Children's wear Market in China

July 2015
Fung Business Intelligence Centre
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1. Executive summary
**EXECUTIVE SUMMARY**

**OVERVIEW AND TRENDS**

**Overview**

- Children’s wear market is the fastest-growing sector, and it is more resilient than both the women’s wear and menswear market.
- While physical stores are still important, multi-channel retailing is become more popular.
- China’s unique “4-2-1” family structure may become “4-2-2”, which provides development opportunities for children’s wear market.
- The growth momentum of the children’s wear market in China is forecast to grow at a higher rate than the global average.

**Trends**

- Parents are increasingly looking for **stylish** and **fashionable** designs. Brands are also offering children’s apparel that are similar in style of adult’s clothing.
- Brands originally focused on the older kids segment has shifted emphasis to the **baby wear segment**.
- An increasing number of children’s wear brands have built a **digital and mobile presence**, they are also increasingly engaging customers through **social media**.
- Increasing numbers of retailers are exploring **O2O initiatives**.
8 KEY FINDINGS

Both parents and children are the decision makers.

Both parents and children are the decision makers.

Around half of the respondents spend 101-300 yuan per transaction.

Simple and leisurely styles are preferred.

Foreign brands are the most sought after among Chinese customers.

Chinese parents love shopping online.

Shopping malls with child-related facilities are popular.

Product safety ranks among the highest concern for Chinese consumers of children’s wear.

Shopping malls and department stores are the top retail channels for children’s wear.

Over 30% of respondents stated that they would visit shopping malls with child-related facilities weekly.

“Product safety” (72%), “garment material” (67%) and “value for money” (63%) are the top three concerns when choosing children’s clothing.

While 70% of Chinese consumers usually buy clothing in shopping malls, 56% and 54% also reported that they usually shop in department stores and online respectively.

Source: Fung Business Intelligence Centre
2. Overview
MARKET OVERVIEW

CHINA’S APPAREL MARKET REMAINS STRONG DESPITE SLOWER GROWTH

- China’s apparel market remains one of the fastest growing markets in the world despite seeing slower growth over recent years*.

- Total retail sales of clothing, shoes, hats and textiles by enterprises over designated size** amounted to 1,256 billion yuan in 2014, up 10.9% year-on-year (yoy).

- China is expected to overtake the U.S. and become the world’s largest apparel market by 2017.

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* “China to overtake the U.S. to become the largest apparel market by 2017.” 26 April, 2014. Euromonitor International.
**Enterprises above designated size refer to enterprises with annual sales of 5 million yuan or above and with an employment of or over 60.
MARKET OVERVIEW
CHILDREN'S WEAR IS THE FASTEST-GROWING SECTOR

Children’s wear market is the fastest growing segment among the various segments of the apparel sector. It saw a 9.2% yoy growth in 2014, compared with 7.1% yoy growth for menswear, and 7.7% yoy growth for women’s wear.

Children's wear market is also more resilient than both the womens’ wear and menswear market.

- Since children quickly outgrow clothes and therefore the purchase of new children’s clothing is a necessity, whereas adults can delay the purchase of new clothes for themselves.

Exhibit 2: Yoy growth for China’s apparel market, by category, 2013-2014

<table>
<thead>
<tr>
<th>Category</th>
<th>Yoy Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Menswear</td>
<td>7.1</td>
</tr>
<tr>
<td>Women’s wear</td>
<td>7.7</td>
</tr>
<tr>
<td>Children’s wear</td>
<td>9.2</td>
</tr>
<tr>
<td>Sportswear</td>
<td>5.4</td>
</tr>
</tbody>
</table>

Source: Euromonitor International; compiled by Fung Business Intelligence Centre
MARKET OVERVIEW

CHILDREN'S WEAR IS THE FASTEST-GROWING SECTOR (CONT'D)

- However, the performance of the market is forecast to stabilise after the high growth in recent years.

Exhibit 3: Retail sales of children's wear, 2011 – 2019 (estimates)

Source: Euromonitor International; compiled by Fung Business Intelligence Centre
MARKET OVERVIEW

CHILDREN'S WEAR MARKET CONTINUES TO SEE HUGE GROWTH POTENTIAL

- The growth momentum of children’s wear market in China is set to continue in the coming years. The children’s wear market in China is forecast to grow at a compound annual growth rate (CAGR) of 10.5% in 2014-2018, higher than the global average of 6.4%*. 

Exhibit 4: Compound annual growth rate of children's wear market, 2014-2018 (estimates)

Source: HKTDC; compiled by Fung Business Intelligence Centre

MARKET OVERVIEW

CHILDREN'S WEAR MARKET CONTINUES TO SEE HUGE GROWTH POTENTIAL (CONT’D)

❖ Population aged 0-15 accounted for 17.5% of the total population in 2014.

❖ Since early 2014, the Chinese government has implemented a new policy which allows couples to have two children if either parent is an only child in the family. Two million extra babies are expected each year as a result of the new policy.

❖ The unique “4-2-1” family structure, in which four grandparents (parental and maternal grandparents), two parents and one child, may become “4-2-2”. This provides further development opportunities for children’s wear market.

Exhibit 5: Birth rate and population of children aged 0-15 in China, 2014

Birth rate in China, 2014

12.4 per 1,000 persons

Population aged 0-15, 2014

239.6 million (17.5%)

Source: National Bureau of Statistics of the PRC
MARKET OVERVIEW
BABY AND TODDLER WEAR TO REMAIN THE BEST-PERFORMING CATEGORY

- Baby and toddler wear is and will continue to be the best-performing sub-category in the children's wear segment.

- The growth of girls’ apparel exceeds that of boys’ apparel. Higher purchasing frequency and higher unit prices are the main driving forces behind the higher growth of girls’ apparel.

- Baby and toddler wear is forecast to grow at a CAGR of 10.1% in 2014-2019e, compared with 3.5% for boy’s wear and 5.0% for girl’s wear*.

Exhibit 6: Compound annual growth rate of children's wear market, 2014-2019 (estimates)

<table>
<thead>
<tr>
<th></th>
<th>2009-14 CAGR (%)</th>
<th>2014-19e CAGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby</td>
<td>12.6</td>
<td>10.1</td>
</tr>
<tr>
<td>Toddler</td>
<td>9.0</td>
<td>3.5</td>
</tr>
<tr>
<td>Girls</td>
<td>11.2</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Source: Euromonitor International; compiled by Fung Business Intelligence Centre

MARKET OVERVIEW
CHILD-RELATED CONSUMPTION IS HIGH IN MAJOR CITIES

According to Insite, child-related consumption in 10 major cities including Beijing, Shanghai, Chengdu, Wuhan, accounted for 33% of the total daily expenditure for family in 2014*.

Exhibit 7: Share of child-related consumption of the total daily expenditure for family, December 2014

Exhibit 8: Breakdown of child-related consumption, December 2014

Source: Insite; compiled by Fung Business Intelligence Centre
For many parents, “seeing, touching, smelling” the product is important before they make their purchasing decisions.

They still prefer to buy children’s wear from physical stores, especially specialty stores and professional stores, as they can examine the products before purchasing. Therefore physical stores are and will remain the key distribution channel for children’s wear.

The rise of online retailing is evident. Most foreign and local brands have already built their online presence.

Reasons for buying online
- Products are not yet available in China.
- Consumers already know the quality of apparel from visiting physical stores; and price offered online is cheaper.
- Brand is regularly worn by their children.

Currently, most children’s wear brands adopt a multi-channel retailing model. They have both physical stores as well as online stores and mobile apps to facilitate transaction. Having said that, parents are very concern about the quality of the clothes their kids wear, the online channel largely serves as a supplement of physical stores.
DISTRIBUTION CHANNEL

PHYSICAL STORES ARE STILL IMPORTANT, WHILE MULTI-CHANNEL RETAILING IS INCREASINGLY POPULAR (CONT’D)

- Online retailing is gaining ground for baby and maternity products. Tmall and JD.com accounted for 70% of the total B2C baby and maternity products market in 1Q15.

- A number of cross-border e-commerce platforms such as mia.com are also targeting the baby and maternity market and bringing imported goods into China.

Exhibit 9: China’s B2C market for baby and maternity products, 1Q12-1Q15

Exhibit 10: Market share of B2C players for baby and maternity products, 1Q15

Source: Analysys; compiled by Fung Business Intelligence Centre
3. Consumer buying preferences: Survey and key findings
On 1-8 July 2015, the Fung Business Intelligence Centre conducted an online survey to study the buying behaviour of parents regarding children’s clothing. A total of 377 valid responses were collected.

Demography of respondents:

- Place of Residence:
  - Shanghai: 73%
  - Beijing: 7%
  - Guangzhou: 11%
  - Shenzhen: 6%
  - Others: 9%

- Gender:
  - Female: 74%
  - Male: 26%

- Age:
  - 21-30 (23%)
  - 31-40 (64%)
  - 41-50 (11%)

- Number of Children:
  - 1: 87%
  - 2: 11%
  - ≥3: 7%

- Age of Child:
  - Aged 0-3: 53%
  - Aged 4-8: 49%
  - Aged 9-14: 24%

Source: Fung Business Intelligence Centre
KEY FINDINGS

SHOPPING MALLS AND DEPARTMENT STORES ARE THE TOP RETAIL CHANNELS FOR CHILDREN’S CLOTHING

- Shopping malls and department stores are the most popular retail channels to shop for children’s clothing.

- 70% of the respondents prefer purchasing children’s wear in shopping malls, and 56% of respondents like to shop in department stores.

*Note: Multiple responses were allowed.*

Source: Fung Business Intelligence Centre
KEY FINDINGS
SHOPPING MALLS AND DEPARTMENT STORES WITH CHILD-RELATED FACILITIES ARE POPULAR

- More than half of the respondents visit shopping malls and department stores with child-related facilities at least once a month. 32% of the respondents visit on a weekly basis.
- Parents with small children visit shopping malls and department stores with child-related facilities more often.
- Respondents aged 41-50 are less often to bring children to visit shopping malls and department stores with child-related facilities.

How often do you bring your children to shopping malls and department stores with child-related facilities?

- 32% Weekly
- 22% Monthly
- 18% Depends on location
- 25% Sometimes
- 3% Never

Source: Fung Business Intelligence Centre
Online shopping is another popular shopping channel, 54% of respondents purchase via PC and 53% of respondents use mobile devices to make their purchase.

Younger parents aged below 40 shop online more frequently (over 50%) than parents aged 41 and above (33%). They conduct purchases using both PC and mobile devices.

In terms of place of residence, respondents in Shenzhen are more familiar with shopping online compared with respondents in Shanghai and Beijing.

* Note: Multiple responses were allowed.

Source: Fung Business Intelligence Centre
**Key Findings**

“Product safety” is the number one concern, followed by “garment material” and “value for money.”

- “Product safety” (72%), “garment material” (67%) and “value for money” (63%) are the top three concerns when choosing children’s clothing.

- Most respondents cited that soft and comfortable fabrics such as pure cotton as their favourite garment material. Female consumers are more concerned about the material of the clothes: 74% of female respondents chose “garment material” as a key consideration when buying children’s wear compared with 48% of male respondents.

- Brand matters most among respondents in the 41-50 age group. 43% of respondents aged 41-50 are concerned about “brand recognition” when they buy children’s clothing, compared with 31% of respondents in the 21-30 age group and 27% of respondents in the 31-50 age group.

*Note: Respondents can choose three options.*

Source: Fung Business Intelligence Centre
KEY FINDINGS

SIMPLE AND LEISURELY STYLES OF CLOTHING ARE THE MOST POPULAR

- When it comes to style of children’s clothing, “simple and leisurely” designs are the most popular among the respondents (79%), followed by “stylish” designs (45%) and “sporty” wear (40%).

- Our respondents are generally not in favour of cartoon and animation characters designs. That said, Disney cartoon characters are the most well received brand among the respondents.

* Note: Multiple responses were allowed.
Source: Fung Business Intelligence Centre
What are your favorite children’s wear brands?

<table>
<thead>
<tr>
<th>Brand</th>
<th>Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gap</td>
<td>Adidas</td>
</tr>
<tr>
<td>Disney</td>
<td>Paw in Paw</td>
</tr>
<tr>
<td>Nike</td>
<td>Uniqlo</td>
</tr>
<tr>
<td>Zara</td>
<td>Eland</td>
</tr>
<tr>
<td>Carter’s</td>
<td>Annil</td>
</tr>
<tr>
<td>Jeep</td>
<td>Les Enfant</td>
</tr>
<tr>
<td>Balabala</td>
<td>Winnie the Pooh</td>
</tr>
<tr>
<td>Gymboree</td>
<td>Pencil Club</td>
</tr>
<tr>
<td>Hello Kitty</td>
<td>Benetton</td>
</tr>
<tr>
<td>Nautica Kids</td>
<td>Yeehoo</td>
</tr>
</tbody>
</table>

Source: Fung Business Intelligence Centre
Key findings
Around half of the respondents spend 101-300 yuan per transaction

- 55% of the respondents spend 101-300 yuan per transaction.

- Respondents in the 41-50 age group usually spend more in each transaction than their counterparts in other age groups. Over 60% of the respondents aged 41-50 spend more than 301 yuan per transaction, compared with 44% of the respondents aged 21-30 and 35% of the respondents aged 31-40.

- Respondents in Beijing also have the tendency to spend more, 54% of them spend more than 301 yuan per transaction, compared with 37% of the respondents in Shanghai and 34% of the respondents in Shenzhen.

Source: Fung Business Intelligence Centre
KEY FINDINGS

BOTH PARENTS AND CHILDREN ARE THE PURCHASE DECISION MAKERS

- When it comes to purchasing decision making, 58% of the respondents said that both parents and children are the purchase decision makers, while 37% of the respondents said that parents decide what to buy.

- For younger children, parents play a more important role in making purchasing decision (48%), but for older children, 72% said that both parents and children decide together.

Who normally make the purchasing decision?

| Both parents and children- 58% | Parents only 37% | Children 5% |

* Note: Multiple responses were allowed.
Source: Fung Business Intelligence Centre
4. Trends

- Product design
- Product extension
- Mobile revolution
- Social media
- Technologies and Big data
- O2O
**PRODUCT DESIGN**

- Our survey indicates that parents are increasingly looking for stylish and fashionable designs and we observe that more brands are offering children’s apparel in “grown-up” designs that are similar to the style of adults clothing.

- “Parent-child” series are increasingly gaining attention. At present, only a few clothing brands on the mainland offer parent-child series, and most are either sportswear or sweatshirts. Many industry experts believe this relatively untapped market has huge development potential.

- Another area that brands should focus more on is the gift market. Most people would choose famous brands when buying children’s wear, especially baby’s clothes, as gifts, largely because they are more presentable and deemed more acceptable. Indeed, many players have begun to offer gift boxes.
PRODUCT DESIGN

- Some brands originally offering apparel for adults as well as international brands are venturing into the children's wear market. However, the different specifications and safety regulations for children’s wear often make it difficult for them to extend to the children's wear market. Selected examples include Semir, Li Ning, Xtep, Uniqlo, and Zara.

- On the other hand, eyeing the huge potential of the baby and toddler's wear market, some brands originally focus on older kids segment has shifted emphasis to the baby wear segment. A typical example is Annil.

- At the same time, some children’s wear retailers have expanded their business scope by transforming from a retailer into a service provider. Apart from selling products, they also provide one-stop services to families.

CASE STUDY: KIDSWANT
China Kidswant Investment Holdings Co., Ltd. (Kidswant) is a specialty retailer selling apparel and accessories for mums-to-be and children (aged from newborn to 14 years)

The company was established in 2009 and headquartered in Jiangsu province

By the end of 2013, Kidswant has over 40 stores in Shanghai, Jiangsu, Zhejiang, Anhui, Chongqing, Sichuan, Hunan, Hubei and Shandong

Kidswant has set up an online platform to let third-party vendors promote their services including maternity care, early education, swimming classes, photography, and art and music courses.
The retailer also regularly organises events, such as seminars for mums-to-be, kids winter camps, and annual kids carnival parties to build closer relationship with customers.
Moreover, Kidswant has set up an online forum for parents to discuss and share their experience on pregnancy and raising children.
China’s e-commerce market is growing rapidly, apparently without boundaries, and m-commerce is becoming a larger part of the e-commerce pie.

Transaction value of mobile shopping

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>69 billion</td>
</tr>
<tr>
<td>2013</td>
<td>274 billion</td>
</tr>
<tr>
<td>2014</td>
<td>930 billion</td>
</tr>
</tbody>
</table>

Number of shoppers who buy online via mobile devices

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>55m</td>
</tr>
<tr>
<td>2013</td>
<td>144m</td>
</tr>
<tr>
<td>2014</td>
<td>236m</td>
</tr>
</tbody>
</table>

An increasing number of children's wear brands have built a digital and mobile presence to capitalise on the growing trend for customers using mobile devices to obtain product information and carry out transactions.

They have set up their own online transactional website or mobile app. Many of them are selling their products on WeChat or Weidian.
Social media is having a huge impact on consumer purchasing decisions. This is especially the case in China since Chinese shoppers generally engage more actively on social media platforms than their overseas peers.

China has the largest number of social media users in the world and the highest percentage of Internet users using social media.

Social media platforms are particularly relevant for the children’s wear market as parents are inclined to buy children's wear brands recommended by relatives and friends, while retailers increasingly engage with consumers through social media and hope to build positive word-of-mouth.

Exhibit 11: Social media users in China and the U.S., January 2015

<table>
<thead>
<tr>
<th></th>
<th>Number of social media users</th>
<th>% of Internet users using social media</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>629 million</td>
<td>96.9%</td>
</tr>
<tr>
<td>United States</td>
<td>186 million</td>
<td>66.4%</td>
</tr>
</tbody>
</table>

Source: wearesocial.net, China Internet Network Information Centre; compiled by Fung Business Intelligence Centre
In today’s digital world, many retailers adopt new technologies to provide customers with a more personalised shopping experience.

New technologies allow brands to set up their online and mobile platforms, and engage in social networks, while big data technologies allow retailers to better understand their needs, preferences and shopping habits. The use of data analytic tools allows brands and retailers to collect and analyse huge amount of consumer data so that they can tailor-made products and services for them.
O2O

- Increasing numbers of retailers and brands use O2O approaches to engage customers and provide a seamless and integrated experience for customers across all channels.

- Meanwhile, many retailers also feature children’s play areas and offer temporary babysitting services, allowing parents to shop at their leisure.

CASE STUDY: LEYOU

- Offline retailers go online; e-tailers go from clicks to bricks
- Launching mobile apps to facilitate “shopping on the go”
- Offering more pick-up points and pick-up services
- Integrating back-end operations
- Unifying online and offline pricing
- Forming partnership with Internet companies
CASE STUDY
LEYOU

- Leyou (China) Chain store Co., Ltd. (LEYOU) is a specialty retailer selling apparel and accessories for mums-to-be and children (aged from newborn to 14 years)
- The company was established in 1999 and headquartered in Beijing
- It has over 400 retail stores nationwide

- It has its own transactional online store and stores on other e-commerce platforms including Taobao, Tmall, and JD.com
- It actively engages with customers via social media

• Leyou has over 400 retail stores nationwide
  - Provide free WiFi at each store
  - Provide tablets for consumers to shop online
  - Serve as “temporary storage” for the online mall
  - Offer parent-child activities at stores every week

• It has set up a mobile app with online transaction function and built-in scan function
**CASE STUDY**

**LEYOU**

**Information collection**

- Member’s registration information
- Consumer’s spending records and their purchase cycles
- Comments and feedback posted on social media platforms

**Data analytics**

**BIG DATA**

- Identify new niche markets or market gaps
- Recommend products and send re-order reminders at appropriate times
- Design more effective and personalised marketing campaigns and promotions

**Recommendations**
5. Brand analysis and company profile
Brand Analysis

Top 10 Children's Wear Brands in China

Exhibit 12: Brand share of the top 10 children's wear brands in China, 2010 and 2014

- Children's wear market in China is fragmented. The Top 10 brands* accounted for around 10% of the total in 2014.
- No dominant leader is found in the market yet.
- The difference in market share between the top players is very small.
- Domestic brands Balabala, Annil and Pepco remained the top three brands in 2014.
- Foreign players Gap and H&M as well as local brands Red Kids, Anta Kids and Pencil Club were the new entrants in the 2014 ranking, while Dadida, Bobdog, Shuihaier, Paclantic and Nike Kids dropped out.

<table>
<thead>
<tr>
<th>Rank in 2010</th>
<th>Rank in 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Balabala 1.9%</td>
<td>Balabala 3.6%</td>
</tr>
<tr>
<td><strong>2</strong> Pepco 0.7%</td>
<td>Annil 0.9%</td>
</tr>
<tr>
<td><strong>3</strong> Annil 0.7%</td>
<td>Pepco 0.9%</td>
</tr>
<tr>
<td><strong>4</strong> Adidas Kids 0.6%</td>
<td>Red Kids 0.8%</td>
</tr>
<tr>
<td><strong>5</strong> Dadida 0.5%</td>
<td>Adidas Kids 0.8%</td>
</tr>
<tr>
<td><strong>6</strong> Disney 0.5%</td>
<td>Gap Kids 0.7%</td>
</tr>
<tr>
<td><strong>7</strong> Nike Kids 0.5%</td>
<td>Anta Kids 0.6%</td>
</tr>
<tr>
<td><strong>8</strong> Bobdog 0.4%</td>
<td>Disney 0.6%</td>
</tr>
<tr>
<td><strong>9</strong> Shuihaier 0.4%</td>
<td>Pencil Club 0.5%</td>
</tr>
<tr>
<td><strong>10</strong> Paclantic 0.3%</td>
<td>H&amp;M 0.5%</td>
</tr>
</tbody>
</table>

Source: Euromonitor International; compiled by Fung Business Intelligence Centre
Domestic brands clearly dominated the China market, 7 out of the top 10 children's wear brands in China were domestic brands.

Source: Euromonitor International; compiled by Fung Business Intelligence Centre

* Disney apparel is distributed under The Roly Group, and Li & Fung has acquired the children apparel and toys businesses in Greater China from The Roly Group in 2010.
**BRAND ANALYSIS**

**TOP 10 CHILDREN'S WEAR BRANDS IN CHINA**

Exhibit 14: Average price and product offerings of the top children’s wear brands in China

<table>
<thead>
<tr>
<th>Ranked by sales</th>
<th>Brand</th>
<th>Average price (yuan)*</th>
<th>Product offerings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Balabala</td>
<td>60-160</td>
<td><img src="logo_boy.png" alt="Boy" /> <img src="logo_girl.png" alt="Girl" /> <img src="logo_baby.png" alt="Baby" /></td>
</tr>
<tr>
<td>2</td>
<td>Annil</td>
<td>100-160</td>
<td><img src="logo_boy.png" alt="Boy" /> <img src="logo_girl.png" alt="Girl" /> <img src="logo_baby.png" alt="Baby" /></td>
</tr>
<tr>
<td>3</td>
<td>Pepco</td>
<td>90-140</td>
<td><img src="logo_boy.png" alt="Boy" /> <img src="logo_girl.png" alt="Girl" /> <img src="logo_baby.png" alt="Baby" /></td>
</tr>
<tr>
<td>4</td>
<td>Red Kids</td>
<td>80-200</td>
<td><img src="logo_boy.png" alt="Boy" /> <img src="logo_girl.png" alt="Girl" /> <img src="logo_baby.png" alt="Baby" /></td>
</tr>
<tr>
<td>5</td>
<td>Adidas Kids</td>
<td>200-250</td>
<td><img src="logo_boy.png" alt="Boy" /> <img src="logo_girl.png" alt="Girl" /> <img src="logo_baby.png" alt="Baby" /></td>
</tr>
<tr>
<td>6</td>
<td>Gap Kids</td>
<td>80-150</td>
<td><img src="logo_boy.png" alt="Boy" /> <img src="logo_girl.png" alt="Girl" /> <img src="logo_baby.png" alt="Baby" /></td>
</tr>
<tr>
<td>7</td>
<td>Anta Kids</td>
<td>80-140</td>
<td><img src="logo_boy.png" alt="Boy" /> <img src="logo_girl.png" alt="Girl" /> <img src="logo_baby.png" alt="Baby" /></td>
</tr>
<tr>
<td>8</td>
<td>Disney</td>
<td>170-230</td>
<td><img src="logo_boy.png" alt="Boy" /> <img src="logo_girl.png" alt="Girl" /> <img src="logo_baby.png" alt="Baby" /></td>
</tr>
<tr>
<td>9</td>
<td>Pencil Club</td>
<td>130-180</td>
<td><img src="logo_boy.png" alt="Boy" /> <img src="logo_girl.png" alt="Girl" /> <img src="logo_baby.png" alt="Baby" /></td>
</tr>
<tr>
<td>10</td>
<td>H&amp;M</td>
<td>50-150</td>
<td><img src="logo_boy.png" alt="Boy" /> <img src="logo_girl.png" alt="Girl" /> <img src="logo_baby.png" alt="Baby" /></td>
</tr>
</tbody>
</table>

* Note: Comparing marked price for similar style of T-shirts for boys.
Source: Euromonitor International; company websites; compiled by Fung Business Intelligence Centre
BRAND ANALYSIS
TOP 10 CHILDREN'S WEAR BRANDS IN CHINA

Exhibit 15: Positioning map of the top children’s wear brands in China

Source: Fung Business Intelligence Centre
**BRAND ANALYSIS**

**CNCIC* - PERFORMANCE OF THE TOP 20 BRANDS IN CHILDREN'S WEAR MARKET IN CHINA IN 2014**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Market shares** (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balabala</td>
<td>4.18</td>
</tr>
<tr>
<td>Adidas Kids</td>
<td>4.00</td>
</tr>
<tr>
<td>Nike Kids</td>
<td>3.58</td>
</tr>
<tr>
<td>Annil</td>
<td>3.47</td>
</tr>
<tr>
<td>Les Enphants</td>
<td>2.39</td>
</tr>
<tr>
<td>Shuihaier</td>
<td>1.92</td>
</tr>
<tr>
<td>E-land</td>
<td>1.72</td>
</tr>
<tr>
<td>Paw in Paw</td>
<td>1.72</td>
</tr>
<tr>
<td>Goodbaby</td>
<td>1.65</td>
</tr>
<tr>
<td>Anta Kids</td>
<td>1.60</td>
</tr>
<tr>
<td>Pepco</td>
<td>1.53</td>
</tr>
<tr>
<td>ABC</td>
<td>1.51</td>
</tr>
<tr>
<td>Camkids</td>
<td>1.47</td>
</tr>
<tr>
<td>Labi Baby</td>
<td>1.46</td>
</tr>
<tr>
<td>Dadida</td>
<td>1.44</td>
</tr>
<tr>
<td>Snoopy</td>
<td>1.35</td>
</tr>
<tr>
<td>Whale’c</td>
<td>1.28</td>
</tr>
<tr>
<td>Paclantice</td>
<td>1.17</td>
</tr>
<tr>
<td>Yeehoo</td>
<td>1.13</td>
</tr>
<tr>
<td>Disney</td>
<td>1.07</td>
</tr>
</tbody>
</table>

*The China National Commercial Information Centre (CNCIC) conducts monthly survey to around 200 major department stores in China to study the performance of different apparel sub-sectors. It is noteworthy that the CNCIC data covers sales in major department stores only. For children’s wear, professional stores, specialty stores, hypermarkets and supermarkets are also important sales channels. Hence, the actual overall market share of the brands may deviate from the CNCIC survey.*

**The market share is obtained based on the weighted mean of the market share and the market coverage, indicating the overall market share of children's wear brands in China with regard to varying weights in different regions.**
## Brand Analysis

CNCIC - Performance by Sub-segment

The Top 10 Brands in Children’s Sportswear in 2014

<table>
<thead>
<tr>
<th>Brand</th>
<th>Market shares* (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adidas Kids</td>
<td>25.43</td>
</tr>
<tr>
<td>Nike Kids</td>
<td>23.10</td>
</tr>
<tr>
<td>Anta Kids</td>
<td>10.01</td>
</tr>
<tr>
<td>Camkids</td>
<td>9.73</td>
</tr>
<tr>
<td>361 Degrees Kids</td>
<td>6.70</td>
</tr>
<tr>
<td>Xtep</td>
<td>5.31</td>
</tr>
<tr>
<td>Jeep</td>
<td>5.30</td>
</tr>
<tr>
<td>Kappa</td>
<td>2.75</td>
</tr>
<tr>
<td>New Balance</td>
<td>2.53</td>
</tr>
<tr>
<td>Li Ning Kids</td>
<td>1.88</td>
</tr>
<tr>
<td>Others</td>
<td>7.26</td>
</tr>
</tbody>
</table>

Note: It is noteworthy that the CNCIC data covers sales in major department stores only. The actual overall market share of children’s wear brands may deviate from the CNCIC data.

*The market share is obtained based on the weighted mean of the market share and the market coverage, indicating the overall market share of children’s wear brands in China with regard to varying weights in different regions.
## Brand Analysis
### CNCIC - Performance by Sub-Segment
### The Top 10 Brands in Boys' and Girls' Wear in 2014

<table>
<thead>
<tr>
<th>Brand</th>
<th>Market shares* (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balabala</td>
<td>5.72</td>
</tr>
<tr>
<td>Annil</td>
<td>4.69</td>
</tr>
<tr>
<td>Shuihaier</td>
<td>2.59</td>
</tr>
<tr>
<td>Goodbaby</td>
<td>2.23</td>
</tr>
<tr>
<td>Pepco</td>
<td>2.06</td>
</tr>
<tr>
<td>ABC</td>
<td>2.05</td>
</tr>
<tr>
<td>Dadida</td>
<td>1.95</td>
</tr>
<tr>
<td>Snoopy</td>
<td>1.81</td>
</tr>
<tr>
<td>Whale'c</td>
<td>1.72</td>
</tr>
<tr>
<td>Paclantic</td>
<td>1.59</td>
</tr>
<tr>
<td>Others</td>
<td>73.59</td>
</tr>
</tbody>
</table>

Note: It is noteworthy that the CNCIC data covers sales in major department stores only. The actual overall market share of children's wear brands may deviate from the CNCIC data.

*The market share is obtained based on the weighted mean of the market share and the market coverage, indicating the overall market share of children's wear brands in China with regard to varying weights in different regions.*
## BRAND ANALYSIS

**CNCIC - PERFORMANCE BY SUB-SEGMENT**

**THE TOP 10 BRANDS IN TODDLERS' AND BABIES' WEAR IN 2014**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Market shares* (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Les Enphants</td>
<td>11.78</td>
</tr>
<tr>
<td>Yeehoo</td>
<td>5.81</td>
</tr>
<tr>
<td>Labi Baby</td>
<td>3.85</td>
</tr>
<tr>
<td>Goodbaby</td>
<td>3.48</td>
</tr>
<tr>
<td>Piyopiyo</td>
<td>2.30</td>
</tr>
<tr>
<td>Hallmark</td>
<td>2.16</td>
</tr>
<tr>
<td>Shuihaier</td>
<td>1.97</td>
</tr>
<tr>
<td>Senbodulun</td>
<td>1.89</td>
</tr>
<tr>
<td>Annil</td>
<td>1.86</td>
</tr>
<tr>
<td>Nicholas Bears</td>
<td>1.66</td>
</tr>
<tr>
<td>Others</td>
<td>63.26</td>
</tr>
</tbody>
</table>

Note: It is noteworthy that the CNCIC data covers sales in major department stores only. The actual overall market share of children’s wear brands may deviate from the CNCIC data.

*The market share is obtained based on the weighted mean of the market share and the market coverage, indicating the overall market share of children’s wear brands in China with regard to varying weights in different regions.
In June 2015, the Fung Business Intelligence Centre visited the store of selected major children’s wear brands in Shenzhen and Guangzhou, including Balabala, Annil, Pepco, Adidas Kids, Gap Kids, Anta Kids, Disney, Pencil Club, H&M Kids and Nike Kids. This section highlights the store basics, product offerings and prices, visual merchandising, promotional campaigns and O2O initiatives.
**Profile:**
- A Chinese brand established in 2002
- Store count nationwide (self-managed/franchised stores): ~3,540*
- No. of cities: ~180*
- Market share (2014): 3.6%**

**Design:**
- Casual, trendy

**Target:**
- 0-16 years old

---

**Product categories and prices:**

- **Top**
  - Coats: 300-1000 yuan
  - Shirts: 120-180 yuan
  - T-shirts: 60-180 yuan

- **Trousers/dresses**
  - Pants: 140-200 yuan
  - Shorts: 120-180 yuan
  - Dresses: 120-250 yuan
  - Skirts: 90-180 yuan

- **Others**
  - Legging: 50-100 yuan
  - Shoes: 170-200 yuan
  - Accessories: 40-200 yuan

- **Others**
  - Shoes: 170-360 yuan
  - Accessories: 40-200 yuan

- **Baby**
  - One piece: 80-160 yuan

**Product mix:**
- **Girl:** 40%
- **Boy:** 40%
- **Baby:** 20%

---

Note: Data as of June 2015; facts and observation provided are based on the store visits conducted in field trip in June 2015


**BRAND ANALYSIS**

**BRAND PROFILE**

**Website:**

**Online stores:**
- Tmall - [http://balabala.tmall.com/](http://balabala.tmall.com/)
- JD - [http://balabala.jd.com/](http://balabala.jd.com/)
- Dangdang - [http://shop.dangdang.com/8603](http://shop.dangdang.com/8603)

**Social media:**
- WeChat, Sina Weibo, mobile app (non-transactional)

**O2O integration:**
- In-store poster with QR code to promote the brand’s WeChat account.

**Store Basics: Standalone store**

<table>
<thead>
<tr>
<th>Location</th>
<th>No. 112 Hua Jing Road, Tianhe District (Guangzhou)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store size</td>
<td>Around 500 sqft</td>
</tr>
<tr>
<td>No. of staff</td>
<td>2</td>
</tr>
<tr>
<td>Surrounding brands</td>
<td>Annil</td>
</tr>
<tr>
<td>Close to the escalator</td>
<td>N.A</td>
</tr>
</tbody>
</table>

**Visual merchandising:**
- Cross merchandising, with tops, bottoms and accessories mix & match

**Promotion:**
- 12% off discount for any two items

**VIP program:**
- 12% off discount on new arrivals
- Exclusive birthday discount
### Brand Analysis

#### Brand Profile

- **Profile:**
  - A Chinese brand established in 1996
  - Store count nationwide (self-managed/franchised stores): ~1,629*
  - No. of cities: ~46*
  - Market share (2014): 0.9%**

- **Design:**
  - Cartoon, casual

- **Target:**
  - 0-12 years old

---

#### Product categories and prices:

**Top**
- Coats: 300-450 yuan
- Shirts: 150-200 yuan
- T-shirts: 100-200 yuan

**Trousers/dresses**
- Pants: 100-270 yuan
- Shorts: 50-150 yuan
- Dresses: 120-250 yuan
- Skirts: 100-200 yuan

**Others**
- Accessories: 30-240 yuan

**Baby’s one piece**
- 200-400 yuan

---

#### Product mix:

- **Girl:** 50%
- **Boy:** 40%
- **Baby:** 10%

---

Note: Data as of June 2015; facts and observation provided are based on the store visits conducted in field trip in June 2015

Brand Analysis
Brand Profile

Website:
- http://www.annil.com/

Online stores:
- Tmall - http://annil.tmall.com/
- JD - http://annil.jd.com/?cpdad=1DLSUE
- Dangdang - http://shop.dangdang.com/4236
- Paipai - http://shop.paipai.com/855010068
- Cod flash sales - http://annilcod.jd.com/

Social media:
- WeChat, Sina Weibo

Store Basics: Store in department store

<table>
<thead>
<tr>
<th>Name of the department store</th>
<th>Shenzhen Maoye Department Store</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store size</td>
<td>Around 300 - 400 sqft</td>
</tr>
<tr>
<td>No. of staff</td>
<td>2</td>
</tr>
<tr>
<td>Surrounding brands</td>
<td>QQ Duck, Mini Peace</td>
</tr>
<tr>
<td>Close to the escalator</td>
<td>N.A</td>
</tr>
</tbody>
</table>

Visual merchandising:
- Storage merchandising products are displayed in divided storage on the shelves

Promotion:
- 20% to 50% off discount on selected items

VIP program:
- 15% to 20% off discount on new arrivals
- Exclusive birthday discount
**BRAND ANALYSIS**

**BRAND PROFILE**

**Profile:**
- A Chinese brand established in 1995
- Store count nationwide (self-managed/franchised stores): ~2,700*
- No. of cities: ~30*
- Market share (2014): 0.9%^*

**Design:**
- Cartoon, casual

**Target:**
- 0-15 years old

---

**Product categories and prices:**

- **Girl:**
  - Tops: 180-460 yuan
  - Shirts: 150-200 yuan
  - T-shirts: 120-200 yuan

- **Boy:**
  - Tops: 180-460 yuan
  - Shirts: 120-200 yuan
  - T-shirts: 90-140 yuan

- **Pants:**
  - 120-250 yuan

- **Shoes:**
  - 230-260 yuan

---

**Product mix:**

- **Girl:** 60%
- **Boy:** 40%

---

*Note: Data as of June 2015; facts and observation provided are based on the store visits conducted in field trip in June 2015


**Euromonitor International – “Children's wear in China”, May 2015**
Website:

Online stores:
- Tmall - http://pepco.tmall.com/
- VIP.com - http://brand.vip.com/Pepco/

Social media:
- WeChat, Sina Weibo

<table>
<thead>
<tr>
<th>Store Basics: Store in department store</th>
<th>Visual merchandising:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of the department store</td>
<td>Zone merchandising according to different categories</td>
</tr>
<tr>
<td>Store Size</td>
<td>Promotion:</td>
</tr>
<tr>
<td>No. of staff</td>
<td>30% to 50% off discount on selected items</td>
</tr>
<tr>
<td>Surrounding brands</td>
<td>VIP program:</td>
</tr>
<tr>
<td>Close to the escalator</td>
<td>10% off discount on new arrivals</td>
</tr>
<tr>
<td></td>
<td>Exclusive birthday discount</td>
</tr>
</tbody>
</table>

- Shenzhen Maoye Department Store
- Around 200 – 300 sqft
- 1
- JoJo
- Yes
BRAND ANALYSIS
BRAND PROFILE

Profile:
• A German sportswear entered China in 1997*
• Store count nationwide (self-managed/franchised stores): n/a
• No. of cities: n/a
• Market share (2014): 0.7%**

Design:
• Sporty, causal

Target:
• 0 - 14 years old

Product categories and prices:

Product mix:
Girl: 40%  Boy: 40%  Baby: 10%

Note: Data as of June 2015; facts and observation provided are based on the store visits conducted in field trip in June 2015
**BRAND ANALYSIS**

**BRAND PROFILE**

**Website:**
- [http://www.adidas.com/cn](http://www.adidas.com/cn)

**Online stores:**
- Self-operated online store - [http://shop.adidas.cn/](http://shop.adidas.cn/)
- JD - [http://adidas.jd.com/?cpdad=1DLSUE](http://adidas.jd.com/?cpdad=1DLSUE)
- Paipai - [http://shop.paipai.com/287447076/0-0000000000-0-7-1-40-0-0-0-0/sKK1z14tMV4tMQ==/index.shtml](http://shop.paipai.com/287447076/0-0000000000-0-7-1-40-0-0-0-0/sKK1z14tMV4tMQ==/index.shtml)

**Social media:**
- WeChat, Sina Weibo

---

**Store Basics: Store in department store**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of the department store</td>
<td>Shenzhen Maoye Department Store</td>
</tr>
<tr>
<td>Store size</td>
<td>Around 200 – 300 sqft</td>
</tr>
<tr>
<td>No. of staff</td>
<td>1</td>
</tr>
<tr>
<td>Surrounding brands</td>
<td>Nike</td>
</tr>
<tr>
<td>Close to the escalator</td>
<td>N.A</td>
</tr>
</tbody>
</table>

**Visual merchandising:**
- Cross merchandising, with tops, bottoms and accessories mix & match

**Promotion:**
- 5% off with Maoye Department Store membership card

**VIP program:**
- 10% off discount with membership card
**Profile:**
- An American brand established in 1969
- Store count nationwide (self-managed stores): ~100*
- No. of cities: ~28*
- Market share (2014): 0.6%**

**Design:**
- Causal, stylish

**Target:**
- 0 - 14 years old

**Product categories and prices:**
- **Top**
  - Coats: 250-550 yuan
  - Shirts: 150-180 yuan
  - T-shirts: 80-150 yuan
- **Trousers/dresses**
  - Pants: 100-230 yuan
  - Shorts: 100-200 yuan
  - Dresses: 150-300 yuan
  - Skirts: 170-200 yuan
- **Others**
  - Shoes: 70-180 yuan
  - Accessories: 70-200 yuan
- **Others**
  - Shoes: 80-400 yuan
  - Accessories: 60-200 yuan
- **Baby’s one piece**
  - Shoes: 80-300 yuan

**Product mix:**
- Girl: 40%
- Boy: 40%
- Baby: 20%


Note: Data as of June 2015; facts and observation provided are based on the store visits conducted in field trip in June 2015.
**Brand Analysis**

**Brand Profile**

### Website:
- [http://www.gap.cn/](http://www.gap.cn/)

### Online stores:
- Self-operated online store - [http://www.gap.cn/](http://www.gap.cn/)
- JD - [http://gap.jd.com/?cpdad=1DLSUE](http://gap.jd.com/?cpdad=1DLSUE)

### Social media:
- WeChat, Sina Weibo

### O2O integration:
- Promote online store at the offline store
- Scan QR code linked to WeChat and online store

### Store Basics: Store in shopping mall

<table>
<thead>
<tr>
<th>Name of the department store</th>
<th>Futian Coco Park (Shenzhen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store size</td>
<td>Around 500 – 600 sqft</td>
</tr>
<tr>
<td>No. of staff</td>
<td>2</td>
</tr>
<tr>
<td>Surrounding brands</td>
<td>No children’s wear brand around</td>
</tr>
<tr>
<td>Close to the escalator</td>
<td>N.A</td>
</tr>
</tbody>
</table>

### Visual merchandising:
- Cross merchandising, with tops, bottoms and accessories mix & match

### Promotion:
- Up to 50% discount on selected items

### VIP program:
- Membership registration required for online purchase at self-operated online store
**Profile:**
- A Chinese brand established in 2008
- Store count nationwide (self-managed/franchised stores): ~1,228*
- No. of cities: ~143*
- Market share (2014): 0.6%**

**Design:**
- Sporty, causal

**Target:**
- 3-14 years old

---

**Product categories and prices:**

- **Top**: Coats: 180-340 yuan, T-shirts: 80-150 yuan
- **Trousers/dresses**: Pants: 140-260 yuan, Shorts: 100-180 yuan, Dresses: 120-200 yuan, Skirts: 180 yuan
- **Others**: Shoes: 160-400 yuan

- **Top**: Coats: 240-340 yuan, Shirts: 160-200 yuan, T-shirts: 90-140 yuan
- **Trousers**: Pants: 180-300 yuan, Shorts: 100-180 yuan
- **Others**: Shirts: 200-370 yuan

**Product mix:**

- **Girl**: 50%
- **Boy**: 50%

---

Note: Data as of June 2015; facts and observation provided are based on the store visits conducted in field trip in June 2015

**Brand Analysis**

**Brand Profile**

**Website:**
- [http://www.anta.com/](http://www.anta.com/)

**Online stores:**
- Self-operated online store - [http://antakids.com/](http://antakids.com/)
- Mobile app (transactional)
- Tmall - [http://anta.tmall.com/](http://anta.tmall.com/)
- JD - [http://anta.jd.com/](http://anta.jd.com/)

**Social media:**
- WeChat, Sina Weibo

---

**Store Basics: Store in shopping mall**

<table>
<thead>
<tr>
<th>Name of the department store</th>
<th>Grandview Mall (Guangzhou)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store size</td>
<td>Around 100 sqft</td>
</tr>
<tr>
<td>No. of staff</td>
<td>2</td>
</tr>
<tr>
<td>Surrounding brands</td>
<td>Cross, Skechers</td>
</tr>
<tr>
<td>Close to the escalator</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Visual merchandising:**
- Cross merchandising, with tops, bottoms and accessories mix & match

**Promotion:**
- 12% off discount on one item
- 25% off discount on two items

**VIP program:**
- 5%-10% off discount on new arrivals
**Profile:**
- An American brand established in 1923
- Store count nationwide (self-managed/franchised stores): ~150*
- No. of cities: 24*
- Market share (2014): 0.6**

**Design:**
- Cartoon, causal

**Target:**
- 2-12 years old

**Product categories and prices:**
- **Top**
  - Shirts: 120-220 yuan
  - T-shirts: 150-170 yuan
- **Trouser/dresses**
  - Pants: 230-250 yuan
  - Shorts: 230-250 yuan
  - Dresses: 400-550 yuan
  - Skirts: 300 yuan
- **Trousers**
  - Pants: 270 yuan
  - Shorts: 230-250 yuan

**Product mix:**
- **Girl:** 50%
- **Boy:** 50%

---


**Euromonitor International – “Children’s wear in China”, May 2015**

Note: Data as of June 2015; facts and observation provided are based on the store visits conducted in field trip in June 2015
**Brand Analysis**

**Brand Profile**

**Website:**

**Online stores:**
- Xiaozhuren (Website currently under construction)

**Social media:**
- Sina Weibo

**Store Basics: Store in department store**

<table>
<thead>
<tr>
<th>Name of the department store</th>
<th>Shenzhen Maoye Department Store</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store size</td>
<td>Around 200 – 300 sqft</td>
</tr>
<tr>
<td>No. of staff</td>
<td>1</td>
</tr>
<tr>
<td>Surounding brands</td>
<td>Goodbaby, QQ Duck</td>
</tr>
<tr>
<td>Close to the escalator</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Visual merchandising:**
- Cross merchandising, with tops, bottoms and accessories mix & match

**Promotion:**
- Purchasing one piece get 30% off; purchasing two pieces get 40% off

**VIP program:**
- Join for free
- Every 2 yuan spending can collect one point; every 500 points can have 25 yuan off
**Brand Analysis**

**Brand Profile**

**Profile:**
- A Chinese brand established in 1996
- Store count nationwide (self-managed/franchised stores): ~1,500*
- No. of cities: n/a
- Market share (2014): 0.5%**

**Design:**
- Classic, trendy

**Target:**
- 4-14 years old

**Product categories and prices:**

- **Girl: 50%**
  - Top
    - Coats: 200-600 yuan
    - Shirts: 170-240 yuan
    - T-shirts: 130-170 yuan

- **Boy: 50%**
  - Top
    - Coats: 180-740 yuan
    - Shirts: 180-300 yuan
    - T-shirts: 130-180 yuan

- **Others**
  - Legging: 80-200 yuan

---

**Brand Analysis**

**Brand Profile**

**Website:**

**Online stores:**
- Dangdang - [http://shop.dangdang.com/15819](http://shop.dangdang.com/15819)

**Social media:**
- WeChat, Sina Weibo, mobile app (non-transactional)

**O2O integration:**
- In-store QR code linked to WeChat

---

**Store Basics: Store in department store**

<table>
<thead>
<tr>
<th>Name of the department store</th>
<th>Shenzhen Maoye Department Store</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store size</td>
<td>Around 200 – 300 sqft</td>
</tr>
<tr>
<td>No. of staff</td>
<td>1</td>
</tr>
<tr>
<td>Surrounding brands</td>
<td>Ponpoko</td>
</tr>
<tr>
<td>Close to the escalator</td>
<td>N.A</td>
</tr>
</tbody>
</table>

**Visual merchandising:**
- Cross merchandising, with tops, bottoms and accessories mix & match

**Promotion:**
- Up to 40% off discount on selected items

**VIP program:**
- 10% off discount on new arrivals
**Brand Analysis**

**Brand Profile**

**Profile:**
- A Swedish brand established in 1947
- Store count nationwide (self-managed stores): ~252* (Not every store include kid’s wear section)
- No. of cities: ~71*
- Market share (2014): 0.5%*

**Design:**
- Causal, stylish

**Target:**
- 0-14 years old

**Product categories and prices:**
- Girl: 40%
- Boy: 40%
- Baby: 20%

Note: Data as of June 2015; facts and observation provided are based on the store visits conducted in field trip in June 2015

**Brand Analysis**

**Brand Profile**

**Website:**
- [http://www2.hm.com/zh_cn/index.html](http://www2.hm.com/zh_cn/index.html)

**Online stores:**
- Self-operated online store - [http://www2.hm.com/zh_cn/index.html](http://www2.hm.com/zh_cn/index.html)
- Mobile app (transactional)

**Social media:**
- WeChat, Sina Weibo

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**Store Basics: Store in shopping mall**

<table>
<thead>
<tr>
<th>Name of the department store</th>
<th>PoPark Mall (Guangzhou East Rail Station)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store size</td>
<td>Around 300 sqft</td>
</tr>
<tr>
<td>No. of staff</td>
<td>8-10</td>
</tr>
<tr>
<td>Surrounding brands</td>
<td>No children’s wear brand around</td>
</tr>
<tr>
<td>Close to the escalator</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Visual merchandising:**
- Cross merchandising, with tops, bottoms and accessories mix & match

**Promotion:**
- Buy two get one free
- Up to 40% off discount for selected items

**VIP program:**
- Membership registration required for online purchase at self-operated online store
### Brand Analysis

#### Brand Profile

**Profile:**
- An American sportswear entered China in 1982*
- Store count nationwide (self-managed/franchised stores): n/a
- No. of cities: n/a
- Market share (2014): 0.2%**

**Design:**
- Sporty, causal

**Target:**
- 0-12 years old

### Product categories and prices:

**Girl:**
- Top: 350-400 yuan
- T-shirts: 150-200 yuan
- Trousers/dresses:
  - Pants: 250-300 yuan
  - Shorts: 200-230 yuan
- Others:
  - Shoes: 300-1100 yuan
  - Accessories: 80-370 yuan

**Boy:**
- Top:
  - Coats: 400-500 yuan
  - T-shirts: 150-270 yuan
- Trousers:
  - Pants: 300 yuan
  - Shorts: 200-250 yuan
- Others:
  - Shoes: 300-1100 yuan
  - Accessories: 80-300 yuan

**Baby:**
- Baby's one piece: 150-500 yuan

### Product mix:

- **Girl:** 40%
- **Boy:** 40%
- **Baby:** 20%

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*Note: Data as of June 2015; facts and observation provided are based on the store visits conducted in field trip in June 2015


**Euromonitor International – “Children’s wear in China”, May 2015*
### Website:
- http://www.nike.com/cn/zh_cn

### Online stores:
- Self-operated online store - http://www.nike.com/cn/zh_cn/
- Mobile app (transactional)
- Tmall - http://nike.tmall.com/
- JD - http://nikekids.jd.com/

### Social media:
- WeChat, Sina Weibo

### Store Basics: Store in department store

<table>
<thead>
<tr>
<th>Name of the department store</th>
<th>Shenzhen Maoye Department Store</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store size</td>
<td>Around 200-300 sqft</td>
</tr>
<tr>
<td>No. of staff</td>
<td>2</td>
</tr>
<tr>
<td>Surrounding brands</td>
<td>Jeep, Adidas, Boss</td>
</tr>
<tr>
<td>Close to the escalator</td>
<td>N.A</td>
</tr>
</tbody>
</table>

### Visual merchandising:
- Cross merchandising, with tops, bottoms and accessories mix & match

### Promotion:
- 5% off with Maoye Department Store membership card

### VIP program:
- Nil
6. Summary
SUMMARY

- More sophisticated
- Brand-conscious
- Drifting towards fashion and lifestyles brands
- Digital savvy and more interactive

- Getting fierce with more players entering the market
- Online shops are drawing store traffic/businesses away from offline shops
- Adopting O2O strategies

Children’s wear market

Room for future growth

Cost of doing businesses

Manpower

Consumer preference

Regulatory issues

- Relaxation of one-child policy from “4-2-1” to “4-2-2” family structure
- Increasing household income

- High labour costs/labour turnover
- Huge Investments in multiple channels & advanced technologies

- Lack of talents (sales and marketing, buyers, senior management)

- Product safety remains the primary concerns for parents

- More sophisticated
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End
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