

# HUGGIES®

DIAPERS

## THE MARKET

Today and every day, about 11,000 babies are born in the United States alone. Before they're an hour old, almost all of them will be wearing their first piece of clothing — a disposable diaper. And every day, another 11,000 toddlers will begin toilet training, most with the help of disposable training pants.

Over the course of a year, there are 4.1 million brand-new potential consumers for Huggies® products, just in the United States. Worldwide, families use over 72 billion disposable diapers a year, and nearly one-third of them are branded Huggies. It's a "growth" market in every way: Estimates are that in the United States, disposable diapers account for probably less than 30 percent of all changes, which leaves a lot of growing room as incomes and hygiene standards rise around the world.

## ACHIEVEMENTS

Huggies® diapers were first introduced by Kimberly-Clark in 1978, and they've been reinvented every year since. Refastenable diapers, breathable diapers, and stretchy diapers are all Huggies firsts. At the controls of the Huggies innovation engine are everyday consumers. The art of understanding and anticipating consumer needs — sometimes before customers do themselves — has led not only to

product advances but the creation of whole new categories, businesses that didn't exist before.

In 1989, Huggies created the disposable training pant category. Unlike diapers, which parents fold on around their children, PULL-UPS® training pants are more like real underwear that toddlers

can pull on and off all by themselves. When Kimberly-Clark launched PULL-UPS in a test market, demand was so great that the test was abandoned and the product was rolled out nationally. Parents and kids loved it, and thirteen years later PULL-UPS still leads the \$2 billion global training pant category.

Five years later, Huggies introduced the first super-premium diaper. While most diapers felt paper-y or plastic-y, new Huggies® Supreme diapers felt like cloth. Instead of tape closures, they had fasteners from Velcro USA that made it easy for parents to check and adjust the diapers at will. Then as now, Huggies Supreme diapers are the "Ultimate in Care®" and well worth a premium price to many moms. "A few cents more per diaper?" says one consumer. "That's meaningless when you're talking about making my baby more comfortable!"

In 1994, Huggies created the youth pant category by taking on a new — and often taboo — subject: bedwetting. Some 5 to 7 million American children wet the bed at night, but no garment was available on the market to spare them from the wet sheets and embarrassment they faced. The creation of Goodnites® absorbent underpants

**Pull-Ups®**  
**GoodNites®**  
DISPOSABLE ABSORBENT UNDERPANTS

became a cause inside Kimberly-Clark. This is another new market that K-C has led from wire to wire, but the Goodnites team will tell you that the rewards go deeper than market share numbers.

In 1998, Huggies invented the swim pant category. Almost as trim as bathing suits, Huggies® Little Swimmers® disposable swimpants provide diaper protection for infants during water play. But unlike diapers, they don't swell up or come apart in the water. Little Swimmers lead their market and are now sold in 55 countries around the world.

At the core (literally) of many of these advances is a new class of materials pioneered by Kimberly-Clark. Nonwoven fabrics combine the softness and the stretch of cloth with other almost magical properties. Some let air through, but not liquids. Others allow liquids to travel in only one direction: away from baby's skin. In a diaper, the fabric is impermeable to leaks but allows air to circulate, helping keep a baby's skin drier and healthier.

In 1998, these new, "smart" fabrics propelled Huggies to leadership in still another category —



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baby wipes. For reasons that are not hard to understand, disposable wipes have largely replaced washcloths for clean-ups during diaper changes. Parents prefer Huggies® Baby Wipes because they are thicker and more durable than other brands. Of the 28 billion baby wipes Americans will use this year, nearly one out of every four will be made by Kimberly-Clark.

## HISTORY

Kimberly-Clark was born in 1872 as a paper company in Wisconsin's Fox River Valley, which many still call the "Paper Valley." Entering its second century, the company made a momentous decision. Rather than slugging it out with competitors in commodity paper businesses, K-C elected to focus on higher-margin consumer products.

Kimberly-Clark's first entry into the disposable diaper market created by Procter & Gamble's Pampers® brand was a major advance, but not for long. K-C's superior new entry



was quickly surpassed by competitors, and ultimately withdrawn. The KIMBIES® diaper saga became a lesson learned: performance is everything in consumer markets, and it had better improve. Or else.

In 1978, Kimberly-Clark tried again with Huggies® diapers — baby-shaped diapers with elastic at the legs to help stop leaks, just like the rubber pants so many consumers used over cloth diapers at the time. Consumers flocked to Huggies, and this time Kimberly-Clark followed up with improvement after improvement. In 1985 Huggies took leadership of the category for the first time, and has been the number-one selling diaper in America since 1993.

Looking back, KIMBIES® diapers may have been the best thing that ever happened to Kimberly-Clark as a consumer product company. Today, Huggies introduces a demonstrably better product every year, and the imperative to innovate extends far beyond the Huggies® diaper franchise. It's no accident that Kimberly-Clark offers consumers the number-one or number-two brand in 80 countries.

## THE PRODUCT

Huggies® Ultratrim, introduced in 1992, is the brand's most popular diaper and a great example of the continuous innovation that keeps Huggies on top of so many market segments. Huggies Ultratrim began with a technological breakthrough: a way to make diapers radically

less bulky with zero sacrifice in protection. Most of us don't usually think of diapers as high-tech products, but that's what the Huggies Ultratrim diaper is. The materials and processes that go into it are guarded by hundreds of separate patents. The result is a product costing about a quarter that gets better every year. Last year's model reduced leaks by over 25 percent. A Huggies Ultratrim diaper can easily absorb three wettings while keeping a baby's skin almost completely dry — with little chance of any leakage.

## RECENT DEVELOPMENTS

One of Huggies' greatest success stories is on the Internet, where *Parentstages.com* aggregates the Web's most useful child-rearing information. Developed in partnership with online leaders like Yahoo! and iVillage, this award-winning site saves today's busy parents time by providing an objective, one-step information resource, organized by their child's stage of development. *Parentstages.com* is now Kimberly-Clark's most-visited Web site.

Meanwhile, the Huggies innovation engine keeps turning. Consumers who've tested the improved Huggies® Supreme are already buzzing about the first diaper with all-over stretch. It fits better — from waist to legs — and keeps its fit, no matter what a busy baby may be up to.

## PROMOTION

Any survey of the world's best-loved advertising puts Huggies high on the list, partly because the brand's messages reflect an insight into the consumer that has proved to be universal. Huggies advertising and promotion activity on five continents reflects how most

moms see their own babies.

Huggies "Happy Babies" live in what one mom calls the "photo moments" when a baby is the star of his or her own life. This "Happy Babies" insight lives in all the brand's interactions with consumers, including television commercials, print ads, retail promotions, and on the Internet. It's no

coincidence that Disney characters

have appeared on Huggies for years.

A fully integrated brand message, delivered in one of the world's most enduring marketing campaigns, is one of the reasons market



research firm ACNielsen recently ranked Huggies (and KLEENEX®, another Kimberly-Clark brand) among only 43 truly global, billion-dollar brands.

## BRAND VALUES

Huggies has a special relationship with parents, and not simply because diapers do an important job. Huggies reminds us of what we love about our babies and what we hope to be as parents.

Huggies babies are Happy, with a capital H. They are brave and smart and independent. Their job is making the world their own, and that's how most of us hope our children will grow up. As one Huggies mom says, "I want him to run out in the rain, to get dirty, and touch leaves across his face."

Who wouldn't want to be a Huggies Happy Baby!

### THINGS YOU DIDN'T KNOW ABOUT HUGGIES

- Members of the Huggies extended family of brands are number one in diapers, training pants, youth pants, swimpants, and baby wipes.
- Over 200,000 Huggies Baby Wipes are used every day in the United States.
- The first babies to use Huggies® diapers will celebrate their 25th birthdays in 2003.

