

January 18, 2005

ADVERTISING

Huggies and Pampers Seek to Extend Brands Into Toiletries

By JANE L. LEVERE

LOOKING for new ways to expand their businesses, makers of the two top diaper brands, Huggies and Pampers, are both introducing lines of toiletries for babies and small children.

[Kimberly-Clark](#), the maker of Huggies, the top-selling disposable diaper and training pants brand in the United States, was the first to diversify. Last March, the company, which had 43.7 percent of the \$2.35 billion diaper market last year, according to the research firm [Information Resources](#), introduced a Huggies disposable washcloth and a liquid soap for babies.

Next month, it will begin selling a line of Huggies toiletries, including a disposable bath mitt, a liquid soap and a shampoo and conditioner - all for toddlers. It will also offer a baby wash and lotion, both with shea butter, and baby powder that goes on as a liquid and dries as a powder.

Pampers, made by [Procter & Gamble](#), the No. 2 diaper brand in the United States with 30.5 percent of the market, is now rolling out a new line of Kandoo products, including flushable wipes and foaming hand soap, both intended to teach children aged 3 to 7 proper bathroom hygiene.

The two companies are trying to stimulate sales of baby products, which have weakened in some regions, said Jason Gere, a household products analyst with A. G. Edwards. "In North America and Europe, growth of the baby segment is not as robust as other consumer product segments," he said. "The growth of baby care products is from developing markets."

Amy Low Chasen, who follows P.& G. and Kimberly-Clark for [Goldman Sachs](#), described the companies' diversification as part of a trend among consumer products manufacturers "to extend brands to adjacent categories to drive growth with less upfront investment."

Mark Cammarota, marketing manager for the Huggies brand, said Kimberly-Clark chose to expand its toiletries line after its success last year with its first two products. According to A. C. Nielsen data released by the company, the bath segment of the baby toiletry category grew 11 percent last year. Kimberly-Clark claims this growth was stimulated by its product introductions.

"We see unmet needs," Mr. Cammarota said, adding that consumers view Huggies as a perfect brand to fill those needs. He said that the toiletries line also enabled Kimberly-Clark to "focus on

delivering a total solution, increase the value of the brand and deliver sales growth."

Procter & Gamble's move follows what it says have been strong sales for Kandoo wipes in Europe, where they have been available since 2002.

Tina Maloney, director of North America marketing for Pampers, said P. & G. had "found something parents need help on." She added that most products to date had been geared for children up to age 3, or for children 7 years old and older. "Nobody has focused on meeting the unique needs of the middle age group," she said.

Both Kandoo products have ergonomically designed packaging with graphics that show children how to use them, and a frog cartoon character, which also appears in a new advertising campaign.

Originally created by Saatchi & Saatchi, a unit of Publicis, for the European market, the campaign has been adapted for use in the United States. It includes a 30-second television spot in which a little boy learns bathroom hygiene by using the Kandoo products, and a similar print advertisement.

The ads are meant to convert bathroom hygiene "into something genuinely fun and empowering for children," said Merrie Harris, an executive vice president of Saatchi & Saatchi.

The Kandoo TV spot started running yesterday on network TV shows, including soap operas and the talk show "The View," and on cable channels like TLC and HGTV. Print ads will first appear in March issues of magazines like American Baby, Better Homes & Gardens and Family Circle. In addition, P. & G. has created a Web site, www.kidskandoo.com, and will promote the new products through direct marketing and through displays in supermarkets, drug stores and retail chains like [Wal-Mart](#) and Target.

Ms. Maloney said Procter & Gamble would devote up to 20 percent of its total 2005 Pampers advertising budget to Kandoo, though she would not give further details. According to TNS Media Intelligence/CMR, the company spent \$62 million on advertising for all Pampers products in the first 10 months of 2004 and \$76 million in 2003.

Mr. Cammarota said Kimberly-Clark would run a "very comprehensive" advertising campaign by Ogilvy & Mather, part of the [WPP Group](#), for the new Huggies toiletries. He declined to reveal details of the campaign or its budget.

Industry analysts differed sharply on the prospects for the new products.

Clive Chajet, a corporate identity consultant in New York, said he did not believe the new products would succeed.

"The Huggies and Pampers brand names are specific to a product - a diaper," he said. "Just because mothers buy other products for infants and children doesn't mean the brand names would work for these other products."

Jack Trout, a marketing consultant based in Greenwich, Conn., said P.& G.'s strategy was wiser than Kimberly-Clark's.

"Kandoo is a Pampers sub-brand," he said. "This protects the main brand per se," he said.

Ms. Chasen, of Goldman Sachs, said she thought the Kandoo products were "great, fun, cute, but my gut tells me they are a niche, not a mainstream category."

She said it would be a "little tougher" for Kimberly-Clark to succeed, particularly because it will be competing with Johnson & Johnson.

Mr. Gere, of A. G. Edwards, was the most optimistic. "I think it's a very good idea any time you can leverage your brand equity into a growing niche segment," he said.