

Children's Clothing Market in China: Physical Stores Supplemented by Online

As internet shopping continues to become ever more popular across the mainland, the number of online consumers has increased from 160 million in 2010 to 360 million in 2014, an annual average growth rate of 22.4%. According to an HKTDC Research survey report on China's Middle-class Consumers, 83% of respondents had experience of online shopping, while 13% had shopped on overseas websites. Despite being regular online shoppers, focus group discussions[1], organised by HKTDC Research in January 2015, revealed that most mainland parents still preferred to buy children's clothing items from physical stores. The discussions also found that parents would rely on their own senses - "seeing, smelling and touching" - as well as using personal experience to judge the quality and safety of baby and children's clothing. To give their children a unique image, some parents have even tried to use overseas online shopping websites to purchase foreign brands not yet available in Chinese stores. In view of competition from online retailers, most mainland enterprises dealing in baby and children's apparel have looked to adopt the "store + online" model of business.

Physical Stores: Meeting Parents' Need to Examine Goods

Despite the fact that mainland middle-class parents are accustomed to online shopping, when it comes to children's clothing, especially for infants under three years of age, parents still prefer to buy from a physical store. The focus group participants indicated they were concerned about the safety of materials and designs, though they seldom read the specifications on the labels. The majority said that they would check the labels to see whether or not the clothes were labelled as "Category A"[2], but they did not fully understand other label specifications. For this reason, parents mainly rely on their senses, "seeing, smelling and touching", as well as on personal experience to judge the quality and safety of garments. Buying children's clothing from physical stores not only allows parents to feel the softness of the materials and examine the workmanship of the garments in question, but also helps to avoid the problem of ending up with colours or sizes that differ to the online images.

Shopping centres, large shopping malls and department stores in China all have dedicated children's clothing zones, complete with collections of domestic and foreign brands to facilitate one-stop shopping. According to the focus group participants, promotional activities were organised in shopping malls during festival seasons, while brands also offered discounts from time to time to attract regular patronage. It was also believed that they could keep abreast of children's fashion trends for the current season from the window displays. Thus, physical stores remain the main purchasing channel for childrenswear among parents. First-time parents with infants under three years of age,



in particular, will seek advice from sales staff when purchasing infants clothing.



In-store Product Display

Overseas Online Shopping: Channel for Brands Not Locally Available

Some participants said they would shop online for children's clothing, but they were more likely to buy brands or styles not yet available in the mainland's bricks-and-mortar stores. Mainland parents hope to see their offspring dressed differently to other children so as to attract admiration and praise. In addition, now that mainland parents frequently travel abroad and make overseas business trips, they have wider exposure to foreign-branded children's clothing. They also like to discuss a variety of children's clothing brands with relatives and friends or among their social media groups. For example, Carter's and Children's Place of the US are two brands not yet available in physical stores in China, but which are widely recognised among mainland parents. Furthermore, parents will also search online to find out more about clothing brands. They will purchase these foreign brands via overseas online shopping websites, as long as the products are of a high quality and come in distinctive designs.



Shopping Online: a Parent-child Activity

“Store + Online” Model

Although some respondents said they would buy baby and children's clothing online, they were particularly inclined to buy brands or styles not yet available in the country in order to give their children a unique image.

Parents would buy online if the brand was regularly worn by their children, they were already familiar with the quality of the clothing from visits to physical stores or if the online price was cheaper. As a result, many mainland enterprises dealing in childrenswear adopt the “store + online” business model to get the best of both worlds and counter the growing competition from online sales. Owing to the different consumer preferences online and offline, some brands have adopted a differentiated sales strategy in which products in their online and physical stores are mutually exclusive. For example, in [Minipink](#)'s online store, 80% of the products are exclusively for online sales and are not available in its physical stores. The remaining 20% are off-season products from the physical stores. Customers who visit the physical stores care about the shopping experience. As a result, shop design, product display, sales service and expertise are all key focuses for physical stores.

To avoid conflicts between physical and online stores, some children's products retailers such as [Leyou \(China\) Chain Store](#) set the same in-store and online prices. Capitalising on the advantages of internet retailing, such as efficiency, convenience and easy price comparisons, Leyou offers daily flash sales via its mobile app. A “flash sale” is the practice of offering a limited number of discounted products at fixed hours every day to woo “bargain-hunting” moms. Specialised services, such as “order online, collect in-store” and “online pre-sale” help create the impression of “small store, big selection”. These tactics not only give consumers considerable shopping convenience, but have also resulted in higher in-store turnover. For example, consumers ordering online can collect their purchases from any nearby Leyou store or they can opt for delivery within two-



hours of ordering.

Advice for Hong Kong Companies: Building Word of Mouth Through Social Media

According to the findings from the focus group, new-generation parents like to surf and search online for information about childcare and children's products, and share such information through social media groups. For example, if a parent is unsure which down jacket to choose for their children, they may seek advice from relatives and friends in WeChat groups. Similarly, when they come across a quality children's clothing brand, they will recommend it to friends through QQ or Weibo. Even though some brands do not yet have a physical store on the mainland, word of mouth can still be created among mainland parents if the products are distinctive and the materials and designs are good enough. Parents will even try to purchase these brands through overseas online shopping websites.

Given that mainland parents like to shop online for children's clothing brands or styles not yet available in retail outlets, as an initial move, Hong Kong companies can set up online stores to explore the mainland market. They can capitalise on the advantages of the internet to build their brand image and use soft-sell strategies (such as sharing of children's fashion trends and childcare tips) to attract consumer attention and build brand reputation. In addition, as a majority of parents are happy to try out children's clothing brands recommended by relatives and friends, Hong Kong companies can engage with its customers through social media to build word of mouth for their brands and products. A Hong Kong company could also offer incentives to its member customers, such as providing cash coupons to members who successfully refer a friend who buys from its online store.

For sizeable Hong Kong companies, the "store + online" business model could be used to access the mainland children's clothing market. This model will not only meet parents' desires to "see, smell and touch" the actual products for themselves, but will also provide the efficiency, convenience and easy price comparison that online shopping offers. By taking this route, both online and offline advantages can be fully leveraged. Generally speaking, when shopping for children's clothing in physical and online stores, mainland parents have different habits and preferences. Hong Kong companies should therefore try to meet their different demands by adopting targeted sales and promotion strategies in order to set themselves apart from the multitude of brands already in the market.

[1] Participants in the focus group discussions were 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. Participants from Guangzhou and Shanghai had a monthly household income of Rmb12,000 or above, while those of Wuhan and Chengdu had a monthly household income of Rmb8,000 or above.

[2] According to GB18401-2010 *National General Safety Technical Code for Textile Products*, textile products should be labelled with different codes in accordance with the safety and technical requirements. They are Category A – products for infants; Category B – products with direct contact to skin; Category C – products without direct contact to



skin.

Find this page at

<http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/Children's-Clothing-Market-in-China--Physical-Stores-Supplemented-by-Online/rp/en/1/1X000000/1X0A25PW.htm>

Copyright©2015 Hong Kong Trade Development Council. Reproduction in whole or in part without prior permission is prohibited. While every effort has been made to ensure accuracy, the Hong Kong Trade Development Council is not responsible for any errors. Views expressed in this report are not necessarily those of the Hong Kong Trade Development Council.