

The Baby Boom

What can manufacturers learn from emerging disruptor brands in the baby care space?

NielsenIQ Insight Circles Thought Leadership

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NIQ

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Background



The Baby Care category started seeing a +1.5% dollar growth mainly driven by emerging brands entering online channels.



Most of these disruptors launched in DTC, making them difficult to track before growing to be large players within the Baby Care category.



How can Baby Care manufacturers track these emerging brands and what can they learn from them?



Using NIQ Omnisales, we can identify and track these brands, learn from their strategies, and ultimately find opportunities for Baby Care manufacturer's.

Understanding macro trends that impact the baby category and beyond

Birth Rate



Women without children have been **increasing at a +1.4% rate** over the last decade.

The crude **birth rate** is **projected to decrease -1.6 points of change by 2060**.

However, **Hispanic mothers are outpacing total population growth**, and they are having more children, younger.

Inflation



Baby Care prices are rising faster than total CPG at **+6%**.

Common expenses for a **baby's first year** now **exceed \$15,000**, thanks to inflation.

It now costs **over 300k to raise a child born in 2023**, up 31% from 2017 estimates.

Child-Care prices are rising at nearly twice the overall inflation rate, straining family finances further.

Omnishopping Behavior



The main drivers of online ordering for Baby Care is **convenience and timing**, with immediate or same day delivery gaining importance in 2023.

Subscription ordering has **increased** in popularity as well, having grown since 2022.

Brand awareness, regardless of online or in store purchasing, is absolutely key to Baby Care as **more than half of purchasers decide which brand and type of product they want to purchase pre shop**.

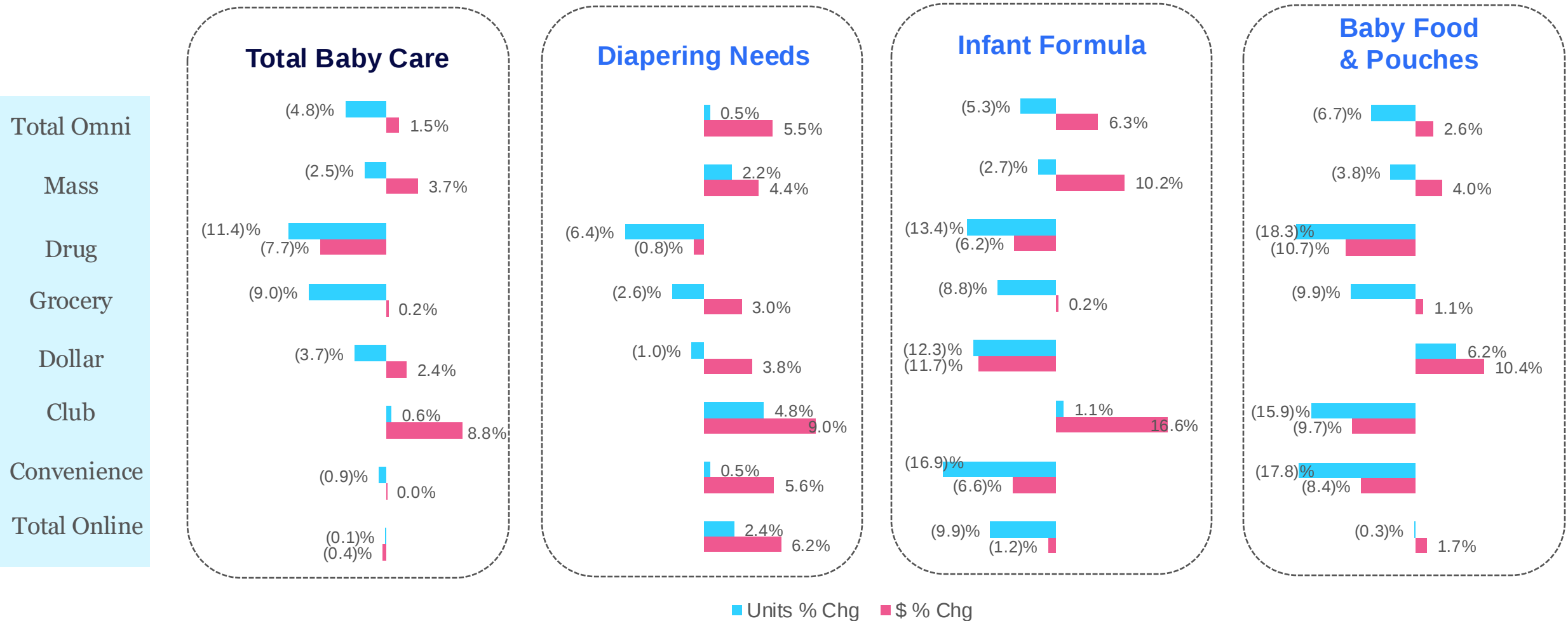
Industry Trends



Within the diapering needs category, Animal Welfare has the highest growth opportunity in ESG pillars. **For Sensitive Skin** has been developing over the past year with a **+68% increase** and it accounting for **\$314M** in sales.

Retailers such as Target and Meijer have been attempting to drive basket sizes and trips in the baby department via **Baby Week promotions** as birth rates decline.

With inflation's impact on the baby care category, consumers turn to Club to meet their needs for Diapering and Formula while the Dollar Channel is the winner for Baby Food & Pouches



Source: NielsenIQ Syndicated US OMNISALES+, Total US; L52 WE12.30.2023 vs YA

Total Baby Care & Baby Food & Pouches contain brand GoGo Squeez. Mass Channel = Target Omni, Walmart Omni, Amazon.com/Amazon Fresh/Amazon Go. Club Channel = BJ's Omni, Sam's Omni, Costco Online, Smart & Final Omni, Boxed Online.

Dollar = Dol General Omni, Dollar Tree Omni

Diapering Needs

These 5 brands have innovative strategies that have propelled them to succeed by capitalizing on the new needs of parents through convenience and quality materials.



0.8% +0.5pts vs YA
Share of Total Diapers

1159
Total Diapers Growth Contribution Index

Diapers & Wipes, Target Exclusive Launch

Luxury
Latex, Lotion, Fragrance Free
Dermatest Approved
Sustainably Sourced
Cruelty Free & Vegan
Standard 100 Certified

Luxurious



1.0% +0.6pts vs YA
Share of Total Diapers

1142
Total Diapers Growth Contribution Index
*Growing in wipes as well

Diapers & Wipes, Walmart Exclusive Launch

3D Core Technology
Dermatologically Certified
Cruelty Free & Vegan
No Latex, Lotions, Fragrances
Standard 100 Certified

Desirable



2.3% +1.1pts vs YA
Share of Total Diapers

956
Total Diaper Growth Contribution Index

Diaper & Wipes with Subscriptions only

Hypoallergenic
TCF (Totally Chlorine Free)
Cruelty - Free

Reliable



0.6% +0.2pts vs YA
Share of Total Diapers

590
Total Diapers Growth Contribution Index

Diapers & Wipes with Subscription Option

Plant Based
Compostable
Certified biobased
Responsibly Sourced
B Corp
Standard 100 Certified

Sustainable



0.9% +0.2pts vs YA
Share of Total Diapers

491
Total Diapers Growth Contribution Index

Diaper, Wipes, & Beauty with Subscription Option

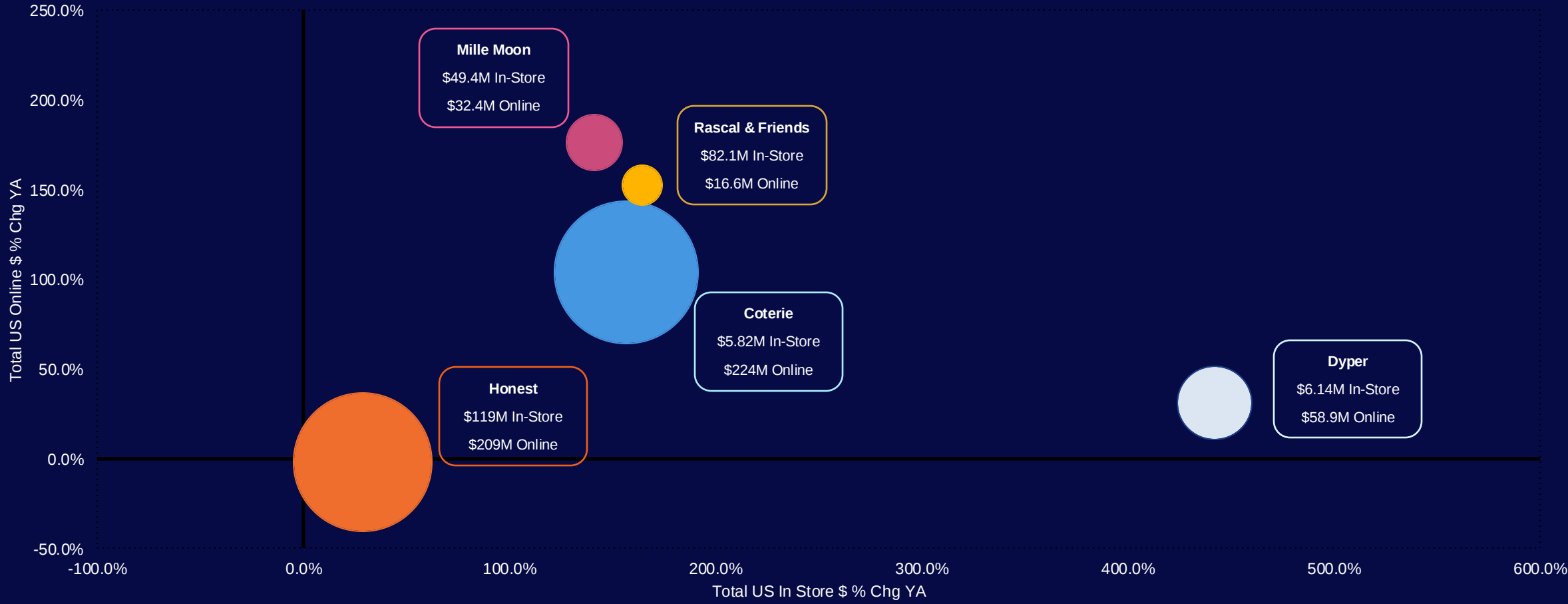
Toxicology Audited
100% PCR (Post Consumer Recycled)
Cruelty - Free
Standard 100 Certified

Clean Ingredients

Given growth within Diapering Needs is driven by online, a few emerging brands are driving that growth: Coterie, Honest, Rascal + Friends, Millie Moon, and Dyper



Diapering Needs Brands by In-Store and Online Dollar % Growth



Source: NielsenIQ Syndicated US OMNISALES+, Total US; L52 WE 12.30.2023 vs YA

Infant Formula

These 3 niche formula brands have catapulted to success as a result of supply constraints with major manufacturers from the 2022 formula recall.

The US government launched Operation Fly Formula to speed up the import of international formula for American families.



2.8% +2.1 pts vs YA
Share of Total Infant Formula
1409
Total Infant Formula Growth Contribution Index

**Organic Formula 0-12
Goat Milk Formula
Toddler Formula**

Organic
UK made in the lake district
No palm oil
Plant based
Uniquely vegetarian

*Family Owned
European Made*



0.8% +0.6 pts vs YA
Share of Total Infant Formula
1401
Total Infant Formula Growth Contribution Index

**Organic Formula 0-12
Organic Formula Gentle**

Modeled after breast milk
No corn syrup or palm oil
USDA Organic
Grass fed cows

*Mom Founded
Clean
Ingredients*



0.1% +0.1 pts vs YA
Share of Total Infant Formula
1808
Total Infant Formula Growth Contribution Index

**Goat Milk for Infants
Grass Fed for Infants
Toddler Milk**

Easy to digest
Nutritionally complete
Clean label
Non – GMO
Grass fed
365 days on pasture

*Australian
Made*

Watch out for these unique formula brands that are small but growing exponentially in-store: Kendamil, Bobbi and Aussie Bubs



Baby Formula Disrupter Brands by In-Store and Online Dollar % Growth



Baby Food & Pouches

Baby Food is not exempt from the ever-growing focus on consuming 'better for you' foods.

These leading brands are innovating in the Baby Food space one 'pouch' at a time.

Source: NielsenIQ Syndicated US OMNISALES+, Total US; L52 WE 12.30.2023 vs YA

Baby Food = Custom agg of Total Baby Feeding + GogoSqueez Brand Total



.02% +.02pts vs YA
Share of Total Baby Food
3,886
Total Baby Food Growth Contribution Index

Dairy-free yogurt alternative rich in nutrients

Certified Organic
100% NON-GMO
100% Pesticide-free
Microbiome-friendly
Sustainable facility

Dairy Alternative



.05% +.04pts vs YA
Share of Total Baby Food
2,865
Total Baby Food Growth Contribution Index

Over 80 product offerings tailored for kids from birth and into toddlerhood

Clean Label Purity Award
EU-Certified Organic
Demeter Certified Biodynamic

European Made



.09% +.06pts vs YA
Share of Total Baby Food
2,728
Total Baby Food Growth Contribution Index

Proactively combatting the food allergy epidemic with easy-to-use allergen introduction packets

Evidence-based
Allergist & Pediatrician Developed
Clean Label Purity Award
Shark Tank winner

Mom-founded



4.6% +1.3pts vs YA
Share of Total Baby Food
1,171
Total Baby Food Growth Contribution Index

Cold-pressed, farm to fridge organic baby food

Clean Label Purity Award
100% NON-GMO
100% Pesticide-free
1,000 Day Promise
Dairy-free, preservative free, no sugar added
Subscription available

Nutritious



.18% +.01pts vs YA
Share of Total Baby Food
312
Total Baby Food Growth Contribution Index

A new take on the long-time baby and toddler staple, applesauce

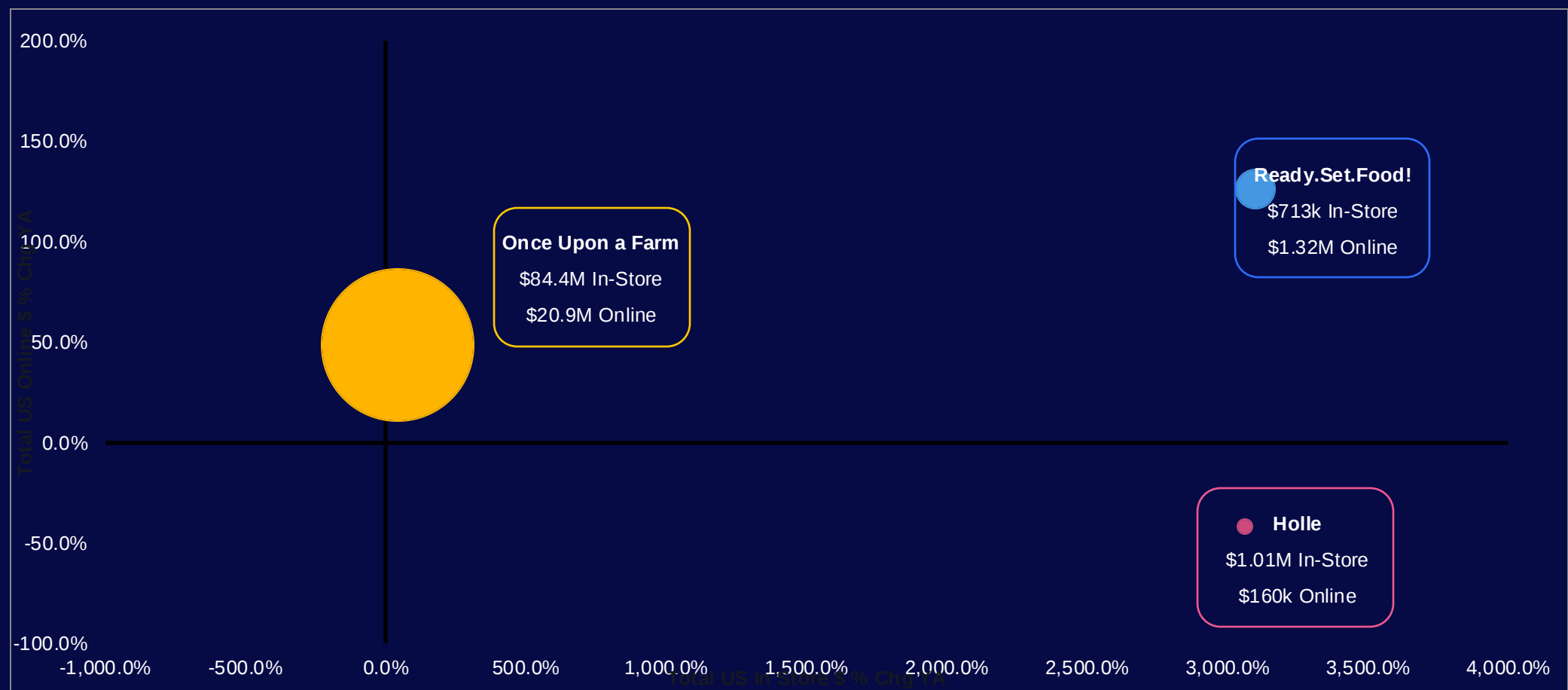
Founded in 1881
First ever fruit in a pouch
TerraCycle approved
Landfill-free production
GF, BPA Free, Kosher

Pantry Staple

Baby food disrupters continue to drive online volume while maintaining



Baby Food Disruptor Brands by In-Store and Online Dollar % Growth



Watch out - Small, but mighty brand on the rise!
Cocojune launched its KIDS line in store in late 2023, so comparative values cannot be illustrated on the graph. In the L52W alone, it has driven over half a million dollars in total omnichannel volume.

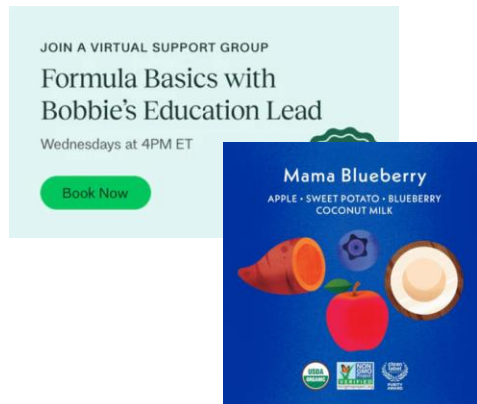


Capture new consumers by implementing these four emerging elements

Authentic

Making empathetic connections with parents through insightful pack design, marketing, and label-reading ease.

- Bobbie formula hosts a Formula Basics class free to all who may need it.
- Once Upon a Farm ingredient lists are simple and show illustrations which help little ones learn about healthy and flavorful food ingredients from the start.



Convenient

Embracing the busy lives of baby and toddler parents by offering easy, ready to go products with labels that make sense.



- Coterie diapers have pack design with no asterisks or fine print needed. On pack verbiage is easy to read and the sizing chart is simple.
- Ready.Set.Food! Packets are available in RTU single serve pack size for on-the-go use.

Omni-Focused

Meeting shoppers where they are - whether that is in store, online, or subscription-based.

- Honest and Dyper offer monthly subscription boxes delivered straight to your door which includes a discount.



Quality-Driven

Being conscientious of price without compromising quality.



Kendamil compared		
made in	Europe	USA
primary carb source	lactose	corn syrup solids, lactose
protein (whey: casein)	(66:34)	(60:40)
fat	whole A2 goat milk & oil blend	100% oil blend
whole milk	✓	nonfat milk
HMOs & MFGM	✓	✓
no palm olein oil	✓	with palm olein oil
no soy	✓	with soy
prebiotic GOS	✓	no GOS
approx. price per	\$1.09	\$1.36

- Millie Moon promise to deliver the most premium experience for parents & littles at everyday prices.
- Kendamil offers easy-to-read quality comparisons, even calculating price per bottle!

Key Takeaways

The Diapering Needs category is driving the online baby growth space as new and exciting brands emerge that cater to the values of the new generation of parents

Since the US formula shortage, global formula brands were brought to the US and continue to thrive due to their impressive sales, clean packaging and organic ingredients

A new set of standards has evolved in the Baby food space where there is a greater focus on fresh, organic ingredients, fewer preservatives, and emphasis on convenience.



Brands are appealing to consumers through modern packaging, clean ingredients, and convenience for busy parents

Navigating the competitive marketplace with strategic agility



Omni Strategy

Brilliant in the Basics

Overdrive search enablement, findability, and clear product messaging.

Connective Strategy

Focus on DTC strategy to meet consumers where they are - i.e. subscriptions and loyalty programs.



Innovation Plans

Trend Awareness

Stay ahead of tipping trends, including changes in format, convenience, and consumption methods.

Macro Consumer Insights

Identify disruptive opportunities in the broader marketplace that align with the category's consumer.

First Mover Advantage

Maintain strategic agility to ensure swift speed to market.



Education

Resource Accessibility

Provide clear, on demand resources for both consumers and pediatricians and ensure consistency across all messaging channels.

Spears of Influence

Utilize social media platforms and on-pack messaging to educate parents about the benefits of the product and how it can be used.



We want to hear from you!

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Your input helps us bring you more actionable insights for your business.

Thank you!

Thank you