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**VISION News Consumer Products e-Report**

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**Welcome to Volume 2, No. 7 of the VISION News Consumer Products e-Report.** VISION is sent monthly to executives within the consumer products and nonwovens industries. Vision reviews the news and events of each month in the disposable diaper, adult incontinence, feminine hygiene, household wipes/cleaning products and filtration markets, among other end uses that utilize nonwoven fabrics.

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**MEETINGS UPDATE: VISION 2004**

Look for the announcement of the new location and time for the Vision 2004 Consumer Products Conference in this space next month. Great things are planned!

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**Lead News**

**SARS OUTBREAK INCREASING MASK DEMAND**

*(Based on a Reuters News Report)*

As a form of pneumonia known as Severe Acute Respiratory Syndrome, or SARS, has killed 62 people worldwide, and afflicted more than 1800 in 15 countries, the nonwovens community has responded by working around the clock to keep up with surging demand for respiratory masks for consumers seeking protection from the lethal illness.

The rapid spread of the virus has fueled U.S. sales of facemasks to places like Hong Kong, the epicenter of the virus in Asia, and neighboring Canada. "Demand has more than doubled in general," said Julie Tremblay, Marketing Director for respiratory protection at Indianapolis, IN-based Aearo Corp., which makes respirators, safety clothing and first-aid kits.

"We are doing our best to take care of the needs but it's hard to meet the demand overnight," she said.

Aearo is one of a bunch of U.S. companies that produces N95 respiratory masks, which block 95% of solid and liquid particles that do not contain oil. Manufacturers said that although the medical industry typically favors surgical-type masks, the wide spread of SARS calls for the N95 respirators. The market leader, 3M Corp. has declared its own emergency response to the SARS outbreak and is running its American factories 24 hours a day to crank out disposable facial masks.

Another safety products maker, Pittsburgh, PA-based Safety Appliances, said demand for N95 masks has more than doubled. Its factories have been running 24 hours a day, seven days a week for the past half month, but production even still is lagging behind demand by a week, said Ken Bobetich, Manager of its air purifying respirator group.

**SARS Panic Gives Boost To Japan Vilene**

*(From Nonwovens Industry)*

In related news from within the nonwovens industry, Japan Vilene has received a boost from fears related to the SARS outbreak in China and Hong Kong. Shares of the Tokyo-based company rose 29.7% in one day on the Nikkei stock exchange on expectations for strong flu mask sales.

Company executives reported that mask sales, which are traditionally strong in hay fever season, have been boosted by Japanese airline Cathay Pacific's practice of distributing medical masks to passengers amid concerns that the virus has been spread on aircraft. "We seem to be getting a lot of orders from Japanese companies," explained Noriaki Sugimoto, a Japan Vilene spokesman. "They are sending the masks to their employees working in Hong Kong and China."

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## COMPANY FOCUS

### PLAYTEX TELLS ANALYSTS IT IS FOCUSING ON LONG-TERM GROWTH

Playtex Products Chairman and CEO Michael Gallagher recently told financial analysts that the company continues to stay focused on running its business for the long term even as it continues to explore strategic alternatives. He said the company has isolated the strategic review process from the rest of its operations.

The Westport, CT, company, which makes Playtex tampons, announced late last year that it was exploring strategic alternatives, including the sale of the company. In the intervening months, much speculation surfaced regarding whether the company, with its diverse group of assets and heavy debt, would be able to find a suitor.

Also, observers said, a potential buyer may have to tread carefully due to the challenges faced by Playtex's tampon business, which was battling increased competition from Procter & Gamble. P&G launched Pearl, a tampon with a plastic applicator, in September with heavy promotional spending and much media support. Such products have traditionally been Playtex's strength.

In response to those moves, Gallagher said, "We think we have defended well our business to date." According to Gallagher, Pearl attained and leveled off at about a 10% market share, on a dollar basis, with a significant portion of its sales cannibalizing P&G's own Tampax tampon franchise.

Playtex's defense of its business focused on stocking its customers' cabinets with its products prior to the Pearl launch, providing promotions for some of its package counts, and increasing advertising in the fourth quarter.

Looking ahead, Playtex will be becoming more offensive, Gallagher said. The company is introducing a tampon with a softer, pearlescent applicator as well as a product with a new deodorant fragrance. The company also is changing the graphics on its packaging. Media support for the new initiatives will be heavy through the first half of this year.

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## INDUSTRY NEWS

### PGI NAMES SCHAEFFER NEW CEO

Just a few days after emerging from Chapter 11, Polymer Group, Inc. named James Schaeffer CEO. An 18-year veteran of PGI and PGI-owned companies, Schaeffer most recently served as Executive VP and President of the nonwovens division. He takes over from Jerry Zucker, who has left PGI to pay more attention to his private company, The InterTech Group. Zucker will remain associated with PGI as a strategic advisor to the board.

### K-C INTRODUCES NEAT SHEET FAMILY SIZE

The Neat Sheet from Kimberly-Clark, one of the finalists for the 2003 INDA Visionary Awards, is now available in a larger Family Size. Of course, attendees at the 2003 Vision Consumer Products Conference, where the Visionary Awards were presented, already knew about this new size line extension from a K-C presentation during the event.

The Neat Sheet family size is made of the same patented, water-repellent, cloth-like nonwoven fabric as The Neat Sheet regular size but, at 71 square feet, it covers more than twice the area. While large enough for a family and their gear at a soccer game, a picnic or a campsite, The Neat Sheet family size is light enough to be easily tucked away and carried in a tote bag or basket.

"Consumers told us they loved The Neat Sheet, but they wanted a larger size for outdoor family activities," said Kathi Seifert, Executive VP.

In addition to its Visionary Award nomination, the original Neat Sheet ground cover recently won the "Build a Better Mousetrap" award for being one of the 10 best domestic new product innovations of 2002. The Neat Sheet ground cover was chosen for this award by Productscan Online out of more than 30,000 new product introductions last year.

The Neat Sheet family size is now available nationally as a one-count package and will be available later in the spring in a combination pack with the regular size.

### **J-LO IS LOOKING SWIFF**

Hitting video rental shelves last week was the sappy (but not as bad as some thought it might be) *Maid In Manhattan*, starring pop diva Jennifer Lopez. What makes it topical for Vision readers is that on the packaging for the rental version, J-Lo is holding a Swiffer duster from Procter & Gamble, rather than the traditional duster featured in original advertising.

This unique marketing campaign from P&G was previewed during a presentation at the Vision Conference in January as well. (Plot tease: J-Lo doesn't do a real lot of "maid things" in the movie, but she does dress up in one of her hotel guest's clothes. We give it one thumb up.)

### **K-C REINSTATES EXECUTIVE BONUSES FOR 2002 ...**

They must have sold a few more diapers than expected last year at Kimberly-Clark, as the company has given its top executives bonuses in 2002 after withholding them the year before due to lackluster financial performance. K-C said it awarded the performance bonuses to current CEO Thomas Falk and retired CEO Wayne Sanders "in recognition of progress made by the corporation during 2002 in attaining the (earnings per share) goal and the competitive performance of the corporation."

Kimberly-Clark reported net income of \$3.22 per share in 2002, a 6.6% increase over the previous year despite a pricing slump affecting U.S. paper products.

Falk received a \$348,000 bonus to top off his \$794,000 salary, which rose by \$119,000 in 2002. His compensation also included \$4.5 million worth of restricted stock awards, up from none in 2001.

### **...WHILE MOVING JOBS FROM CA TO GA**

While handing out some big executive bonuses, Kimberly-Clark last month said it is eliminating more than half the local jobs at its wholly-owned subsidiary Safeskin Corporation, San Diego, CA. Effective March 28, 22 out of 40 employees at Safeskin were to be relocated to K-C's Roswell, GA, facility, which employs approximately 4500 people.

According to K-C executives, the move is part of a larger effort to organize K-C's business-to-business segment. K-C acquired latex glove maker Safeskin in 2000 when the company's disposable gloves were reportedly dominating the medical examination market, but earnings were

weighed down by excess inventory. Safeskin will continue to occupy a portion of its California facility. No decision has been made if the remaining space will be subleased.

**WATERMARK LOGISTICS PROVIDING IMPORT SERVICES**

Watermark Logistics, Wayne, PA, has introduced specialized services that provide importing and logistics expediting to U.S. manufacturing companies that import critical component materials from foreign manufacturers, as well as to the suppliers of products marketed in North America. This bundle of services includes customs clearance, drayage from U.S. ports, storage, transshipping "just in time" delivery from local distribution centers, supplier managed inventory and pro-forma invoicing.

Eric Emerson, President of Watermark, states that the ultimate benefit of the Watermark organization is "Taking The Ocean Out of the Supply Equation" for U.S. manufacturing companies that need to dramatically improve the supply reliability of the components they are importing. For more information: [emerson@watermarklogistics.com](mailto:emerson@watermarklogistics.com)

**BUCKEYE NAMES FERRARO NEW CEO**

David Ferraro, President and COO at Buckeye Technologies, Memphis, TN, has been named Chairman and CEO. The appointment took effect April 1. Ferraro, who joined the company in 1973, succeeds Robert Cannon, who will retire in June.

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**THAT'S ALL FOR THIS MONTH**

The next issue of the Vision Consumer Products e-Report from INDA will be sent May 12. In the meantime, feel free to contact editor Michael Jacobsen at 201-612-6601 or email at [mjacobson@inda.org](mailto:mjacobsen@inda.org).

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