

Baby bottle industry in the uk marketing essay



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Baby heater, Inc was conceived in 2009 and will be incorporated in North Wales in 2011. The company's primary line of the business in the design and manufacture of the ' Baby Heater' a baby bottle that is equipped with a temperature- indicating device. This device allows the consumers of the product to instantly decide if the liquid within the Baby Heater is the proper temperature for feeding the infant. The Baby Heater device is unique within the baby bottle industry and the company has a patent pending on the design. Baby Heater has designed a working prototype of this product, equipped with the temperature-indicating device that meets all design and safety requirements. The company is in the process of raising seed capital to finance further testing and initial production of the Baby Heater.

The company of Baby Heater product believes that an excellent opportunity exists for the sale of the product for several reasons:

No other baby bottle manufacturer is producing a bottle that indicates the temperature of the liquid that is inside.

Based on market research, there is a demand for a baby bottle that can indicate the temperature inside the bottle.

More baby bottles nowadays are heated in the microwave ovens rather than in boiling a pot of water. Heating in a microwave oven leads to an uneven distribution of the temperature of the contents in the bottle. The Baby Heater allows the consumer to heat the bottles quickly.

2. 1 business description

2. 1. 1 The industry

Baby Bottle industry In the UK in 1999, “ the feeding and sterilising equipment sector ... stands at £49m. Sales of feeding bottles account for 39% of the market”], or £19. 1m. http://en.wikipedia.org/wiki/Baby_bottle
15/04/2010

The company has chosen several stages if research and development to be completed before the Baby Heater bottle will be ready to market. When the seed capital is acquired, the company will develop the molds necessary to mass-produce the Baby Heater. Further testing on the mass-production bottle will then be performed to insure that al quality and safety requirements are met. At this point, production and distribution of the Baby Heater will begin. To begin with, the Company has selected the UK as it enters market. However, expansion internationally is expected.

The company will manufacture and distribute the Baby Heater using existing baby-bottle manufacturing plans. Baby Heater will sell the products through a master broker who specializes in the retail channels that sell baby bottles. By assumptions that have been made the projected revenues will approximately be £ 1million in one year with a gross margin of 58% and a net income of approximately £ 125. 000. After 5 years, the projected revenues will reach approximately £5. 1 million with a net income of £ 1 million. Even though the enclosed financial forecast only covers distribution within the UK, the Company expects additional income from the international sales.

It took until the 1900s before the technology was perfected for a practical soft teat such that the baby bottle could become a practical and safe alternative to breastfeeding.

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From a point of view this particular market never dies as every year millions of children are born in the UK. More particular there were 708, 708 live births in England and Wales in 2008. The number of live births has been increasing since 2001 and has now reached the highest level since 1972 (725, 440). The market of baby bottles has increased in the last 10 years in the UK. The baby heater bottle will initially be designed as a reusable bottle. However the company will evaluate the possibility of entering the disposable market at the further future.

2. 1. 2 The company and the Concept

The baby heater was invented in 2008 by Tim Roberts. This new innovative business idea will be a family run business the inventor with his close family members. As a management team it is believed that all members of the management team add value and expertise in each of their related areas. Mr Roberts is the president of the business. The company is in the process of raising seed capital to finance initial production and distribution. Furthermore the company has identified sources to manufacture the product to strict specifications and is selecting marketing representatives to assist distribution of the product in the UK.

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The product

In the past 2 years, Tim Roberts has refined the original design in an attempt to produce a baby bottle that would allow the temperature of an internal liquid to be read visually on the outside of the bottle.

Requirements and constraints are addressed due to the nature of the product.

All components must be non-toxic

The assembled product must be suitable for use in a microwave oven.

The assembled product must be suitable for use in boiling water.

The temperature indicator must be reliable, accurate and easy to read.

The temperature indicator must have consistent repeatability.

The entire product must be dishwasher safe.

The extra of the temperature indicator must not be prohibitively increasing the bottle cost.

The updated design of Baby Heater has been found to meet all of the design requirements and constraints.

Baby heater bottle is designed to provide an indication of the temperature of liquid inside. This product uses a special polymer spring, which changes in size relative to the temperature. The temperature indicator uses the same exact principles as an home thermostat. The spring mechanism expands and turns on as it is heated. As the spring mechanism is fixed at the base, the

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top turns indicating the temperature of the liquid inside. The bottle temperature is read in the indicator glass which is located in the cap of the bottle. The bottle is designed to give an indication of “ feed” between 30 and 40 degrees of Celsius, the feeding temperature recommended by the most paediatricians.

The simple design of Baby Heater utilizes only three components: the spring, the stem and cap. All the components are locked together permanently on together and no fasteners or attachments are required. The components which are all together contain no small parts and its baby safe. All of the bottle components are made of recyclable plastic providing an environmentally conscious design.

Furthermore the Baby Heater is designed to provide temperature indication regardless of the heating method. The temperature indicator is designed for consistent repeatability and has a product life of approximately two years.

Many of the components of the Baby Heater bottle are FDA approve, this means that all of the materials utilized have been used in the food industry for more than ten years. The resources are dishwasher safe and are easily cleaned. The polymers (plastics) utilized are high and have been tested to endure falls of such as ten feet.

Baby Heater bottle has a patent awaiting in the U. K and once marketability is confirmed, worldwide patents will be applied for.

Strategy form for entry market and growth.

The company had formed an entry strategy to enter the U. K market using a master broker who specializes in servicing the mass merchandisers, food stores and drug stores. The present reusable baby bottle market in the U. K is estimated at 53£million. The master broker and their representatives will earn a commission on the product sold to these retail channels, by utilizing the master broker network, the Company will be able to gain access to retail accounts without fixed cost expense of developing our own sales force. The Company expects that the unique attribute of the bottle will gain placement in most accounts.

The growth strategy for the Company is to begin expanding to foreign markets by acquiring foreign patents in the countries with the highest potential sales. By targeting these countries the potential of global sales is huge as 98 percent of the births in the world this is a massive opportunity for creating a good global name. The Company will utilize a broker network within each country to the Baby Heater.

The market

Customers

The company is hoping that the average customer for a the Baby heater product will be a female in her late twenties who is, or will be hopefully employed again. The medium family income of the typical baby bottle customer is 36. 120. Since the majority of customers of baby bottles are career women as well which typical working hours (9- 5), time and convenience of heating the bottle accurately are of the essence.

Market Size and Trends

The number of live births in England and Wales increased for the seventh successive year in 2008. There were 708, 711 live births in 2008 compared with 690, 013 in 2007. The number of live births has been increasing since 2001 and is now at the highest level since 1972 (725, 440 live births).

There were 701, 296 maternities in England and Wales in 2008. This is an increase of 2. 7 per cent since 2007 when there were 682, 999 maternities. The General Fertility Rate (GFR) for 2008 was 63. 8 live births per 1, 000 women aged 15-44, an increase compared with 2007 when the GFR was 62. 0 [http://www. statistics. gov. uk/cci/nugget. asp? id= 369](http://www.statistics.gov.uk/cci/nugget.asp?id=369) 27/04/2010

The current baby bottle in the U. K is approximately £100 million. Currently, reusable bottles have increased their market share over disposable bottles by an average of 2 percent a year over the last years. The trend of reusable bottles capturing a larger share of the baby bottle market is expected to continue over the next several years.

Competition and competitive Advantages

Although there are several major competitors in the baby bottle industry, none of these are currently marketing a product that indicators the temperature of the liquid in the bottle. The Baby Heater bottle provides this key feature with only a minimal increase in manufacturing cost over the standard bottles.

There is only one other company that has tried to market a temperature sensitive baby bottles. Ansa Bottling manufactured such a product under the trade name/heat sensitive and later Comfort Temp.

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This product Bottle Ansa designed and neglected one big fact of baby bottle usage, many times bottles are heated from the outside in (boiling water) and other times for the inside out (microwave). Their design simply is used for the bottles surface plastic to indicate the temperature. An opaque blue or a pink plastic would turn white when the contents were too hot. This neglected the fact that microwaves heat from the centre so only after the bottle was shaken would it provide an accurate indication. Due to its imprecise operation, it was withdrawn from the market surveys, there is market for a bottle with a temperature sensor. This particular company felt that the lack of success was the result of a design flaw and not a lack of market. The Baby Heater bottle overcomes this shortcoming in its design of the temperature indicator device.

Estimated Market share and Sales

According to market information provided by the Vice President of Sales for Munchkin Bottling Company, a leading manufacturer of speciality baby bottles, a manufacturer introduced just another decorated baby bottle without any special features or benefits over existing bottles could be expected to capture one or two percent of the total market in the first year of operations. This market share would probably remain at two percent during succeeding years.

Munchkin bottling company, market data shows that if a company produced a product with important features or graphics as compared to existing decorated bottles, the company could expect to reach 6% of the market from the first year. That share could grow at 30% per year over following years. To

accomplish these results, however, the product would have to be unique and special.

Baby Heater Company is presenting conservative projected for financial statements, baby heater has assumed that the company will earn 2% and 4% of the total reusable market in the first and second year of operations. A growth rate of 30% per year was assumed for years three and through five.

The company expects to make some changes to the appearance and marketing of the Safe-Temp bottle to meet the changing demographics of the customers all over. The company is planning on installing a 1-800 telephone for their customers to call with any problems, queries or even suggestions. Furthermore, the Company expects to carry out marketing focus groups from time to time to receive input on new graphics and design changes in further future for the product.

Development and production

An initial prototype of the Baby Heater bottle has been manufactured. The prototype provides a functional model of how the final bottle will look and operate. The secondary prototype (stage 2) will be developed for completion of testing. The initial prototypes spring was manufactured using a cold forming process. This process involves heating the plastic rod a formidable state and then cooking it into a spring shape. Although the process used is slow, costly and produces inconsistent springs. The secondary prototypes spring will be made using an injection molding process. The process is utilized to manufacture 90% of all plastic parts. The process provides high production capabilities, low cost, consistent properties and low maintenance.

The most important advantage of an injection-molded spring is the consistency in the manufactured product. This same process is currently utilized to manufacture baby bottles. The initial cost of each mold is approximately £15,000-£20,000. These same molds will be used for the initial manufacturing stage of the project. Experts in the plastic injection-molding field advise that no manufacturing problems are seen at this time in light of the simplicity of the molds. Lots of weeks will be necessary to perfect the molding process and production.

As an injection molded plastic spiral has not been used before, adjustments may be required in the plastics composition to get the correct properties. More than 500 commercially plastics are available on the market an alternative for the existing polymer will be available if needed.

Necessary testing will be required for the new spring to be functioning in environments replicating overheating and microwaves, exposure to detergents and extensive heating and cooling cycles. Each test will subject the spring to extreme conditions. The current plan is to utilize plastic polymers presently used in baby bottles and microwave containers (e. g. Tupperware). Finally the Company plans to work in providing the aesthetics of the product with coloured plastics, varied bottle shapes and bottles graphics. Making these changes and improvements will increase the product variety as a result sales will increase.