



Market Report

A Snapshot of your Market Sector

Maternity & Baby Products

This pack has been designed to provide information on setting up a business in the Maternity & Baby Products 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 May 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 Maternity & Baby Products 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 nursery and baby equipment market is estimated to have **grown 3.7%, reaching £932 million** in 2017. This is equal to **£232 spent for every child in the UK age 0-4**. (Mintel, *Nursery & Baby Equipment Retailing*, UK, February 2018)
- ◆ A **negative rate of growth** is projected for the population of the under-fives in the **next five years** as the baby boom has come to an end. This will have implications for the sector as the **key age range for toys is 0-4**, with the main toy shoppers peaking among parents with children aged five and under. (Mintel, *Toy Retailing*, UK, February 2017)
- ◆ Volume sales of baby food, drink and milk **fell by 5.2% in 2017**, their second consecutive year of decline. Baby food, drink and milk **value sales are projected to grow by 6.8%** to reach £783 million and **volume sales to decline by 5.5%** to 86 million kg by 2022. Some 83% of parents of children aged 4 and under use homemade food to feed their youngest child, with 77% doing so twice a week or more, (Mintel, *Baby Food and Drink*, UK, March 2018)
- ◆ Worth approximately **£693 million in 2017**, the market is in lesser decline than recent years thanks to the growth in value of baby toiletries over the year. As own-label share continues to grow, value may continue to suffer. Brands could end up turning their attention to the over-5s market where there is more potential for growth. **80% of parents** like to know what ingredients are in the products they are purchasing and interest in natural ingredients could help brands differentiate their products. (Mintel, *Babies' and Children's Personal Care Products, Nappies and Wipes*, UK February 2018)
- ◆ The national organisation for this industry is the [Baby Products 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 – Nursery & Baby Equipment – UK – February 2018** – While still seeing healthy growth, the market has slowed from 2015 and 2016. In 2015, the market benefited from factors such as the introduction of new car seat legislation. Additionally, the birth rate continues to fall, reaching a 10-year low of 774,835 births in 2016. Parents are extra cautious when it comes to baby's health and wellbeing. Many would like technology to help them track their child's health.
- ◆ **Mintel – Baby Food and Drink – UK – March 2018** - Baby food sales have seen a 13.5% volume decline over 2012-15, although sales plateaued over 2014-15, helped by incomes increasing faster than inflation. That 36% of parents still see pouches as expensive underlies the challenge the category faces in comparison to homemade food. Only a quarter (27%) of parents of under-4s see branded food as better quality than own-label ones.
- ◆ **IBISWorld – Clothing Retailing in the UK – November 2017** – Children's and infants' clothing is estimated to contribute 14.8% of industry revenue. The segment is traditionally a lucrative one because children quickly grow out of their clothes and require new ones. However, retailers in the industry are facing high competition from supermarkets that offer low-budget clothing. Revenue from this segment is expected to decline over the five years through 2017-18.

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

- ◆ **National Records of Scotland – 2016 Vital Events: Births** (tinyurl.com/mayz5z5) 54,488 births were registered in the year – 612 (1.1 per cent) fewer than in 2015. This is the lowest number of births recorded since 2005 and continues the general decline in number of births since the most recent peak of 60,041 in 2008.
- ◆ **Drapers Online – Maternity fashion is a blooming market – August 2016** (tinyurl.com/lgcthit) Between 11 February and 11 May this year, UK retailers increased the number of new maternity products offered online by 29% compared with the preceding three months. Bestsellers include maternity bras, occasionwear dresses – especially during the summer wedding season – and striped tops and pyjamas
- ◆ **Pragma Consulting Report – Industry Snapshot: UK Baby and Children's Market – November 2017** (tinyurl.com/lhoykdf) - Aldi has the second largest nappy brand in the country and the supermarket seems unwilling to stop there, having also introduced its own organic baby food and milk formula. And it is little surprise, given the runaway success of fast fashion retailers in the wider apparel market, to see early signs point to these same players taking increasing share in the children's sector.

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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](#) (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: Fiona Elliot

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