality and safety of baby and children's clothing. They seldom read the specifications on the labels. Thus, parents are inclined to go to physical stores to choose baby and children's apparel.

Although some respondents said they would buy baby and children's clothing online, they were inclined to buy brands or styles not yet available in the country to give their children a unique image. Parents would buy online if they already know the quality of the clothing from visiting the physical stores and the price offered by the online channel is



cheaper, or if the brand is regularly worn by their children. Thus, most mainland enterprises dealing in baby and children's apparel would adopt the "store + online" model of business for mutual complementarity.

Advice for Hong Kong Companies

Market competition is keen. In addition to local brands, international brands are also actively trying to open up the mainland market. Hong Kong companies need to have a clear brand positioning and unique designs and adopt targeted marketing strategies for different market segments. For example, since parents are inclined to buy pure cotton clothing for children under three years of age, they should focus on "material" in their marketing, such as stressing that their products are "made with high-grade cotton from overseas" to grab parents' attention. Since the parents of children aged 3-6 are shifting their attention to "good taste" and "temperament", Hong Kong companies may build up different styles and images for their brands or collections, such as the "preppy look", the "country look" and parent-child series to increase the appeal of their brands and products. Of course, toxic chemicals may not be used and attention must be paid to product safety to satisfy parents' needs and stand out from competitors.

[1] Participants of the focus group discussions were the mothers of children under six years of age. All of them had bought clothing and accessories with a price tag of Rmb120 or more for their children in the past three months. Those interviewed in Guangzhou and Shanghai had a monthly income of Rmb12,000 or above, while those interviewed in Wuhan and Chengdu had a monthly income of Rmb8,000 or above.

[2] Children's clothing mentioned in the data refers to clothing and accessories for children aged 0-14.

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