



# 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](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **December 2023**. 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 11<sup>th</sup> consecutive year of growth for this category. (Mintel, *Natural and Organic Toiletries – UK 2022*).
- ◆ The soap, bath and shower category suffered a post-COVID-19 decline in 2021 and 2022, but **2023 will see value sales in the category steady**. The income-squeeze is impacting bathing and purchase behaviours, and brands can underline value with large pack sizes and price locks in response. For consumers with room in their budget, there are opportunities to encourage indulgence with mini pack sizes from premium brands, more innovation at a masstige price point, “skinification” and next-gen wellbeing offerings with neurocosmetic ingredients, and formats to encourage playfulness. (Mintel, *Soap, Bath and Shower Products – UK 2023*).
- ◆ Cosmetics and toiletries retailing revenue is expected to edge upwards at a compound annual rate of **0.2%** over the five years through **2023-24**. Over the five years through **2028-29**, revenue is expected to mount at a compound annual rate of **2.4% to £7.1 billion**, while profit’s set to stay flat. Shops are expected to continue to face competitive pressures from department stores and online-only retailers. (IBISWorld, *Cosmetics and Toiletries Retailers in the UK*, December 2023).
- ◆ Surging environmental awareness has presented an opportunity. Many local soap producers are entering the industry, selling **sustainable and organic products** directly to consumers through their websites and online retailers. (IBISWorld- *Soap and Detergent Manufacturing in the UK*, December 2023)
- ◆ 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](mailto:info@bgateway.com).

- ◆ **Mintel – Online Retailing: Delivery, Collection and Returns UK (November 2023).** Year-on-year purchasing of toiletries, fragrances and/or cosmetics has grown, with many taking on savvier shopping behaviours amidst the cost-of-living crisis on day-to-day essentials. Women aged 25-44 are significantly more likely than other groups to purchase from the category, and the number purchasing the category has grown from 54% to 65% year-on-year.
- ◆ **Mintel – Sustainability in Beauty and Personal Care UK (September 2023).** Interest in refillable products is considerable, and NPD is responding to meet demand. In 2022, 9% of BPC launches featured refill claims. However, the hand soap category (where 30% of adults have used a refillable product) serves as proof that when refills are available, consumers will choose them.
- ◆ **Mintel – Hand, Body and Footcare – UK (August 2023).** Despite the income-squeeze impacting consumer spending power, the hand, body and footcare category is expected to grow in 2023. Consumers value their body skin as much as they do their facial skin and are interested in products to help tackle signs of ageing, blemishes or atopic skin.

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](https://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](https://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](mailto: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](mailto: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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**Updated by: Victoria**

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