

Marketing Strategy Analysis: Huggies Supreme diapers

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The Kimberly-Clark (K-C) corporation produces the number-one selling brand of diapers in North America: Huggies. Huggies was Kimberly-Clark's "premium diaper brand with about 40% market share in 2001, the largest market share in the industry(Bao Fang, 2002). This fact allowed K-C to receive over \$1.6 billion in revenues from this single brand.

The corporation is very well-known for its innovations and in 2001, its total R&D budget for all brands was approximately \$300 million. This was a \$20 million increase from the previous year, and a better than \$40 million increase from 1999. K-C has been able to manipulate their marketing mix for Huggies brand diapers successfully for over 20 years, and by doing so, they have maintained a very strong presence in the mid to high end category of diapers. They have been able to see the marketing mix not only from a corporate viewpoint, but also from the customer's viewpoint. As Charles Dennis points out, "The marketing mix can be expressed in a more customer oriented way as the 4Cs"(Dennis, 2002). The 4Cs being the following:

1. Customer Value: the benefits received by the consumer which represents the product itself.
2. Cost to the customer: this represents the cost to customers including travel time. This relates to the price of the product.
3. Convenience for the buyer: this is the equivalent to the place and channels of distribution.
4. Communication: this is a "two-way" dialogue; more than just promotion, yet, it represents the promotion aspect.

K-C has recognized the power of the consumer's 4Cs and continually keeps these in mind when determining the 4Ps: Product, Price, Promotion and Place.

## **Product**

When a product is being developed, a company must "remember that...customer's needs are likely to change and therefore...products should constantly change to reflect each market change. If you ignore these changes, products will no longer be needed or desired by your target customers"(Business Bureau - UK, 2002). So even as the product is being released to the public, new improvements for the product or an alternate product must already be in the design phase. Technology plays a large part in these changes today, and if the company is not willing to constantly develop improvements, the competition will. Huggies uses a type of, "Differentiation strategy [which] involves the offering of a product or service that is clearly unique when compared to alternatives"(Business Resource Software, 2003).

In terms of diapers, Christian Bona states that, "Leakage protection and dryness are the top two priorities, and if a diaper can not do this, it will not stand a chance on the market. Once a diaper can prove it has these qualities, manufacturers can then focus on the extras, which, ultimately will make the product differentiate itself and stand out against all of the other available products on the market"(Wubbe, 2003). Huggies brand diapers have had great success in understanding this, and they have proven themselves by being a consumer-driven diaper manufacturer.

The Huggies brand offers a small variety of diapers: the Ultratrim which accounted for almost \$600 million in sales in 2002; the Supreme, which accounted for over \$150 million in sales; and Overnites, which accounted for under \$50 million in sales (These figures are total sales for all markets, excluding Wal-Mart stores.(Wubbe, 2003)). K-C has chosen to focus their efforts on updating and improving their limited products instead of offering many new products as technological improvements progress.

The latest design, features, and quality of Huggies Supreme has been recognized by the Association of the Nonwoven Fabrics Industry (INDA). K-C's Huggies Supreme is one of the seven finalists up for the 2003 INDA Visionary Award. This award is given to new consumer products that utilize the latest innovations in the nonwovens fabric industry. This product is the only product on the market that offers a completely stretchable design. The waist, legs, and chassis of the diaper all move and "grow" with the baby because of the patented, dimensionally stable, breathable, stretch-thinned co-polymer. (For more information see: <http://www.inda.org>).

Additionally, in regards to product satisfaction and customer service, K-C prides itself for maintaining a consumer hotline and website providing information regarding their products.

They also stand by their products with a guarantee of satisfaction.

### **Price**

While Huggies Supreme lists its price comparable to any other diaper within its "class," it uses coupons and, at times, free trials in order to get consumers to try the product. The pricing of this technologically advanced diaper is approximately 15% above the generic store brand

diapers. This pricing effort places the Huggies Supreme diapers in the premium category. The strategy of pricing keeps these diapers in direct competition with their rival Pampers from Proctor and Gamble. The pricing is also equal to their second-class diaper, the Ultratrim; however, they maintain their profit by placing fewer diapers in the package. Consider the example following: "...a jumbo pack of Huggies size four diaper, at 48 per count then [in 2000], listed at \$13.50, would [now] have 42 diapers at \$12.50 retail. A 5.8% increase on the unit base"(Bao Fang, 2002)! The technique described above is used throughout the industry by all competitors and, typically, any price change is countered by the competition. With this being the case, lowering the amount of diapers, while maintaining the same price looks, to the consumer, like a good deal.

### **Promotion**

This refers to "the part of the marketing mix [that is the] process of informing your customers of your company's products. To make your customers aware that your products exist, there are a number of methods you may choose to use, they include: Media Advertising (television, magazines, Internet, radio); Personal selling (involving a salesperson); Non-personal communication (persuasion advertising – competition, free samples); and Other promotional types [which] include public relation exercises and free publicity"(Business Bureau - UK, 2002). K-C uses a number of advertising avenues to relay the message to consumers. Its print advertising includes parenting and baby magazines such as, *Parenting, American Baby and Baby Talk*. The Internet has also become a great source of promotion. K-C offers its own email publication that contains special offers. Its website also gathers information and sends consumers coupons and informational material.

## Place

The channels and main source of distribution of Huggies Supreme diapers include discount megastores such as Wal-Mart and K-mart; Drug stores such as Walgreens and Eckerd's; and Grocery stores, such as Publix and Winn-Dixie. One of these types of stores are typically located near consumer residences. Although the smaller drug stores and grocery stores have a higher markup price on their diapers, compared to the giant discount stores, the convenience of location is often more preferable to the time it takes to park, and walk through the larger stores. As stated in *The Duopoly In The Diaper Industry*, "Price is not the primary concern for the drug store purchasers and their willingness to pay is higher and trade the higher price with their concern for quality, reliability and convenience"(Bao Fang, 2002). The major convenience is location. In selling direct to retailers K-C is able to negotiate terms of distribution, placement and pricing in the stores that, ultimately, benefits both parties.

In conclusion, K-C is one of two major players in the diaper manufacturing industry. Its rise to become the number-one selling brand of diapers in North America was primarily its concern with, and attention to, consumer's needs and wants. Through continued R&D, price adjustments, promotions, and placement of their products, in relation to their target customers, it seems as if K-C will remain a leader in the production, design, and development of superior diapers.

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