



Market Report

A Snapshot of your Market Sector

Handmade Cosmetics & Soap

This pack has been designed to provide information on setting up a business in the Handmade Cosmetics & Soap industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in July 2018. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Handmade Cosmetics & Soap market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ **Six in 10 adults** who buy SBS products are interested in soap, bath and shower products that merge aromatherapy with other sensorial elements, such as heating and cooling skin, with **18% willing to pay more** for such an innovation. Interest rises amongst **16-34-year-old buyers to 71%**. (Mintel, *Soap, Bath and Shower Products*, UK, February 2017)
- ◆ The colour cosmetics category continues to show strong sales performance year on year, with a **6% rise in value in 2017** taking the category from **£1.86 billion in 2016 to £1.98 billion in 2017**. Both the premium and mass-market segments fared well in 2017 as women invested in products at both ends of the price spectrum. (Mintel, *Colour Cosmetics*, UK, May 2018)
- ◆ Skincare is the largest sector with 30.5% of industry revenue, **soap, shower and bath products** are next largest with **18.7%**, **facial cosmetics** and powders only accounts for an estimated **6%** of industry revenue (IBISWorld, *Perfume & Cosmetics Manufacturing in the UK*, December 2017)
- ◆ In 2017, super premium beauty and personal care **grows by 6% to reach GBP2.1 billion**. Super premium colour **cosmetics** records the strongest value **increase of 8% in 2017** albeit from a low base. Super premium beauty and personal care is set to register a CAGR of 5% in value sales at constant 2017 prices over the **forecast period to reach GBP2.8 billion by 2022** (Euromonitor, *Super Premium Beauty and Personal Care in the United Kingdom*, March 2018)
- ◆ Usage of natural/organic make-up is low, despite the increasing availability of natural/organic brands. Just **11% of women prefer natural/organic make-up**, increasing to 16% amongst women aged 25-44. **11% of female make-up buyers are influenced by ingredients** when purchasing base make-up, 9% when purchasing face colour make-up and 5% when purchasing nail make-up. (Mintel, *Natural, Organic and Ethical Toiletries*, UK, December 2017)
- ◆ The national organisation for this industry is the [Guild of Craft Soap & Toiletry Makers](#). Other industry bodies include the [Cosmetic Toiletry & Perfumery Association](#).



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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel – Soap, Bath and Shower Products, UK (February 2017)** - 32% of people have become more concerned about hygiene over the past six months, resulting in increased levels of showering, hand washing, and the use of hand sanitiser gel. Appearance has also become a bigger priority for adults over the last six months, rising to over half of 16-24-year-olds.
- ◆ **Mintel – Colour Cosmetics, UK (May 2018)** – Purchase of face make-up saw an increase in 2017, as purchase of liquid/ cream foundation saw a particular rise. The desire to create flawless looks, as well as NPD in foundations in 2017, are likely to have impacted purchase. Whilst purchase of lipstick remained static in the last 12 months, lip gloss shows evidence of making a comeback with purchase increasing. Mascara purchase is also on the rise whilst eyeshadow purchase shows a decline, suggesting that women are opting for make-up looks that are less time consuming.
- ◆ **IBISWorld - Perfume and Cosmetics Manufacturing in the UK (December 2017)** – Over the five years through 2022-23, industry revenue is projected to grow modestly. Technological advances are likely to remain a key driving force, along with the ongoing willingness of UK consumers to buy a growing range of multifunctional and environmentally friendly products, which are expected to become increasingly mainstream. Product innovation is instrumental in stimulating demand in a mature market.
- ◆ **Euromonitor – Super Premium Beauty and Personal Care in the United Kingdom (March 2018)** - Heritage super premium brands will face increased competition from niche players, while the industry as a whole can expect to see a growing threat from pharma-aligned brands that offer an attractive price-efficacy ratio. In the UK high-end skin care, especially facial care, is facing increased competition from dermocosmetic brands and those with a medical heritage. These pharma-aligned brands offer added value through medical claims and sophisticated innovation but at much more affordable price points than luxury ranges, encouraging consumers to trade down. Consumers will begin to prioritise remedial and preventative benefits over exotic ingredients or a prestigious brand name.

There are also a number of online resources you may find helpful:

- ◆ **Cosmetics Info** (cosmeticsinfo.org/) contains information on cosmetics, perfumery and the personal care industry. Also provides a directory of raw materials.
- ◆ **TheCosmeticSite** (cosmeticsandtoiletries.com/) is a comprehensive website with information on cosmetics and toiletry formulation, packaging suppliers, legal/regulatory requirements, manufacturing directory, testing information, new ingredients, breaking news, marketing and publications.
- ◆ **Soapmakers** (soapmakers.eu/unitedkingdom) The European directory of soap and cosmetic makers, the site current lists 116 soapmakers in the UK

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as Yell, Thomson Local or Google Maps
- ◆ Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- ◆ Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the Companies House website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Account](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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Updated by: Carla Bennett

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