Declining birth rate forces hygiene industry to face old age problem

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Manufacturers must diversify their product ranges in order to stem loses from the nappies market.

Nappies, the largest hygiene products segment in South Korea, has declined from a high of US$573 million in 2000 to US$426 million in 2005 and by 2010 this is expected to have fallen to US$387 million, according to Euromonitor International. This is due to the country's rapidly declining birth rate, where the current rate stands at 11 births per thousand people, down from 13 births in 2000 and well below the 2005 global average of 20.

Same markets, greater opportunities
The share of the population over 65 is projected to double from 7 to 14% between 2000 and 2019, a faster pace than other industrialised nations. This presents an excellent opportunity for manufacturers to replace revenue lost from the nappy market with sales of incontinence products. In 1997, US$9 million was generated through the sale of incontinence products in South Korea and by 2005 this had increased to US$42 million. In 2010, this is expected to reach nearly US$140 million. When developing products for this market, manufacturers should focus on the increasing demand for greater protection, skin care and comfort. Ultimately consumers want to be offered dignity and discretion, and the manufacturer who best achieves this will dominate the market.

The sanitary protection market also offers excellent growth potential. The market was worth US$398 million in 2005, but is expected to rise to US$622 million in 2010 - an average annual growth rate of 9.3%. The market for tampons is expected to grow as more consumers warm to the convenience of this type of protection. Playtex tampons, for example, have been particularly successful, recording a market share increase of 15% over the last 4 years. Although the unit price is higher than normal sanitary towels, consumers who have used tampons are continually making repeat purchases.

New markets, new opportunities
Sales of household care wipes are generally restricted to developed nations. Euromonitor International's research shows that in Asia, sales of household wipes generated US$383 million in 2005, with the vast majority coming from Japan. Manufacturers should focus on this trend when marketing their products in South Korea and should concentrate on targeting the middle/upper class segments of Korean society, who are cash-rich and increasingly time-poor. Initially producers should sell all purpose household wipes, so as to increase the occasions of usage, hopefully quickly leading to acceptance by consumers. When promoting these products manufacturers should use messages of convenience as well as improved hygiene when compared with traditional cloth alternatives.

The South Korean hygiene products industry faces a tough future due to declining sales of its cash cow item, nappies. However for those companies that are able to 'tune in' to consumers' new requirements the future could be rosy.

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