Demographic changes create opportunities for incontinence products and challenges for nappies

Contributed by Euromonitor International
Friday, 30 March 2007

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While declining birth rates are putting a damper on sales of nappies in Western Europe, an ageing population offers manufacturers an opportunity take advantage of the growth potential of incontinence products. Euromonitor International explores how manufacturers can realise the potential of both sectors in the current environment.

Falling birth rates hits nappy manufacturers
The market for disposable nappies in Western Europe generated â‚¬4.5 billion in sales in 2005, however, falling birth rates are causing sales to stagnate. Euromonitor International's research shows that growth of nappies fell from 10.7% between 2003 and 2004, to 1.4% between 2004 and 2005 and this rate is expected to decline over the next five years.

As the size of the consumer base declines, manufacturers are increasing the pace of innovation in order to defend market share. They are also dealing with an ever more confident private label segment, which is producing better quality products and winning a greater share of the market than ever before. Much of the innovation is centred on convenience and comfort, whether by producing better quality nappies which require less frequent changes, or producing disposable pants which aid the toilet training process. Manufacturers have also increased segmentation and the production of products for specific usage occasions, such as swimming pants and night-time nappies, in order to win sales.

Ageing population provides boost for incontinence
The incontinence products market is currently worth a little over â‚¬600 million per year, a fraction of the nappies market. However, Euromonitor International's research shows that this market is growing rapidly, exhibiting an average annual growth rate of 13% since 2001. Contrary to nappies, the ageing population in Western Europe is growing with approximately 70 million inhabitants currently aged over 65, and projections showing that by 2050 this figure will have risen to 150 million.

One of the key problems that manufacturers must overcome in order to grow the size of this market is consumer perception. Key innovations are focusing on providing users with increased discretion, both in terms of the product itself but also packaging. Manufacturers have also concentrated on improving other features such as odour control and skin care properties. Developing distribution channels and moving the product away from chemists and into major retailer stores is a further challenge. However if producers are successful this move could lead to even higher growth rates.

Future outlook
Due to the low birth rates in Western Europe, nappy manufacturers need to focus on nurturing value as opposed to volume growth. This can be achieved through the development of more premium products for which affluent consumers will be willing to pay a price premium. The incontinence market offers manufacturers the chance to replace some of the revenue lost from the nappy market. However, in order to take advantage of these changing dynamics, producers need to change consumer attitudes towards incontinence. Euromonitor International believes the provision of information will be key to gaining consumer acceptance. Product developments are expected to closely mirror those in the sanitary products industry, leading to a market that is worth nearly â‚¬1 billion by 2010.

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