



SOURCES: US CENSUS (POPULATION DATA); BABIES 'R' US, APRIL 1999 (STORE LOCATIONS)

Babies Mean Business

Today's tots account for \$17 billion in annual spending, and it isn't just mothers doing the buying.

BY CAROLYN M. EDY

Like most things, today's baby boom is more about psychographics than demographics. The number of babies born in the U.S. has hovered around 4 million for the past ten years, and the Census Bureau isn't predicting much change in the next ten years. Yet the baby product and apparel markets reached about \$17 billion spent on baby food,

furniture, equipment, and apparel, according to the 1997 Consumer Expenditure Survey from the Bureau of Labor Statistics.

Growth is due in part to the economy; people are spending more in general. Some companies are banking on the Census Bureau's middle-series projections, which put the number of births at nearly 5.7 million annually

by 2050. New products should fuel continued growth as well. Today's parents seek the best and safest products to help juggle work, workouts, home, and family. Finally, some of the growth in baby products—clothing in particular—is simply a means for established apparel brands to expand market share and get 'em while they're young.

So where are the big baby spenders?

Babies born to Western kin are outfitted in the priciest wardrobes, it seems. Though the Northeast leads in average annual spending on apparel and apparel services for all ages, the West spends 25 percent more than the Northeast on apparel for children under 2, according to the CES. The

South and Midwest lag behind—with reported spending for infant clothes at 45 percent and 59 percent less, respectively, than their Western counterparts.

Baby couture

In recent years, designers and retailers have spawned new lines, new products, sometimes entire stores, devoted to Baby—Tommy Hilfiger, DKNY, Gap, Toys 'R' Us, Guess, Talbots, Pottery Barn, Eddie Bauer, to name a few. Veteran brand Gerber has a line of clothing, and has expanded its baby food lines to include organic and toddler choices—areas that Heinz and BeechNut have entered as well.

The juvenile product industry (for ages 18 months and under) has grown more than 400 percent since 1980, according to the Juvenile Products Manufacturers Association, which estimates 1997's total retail sales at \$4.2 billion. The list of must-have infant accessories is endless. And as technology and innovation improve, the list gets longer.

Baby apparel carried a national price tag of about \$11.6 billion (including diapers) in 1997, according to CES data. This number was down 10 percent from 1996.

Sales of infant and toddler apparel (not including diapers) have increased 45 percent since 1993, according to the NPD Group American Shoppers Panel. "Every time we get back from a trade show it's like, ten new infant/toddler lines," comments Vanessa Groce, editor of *Earnshaw's*, a juvenile apparel trade publication.

New York City-based Tommy Hilfiger Children's rounded out its line of infant/toddler clothes this past January. A study commissioned by THC showed its customer base tended to live in households of four people or more; 77 percent lived in two-parent households and in 42 percent of households, both parents

worked. More than one-third of the two-earner families had a combined income greater than \$50,000. But the most important factor in expanding into infant and toddler lines, according to THC president Todd Howard, was the amount of stimulation children are exposed to through TV and the Internet. Kids today, Howard says, "are really fully involved in the decision process." Their choices will likely influence mom's choices when she's buying baby sibling's clothes.

Merrill Lynch analyst Brenda Gall says daycare also factors into opportunity for designer baby wear: "You're probably going to dress them better when you're sending them out of the house."

DKNY's new baby line says DKNY all over it, literally. But the

another token of congratulations.

Average annual spending on gifts in the West ranges from 21 to 33 percent higher than in the rest of the country. Average annual spending on infant gifts is about 55 percent higher in the West than in the Northeast, South or Midwest. In all regions, between 22 and 25 percent of annual spending on infants is for gifts.

Grandparents continue the giving trend long after the baby shower, and today's newborns have more grandparents, thanks to longer lives and second marriages. Adults over 55 spend about \$2.2 billion on infant products, according to CES data. As for the adults 54-and-under, Merrill Lynch analyst Gall says, "The baby boomer generation is big, and they spend on their grandchildren."

Despite all the gifts, parents are no

Older first-time parents and those in two-income households spent 62 percent more on infants in 1997.

items range from \$10 to \$68 for baby cashmere. If \$68 seems steep for something that is sure to be spit up on and grown out of in a matter of months, consider the babyGap Luxe cashmere sweater, which sold last winter for \$198. Today's upscale baby clothes often outrank the silver spoon—Tiffany's classic sterling baby spoon is a mere \$75.

According to the CES, 30 percent of apparel purchases for children under 2 is for gifts. Many '90s moms find they don't have to buy a thing for their little gift magnet until well after the first birthday party. Today's workplace and Jack-and-Jill baby showers (as in, not your traditional woman-only affair) can put an expectant mother on the receiving end of 10 to 50 gifts in an afternoon. Once the baby arrives, excited relatives, friends, and acquaintances present yet

slouches when it comes to spending on baby. Two-income households and older first-time moms are growing segments of the infant market. Though two-income earners account for only 33 percent of U.S. households, the \$8.4 billion they spent on infants was almost 50 percent of the amount spent by all consumer units, according to 1997 CES data. The 35-to-44 age group spent \$3.4 billion on infant equipment, furniture, and apparel, second only to 25-to-34-year-olds who spent \$5.2 billion. The two groups combined spent 62 percent more than the total spent by all other age groups.

THC's Howard says, "This is the one and only time in their lives when you can tell them exactly what to do and what to wear. However, they'll get you back in the middle of the night."