

NURSERY AND BABY EQUIPMENT RETAILING – UK – 2024

Despite the impact of high living costs and falling birth rates, demand remains resilient, with over half of parents looking to spend more in the coming year.



Sam Nguyen, Retail Analyst



Nursery And Baby Equipment Retailing - UK - 2024

This report looks at the following areas:

- The short-, medium- and long-term impact of the cost-of-living crisis on the nursery and baby equipment market, including changes in buying behaviours and impacts of the falling birth rate
- Opportunities from this disruption and how retailers are innovating
- What nursery and baby equipment items parents buy (new and second-hand)
- When do parents typically start buying
- Where and how nursery and baby equipment is bought
- Trusted sources of information and perceptions of these sources
- Nursery and baby equipment buying behaviours and interests



Despite the impact of high living costs and falling birth rates, demand remains resilient, with over half of parents looking to spend more in the coming year.

Overview

The partly non-discretionary nature of nursery and baby equipment means parents still need to enter the market to buy for their kids, but the cost-of-living crisis has forced many to reassess their spending, with 70% of parents of 0-4s buying more low-price products and 73% opting for second-hand equipment.

As financial uncertainty continues, value will remain at the forefront of many parents' minds and the shift to the second-hand market will likely continue. The falling birth rate only serves

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to exacerbate an already struggling sector, with the trend of parenthood being delayed until older ages restricting the overall number of live births.

A strong value proposition will be key for a retailer to cut through the noise, with outstanding services potentially serving as a key point of differentiation. The second-hand market, rather than being seen as a risk, can be turned into an added revenue stream, providing parents with more flexibility in buying while tapping into the circular economy.

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Report Content

Key issues covered in this Report

- Overview

EXECUTIVE SUMMARY

Opportunities for the nursery and baby equipment market

- Leveraging the potential of the repair market
- Exploring new ownership models
- Social media presents a wealth of opportunities

Market dynamics and outlook

- The five year outlook for nursery and baby equipment retailing
- Uncertainty remains ahead
- Wheeled goods are susceptible to trading down
- Specialists still struggle to regain share
 - Graph 1: distribution of spending on nursery & baby equipment, by type of retailer, 2020-23
- Live births decline after an uptick in 2021
 - Graph 2: number of live births in England and Wales, 1990-2022
- Consumer sentiment: the recovery is continuing
 - Graph 3: the financial wellbeing index, 2016-23

What consumers want and why

- Second-hand purchasing continues to grow
 - Graph 4: nursery/baby equipment purchased from new and second-hand, 2023
- Most purchases happen before the arrival of babies
 - Graph 5: stage when parents start buying nursery/baby equipment, 2023
- Four in five parents buy online
 - Graph 6: channels of purchase, 2023
- Amazon spearheads in new...
 - Graph 7: retailers used for buying new nursery and baby equipment, 2022 and 2023
- ...as well as second-hand purchases
 - Graph 8: retailers or forums used to buy second-hand nursery and baby equipment, 2022 and 2023
- Social media rises in importance
 - Graph 9: sources used by parents to research nursery and baby equipment, 2022 and 2023
- Retailers informative but inconvenient and uninteresting

- Graph 10: perceptions of information sources, 2023
- Safety is the top priority
 - Graph 11: important attributes of nursery and baby equipment, 2023
- Parents look for ways to stretch their money
 - Graph 12: nursery and baby equipment behaviours, 2023
- Three in five are interested in in-person retailer events
 - Graph 13: interests in buying nursery and baby equipment, 2023

Retailer activity

- A sharp focus on value continues
- 6-in-1 Baby Sleep Habitat System
- Adspend recovers from the low of 2022
 - Graph 14: above-the-line, online display and direct mail total advertising expenditure on nursery and baby equipment, 2019-23

MARKET DYNAMICS

Market size

- The market is estimated to contract slightly
 - Graph 15: market size for nursery and baby equipment retailing, 2018-23
- Financial pressure is moving up

Market forecast

- Demand is expected to remain resilient
- ...but uncertainty remains ahead
- Opportunities in the storm

Market segmentation

- Wheeled goods are susceptible to trading down
- Car seats benefit from new regulations

Channels to market

- Specialists still struggle to regain share
 - Graph 16: distribution of spending on nursery & baby equipment, by type of retailer, 2020-23

Macro-economic factors

- Inflation is still the key factor affecting consumers' finances
 - Graph 17: CPI inflation rate, 2021-23
- Interest rates will rise in importance over the remainder of 2023 and into 2024
- Consumer sentiment: the recovery is continuing...

- Graph 18: the financial wellbeing index, 2016-23
- ...and people feel more confident about their financial prospects
- Graph 19: the financial confidence index, 2016-23

Social, environmental and legal factors

- Live births decline after an uptick in 2021
 - Graph 20: number of live births in England and Wales, 1990-2022
- Fertility rate on a consistent downward trajectory since 2012
 - Graph 21: total fertility rate (number of children per woman), 1990-2021
- Older mothers drive birth and fertility rates
 - Graph 22: number of live births in England and Wales, by age of mother, 1990-2022
 - Graph 23: live births per 1,000 women in age group, 1990-2021
- Parenthood is being delayed
 - Graph 24: standardised mean age of mothers and fathers in England and Wales, 1990-2021
- English government extends free childcare allowance

WHAT CONSUMERS WANT AND WHY

What items parents buy

- Second-hand purchasing continues momentum
 - Graph 25: nursery/baby equipment purchased, 2019, 2021, 2022 and 2023
- Not only big-ticket items are bought second-hand
 - Graph 26: categories of nursery/baby equipment purchased, 2023
- Feeding equipment tops new purchases
 - Graph 27: nursery/baby equipment purchased from new and second-hand, 2023
- Buying new is still preferred
 - Graph 28: repertoire analysis of nursery/baby equipment purchased from new and second-hand, 2023

When parents start buying

- Most purchases happen before the arrival of babies
- Young parents start early...
- ...as well as the affluent
 - Graph 29: stage when parents start buying nursery/baby equipment, by household income, 2023
- A fifth of full-time working parents start buying before their pregnancy
 - Graph 30: stage when parents start buying nursery/baby equipment, by employment, 2023
- Behaviours vary with new and second-hand purchasing
 - Graph 31: second-hand nursery/baby equipment purchased, by stage when start purchasing, 2023
 - Graph 32: new nursery/baby equipment purchased, by stage when start purchasing, 2023

How items are bought

- Most engagement is from online...
 - Graph 33: channels of purchase, 2019, 2021, 2022 and 2023
- ...while in-store still struggles to regain ground
- But stores remain crucial
 - Graph 34: channels of purchase, by age and household income, 2023
- Mobile devices are preferred for online purchasing
 - Graph 35: channels of purchase, 2023

Where items are bought

- Amazon spearheads in new purchases
 - Graph 36: retailers used for buying new nursery and baby equipment, 2022 and 2023
- John Lewis makes gain while other department stores struggle
- Discounters are the clear winners
 - Graph 37: type of retailer used for buying new nursery and baby equipment, 2022 and 2023
- Specialists among the top locations for multi-purchasing
 - Graph 38: repertoire analysis of new nursery and baby equipment purchases, by type of retailers, 2023
- Generalist retailers continue to lead penetration
 - Graph 39: type of retailer used for buying new nursery and baby equipment, by age and household income, 2023
- Amazon also leads the pack in second-hand purchasing
 - Graph 40: retailers or forums used to buy second-hand nursery and baby equipment, 2022 and 2023
- Amazon Second Chance
- Over a quarter buy second-hand items from specialists
- Half of second-hand buyers stick to one retailer
 - Graph 41: repertoire analysis of retailers used for new purchases, 2023
 - Graph 42: repertoire analysis of retailers used for second-hand purchases, 2023

Trusted sources for parents

- Social media rises in importance...
 - Graph 43: sources used by parents to research nursery and baby equipment, 2022 and 2023
- ...especially with dads
 - Graph 44: sources used by parents to research nursery and baby equipment, by gender, 2023
- Traditional sources become more popular
- Parents seek information from a variety of sources
 - Graph 45: repertoire analysis of sources mostly used by parents to research nursery and baby equipment, 2023
- Retailers informative and personal...
 - Graph 46: perceptions of information sources, 2023
- ...but inconvenient and uninteresting

Purchase drivers

- Safety is the top priority
 - Graph 47: important attributes of nursery and baby equipment, 2023
- Durability is also important
 - Graph 48: important attributes of nursery and baby equipment, by age, 2023
- Versatility is important with urban dwellers
- Eco-friendly materials are no longer just nice to have
 - Graph 49: important attributes of nursery and baby equipment, by financial situation, 2023

Nursery and baby equipment buying behaviours

- Parents look for ways to stretch their money
- Behaviours vary by financial situation
 - Graph 50: nursery and baby equipment behaviours, by financial situation, 2023
- Almost three in five parents use flexible payment
- Repair is preferred over buying new
 - Graph 51: "I would rather pay for a service to repair baby and nursery equipment than spend money on new equipment", by products bought, 2023
- Spending intentions remain robust
- Three in five are interested in in-person retailer events
 - Graph 52: interests in buying nursery and baby equipment, 2023
- Equipment tutorials see significant demand
 - Graph 53: "I think retailers should provide more equipment tutorials (eg how to set up, how to use)", by products bought, 2023

RETAILER ACTIVITY

Competitive strategies

- A sharp focus on value continues
- In tune with parents' style
- A focus on high-value categories

Launch activity and innovation

- An holistic approach to sustainability
- TikTok Shop UK launches 'Parent & Baby' product category
- 6-in-1 Baby Sleep Habitat System
- Smart and convenient
- Catering to the demand for getting out and about
- Collaborative efforts

Advertising and marketing activity

- Adspend recovers from the low of 2022
 - Graph 54: above-the-line, online display and direct mail total advertising expenditure on nursery and baby equipment, 2019-23
- Good thing happens when we sit together
- Bugaboo Fox 5: the next best way to carry your baby

APPENDIX

Supplementary data

- Specialists lead the pack
- Budgets are shifted to digital
 - Graph 55: total above-the-line, online display and direct mail advertising expenditure on nursery and baby equipment, by media type, 2022 and 2023*

Market forecast data and methodology

- Market size and forecast: underlying data
- Market forecast and prediction intervals (value)
- Forecast methodology

Report scope and definitions

- Market definition
- Market definition
- Abbreviations and terms

Methodology

- Consumer research methodology
- Nielsen Ad Intel coverage

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