

Nappies and Baby Wipes - UK - August 2010

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What is this report about?

Mintel last reported on the market for nappies and baby wipes in April 2008. The market has continued to grow, despite the ongoing downward pressure on prices from promotional deals and own-label products.

The two major brands in this market, Pampers (Procter & Gamble) and Huggies (Kimberly-Clark), face threats to their leadership from own-label alternatives, with stores such as Asda ramping up the pressure by promoting their lower-priced own-labels – a key factor in the tough recessionary environment. Some three quarters of nappies are purchased on promotion, illustrating the lure of making savings for many shoppers. Procter & Gamble has taken the brave step of hitting the own-labels head on with a new lower-priced branded label, but is this a high-risk strategy that could simply cannibalise its leading brand? And what else will the major brands do to break the promotional cycle?



What have we found out?

- Despite the recession, sales of nappies and wipes have held up strongly as consumers continue to want the best for their babies. Consumer spending on nappies and wipes grew by 16% over 2005-10 to reach £640m. Within this total, sales of nappies grew by 14% to reach £433m, while sales of wipes grew by 19% to reach £207m.
- Growth has been helped by a rise in the birth rate, with 8% more babies forecast to be born in 2010 than in 2005. Significant new product development by the leading brands Pampers (P&G) and Huggies (Kimberly-Clark) has helped drive demand for mainstream products, as well as developing more demand for products that extend usage. Similarly new product development in wipes emphasises the gentle and natural formulations for delicate baby skin.
- With no growth in the birth rate predicted for 2010-15 we still expect sales of nappies and wipes to grow by 10% between 2010-15 to reach £702m.
- There is heightened price sensitivity because of the recession and an estimated three quarters of nappies are bought on promotion. The recession could have brought about a mass desertion to own-label nappies, which tend to make similar claims to the leading brands, but are significantly cheaper.
- Almost three quarters of adults agree that they have a duty to recycle, but only a third are prepared to pay more for an environmentally-friendly product. And few would sacrifice performance, convenience and reliability for a more environmental product.
- For the future it is likely that the leading brands will develop an eco-alternative, using new materials to make disposable nappies more

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compostable and this will help them to cement their share of the market. In the short term, the leading brands will continue to improve dryness, comfort and fit, but as these are already very advanced we expect to see them build more style appeal into their brands including character merchandising, styling and fashion.

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