

Baby and child care products in india marketing essay



**ASSIGN
BUSTER**

The baby and child care products market in India is valued at INR 6746. 4 million at the end of 2011.

The market has grown by 14% in current value terms in 2010-11 driven mainly by increased penetration in tier-2 and tier-3 cities. The market is still dominated by mass product brand with premium products making their presence felt marginally. The trend is moving towards premium products by the advent of international brands being introduced in retail and large format chains and stores. This is validated by increase in unit prices of baby and child care products by 9% in 2011. The market is currently dominated by Johnson & Johnson (India), with a market share of 74. 9% followed distantly by Dabur India Ltd at 11. 3%. The Baby and child care products market is forecasted to increase CAGR (constant value) of 5% during 2011-16.

TRENDS

The tier 2 and tier 3 cities such as Jaipur and Kanpur are propelling the growth story by being the new pockets of demand. There is also a growing pattern of acceptance amongst rural India consumers fueled by increased awareness. Awareness and promotional campaigns through media, primarily led by companies such as Johnson & Johnson (India) played a significant role in making inroads into the purchase basket of rural consumers. Additionally, urban consumers have started switching to organic and herbal products, due to growing concerns about their babies' health.

Baby and child-care products market grew by 14% in current value terms in 2011, compared to a CAGR of 10% over 2006-10. The higher growth rate can be attributed to new pockets of demand as well as rural penetration.

However, higher birth rate in 2011 compared to the rest of the period pushed sales even higher.

Baby wipes turned out to be the fastest growing category followed by baby and child-specific toiletries in 2011. This pattern can be attributed to the growing hygiene concerns amongst urban mothers. The growth in toiletries is mainly due to higher penetration in second-tier and third-tier cities and strong push from rural areas.

The launch of premium products by Indian and imported brands resulted in the increase in average unit prices of baby and child-specific products. The new variety of herbal and organic products in baby care pushed unit prices even higher.

The popular brands such as Johnson's Baby and Dabur continue to dominate baby and child-care products in 2011. Although still niche, premium products from international brands picked up at a rapid pace in 2011. Premium organic baby and child-care toiletries witnessed widespread acceptance in urban areas, fueled by growing purchasing power amongst urban women.

With changing consumer preference, natural and organic baby care have started to pick up rapidly in 2011. For example, companies such as Kräuter Healthcare, focussing on herbal baby products, grew rapidly uninhibited by its higher prices.

COMPETITION IN THE MARKET

Johnson & Johnson (India), the pioneer in baby products in India, maintained its dominance in the baby and child-specific products, with a 75% value

<https://assignbuster.com/baby-and-child-care-products-in-india-marketing-essay/>

share in 2011. The company heavily benefits from the trust that it has built over the years and is synonymous with baby care.

Smaller brands in Indian perspective, which includes Kimberly-Clark Lever's Huggies brand and Pigeon witnessed the biggest increase in value share in 2011. This can be attributed to the rapid increase in demand for baby wipes by Huggies, driven by growing baby health and hygiene awareness and exposure to international brands amongst urban consumers.

International manufacturers such as Johnson & Johnson, with a long relation with the Indian market continue to dominate the baby and child-specific products in 2011. Domestic manufacturers, including The Himalaya Drug Co and Kräuter Healthcare, aggressively launched new products in toiletries, and increased their market capitalization rapidly.

Emami has launched a baby care product range including baby oil, baby shampoo and baby powder in June 2012. The entire range of products is based on ayurvedic ingredients, which outperformed overall baby care.

Interestingly the baby care market still relies on trust and word of mouth marketing and no significant advertising campaigns were carried out for promotion with the exception of Johnson & Johnson who organized awareness campaigns to educate consumers in rural areas.

There was no significant change in packaging of baby and child-specific products. Most children's soaps continued to be attractively packaged in bright colors while other baby care products continued to be sober-colored which gave them a gentle appearance.

Mass products continued to dominate the market. Indian consumers are very familiar with mass brands such as Johnson's Baby and Himalaya, and have successfully created a relationship of trust with Indian families in terms of their quality. However, premium baby care products, including products such as Pigeon, SebaMed, Garfield Baby India from Zen Hygiene, have started to pick up gradually in urban areas such as Bangalore and Mumbai.

FUTURE PROSPECTS

The trend of baby and child-specific products moving towards premium and herbal products, the market is likely to witness a range of new launches from international players specifically targeting the urban consumers. The leading players in herbal baby care products, including Kräuter Healthcare, are expected to increase strongly, in line with the growth in herbal baby care. Many international players are likely to make a foray into the Indian market to grab a piece of the pie in the growth period. The demographic and socioeconomic factors including a healthy birth rate and an increasing number of consumers willing to spend more on baby and child-specific products, ably supports this potential growth story

Baby and child-specific products is expected to increase by a constant value CAGR of 11.4% in the forecast period, compared with a current value CAGR of 10% during 2006-11. Growth during the forecast period is likely to be driven by faster growth in baby skin care and baby toiletries.

Threat to growth in baby and child-specific products during the forecast period might be created by the availability of cheaper alternatives in baby

toiletries, such as home-made oils, coupled with the traditional consumer mindset, which discourages the use of chemical-based products for babies.

Baby skin care is expected to outperform overall baby and child-care products in terms of constant value growth in the forecast period, supported by growing shift towards premium and organic baby skin care products amongst urban consumers. Urban consumers are moving away from chemical-based products, especially for the skin, which is considered to be very sensitive and delicate.

Average unit prices are likely to continue the growing trend during the forecast period, fueled by the launch of organic and premium brands in baby care.

Since Emami enjoys brand equity in India, and in Calcutta in particular, new launches by the company are expected to perform well. The new range of products is ayurvedic, and is available at lower prices, further driving sales. Herbal baby care is picking up rapidly, and other existing herbal baby care manufacturers, such as The Himalaya Drug Co and Kräuter Healthcare are expected to launch new products.

Leading companies such as Johnson & Johnson and Hindustan Unilever are likely to make efforts to penetrate rural India, which has huge growth potential. Such companies will start initiatives to educate rural consumers on child hygiene and care in order to penetrate rural India. In addition, companies such as Emami are likely to launch products specific for children above the age of five, to leverage the existing gap in baby and child-specific products

<https://assignbuster.com/baby-and-child-care-products-in-india-marketing-essay/>