

'Mompreneurs' lead the way in infant-goods market

But having kids isn't a necessity for this growth business.

By Cara S. Trager

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In 2007, Lawrence Scheer didn't know much about babies. But that didn't stop the Harvard-trained lawyer from creating Magnificent Baby, an infant clothier that uses magnets rather than zippers, buttons or snaps to fasten garments more easily on squirming tots.

Mr. Scheer and his business partner, Lauren Levy, initially invested about \$40,000. They found a Chinatown seamstress to make product samples and relied on informal focus groups to perfect their line.

"We showed [our product] to all the mothers we knew to see if they liked it and made improvements based on their input," Mr. Scheer said. (Neither he nor Ms. Levy has children.)

They introduced the Magnificent Baby collection at a kid's fair last year. Since then, the company, headquartered in Ms. Levy's apartment on the Upper West Side, has sold apparel in 350 stores, including Nordstrom, Buy Buy Baby, and shops in Tokyo and Tel Aviv.

Magnificent Baby targets the luxury market, with prices ranging from \$12 for a bib to \$39 for footed pajamas. Its revenues are expected to reach \$500,000 this year, more than triple last year's sales.

A RECESSION-RESISTANT MARKET

Many women have started businesses after they have children and see untapped needs. They provide the leadership for such sites as Mom Invented, which offers community for "mompreneurs" and a place for them to sell their products.

U.S. wholesale revenues for prenatal through preschool items (excluding clothing and food) grew 3.7% in 2009 from the year before, to \$2.8 billion, according to the latest data from the Juvenile Products Manufacturers Association.

Local players are fully aware that New York parents spend more lavishly on their tots' trappings than their counterparts elsewhere in the country, except perhaps Los Angeles.

"There's such a preponderance of wealth ... driven by the financial markets in New York and the entertainment industry in Los Angeles that new mothers want to trade up and compete with the Joneses," said Peter Schaeffer, partner and head of the retail consumer group at Carl Marks Advisory Group, a New York consultancy and investment bank.

The infant-products business is not "women only," though women do dominate, Mr. Scheer says. "There are definitely fewer men than women in juvenile products—both as manufacturers and buyers," he said.

That's not necessarily a disadvantage for new entrants, including men, who "aren't [stuck] in the way things are typically done," said Bruce Bachenheimer, professor of management and director of entrepreneurship at Pace University's Lubin School of Business. "They may have the ability to recognize and capture an opportunity others don't see."

Jeff Dinski was just a day-old dad when he and his business partner, Matt Evans, who is unmarried and has no children, launched a website for moms last August. Planning their venture for about six months and using \$100,000 from their personal savings, the Harvard Business School alums modeled Gaggle of Chicks after Groupon.com.

The company, which has 15 staffers and is based in Brooklyn's Dumbo area, promotes a daily discount of up to 80% at such places as Karma Kids Yoga in the West Village. It receives a percentage of the discounted price.

Mr. Dinski said the two got the idea for the business after hearing female friends discuss the costs of raising children and the challenges of juggling work and family.

"That resonated with us," Mr. Dinski said. "Moms needed help."