



Market Report

A Snapshot of your Market Sector

Handmade Cosmetics and Soap

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 **October 2020**. 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:

- ◆ The size of the soap, bath and shower products market grew at a sub-inflation rate of 0.3% in 2017, accelerating marginally by 0.9% to an estimated **£659 million** in 2018 (Mintel, *Soap, Bath and Shower Products – UK*, February 2019).
- ◆ 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, with the revival of bar soaps an indication that consumers are switching to eco-friendly products. Usage of bar soap was **up to 52% in 2018, from 48% in 2016**, with a number of eco-friendly brands introducing more solid formats. (Mintel, *The Green BPC Consumer – UK*, February 2020).
- ◆ Over the five years through 2024-25, industry revenue is forecast to increase at a compound annual rate of **4.6% to reach £6.8 billion**. Demand is expected to remain constrained in the medium term as consumers continue to limit discretionary spending amid persisting uncertainty surrounding near-term economic prospects. Nevertheless, exports are expected to grow in the first half of the period, while operators are expected to make use of new technologies to continue to develop new value-added, eco-friendly products as they seek to benefit from rising consumer demand for environmentally friendly products. (IBISWorld, *Perfume & Cosmetics Manufacturing in the UK*, March 2020).
- ◆ As of 3 June, **28% of people** said that they expected to spend less than usual on BPC over the coming month, compared to just **6%** who planned to increase their spending. That said, most people say that their spending habits on BPC have remained largely unaffected by the COVID-19 outbreak during the lockdown period. (Mintel, *The Impact of COVID-19 on BPC - UK*, June 2020).
- ◆ 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 - *Natural and Organic Toiletries: Inc Impact of COVID-19 - UK (June 2020)***. According to the Soil Association, sales of natural and organic health and beauty products have continued to climb – **reaching £106 million in 2019**. Growth is being driven by the consumer’s intensifying commitment to sustainability and the clean beauty movement, which is seeing consumers place more scrutiny on the safety of BPC ingredients for the sake of their wellbeing. In a post-COVID-19 world, these trends will become even more important as the pandemic will further encourage people to be mindful of their health and wellbeing, which will have a positive impact on natural/organic BPC.
- ◆ **IBISWorld - *Soap & Detergent Manufacturing in the UK (May 2020)***. The spread of the coronavirus in 2020 has driven revenue growth over the two years through 2020-21. The virus is expected to have resulted in households and businesses stockpiling soap products and cleaning agents protect themselves against infection, causing a sharp growth in demand during the final quarter of 2019-20. Industry revenue **grew by 14.7% in 2019-20**. The outbreak is anticipated to result in revenue growth of **6%** in the current year.
- ◆ **Mintel – *Soap, Bath and Shower Products – UK (February 2019)***. Although the soap, bath and shower category is under some pressure, there are plenty of bright spots that point the way towards future growth. The success of Baylis & Harding in convincing consumers to upgrade to a more premium product shows that products can still benefit from creating differentiation in the sector. Few mainstream brands have yet to capitalise fully on consumer interest in ethical and environmentally-friendly products, highlighting a way for brands to get ahead of the competition.

There are also a number of 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 2019** which contains key statistics on the industry and looks at the themes of holistic beauty, kindness to the planet, Millennials & Gen Z, and organic certification. The report also looks at opportunities and challenges for the year ahead (tinyurl.com/y6jz8nzt).

Disclaimer: This report has been updated in October 2020 - we have included Post COVID-19 market material where available. Please note that this research may contain copyrighted material. Copyright belongs to the holders credited above and, as such, recipients of this research reproduce and repurpose this information at their own risk.

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 [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

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 websites, 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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