



Webinar Series

1st Annual **BABY PRODUCTS** US MARKET STUDY



March 30th, 2016

METHODOLOGY

Consumer Survey fielded by Toluna to 2,000 Adults 18-75 in March 2016

Areas of Questioning:

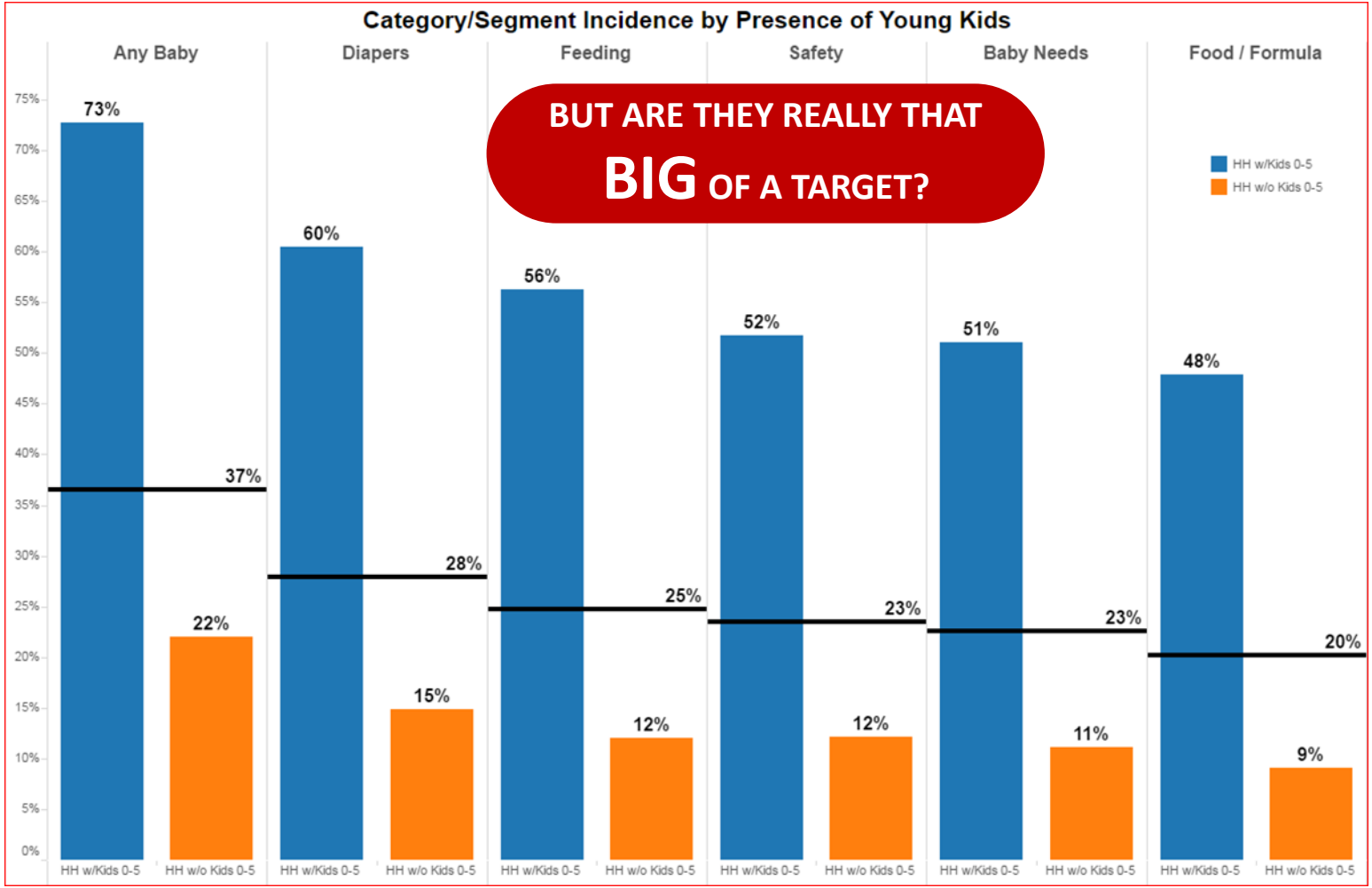
- ➔ Product Types purchased at least once in the past 12 months. 28 Types across 5 segments
- ➔ Outlets where purchase specific segments. Focus on Mass Market vs. Specialty vs. Ecommerce
- ➔ Key demographics: Presence of Young Children and HH Income

TABS Analytics Test for:

- ➔ Internal Data Validity
- ➔ External Industry Corroboration
- ➔ Known areas of under and overstatement

WHO IS BUYING?

As expected, Households with Young Children have, by far, the highest incidence in Baby.

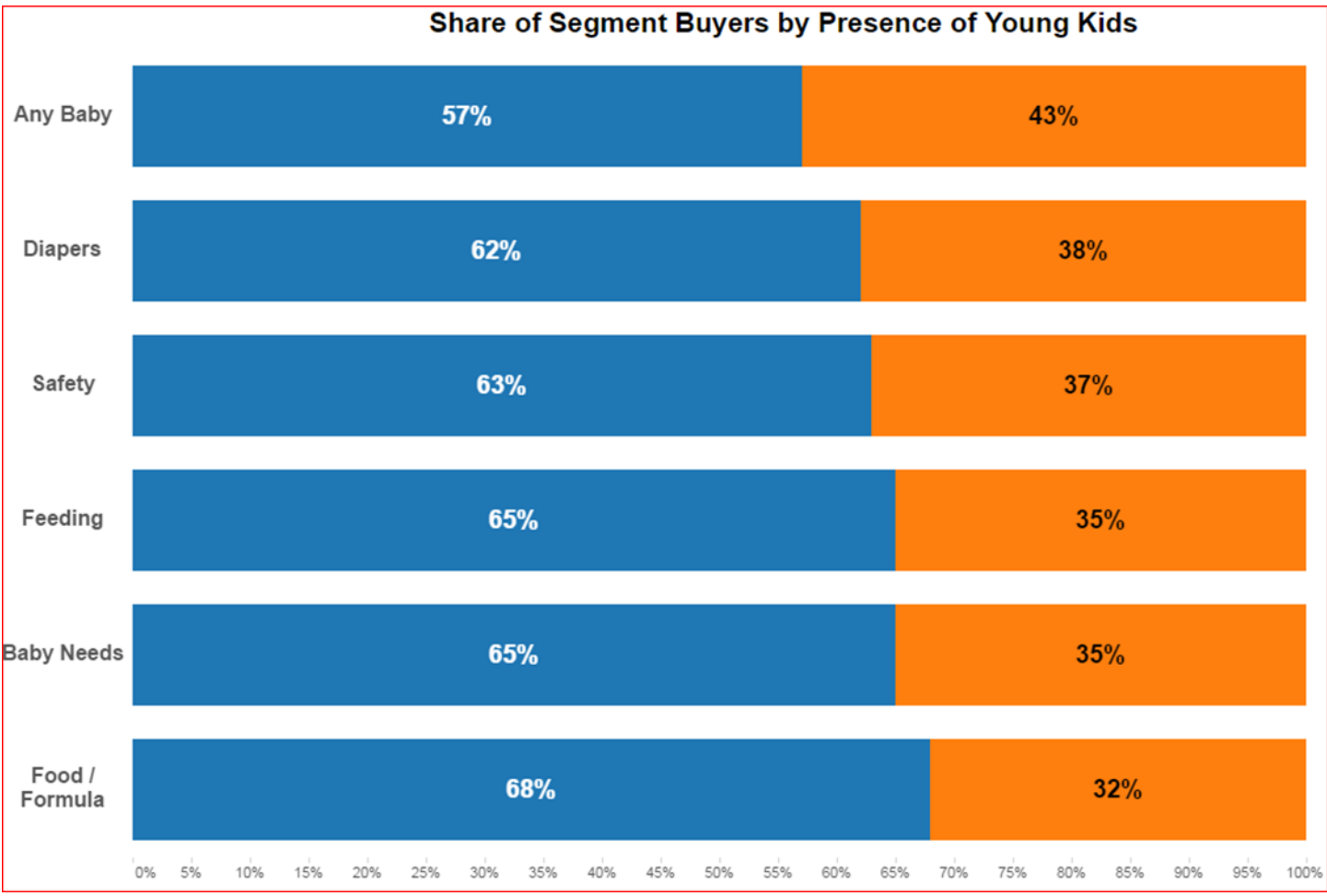


Source: TABS Analytics, March 2016

WHO IS BUYING?

		Types per Buyer
■	HH w/o Kids 0-5	1.6
■	HH w/Kids 0-5	8.5

Adults with Young Children are only 29% of US Adults.
 The other 71% without young children in the HH, account for 30-40% of any given segment sales.



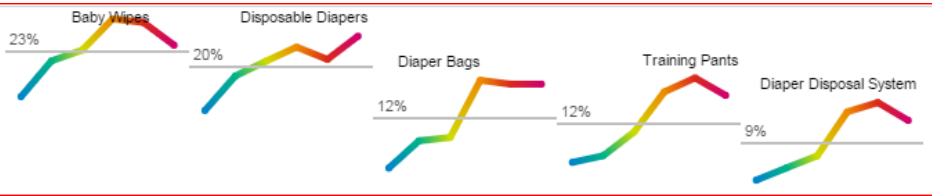
Who is Buying?

Purchasing spread across a variety of Types. All of them show a high skew of sales to Upper Income shoppers.

TYPE INCIDENCE BY INCOME

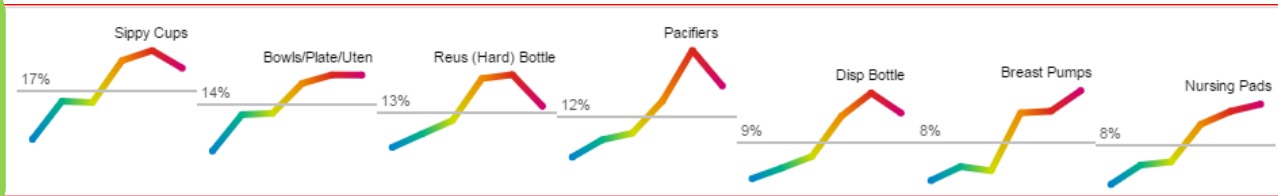
SEGMENT INCIDENCE

DIAPERS



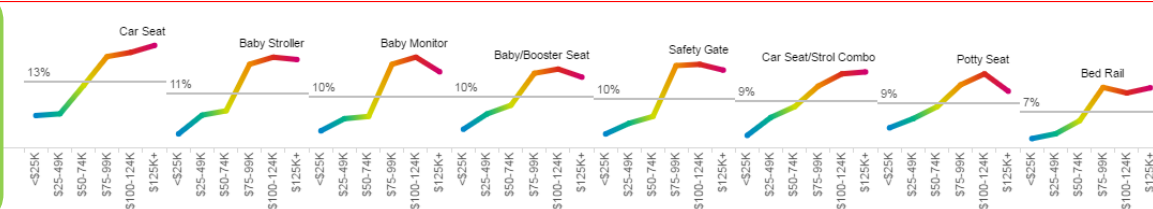
28%

FEEDING



25%

SAFETY



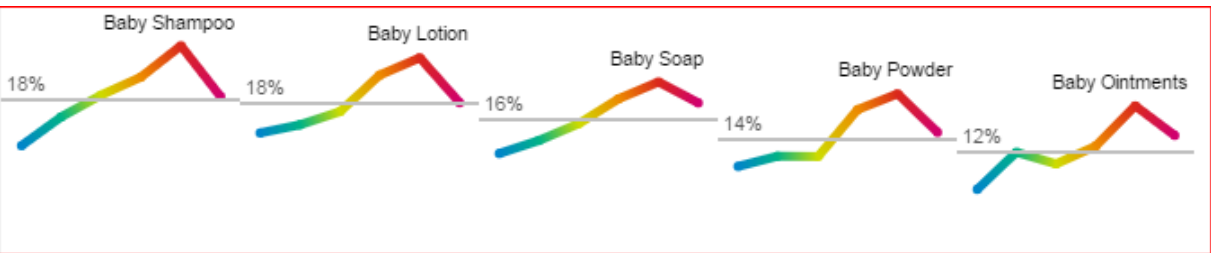
23%

Who is Buying?

Baby Needs purchasing shows the flattest income distribution of the 6 Segments. Baby Food and Formula have a big difference in incidence between high and low income.

TYPE INCIDENCE BY INCOME

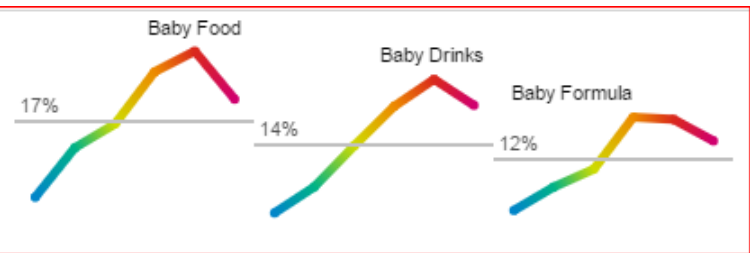
BABY NEEDS



SEGMENT INCIDENCE

23%

FORMULA / FOOD

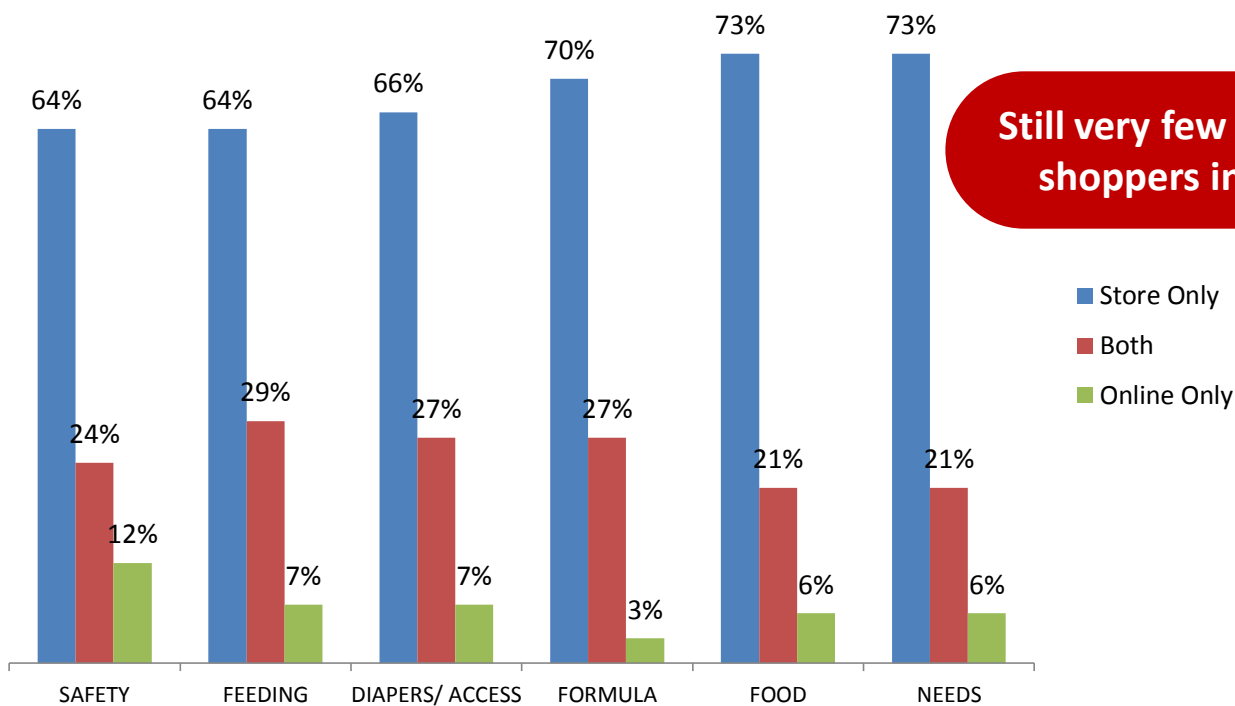


20%

Where do the Buy?

9 in 10 shoppers purchase products in store whereas eComm penetration by Segment ranges from 27-36%.

% of Buyers Purchasing at...

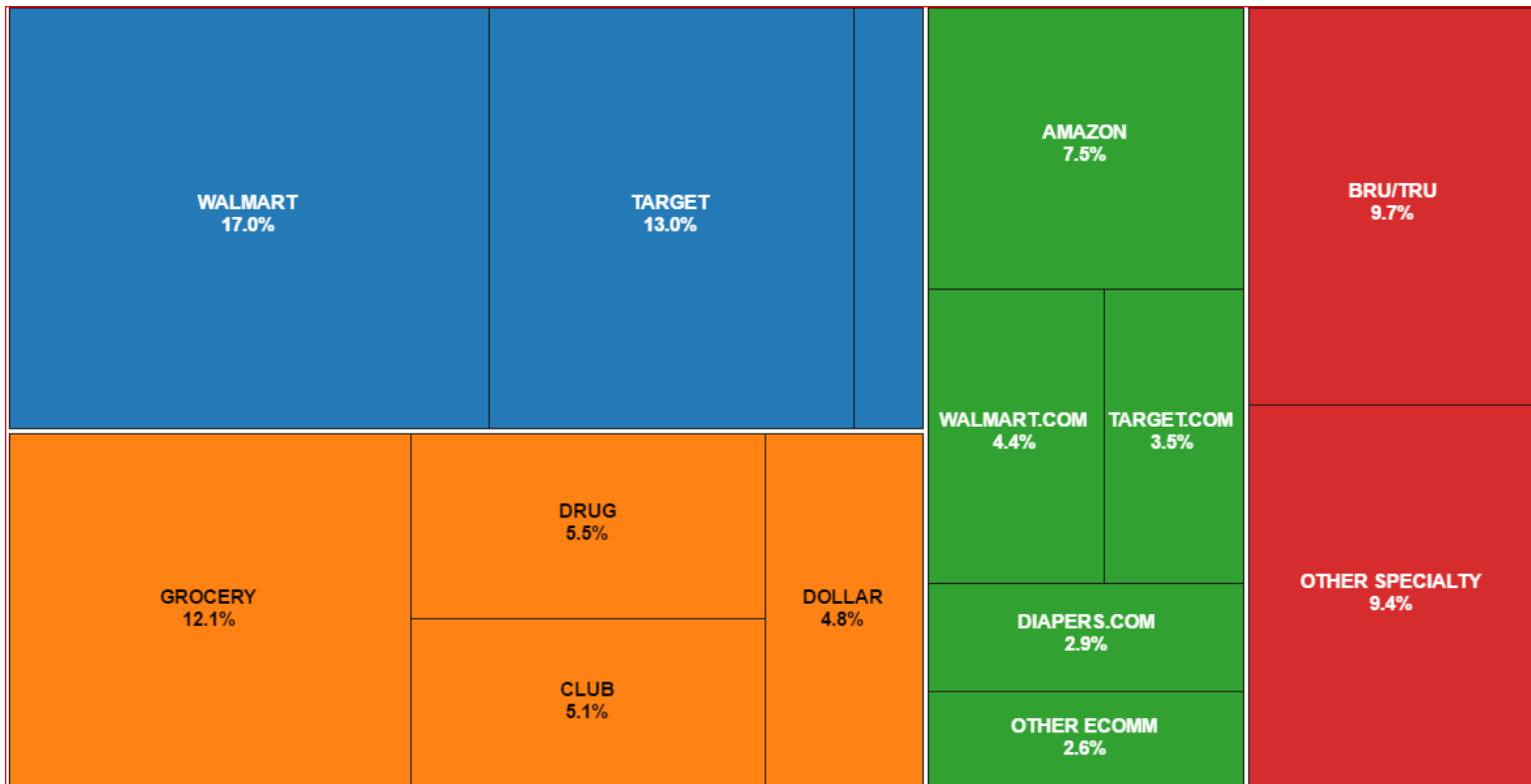
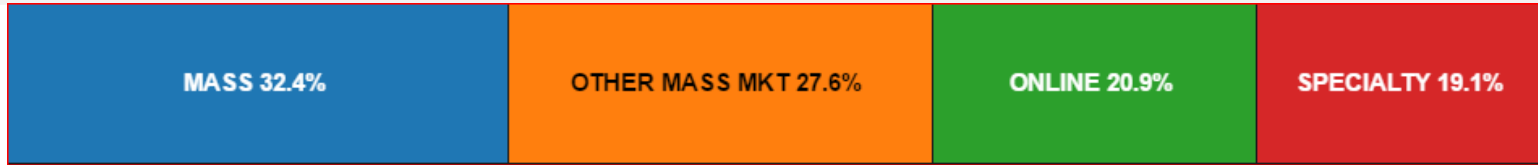


Still very few exclusive Online shoppers in the category.

Where do they Buy?

Note: Share of Occasions in eComm for high repeat categories will tend to be lower than Share of Mentions.

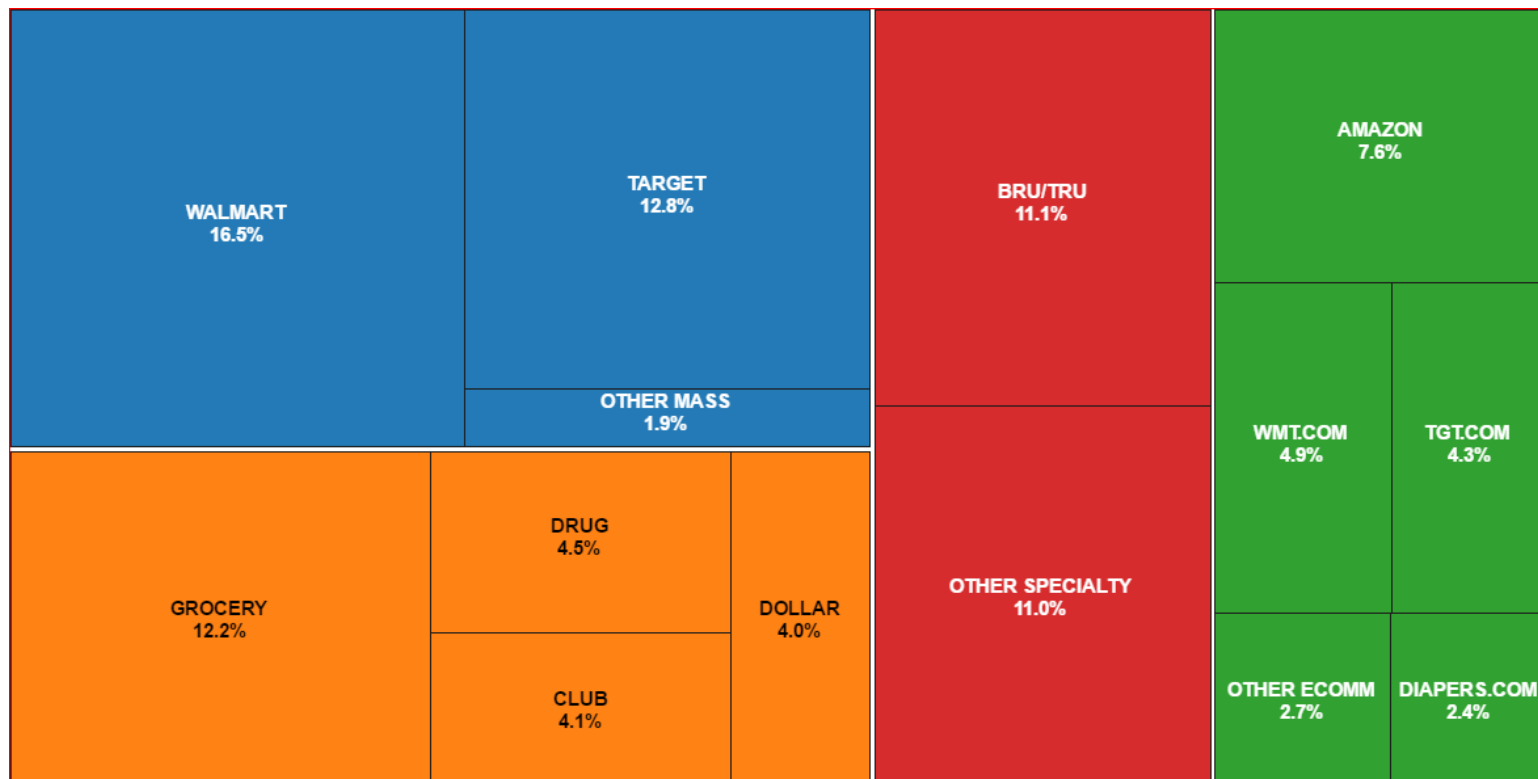
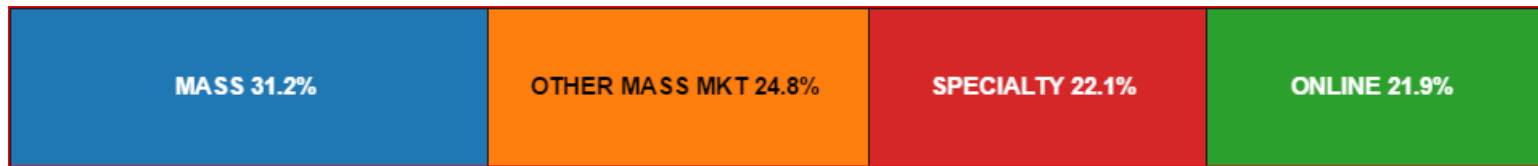
Share of Mentions - Diapers



Where do they Buy?

Share of Mentions - Feeding

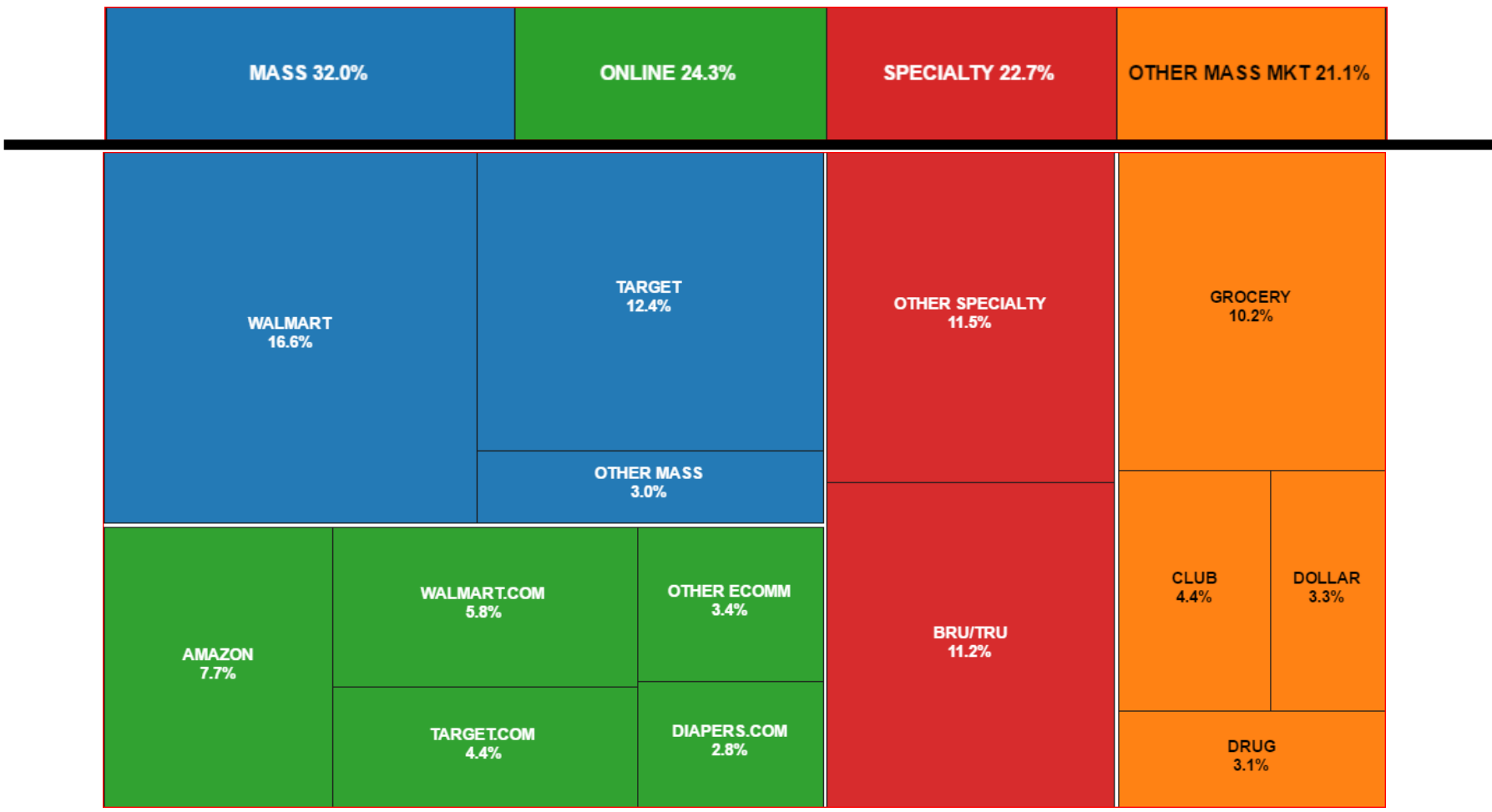
PENETRATION
 Walmart 70%+ for each Segment
 Target 50%+ for each Segment



Where do they Buy?

Share of Mentions - **Safety**

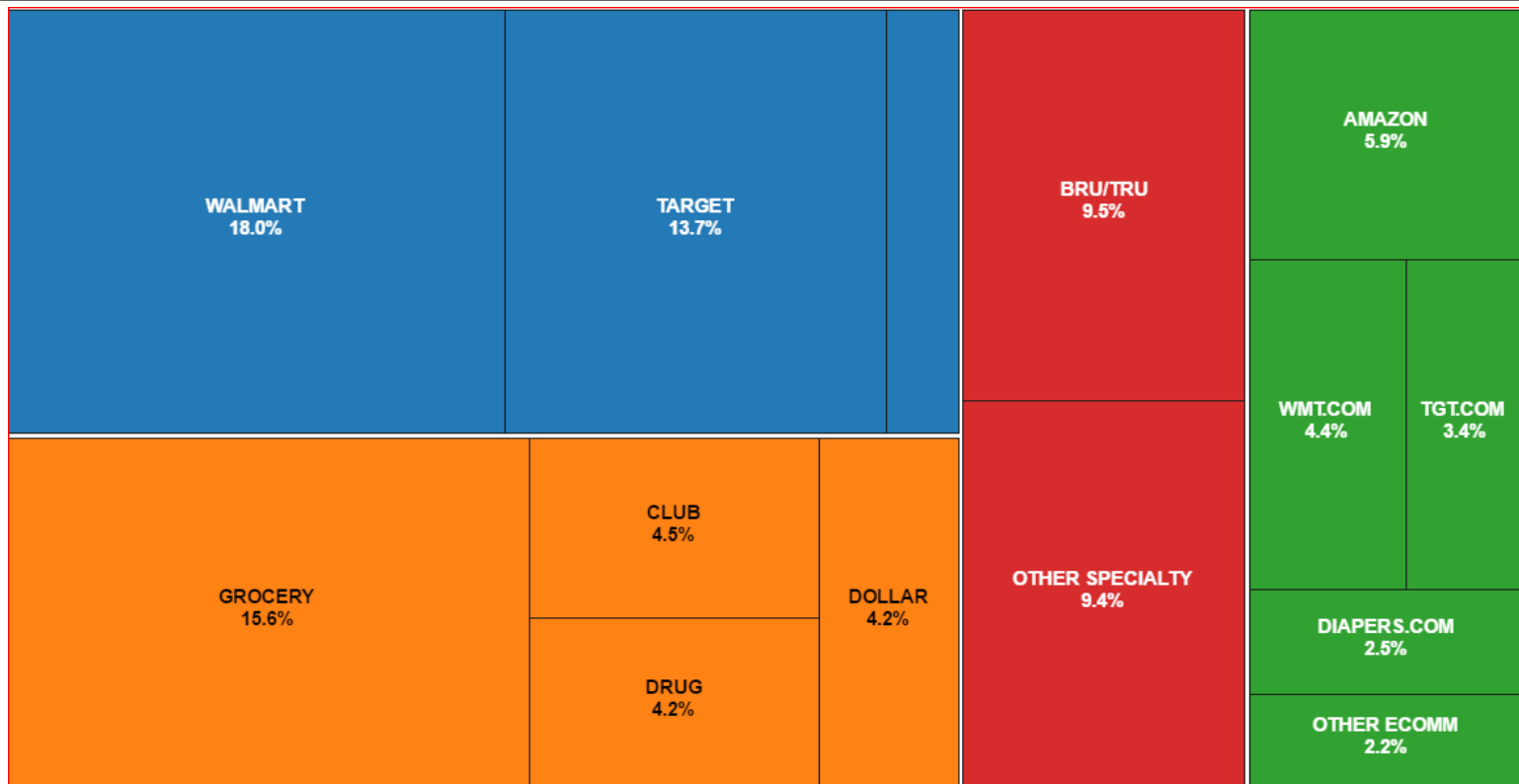
Note: Share of Occasions correlates highly to Share of Mentions in low repeat categories, such as Safety.



Where do they Buy?

Note: Share of Occasions in eComm for high repeat categories will tend to be lower than Share of Mentions.

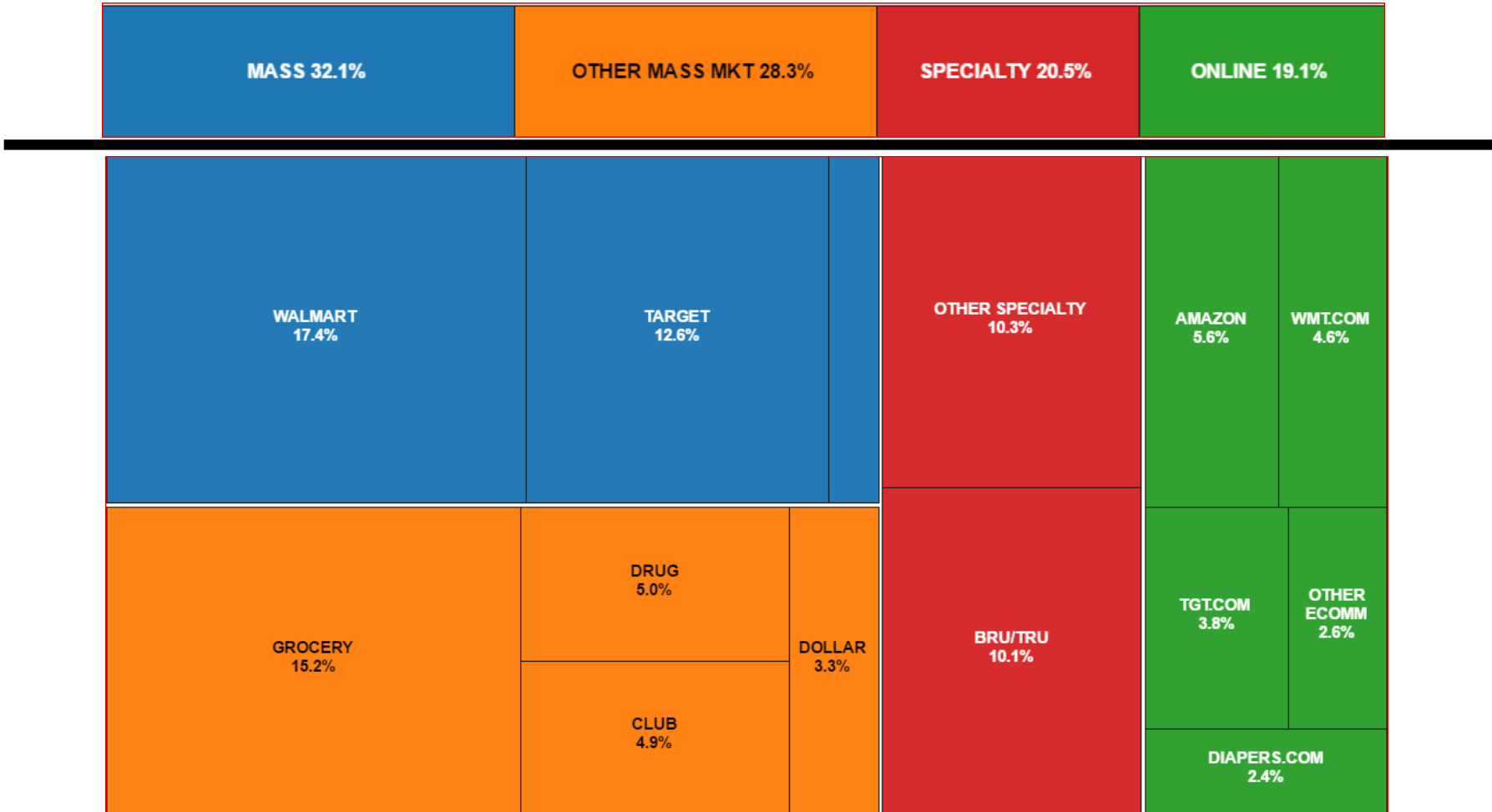
Share of Mentions - Food



Where do they Buy?

Note: Share of Occasions in eComm for high repeat categories will tend to be lower than Share of Mentions.

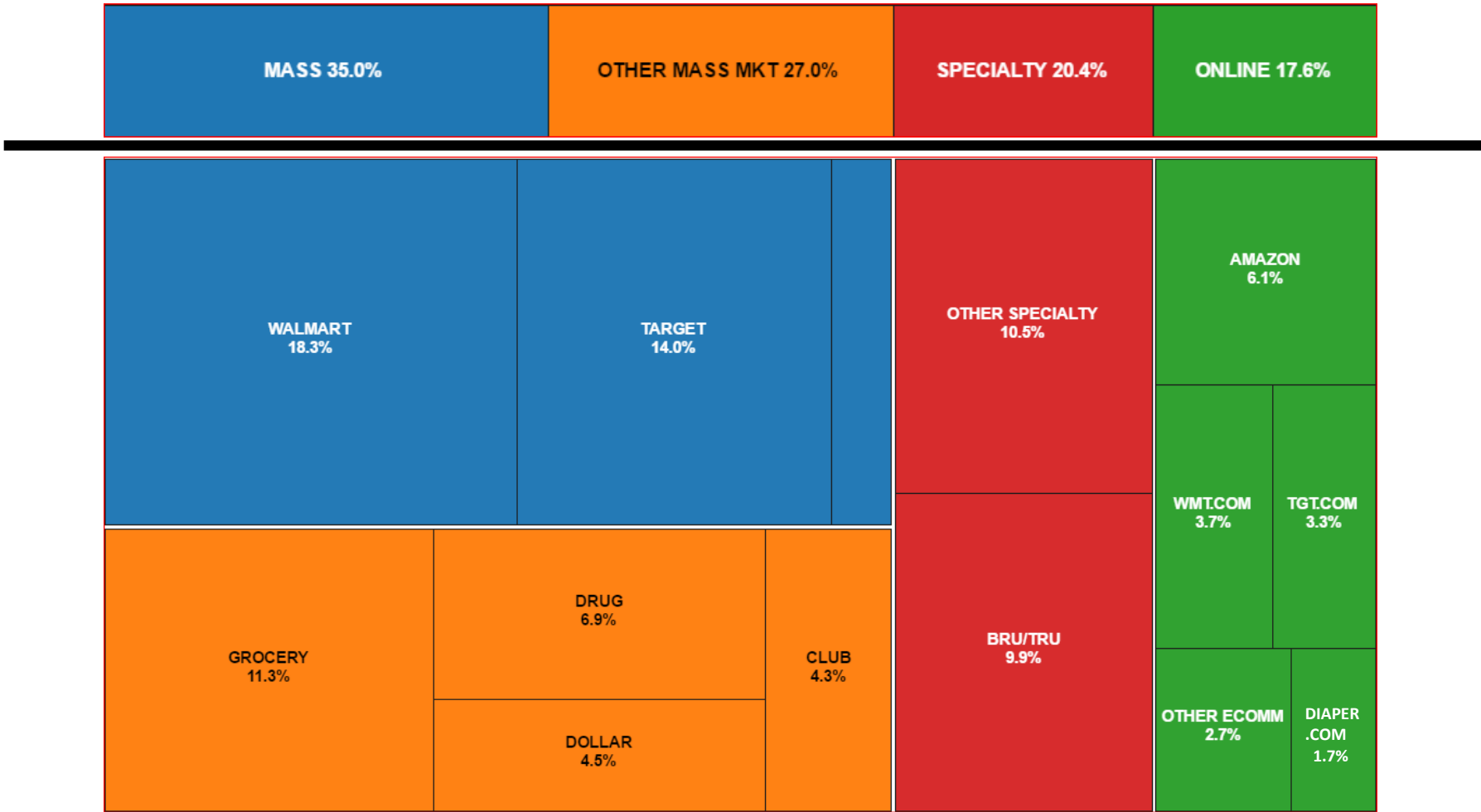
Share of Mentions - Formula



Where do they Buy?

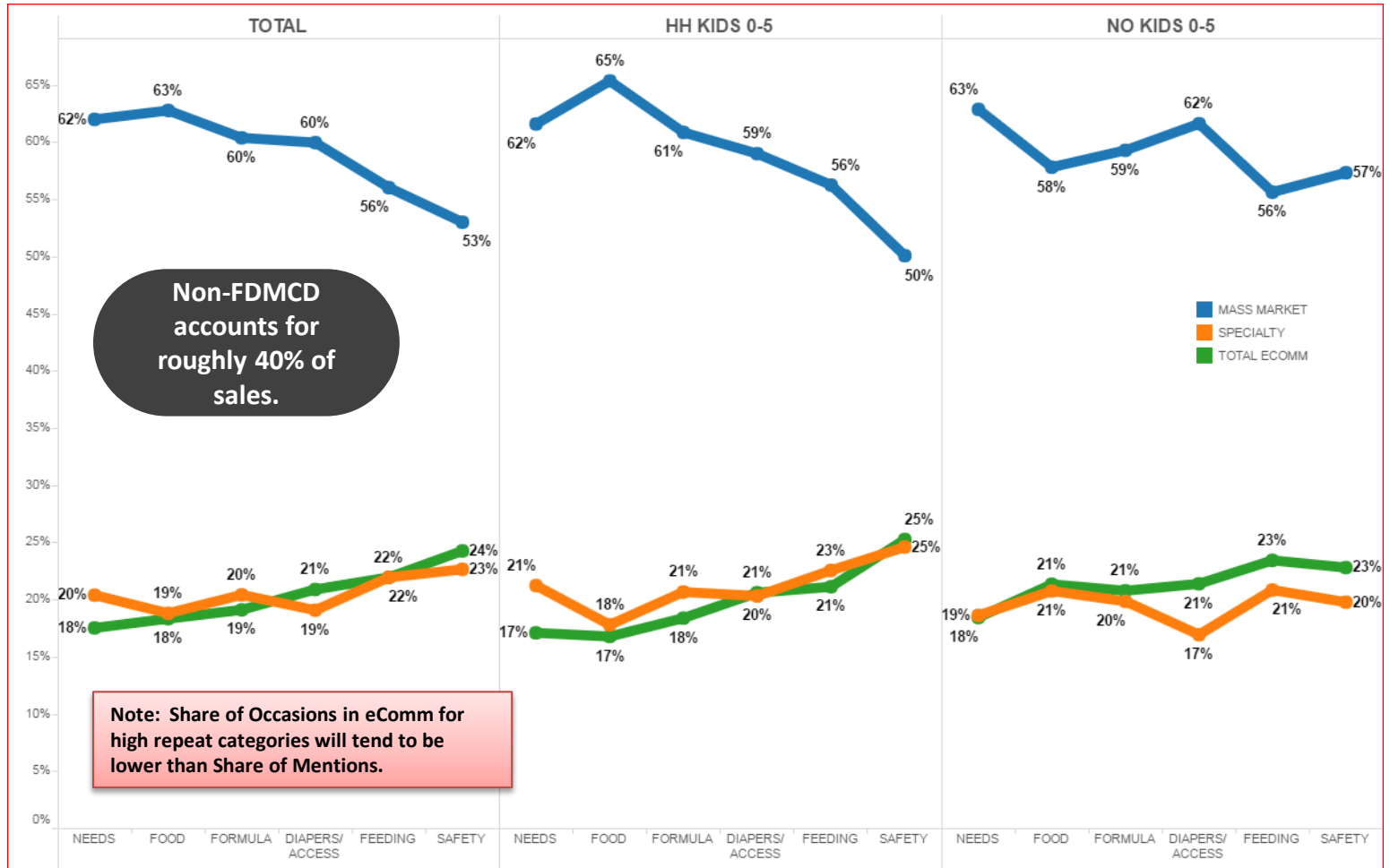
Share of Mentions – **Baby Needs**

Note: Share of Occasions correlates highly to Share of Mentions in low repeat categories, such as Baby Needs.



Where do they Buy?

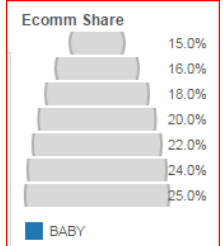
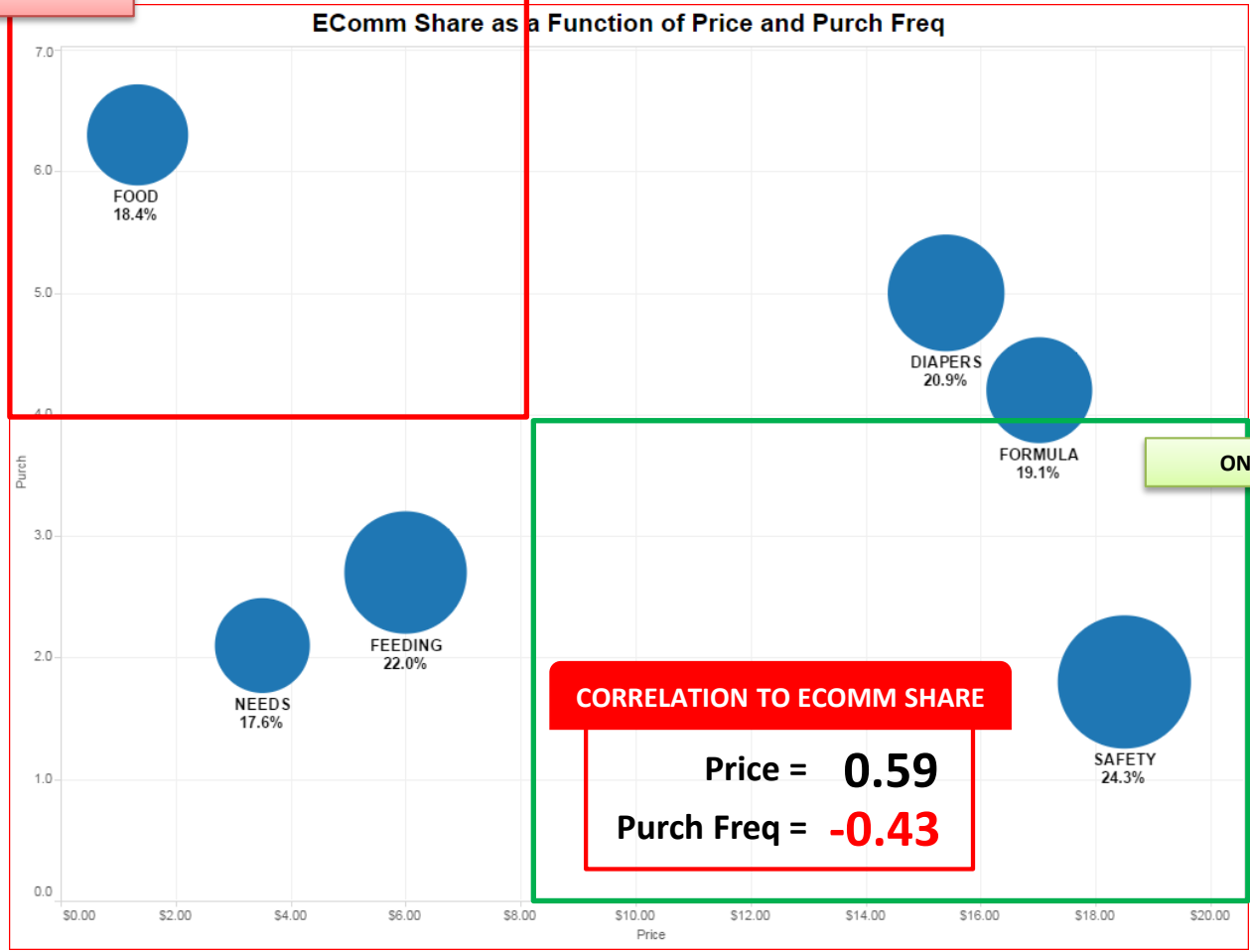
Outlet Share of Mentions by Child Presence in Household



What Drives Ecomm Share?

eComm Share as a Function of Purchase Frequency and Price

LOWER ONLINE SHARE



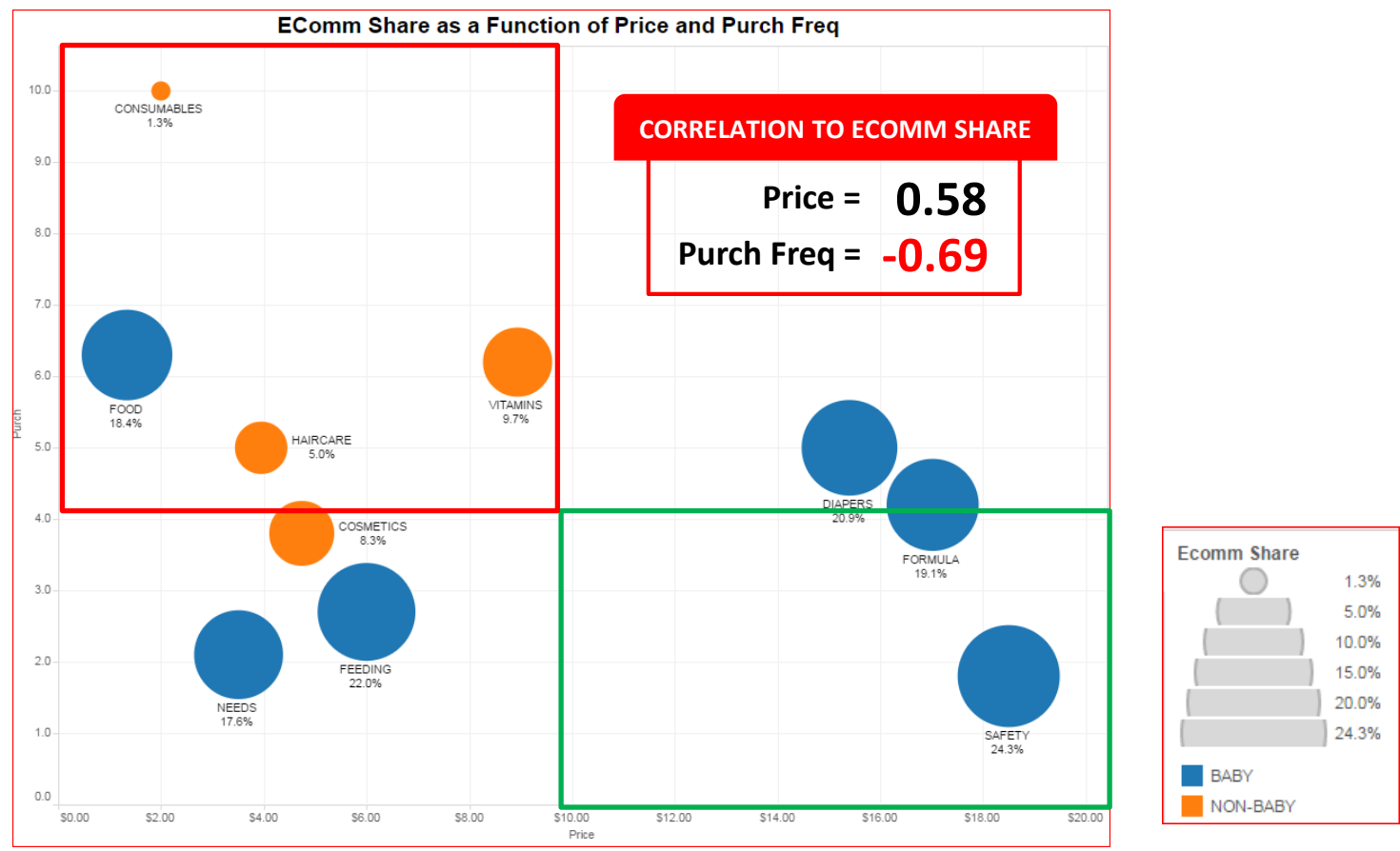
ONLINE SWEET SPOT

CORRELATION TO ECOMM SHARE

Price = **0.59**
 Purch Freq = **-0.43**

What Drives Ecomm Share?

eComm Share as a Function of Purchase Frequency and Price



Conclusions

- ➔ Households with Kids are the primary, *but not the only*, target for Baby Products. 40% of the Buyers have no Young Kids in the Household.
- ➔ No question Young Families are heavier buyers, overall. They purchase 8.5 Baby Product Types in a year vs. 1.6 for all other shoppers. 37% of Adults 18-75 shop the category.
- ➔ For almost every Type, strong skew to Upper Income shoppers. 55-65% of the buyers make \$75K (44% of Adults).
 - ➔ Explains why Target is a very close #2 to Walmart in Baby
- ➔ About 40% of purchase made outside of Mass Market Channels. Ecomm accounts for 18-24% of purchasing, depending on segment.
- ➔ Walmart.com and Target.com are meaningful players in Baby with 5-10% of sales.
- ➔ High correlation of eComm share by Segment to Average Price (positively correlated) and Purchase Frequency (negatively correlated).
 - ➔ Higher priced brands and Types would tend to have a higher contribution from eComm

So What to Do?

- ➔ Incorporate a strategy for communicating to the 40% of category consumers that are not Young Families.
- ➔ Companies should conduct further research into their specific product areas to understand such questions as:
 - ➔ What accounts for the income skew in usage?
 - ➔ How does outlet purchasing differ vs. the segment?
 - ➔ Brand Awareness and Favorability
- ➔ Manufacturers should not over-emphasize the Big 3 in Baby. Apply resources proportionate to their sales potential (50-60%).
- ➔ Use the outlet purchasing data for business and volume planning.
 - ➔ Use Purchase Frequency and Average Price data to establish expectations for online sales.
- ➔ There are numerous meaningful online outlets in Baby vs. other categories: Amazon, Diapers, Walmart, Target all have meaningful shares.
- ➔ Brick & Mortar retailers with eComm aspirations should treat Baby as the frontline of the battle for Online success.

Wrap-Up & Next Steps

- ➔ We'll send out the recording of this webinar tomorrow along with the presentation.

- ➔ A white paper report will be available in the next few weeks to download:
 - ➔ On the TABS Analytics homepage (www.tabsanalytics.com)
 - ➔ An email announcement will go out to all webinar attendees that the white paper is available

- ➔ If you have any technical difficulties receiving this information, please contact us at webinar@tabsanalytics.com

- ➔ If you're interested in a deeper dive of the information presented today to gain further insight into these baby category sectors, please contact us at webinar@tabsanalytics.com