



The Monthly Focus: Baby

Satisfying the increasing demands of
the Baby shopper
September 2024



Category Challenges in Context

The UK grocery retail market for baby products is undergoing significant changes. This is being driven by evolving technological advances, new competition, and innovation around developing consumer needs. Parents and caregivers are becoming more conscious of health, cost, convenience, and sustainability when making purchasing decisions for their little ones.

In this Monthly Focus we will explore these key themes and look at what's going on from a shopper perspective.

The first thing we should acknowledge is the opportunity the department presents for retailers. Not only is it the strongest traffic driving department in the store (see Figure 1), with significant over-indexes in shopper metrics like “main reason I go shopping” and “don't want to run out”, the long-term opportunity for retailers who satisfy the needs of these younger families can be lifetime shopper loyalty, even as the new generation become shoppers themselves.

A word of caution though, retailers need to ensure the department satisfies the needs of its shoppers or there is a significant risk of shoppers buying nothing if they can't find what they are looking for. Adding to this 'walk-away' risk is a high likelihood of shoppers heading off to another store to find what they need. Not only is this a lost sale, but a lost shopper to the competition. This highlights the need for retailers to get it right. Which means ensuring the availability of a range that satisfies all of the need states of parents, and their little ones.

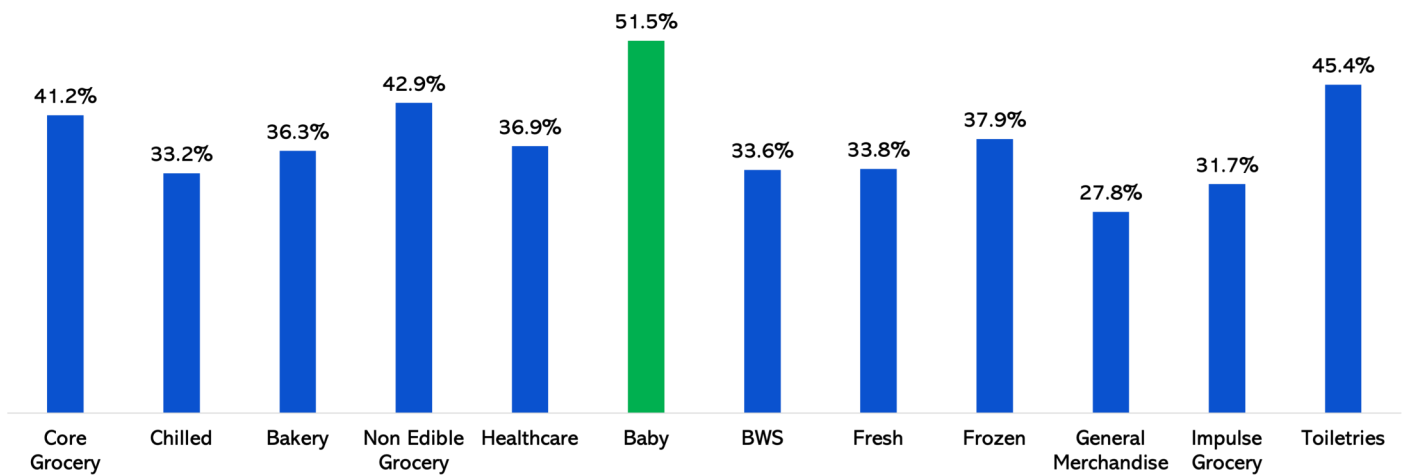


Figure 1 – Ability to drive traffic by department (based on shopper agreement to traffic driving mindsets)

Health continues to be a top priority for parents, with growing concerns about the nutritional content of baby foods. In particular, the high levels of sugar in many baby products have raised alarm, leading parents to seek healthier, low-sugar alternatives. Brands are facing increasing pressure to reformulate and provide clearer, more transparent ingredient information.

If we are in any doubt on the significance of this concern, this comes through strongly in the data, as can be seen in Figure 2. Baby Food ranks at #2 in the store for the importance shoppers place on healthy options.

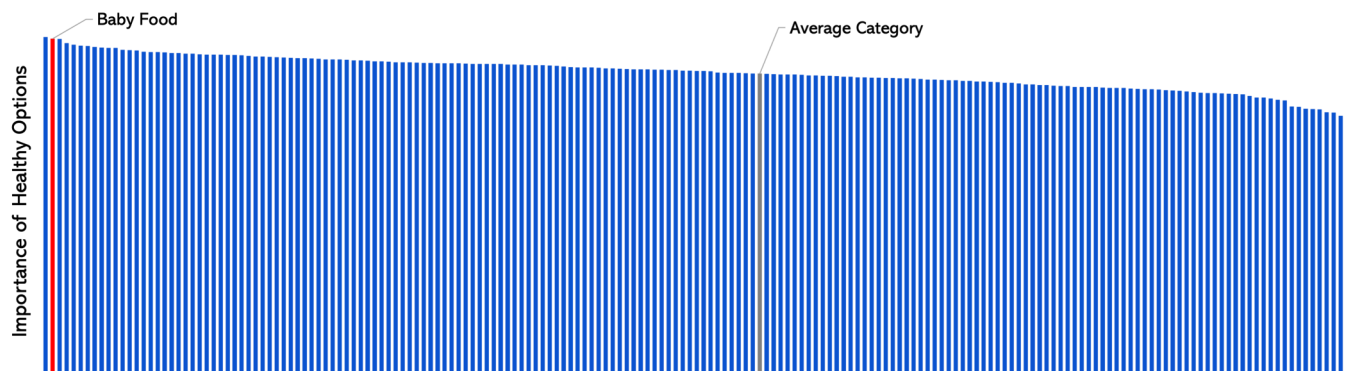


Figure 2 - importance of healthy options, all categories

This is in fact a significant opportunity for the category as Baby Food shoppers are among the most willing in the store to pay more for healthy options, with the category ranking amongst the top 20 categories on this mindset. And as we dig deeper into the data, we can fine tune this opportunity even further seeing that parents of older toddlers (<3 years), are much more willing to pay more than parents of younger babies (0-3 years).

The data suggests there is clear opportunity to tempt shoppers with a range that includes more premium and healthy options, and the strongest opportunity lies with parents of older toddlers, as they are perhaps looking to expand their kids' taste palates and culinary experiences and possibly have a little more money in their pockets.

We can't ignore the rising cost of living though, as this is also having an impact on how shoppers navigate the Baby aisle. With household budgets tightening, many are switching to more affordable own-label products or moving to discounters in search of value. This shift reflects both cost-consciousness and the improved perception of private label offerings, which are often seen as high-quality alternatives to branded goods.

And once again we see this coming through in the data which shows a significant increase in willingness to trial private label for Baby products, between 2022 and 2024.

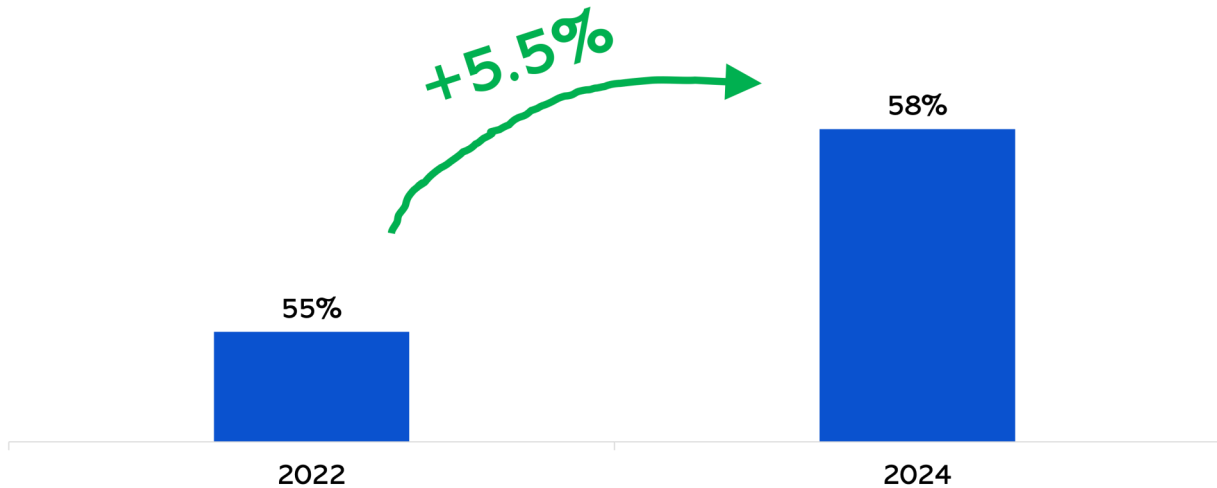


Figure 3 – Growth of private label risk (2022-2024)

Digging deeper into the data we see that this trend is once again especially true of parents of older toddlers. With parents of younger babies tending to stick to familiar brands.

The rise of online shopping has also reshaped the baby category. Not only do parents appreciate the convenience of ordering baby essentials from the comfort of home, benefiting from easy price comparisons and doorstep deliveries, the ability to buy in bulk offers further opportunity to save money.

Indeed, we see this money saving tactic coming through in our data which tells us that 'buying in bulk to save money' is the most cited cost-of-living action being taken by Baby shoppers.

Finally, sustainability is an increasing concern for today's baby shoppers. As environmental awareness grows, parents are seeking out eco-friendly products like reusable nappies, biodegradable wipes, and responsibly sourced materials, aligning their purchasing decisions with their values for a greener future.

According to Shopper Intelligence Category Trend Analyser, Sustainability is by far the most mentioned trend by UK Baby department shoppers with the trend receiving over half of all trend-mentions across shopper channels such as social media (Shopper Intelligence Category Trends Analyser Q1 2024).

It's also very important for Baby shoppers in comparison to most departments, as evidenced in Figure 5.

The Baby category where it's of most concern is Baby Toiletries and a quick look at what's driving this shows that sustainable manufacturing and sourcing is these shoppers' key concern.

Rank 5th

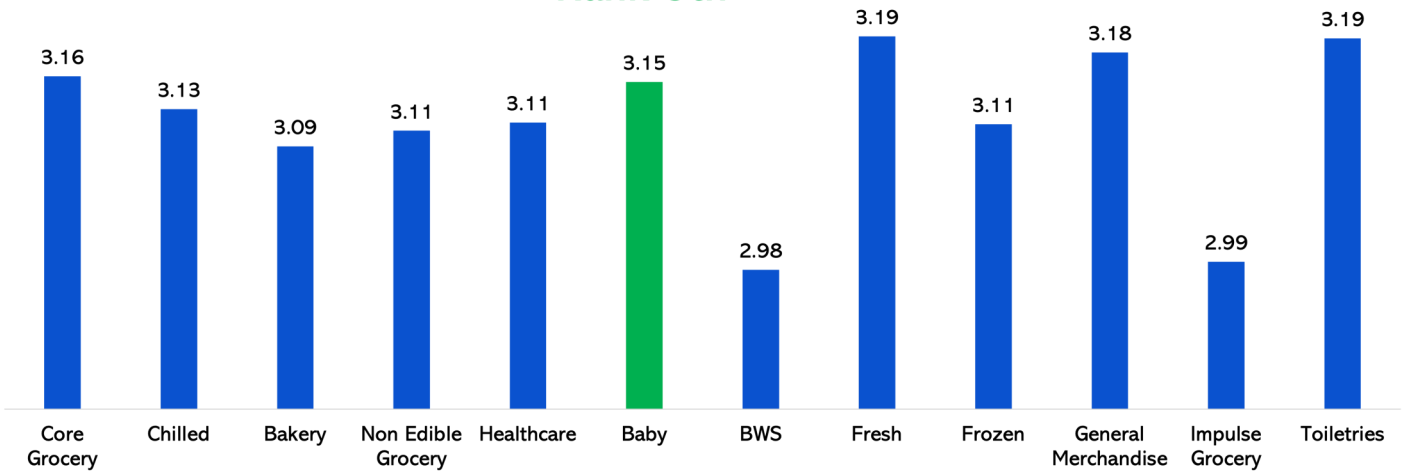


Figure 4 – Importance of Sustainability across departments

Sustainable / environmentally friendly manufacturing or sourcing

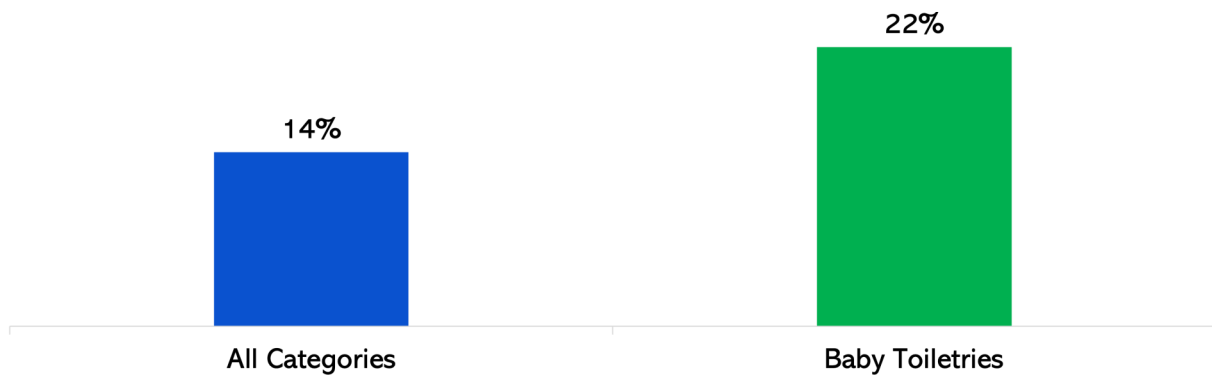


Figure 5– % of shoppers citing 'sustainable sourcing / manufacturing' as the most important sustainability factor

There are a number of factors we've mentioned in this month's focus which have the potential to have a great impact on the Baby category, if indeed they aren't already doing so! As is always the case, understanding these shopper drivers and forming the right strategies to capitalise on them, will provide the best path for growth.