



Market Report

A Snapshot of your Market Sector

Handmade Cosmetics and Soap

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

This pack has been designed to provide information on setting up a business in the **Handmade Cosmetics and 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 **December 2022**. 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 and 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:

- ◆ Although there has been no change in the percentage of consumers buying natural and organic beauty and personal care market, the Soil Association has reported a rise in value sales of certified organic health and beauty products, increasing **15%** to **£138million** in 2021, marking the 11th consecutive year of growth for this category. (Mintel, *Natural and Organic Toiletries* – UK, August 2022).
- ◆ Although other factors remain more important, consumers are willing to make their beauty and grooming routines more **eco-friendly** and they are already making changes, particularly among **Generation Z**. For example, now a number of products are also designed to be **gender-neutral**, appealing to the 63% of Gen Z who do not think that beauty/grooming products should be classified by gender (Mintel, *Soap, Bath and Shower Products* – UK, January 2021).
- ◆ Over the five years through 2027-28, industry revenue is forecast to grow at a compound annual rate of **3.7%** to reach **£6.6billion**. The natural beauty trend and skincare products are anticipated to continue to thrive. Innovation is likely to centre on natural and sustainable products, supporting specialist cosmetics and toiletries retailers. (IBISWorld, *Cosmetics and Toiletries Retailers in the UK*, August 2022).
- ◆ New organic types of soap have been introduced to the market in recent years meeting consumer demand for innovation. Growing environmental awareness has supported the revenue attributed to bars of soap. The use of barred soap has made a comeback in recent years as consumers are increasingly trying to reduce the use of plastic bottles. (IBISWorld- *Soap and Detergent Manufacturing in the UK*, October 2021)
- ◆ The national organisation for this industry is the [Guild of Craft Soap & Toiletry Makers](#). Other industry bodies include the [Cosmetic Toiletry & Perfumery Association](#).

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 – Beauty Online (November 2022).** According to Mintel research in the 12 months to August 2022, 61% of adults purchased beauty/grooming products online. Despite this, stores still dominate purchase activity. Experts can be on hand to showcase how to apply the products to achieve best results helping customers to avoid disappointment if a product ordered online is not as expected.
- ◆ **Mintel – Natural and Organic Toiletries (August 2022).** In the UK, 37% of 16 to 34 year olds choose natural and organic beauty and personal care products as they believe them to be better for their health, while 25% believe them to contain higher quality ingredients. This aligns with 24% of 16 to 34 year olds researching ingredients in skincare products because they are concerned about the safety of certain ingredients.
- ◆ **Mintel – Hand, Body and Footcare – UK (August 2022)** The hand, body and footcare category is crowded with innovation, especially with new product launches from smaller and premium brands. Despite mass market brands being used by 51% of hand, body and footcare users, it is difficult for any one mass market brand to gain dominant share of the market.

There are also several online resources you may find helpful:

- ◆ **Soapmakers** is the **European Directory of Soap and Cosmetic Makers** which can be searched by product type and location (United Kingdom) (tinyurl.com/y37n2ghq).
- ◆ **The Soil Association** has a report on the **Organic Beauty and Wellbeing Market 2021** which contains key statistics on the industry and this year focusses on how certified organic beauty and wellbeing products support sustainable benefits to the environment. The report also looks at opportunities and challenges for the year ahead (tinyurl.com/y6jz8nzt).

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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**

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](#) 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 Accountant](#)" 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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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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