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Current Issue

Breaking News
Formulary
Grayson Report
New Products
New Package
Personnel Round Up
Meetings
Print Version
Ad Index

Suppliers

Company Profiles
Literature Showcase
Corporate Profiles

Editor's Page

About Happi
2004 Media kit

Welcome to

Cosmeticpackaging&
Design.com!

Welcome to

Happi Latin America!
Happi China

Article Library

Index To Stories
Formulary Archive

Web Guide

Company Websites
Professional
Resources

Personal Care Cybrary®

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mailing list



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BABY CARE Update

Little consumers have a big impact on marketers.

Melanie Henson
Associate Editor

As any parent can tell you, it's the little things in life that count: home, family and above all, personal comfort.

In the personal care industry, consumer purchasing motivation is expanding slowly from "me" products, to a focus on the family as a whole. Enter baby care, a category which is struggling but still has plenty of room to grow, according to industry experts contacted by Happi.

The category still has a ways to go before marketers can feel comfortable with their results. Growth in the U.S. baby care industry last year was essentially flat—up just 0.1% to \$375.5 million for the 52 weeks ending April 18, according to Information Resources Inc. (IRI), Chicago.

One hurdle in growing the baby care industry is that the products are, well, temporary. Infants grow up at an alarming rate and move on to more broad-range personal care products. To an extent, therefore, baby care sales depend upon the birth rate in any given year.

According to the Centers for Disease Control (CDC), U.S. birth rates last year showed only a modest incline—up from 13.9 live births per 1000 women aged 15-44 in 2002, to 14 births per 1000 women in 2003. This increase seems even less impressive when stacked against the fact that 2002 yielded the lowest number of U.S. births since national data has been available, according to CDC data.

The U.S. birth rate is only now beginning to climb out of a record low, but projections indicate that the rate is expected to continue to increase during the coming years.

When that happens, baby care marketers will be ready. Picky parents and pampered tots have their choice of products that soothe, invigorate, calm, moisturize or provide a host of benefits that make the traditional talcum-powder-and-ointment regimen a thing of the past.

Market Boom

Babies are only babies for so long, making the baby care industry a continuous



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struggle to outshine competitors year-on-year. The upshot is that many parents are willing to spend a little more when they know that spending lasts only a short while.

There has also been a drastic change from viewing children as “little adults” to understanding that they are more sensitive to additives and certain ingredients than grown-ups are, industry experts say.

“The focus (is) on safety and efficaciousness and not necessarily on price,” said Renee Quimby, vice president, sales and marketing, Burt's Bees, Raleigh, NC. This has opened adult consumers to trying new brands or new products, such as essential oils or other natural-based ingredients, according to marketers contacted by Happi.

At the same time, many parents continue to rely on the names they've known and trusted since they themselves were tots. The biggest names in the baby care market are incorporating new ingredients or adjusting formulas and fragrances to suit consumers' specific wants; in effect, they're growing with the times.

Playtex introduced Calming Milk Conditioning shampoo to complement the Baby Magic line of Calming bath and lotion products. Baby Magic held the No. 2 spot in baby lotions and was No. 4 in baby oils for the year ended April 18, with \$7.7 million and \$811,000 in sales respectively, according to IRI data. (These numbers do not include other categories, such as ointments/creams, powder and shampoo.)

Baby Magic Calming Milk Conditioning shampoo is scented with lavender and chamomile to offer soothing properties said to relax babies at bedtime.

Baby Magic also offers baby wipes formulated with a cleansing formula to clean thoroughly after every diaper change, according to company executives. The wipes are hypoallergenic, pH-balanced and alcohol-free.

“When it comes to baby care, we feel parents are looking for a simple solution that also meets their needs for a quality product and brand they can trust,” said Anna Martignoni, product manager for Baby Magic. Baby Magic's combination of all-day moisturizing lotions and moisture-balanced bath products are designed to work together to keep baby's skin as soft, smooth and moisturized “as the day she was born,” Ms. Martignoni said.

Try a Little Tenderness

Johnson & Johnson, the No. 1 marketer in baby lotions and baby oils with \$17.1 million and \$25.6 million in sales respectively for the year ended April 18, also aims to keep young skin baby-soft. (J&J also led the pack in other baby care categories, such as baby powder with \$34.9 million and baby shampoo with \$22.7 million for the 52-week period, according to IRI.)

According to J&J executives, a baby's skin begins to lose some of its natural oils as early as three months of age. To help keep baby's skin as soft and smooth as it can be, Johnson's introduced Nourishing Milk lotion and Nourishing Milk wash. The lotion and wash contain a complex of natural milk proteins and vitamins A, D and E.

The lotion contains the Clinically Proven Mildness formula and moisturizes for up to 24 hours. The wash contains the same natural milk protein complex and vitamins A, D and E, as well as the No More Tears formula.



Playtex uses a little Magic to calm and soothe baby at bedtime.

Johnson's also introduced SoftWash Baby wash, for "kissably baby soft" skin. The rich, creamy formula combines gentle cleansers with hydrating agents and silk proteins to noticeably improve the look of skin, J&J executives said.

"With over 100 years of experience caring for babies, we are uniquely positioned to understand the needs of parents and their children," said a J&J spokesperson. "At Johnson's we understood that adults and babies have similar needs from a body cleanser: namely to maintain and promote soft, smooth skin. Johnson's SoftWash baby wash was developed with the idea that what's best for baby, is best for mothers as well."

The formula and fragrance are gentle for babies and appealing to mothers, according to J&J executives.

Gerber is another trusted name in the baby care business; the company introduced the Grins and Giggles baby care line to make bathtime more fun for both baby and mother, according to Gerber executives.

Grins & Giggles includes a baby wash and a baby lotion, both available in mom's choice of lavender, oatmeal, berry or original with aloe. There is also a Grins & Giggles baby shampoo with aloe, silk proteins and pro-vitamin B5 to keep baby's delicate scalp and hair soft, silky and healthy. And for the baby with a cold or sniffles, Gerber provides Grins & Giggles Vapor bath with soothing, natural menthol vapors.

Japanese direct-mail order company DHC Skincare offers a tender touch, too. The company offers Baby soap, Baby Hair shampoo, Baby Ceramide and Natural Baby oil. The products range in price from \$6-24.

DHC Baby soap contains licorice extract to soothe skin and natural palm oil, honey and olive oil to condition. Baby Hair shampoo produces low lather to make it gentle enough for baby's delicate scalp. The formula contains collagen. Baby Ceramide helps baby's skin stay soft by supplementing ceramide levels and holding in moisture. Finally, Natural Baby oil is made with olive oil and vitamins E and A; it contains no hydrocarbon oils, according to DHC executives.

The Big Picture

Little people are big business. Below are total sales for the year ended April 18, 2004 (excluding Wal-Mart sales) in a few of baby care's categories. Numbers are in millions.

Category	\$ Sales	% Change	\$ Share	Unit Sales	% Change
Baby Lotions	47.9	13.5	12.8	15.4	10.0
Baby Oils	38.2	-2.1	10.2	14.6	-2.2
Baby Ointments/Creams	75.9	1.8	20.2	15.9	-0.9
Baby Powder	56.4	-4.5	15.0	22.6	-4.9
Baby Shampoo	32.3	-6.0	8.6	11.7	-6.6
Baby Soaps	80.6	2.5	21.5	24.8	2.2
Petroleum Jelly	43.8	-6.5	11.7	19.6	-7.0
Total Baby Care	375.5	0.1	100.0	124.8	-1.6

Like Mother, Like Baby

Everyone needs a little TLC now and then. With pampered or well-off teens and tweens beginning to follow their parents to the spa (or buying spa-type products), it was only a matter of time before babies got in on the act.

According to many baby care marketers, this is a natural extension of a decades-long trend toward natural and healthy products.



Exclusive skin care line Jurlique includes baby care items and is now available in the U.S.

"If you're very health-conscious—a spa-goer, for instance—you will be very conscious of your children's health as well," pointed out Mark Wuttke, president of Australia-based Jurlique.

Jurlique was originally a line for adults, but took a step into baby care five years ago when Mr. Wuttke and his wife were expecting their first child. "We were approached by the midwives in the local hospital, who were curious about products for diaper rash and for other rashes on the body," Mr. Wuttke recalled. "They were already using Jurlique's organic and biodynamic facial products, and they said they wanted us to make a baby range."

This seed of an idea bore fruit in January of 2000, coinciding with the birth of the Wuttkes' son. "We utilized our son for the live models for the launch of the product at that time," Mr. Wuttke said. "He and our daughter have used nothing else but Jurlique since birth."

Jurlique executives said the baby care line was such a hit in Australia that it is now available in the U.S. Jurlique products are available in 160 U.S. spa locations, including the company's own 15 spas in such trendy locations as Manhattan, Santa Monica, San Francisco, Stokes Lake, VT and at the Grand Floridian in Orlando, FL.

Mr. Wuttke said one of the things that makes Jurlique, positioned as "the purest skin care on earth," different from other natural baby care lines is that 95% of the herbs are grown on Jurlique's farms in Australia. "We control everything from the tilling of the soil to the packaging of the finished product," he said. "Most personal care lines are manufactured by similar manufacturers and ingredients, just with different smoke and mirrors, whereas we pride ourselves on controlling the whole process."

Jurlique's baby care line includes Gentle Cleansing bar, Soothing cream, Barrier cream, Shampoo and Body wash, Soothing Bubble bath, Calming Bath oil and Calming Massage oil. The products include such natural ingredients as calendula, aloe vera, lavender oil, vitamin E, jojoba oil and macadamia oil.

"There are no preservatives in our products. They are naturally preserved using antioxidants," Mr. Wuttke said. These include vitamin C, tea tree, tumeric and grape seed extract.

"Preservatives are there to kill bacteria, but they kill off both good and bad elements, so the ingredient becomes sterile," Mr. Wuttke pointed out. "With Jurlique products, there are no preservatives that would destroy the medicinal value of the herbs, while the antioxidants are present to preserve the finished product." This goes for all of Jurlique's products, not just the baby line, he added.

"We oversee the whole process to ensure purity and quality in our products," Mr. Wuttke said. "With Jurlique, what you see is what you get."

Simply Pure

Other marketers are also answering the call for more natural ingredients in baby care.

Aubrey Organics, Tampa, FL, offers a Baby and Kids Bath soap, shampoo and body lotion. "We are currently working to expand our line of baby products to offer parents and babies more choices for natural care," said Curt Valva, general manager at Aubrey Organics.

Mr. Valva said parents must be careful when choosing care items for their babies. "Parents usually buy baby products based on the brand names that appear on the label, promises of gentleness or the fragrance," Mr. Valva said. "But choosing a product based on these three criteria can be problematic, because they are not looking for the right qualities in the product."



Aubrey Organics offers baby products that cleanse and soften naturally.

Mr. Valva suggested that parents avoid three things in baby care products: artificial or synthetic fragrances; petroleum-based detergents or emollients and preservatives such as parabens and ureas. "Babies need simple, beneficial formulas that are based on whole plant extracts such as organic aloe vera gel, organic shea butter and organic green tea," he insisted. "Gentle, plant-based soaps and essential oil scents are key ingredients to mild, skin-loving baby products."

Burt's Bees keeps it simple too. "While manufacturers may introduce new ingredients in baby care products, Burt's Bees has found that some of the safest, most gentle ingredients for babies' skin are those found in nature," said Ms. Quimby of the company. "These have stood the test of time."

Burt's Bees is currently developing a new all-in-one liquid hair and body wash for babies.

"This will be our first entry into the liquid body wash category," Ms. Quimby said. "This body wash will be formulated with gentle, efficacious ingredients for cleansing baby's hair and body and will be packaged in an easy-to-use recycled plastic bottle." The company aims for a mid-2005 launch.

"There is a general awareness by the consumer that natural products in many categories—such as skin care and food—may be better for one's overall health," Ms. Quimby pointed out. "This has carried over to baby care products."

Burt's Bees does not use mineral oil or parabens in its baby products because they might dry or irritate the skin, according to Ms. Quimby.

This simple formula is extremely attractive to customers, according to Burt's Bees executives. "We frequently receive feedback from consumers via e-mail, as well as at in-store events that we hold at our customers' stores," Ms. Quimby revealed. "This feedback is shared with our R&D group to develop new baby care products, as well as improve existing formulations. We often hear from consumers that mom is using many of our baby care products on herself as well as on baby."

Back to Basics

According to marketers contacted by Happi, natural ingredients will help grow the baby care market in the future. So will products that appeal to adults as well as to their

children. Natural care companies are extending their ranges by adding baby care to the roster.

Baby Essencia, a line from Essencia Aromatics, Shreveport, LA, uses plant derivatives to pamper and provide gentle care to babies' skin. Baby Essencia skin care replaces petroleum products with vegetable oils which are absorbed into the skin more easily, according to executives.

Essencia's baby care line includes Baby Bouquet Body lotion, Baby Bouquet Body oil, Baby Face Essential Oil soap and Baby Bum oil.

Baby Essencia products include such caring ingredients as lavender essential oil, avocado and evening primrose oils and chamomile, company executives said.



Circle of Friends is a gentle choice for children one year of age or older.

Marketers are also creating “follow-up” products—personal care for children who have outgrown the baby stage, but who still need gentle care. Circle of Friends, Santa Monica, CA, offers Ana Banana shampoo for little scalps and Skater, Surf and Stadium SPF30 sunscreens with gentle UVA and UVB protection.

Ana Banana shampoo is recommended for children older than one year. “Ana Banana...is formulated to be especially gentle for children,” said Eleanor Keare, president. “It is free of SLS and is tearless.”

The Ana Banana packaging includes a story and illustrations on the back of the bottle to teach children about Costa Rica. These touches make the products interesting, educational and fun, according to executives.

Only the Best

There's a lot to choose from in the baby care category. Some of these products do come at a price—but this will not dissuade parents, marketers insisted. The focus will remain on gentle care and gentle ingredients.

“When you become educated on what's safe and what's not, you go to great levels to bring that safety and caring to yourself and your family,” said Mr. Wuttke of Jurlique. “Some people ask, ‘Why organics?’ I answer, ‘Because your skin needs food.’ It's a simple concept that will continue to hold true in all aspects of personal care.”

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