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## Research Paper

## INDIAN BABY CARE MARKET: AN OVERVIEW

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### ABSTRACT

Recent years have witnessed a spurt in the market for baby care products in India. The rising number of babies contributes to higher demand for baby products; however, this is strongly supported by surging income levels resulting from robust growth. In addition to these factors, rising literacy, working mothers, and aggressive marketing have also contributed to a shift in consumer behavior that allows mothers to use baby care products rather than the traditional indigenous alternatives. Retailers and manufactures are constantly involved in product innovation and development has allowed to widen the market, using new technologies and advanced marketing approaches. As per industry estimates, 15 baby care products sold online every minute in India. Despite various challenges, there is a huge scope in India's baby care market. Consumers are deeply invested in these categories and they are highly discriminating about the products they buy for their children. In order to achieve a competitive advantage in a space dominated by only a few major brands, a deep understanding of what's driving product choice is critical.

**KEYWORDS:** Baby care products, Indian market, Retailers, Opportunities, Challenges

### INTRODUCTION

Baby care products is an umbrella term which includes skin-care, hair care, baby food, toiletries [diapers and wipes ], apparels, footwear, toys, baby convenience and safety products etc . Any product that promises to meet the demand for taking care of an infant, generally between 0-4 years of age, falls under baby care industry. India, with 1.28 billion people, is the second most populous country in the world, just after China. With 27 million annual births and a fertility rate of 2.72 children per woman, India has 20% of the 0-4 years' child population of the world i.e. nearly 127 million. The number of live births in the country is estimated to be 27 million, which again constitutes 20% of the total number

of live births in the world. According to Technavio report Indian baby care market is expected to grow at an annual rate of over 17% in terms of revenues during the 2014-2019 period to reach over \$31 billion, from \$14 billion. Thus, making India a lucrative market for the baby care industry.

### NEED FOR BABY CARE MARKET IN INDIA

**Increasing Birth Rate:** As stated earlier India is home to the largest number of children in the world, significantly larger than the number in China. Although the number of births is expected to gradually go down in the coming years, the relative load of India in the

world in terms of child population is not going to lessen significantly for a long time to come. India is therefore emerging as an important world market for baby products.

**Increased urbanization:** Earlier day's majority of the Indian families were combined with grandparents and had never considered baby products as an essential item. Hence, parents preferred using home-made food and conventional methods for baby needs. But with increased urbanization and the growing number of nuclear families new parents are inclining towards ready to eat infant foods and baby care products.

**Increasing Purchasing Power:** Increase in disposable income has empowered Indian parents to spend more on baby care products. Rapid economic growth lead to rise in income levels of people and in turn the purchasing power too has increased remarkably.

**Working mothers:** Increase in employment and female workforce between 1980 and 2010, number of women entering into main stream workforce has increased considerably all across the globe. The female labor participation rate has increased by 4.1% globally over last three decades. Women have moved from managing household to managing jobs and therefore they get less time for caring their babies with traditional methods and this fact has created an opportunity for the baby care products market.

**Increased concern for baby care:** Parental care is an essential part of human nature. Parents, regardless of the level of wealth, always want to give the best to their babies. Parents in India are willing to purchase popular brands, with high prices for its trust worthy quality. Hence the scope for baby care market has widened as most Indian parents put quality before price and usually do not want to try out products with unknown standard on their children.

## INDIAN BABY CARE MARKET AT A GLANCE

According to the study by a research firm RNCOS, the domestic baby and children care products market which includes apparel, footwear, toys and baby cosmetics is growing in sync with the retail industry growth, and is estimated to grow at a CAGR of

around 17 per cent during 2012-2017 to \$ 26.2 billion from \$ 11.8 billion in 2012.

The key player of Indian baby care market are Johnson & Johnson with about 80% of market share. Kimberly Clark (Huggies) and P&G (Pampers) leads in toiletries and diapers segment while Johnson & Johnson dominates the skin/hair care segment. Baby food market is dominated by Nestlé's Cerelac and Nestum followed by Workhardt's Farex. According to a Technavio report 2016, the baby apparel segment accounted for more than 90% of the market, followed by toys at nearly 7%, whereas baby cosmetics, food, accessories and diapers together constituted over 2%. Other Prominent Vendors include Aditya Birla Group ,Amul ,Brevi ,Chicco, Dabur ,Emami, Fisher-Price ,Himalaya, Marico, Mothercare ,Nestle, and Wipro etc. The in detail product segmentation of the each player is presented in Table I

According to a report by Technavio, the baby care market in India is expected to grow at an annual rate of over 17% in terms of revenues during the 2014-2019 period to reach over \$31 billion, from \$14 billion. The baby cosmetics and toiletries market was the larger market segment with a revenue share of 92.2% in 2011. The segment will further consolidate its position with 93.2% market share in 2017. The global baby care cosmetics and toiletries market was worth USD 41.3 billion in 2011 and is expected to reach USD 62.3 billion in 2017 with a CAGR of 7.1% from 2011 to 2017 as per the report conducted by RNCOS.

## GOVERNING BODIES AND POLICIES

Policies related to Baby Care Market in India include Infant Milk Substitutes Act (1992 & 2003), Infant Milk Substitutes, Feeding Bottles & Infant Foods (Regulation of Production, Supply & Distribution) Act, 1992 & 2003 and Bureau of Indian Standards . Apart from policies government bodies related to Baby Care Market in India include Food Safety and Standards Authority of India, Breast feeding promotion network of India (BPNI), Association of Consumer Action on Safety and Health (ACASH), Indian Council for Child Welfare (ICCW), Indian Academy of Pediatrics and Indian Medical Association.

Table I Indian Baby Care Market Key Players and Their Product Segmentation

Brand	F	S	D	H	C	T	A	Brief description
Amul	•							It manufactures infant milk powder under the brand Amulspray
Chicco		•	•	•	•	•	•	Chicco entered Indian market in 2009.It has wide range of product category
Dabur		•		•				It entered the baby market in 2015 under the brand Dabur baby. The baby care portfolio of Dabur consist of <i>Dabur lal tel</i> (massage oil), <i>Dabur janma gunti</i> (natural supplement and gripe water).
Emami		•						Emami product portfolio is limited to baby massage oil.
Godrej			•					The only product from Godrej is their diapers marketed under brand Snuggly
Himalaya		•	•	•				Himalaya healthcare founded in 1930 is a trusted brand in baby care segment after J&J.The product claims to be 100 percent herbal which is its USP
HUL		•						HUL introduced a baby soap under brand Dove baby on July 2016
Johnson & Johnson		•	•	•				J&J spreads its roots in India 67 years ago. it is one of the most trusted and leading baby care brand capturing large market segment.
JL Morison		•		•	•	•	•	Based in New Delhi JL Morison offers wide range of baby care products under brand name baby dreams. Its diapering section is limited to only cloth diapers.
Kimberly Clark			•					It's one of the popular disposable diaper brands in Indian baby market which sells under brand name Huggies.
Libero		•	•					Libero a Sweden based company portfolio is limited to toiletries. They claim to produce their products under SCA (Svenska Cellulosa Aktiebolagets) supervision
Me		•	•	•	•	•	•	Launched in 2006 is one of the promising brand in Indian baby care segment.The product are certified byASTM-F-963 (American Standards for Testing & Materials), EN-71 (European Nations) Standards as well as Bureau of Indian Standards (BIS & ISI) and other relevant safety standards. Also they have a chain of infant specialty store named Me n Moms
Mother care		•	•	•	•	•	•	Malaysian based Mothercare offer wide range of baby care products
Nestle	•							The leading brand in Indian baby food segment. It Markets its products under the brands Nan and lactogen for milk .Cerelac, nestogen and nestum for cereals
Nuby		•		•		•		Its product portfolio includes wide range of baby care accessories.
Procter & Gamble			•					P & G introduced baby diapers under the brand name Pampers in the year 2006.



Raptakos brett & co.	•							It markets its bay food under the brand lactodex
Patanjali		•						Patanjali Ayurved ltd has entered the market on August 2016.It has launched baby skin and hair care products under a sub-brand Sishu care
Pegion		•	•	•			•	Pigeon is a Japan based company which has a wide range of products encompassing every need in maternity and baby care.
Sebamed		•						Sebamed is a pharmaceutical company catering to baby needs in skin and hair category.
Wipro		•	•					Wipro markets its products under the brand Wipro Baby Soft
Wockhardt	•							A global pharmaceutical company has its presence in nutritional category with Farex, Dexolac and Nusobee.
F=Food, S=Skin & Hair, D=Diapering, H =Health & safety, C=Clothing & shoes, T=Toys A=Accessories & Baby furniture								
Note: This list is not exhaustive								
Compiled by the author from respective official websites and various sources								

## ISSUES TO BE CONSIDERED

**Short window:** Window for baby care products is very short. For example, a child used diapers, sippy cups, walkers, teething toys, etc..for a very short time span , say till the age of two or three. After this age, the products were no longer required.

**Lack of penetration:** The Indian baby care market is restricted greatly to urban areas. Despite accounting for majority of sales, the urban areas which include big cities like Mumbai, New Delhi, Kolkata and Bangalore are yet to be fully penetrated compared to the western countries.

**Cultural Barrier:** India with its vast culture and heritage follows conventional and homemade methods for rearing children. For instance, parents were satisfied with ‘tried and tested ideas like ragi for baby food, and homemade cloth diapers. At this juncture it’s a big challenge for the industry to fight traditional perceptions and cultural hindrances.

**Unsafe Aspects of Baby Care Products:** Safety issues with baby care products are currently hindering market growth. Baby care products, if not used properly, may affect the health of a child. Unsafe baby products may cause choking, irritation, and cuts, or even lead to death. The quality and safety of baby care products is utmost important and earning the faith of the parents is quite difficult. Today’s mothers are very sensitive about safety aspects of baby care products and one doesn’t change loyalty easily unless she is assured about the quality.

**New Entrants:** Attracted by the lucrative market, other large FMCG companies such as HUL, Dabur, and

Patanjali entered the baby care segment. The new entrants were all well- heeled competitors with strong marketing muscle and a wide distribution reach to seriously challenge Johnson and Johnson.

### Growing concern for herbal products:

There is a market for herbal and organic baby care products in India today. ‘Young mothers are increasingly seeking products that not just meet the global standards but which are also true to traditional Indian knowledge. What is driving the demand for such products is also the improved economic status of new mothers. Rising incomes, more women coming out to work, better informed parents and the growing penetration of social network have all contributed to a spurt in demand for quality baby care products that are not just natural but also free of harmful chemicals.

## FUTURE GROWTH OPPORTUNITIES

**Organic Products:** Growing number of literate parents and transparency in research information created an absolute need for organic products. Parents prefer to use baby care products with few chemicals and preservatives. They are bending towards organic or natural ingredients made products. According to Mintel’s research, quality of ingredients (65%), product function/effect (55%), value for money (50%) and no additives (50%) are the top reasons why mothers would like to buy from overseas, indicating that companies need to be more competitive on these to win back consumers.

**Online availability:**

The last couple of years have seen a number of dedicated child-care websites blooming. The key players in the online world, such as Moreover, the ease of products being delivered to the doorstep is unparalleled. The online baby-care market mainly consists of segments such as baby food, skin care, toiletries/ diapers, toys, gears and baby nursery.

The market share for baby care products is \$5 billion of which baby clothing constituents 65%, baby gear and outdoor is about 18% and baby FMCG is about 17%. It is good to hear that the share for baby care

products online is \$100 million in 2014 and is expected to grow to \$ 500 million by 2017.” As per the players dominating this niche, the market size for baby products in India is about Rs 15-25 billion, out of which, the estimated online market for baby product hovers around Rs 100-120 crore and experts opine that it tends to double every 6 to 8 months.

Major E-retailers such Amazon, Flipkart, Firstcry, Babyoye, Hopscotch.in, hoopos and Snapdeal have taken the lead in baby care segment and are offering great deals. Below Table II provides the list of on-line and off- line competitors.

**Table II**  
**On-line and Off-line Competitors (2017)**

On-line retailers	Horizontal players	Off-line stores/outlets
Babyoye.com	Amazon.in	Chicco
Bornbabiesonline.com		Firstcry
Chicco.in		Himalaya
Firstcry.com	Flipkart.in	Justborn
Hopscotch.in		Littleshop
Hushbaby.com		Mom & me
JL morisson		Patanjali
Kidsstoppers.com		
Littleindia.in		
Littleshop		
Mybabycart.com		
Pigeon.in		
Note: The list not exhaustive		
Compiled by the author from respective official websites and various resources		

**Innovative products:** The opening up of the economy and the interest shown by large multinationals in the Indian growth story have ensured that Indian consumers are constantly being introduced to better and advanced products, according to Research and Markets’ analysis of supply considerations. Competition among suppliers and the emergence of China as a source for cheap alternatives has resulted in competitive pricing of products and the Indian parents are using this advantage to offer the best to their children.

**Modern retail concept:** Growth in organized retailing is a key trend emerging in the market. It has increasingly benefited baby food products, which have a short shelf life and can easily get spoiled if not stored in hygienic conditions and at an appropriate temperature.

**CONCLUSION**

India is experiencing three major population trends which will have impact on economic growth, they are 1) the population of working age people is growing, 2) people are moving from rural areas to the cities, 3) rising middle class is increasing overall wealth. These trends will bring in an enormous growth in baby care industry. Indian parents are more educated, more brand conscious, more variety as well as quality seekers, in the coming years, innovation in products and marketing strategies will be the key focus areas for most of the companies operating in the Indian baby care market. There is no doubt that the penetration of baby care industry will get deepen in both rural and urban areas of the nation. Unlike other categories, baby-care segment has seen higher number of repeat purchases, with over 50% of shoppers being repeat buyers. Among which

60% are women buyers. As per industry estimates, 15 baby care products sold online every minute in India. Despite various challenges, there is a huge scope in India's baby care market. Consumers are deeply invested in these categories and they are highly discriminating about the products they buy for their children. In order to achieve a competitive advantage in a space dominated by only a few major brands, a deep understanding of what's driving product choice is critical.

## LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

This study is completely based on secondary data gleaned from reports, websites, consultant's analysis and published interviews by industry experts. There is a lack of sufficient academic research papers pertaining to the topic and this limitation reflects in this study. Any future research will do well by conducting a primary research from consumers and industry experts to get the perspectives about the baby care brands in India. Moreover, the researcher can take any specific product category like baby toiletries, apparel, toys, baby gear etc...and do an in-depth research.

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