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**VISION News Consumer Products e-Report**

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Published by INDA, Association of the Nonwoven Fabrics Industry and organizer of the 2005 Vision Consumer Products Conference, January 16-19, 2005, New Orleans, La.

**Welcome to Volume 3, No. 10 of the VISION News Consumer Products e-Report.**

The VISION News Consumer Products e-Report is written and distributed monthly for 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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**INDA NEWS**

**LAST CHANCE TO NOMINATE A PRODUCT FOR 2005 VISIONARY AWARD**

The deadline for nominating a consumer product for the prestigious 2005 Visionary Award is SEPTEMBER 1. The award, presented by INDA, recognizes consumer end products that utilize nonwoven fabrics or employ nonwoven technology during their manufacturing process. They will be presented as part of the Vision 2005 Consumer Products Conference in January in New Orleans, LA.

The criteria are simple:

1. The finished consumer end product must contain a nonwoven fabric or utilize a nonwoven technology during its manufacturing process.
2. The consumer product has to have been introduced to the trade or to consumers in 2003-2004.
3. The product can not have been selected as a finalist in any previous Visionary Award competition.

Products will be judged on their novel use of nonwovens technology, as well as on their consumer and trade acceptance. Eligible consumer product categories include disposable diapers, feminine hygiene products, adult incontinence products, household wipes and home filters, among others.

Companies can nominate their own products. While any number of products can be nominated, only one product per company will be selected as a finalist.

To nominate a product, email an explanation of the product to Michael Jacobsen, Visionary Awards coordinator, at [mjacobson@inda.org](mailto:mjacobsen@inda.org) or call 201-612-6601 with any questions. For more information on Vision 2005: [www.inda.org](http://www.inda.org).

The highly anticipated Vision 2005 Consumer Products Conference is returning to its original home in New Orleans, LA, January 16-19, 2005 at the Sheraton New Orleans Hotel. For more information: [www.inda.org](http://www.inda.org).

**INTC IS RIGHT AROUND THE CORNER**

INDA and TAPPI members have partnered to develop this year's International Nonwovens Technical Conference (INTC), which will be held at the Westin Harbour Castle, Toronto, Canada, September 20-23, 2004. Of particular interest to members of the consumer products industry will be a panel discussion on Indoor Air Quality (IAQ). Three IAQ experts will share their knowledge and take audience questions about the role insulation plays in indoor air quality.

Other Conference highlights include:

- ⇒ INTC 2004 Keynote ... Robert Balke, VP & Chief Marketing Officer at Eastman Chemical, will provide the keynote speech. Balke will share his experiences with changing the corporate mindset from a product-driven company into a consumer-driven company.
- ⇒ Product Development Tutorial ... This four-hour tutorial will cover various aspects of product development. The areas to be covered include product development methodology, experimental design, intellectual property management and others. Various company representatives will be discussing their real-life experiences in product development.
- ⇒ New Technology Showcase ... Fifteen companies will be on hand to provide attendees with information about new products, services and technologies available to them. After the Showcase, plan to network with more than 30 corporate and university representatives at the tabletop event and reception.

For more: [www.inda.org](http://www.inda.org)

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## INDUSTRY NEWS

### **KIMBERLY-CLARK CLOSES DIAPER PRODUCTION IN CONNECTICUT**

In a surprising announcement late last month, Kimberly-Clark says it shut down its New Milford, CT plant's diaper production and that by September it will cut about 350 jobs – about half the local plant's work force.

Production of tissue products, such as Scott paper towels and Kleenex tissues, continue, but diaper production has been moved to four other domestic plants. Relatively slow growth in the North American diaper market and excess capacity in the company's infant care operations prompted the decision to shut down the local production of Huggies diapers.

The shutdown “was necessary ... to improve our cost-competitiveness and operating efficiency in an increasingly competitive marketplace for infant-care products, “ said Tom Melsen, VP of K-C's infant care operations in North America.

Kimberly-Clark has produced its tissue at the New Milford plant since 1958. When the plant first opened, it employed about 105 people, but grew significantly as the company expanded the operations through the years. As recently as October 2002, the plant employed about 1000 people.

### **K-C REPORTS 7% SALES GAIN IN SECOND QUARTER**

At about the same time as the above announcement was released, Kimberly-Clark reported net sales in the second quarter of 2004 were nearly \$3.8 billion, an increase of about 7% over the prior year. Solid growth in sales volumes of 5% and a higher-value product mix of 1% all contributed to the increase in sales. The volume growth was broad-based across many of the company's global health and hygiene brands.

Tellingly, net selling prices declined approximately 2% versus the year-ago quarter.

The many contributors to the quarter's sales volume gains included Pull-Ups training pants, Little Swimmers swimpants, Scott bathroom tissue and Poise and Depend incontinence care brands in North America, which posted double-digit growth, with unit sales for the child care sector setting a new quarterly record.

### **LION PLASTICS BLAMES ROLLWIPES FOR ITS CHAPTER 11**

*[This report is provided by Nonwovens Markets]*

Despite its high hopes and exuberant claims, Kimberly-Clark has been disappointed with its two-year-old wet toilet paper product, Cottonelle Fresh Rollwipes. By now, Rollwipes were supposed to be absorbing hundreds of millions of dollars in sales. But Kimberly is not the only one disenchanted with the two-year-old product.

Last month, Clifton, NJ-based Lion Plastics Inc. filed for Chapter 11 bankruptcy protection, and it has blamed lower-than-expected sales of Rollwipes for its difficulties. Lion made the product's starter kit clamshell packaging.

Lion "went into a venture with Kimberly-Clark on a new product that they were rolling out. Kimberly-Clark invested approximately \$150 million into this venture and asked that Lion Plastics open up a facility down in Elberton, Georgia to service that pending contract," Lion's CFO Stuart Schultz said, in bankruptcy hearing. "The product was rolled out and never effectively came to market and created about \$2.3 million in losses for Lion Plastics, as well as an additional exposure with a long-term, 10-year lease with Stone Mountain Industries for about another \$2 million."

In interviews with two news publications, Diego DeLeon, president of the family-owned plastics packaging company, identified Rollwipes as the cause of the financial problems.

A spokesman for Kimberly-Clark said that "we believe that we have complied with all of our obligations to Lion Plastics. He added that K-C was also "disappointed that Cottonelle Fresh Rollwipes did not meet our expectations."

In February 2002, K-C touted Rollwipes as the "first major toilet paper innovation in over 100 years," and a "breakthrough product [that] will fuel growth of [the] toilet paper category." Sales in the first 12 months were projected to be \$150 million, and the wet toilet paper category was estimated to generate \$500 million over six years.

The spokesman declined to reveal Rollwipes' sales. The product continues to be sold in the South, mid-Atlantic and central and northern midwestern states. The spokesman said that Rollwipes dispensers are no longer being made, but that a quantity of them has been stockpiled.

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### **INTERNATIONAL NEWS**

#### **MALAYSIAN COMPANY NONWOVENS PRODUCTION IS UP**

Oceancash Pacific Bhd, which makes resinated felt and nonwoven cloth, expects to achieve RM40 million sales by the end of next year. The company made a net profit of RM3.7 million on RM26.5 million in revenue for the year ended December 2003.

The bulk of the resinated felt produced by Oceancash is supplied to the automotive industry for thermal and acoustic insulation, while its nonwoven fabrics are mostly used to make disposable diapers and sanitary napkins.

Oceancash accounts for 70% of the domestic felt market and has a 60-70% market share of the local nonwoven cloth business.

Managing director Tan Siew Chin said much focus will be given to the nonwoven cloth business. It is buying new machinery to increase production output as well as to make a wider range of products. "The new products will still be related to baby diapers. We are going to make the top sheet of the diapers and sanitary napkins, to be coming on stream next year," he said after the listing of the company's shares on the Mesdaq Market of Bursa Malaysia Bhd last month. He added that almost all of such products used by the local hygienic products industry are currently imported.

The company is adding another production line to its existing three for nonwoven cloth next month, raising output by 100 tons to 350 tons a month.

### **POLISH DIAPER MAKER STARTS PRODUCTION**

Diaper and feminine hygiene products maker Hygienika, based near Warsaw, has started its first product line financed by its recent share issue. "Before, we had to order some products from outside companies, which obviously lowered our profitability," said Hygienika President Hubert Stepniewicz.

### **COUNTERFEIT DIAPERS SEIZED IN RAID**

We can understand counterfeiting Coach purses and Chanel fragrances, but diapers as a black market item? Well, it's true, as a recent news report out of Kuala Lumpur tells of counterfeit adult and baby diapers being seized by the Domestic Trade and Consumer Affairs Ministry from local shops.

Officials said 26 bags of Control Plus (adult diapers) and Drypers (baby diapers) were found in a storeroom at a shop at Jalan Lingkaran Tengah in Kampung Pandan Dalam. Checks during the afternoon raid revealed that the owner did not realize he was selling counterfeit diapers until the raid. The owner claimed that he bought the diapers from a distributor in Kota Kemuning, Shah Alam, and that he was conned.

Investigations revealed that each consignment bag contained 30 diapers but these were repackaged in 10 or 12 diapers for sale. Mohd Shahar said the shop is believed to have been selling such diapers for two years.

Wait, there's more. In a separate incident, two bags of counterfeit diapers were seized from a shop in Jalan Raja Muda in Kampung Baru during a lunch-time raid. The owner could be charged under the Trade Descriptions Act 1972 for selling counterfeit goods and could be fined if found guilty.

A representative of the brand owner, SCA Hygiene Malaysia Sdn Bhd, who declined to be named, said many shops are selling counterfeit branded diapers all over the country.

Who would have thought it?

## **DISPOSABLE HYGIENE GROWTH STALLS A BIT IN CHINA**

*(The following is a report from Asia Intelligence Wire.)*

Chinese consumers are increasingly aware of the daily convenience afforded by disposable personal hygiene products such as nappies and sanitary napkins, as incomes - and life quality expectations among women, the most important consumers - continue to rise.

Use of disposable sanitary napkins among Chinese women has surpassed 50%, with annual demand of 33 billion pieces. However, this remains well below the 98% acceptance rate in developed countries, according to Terry Poon Fuk-chuen, chief financial officer of Hengan International Group, a Hong Kong-listed paper hygiene product company.

Yet, despite the relatively low usage rate, demand growth has waned, with sales in rural areas barely changing. Annual sales growth of sanitary napkins has slowed to about 5% from the double-digit yearly expansion just five years ago.

"The market is saturated," Poon said. "Chinese women in rural areas don't have the mindset to use disposable sanitary napkins."

Sanitary napkins accounted for 47.5% of Hengan's revenue last year, which totalled \$1.69 billion.

Ironically, Poon believes the best hope for kick-starting growth lies with his mainland rivals. He believes the proliferation of many small factories throughout China will push sales of low-cost disposable sanitary napkins.

"These small local factories stole our market share," Poon said. "But ultimately, they can educate Chinese women to use more sanitary napkins."

Many such factories had sprung up in China over the past few years, even in remote inland provinces. Poon estimated competitors had set up at least 100 factories in Fujian province alone, including many around Hengan's headquarters in the city of Jinjiang.

During the mid-1990s, Hengan led the sanitary napkin market in China, with a 25% share in volume terms. That has dropped to 16% in volume terms, or 11% by value. The company is currently neck-and-neck with Unicharm of Japan for the No. 2 spot, while Procter & Gamble is the leader with a 13% share by value.

The mainland's disposable diaper market is still in its infancy as the products have only been available for a few years. Use of disposable nappies is 3-5% nationwide and 30% in Shanghai, compared with 80-90% in Hong Kong and Taiwan.

## **NEW PRODUCT: ON THE GO BABY WIPES**

On The Go Healthcare, Ontario, Canada, recently introduced Baby Basics Sticky fingers Hand and Face wipes in Canada. The products are being marketed through the company's Vital Baby Innovation's subsidiary. The wipes feature a fresh, fruity fragrance and are alcohol free, hypoallergenic and contain no latex or allergens.

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**FROM THE MEDIA ...**

### **K-C GETTING SOME MIXED LOCAL PRESS**

Kimberly-Clark is apparently not receiving real good local press in Wisconsin, as the state's Post-Crescent newspaper ran the following news item focusing on recent top personnel changes:

A new leadership trio of executives in place at Kimberly-Clark Corp.'s Fox Cities operations has remained largely out of public view since January. Nonetheless, at least one public official says the reorganization that vested the team with a broad scope of fresh responsibilities is too pressing for them to fuss with goodwill stops.

"I suppose in the transition -- with all they've got to do -- maybe meeting with me is not a high priority," said Neenah Mayor George Scherck. "But I would hope they would make that effort at some point."

K-C remains the Fox Cities largest employer, with about 5500 employees.

In January, Dallas-based chairman and chief executive officer Thomas Falk outlined a revamp in which K-C's North American and European Personal Care groups were to be combined under a single North Atlantic management team, as were the North American and European Consumer Tissue businesses.

Named to new leadership positions were Steve Kalmanson, head of the North Atlantic Personal Care unit; Rob van der Merwe, to lead the North Atlantic Consumer Tissue unit and Robert Abernathy, to head the new Developing and Emerging Markets business unit.

At the same time, Falk announced the retirements of executive vice president Kathi Seifert, K-C's most visible top echelon figure in the Fox Cities during recent years. She left the company in June.

Despite numerous requests since January, none of the new leadership team have been made available for interviews with The P-C.

Kalmanson and van der Merwe are native South Africans in their early 50s who've spent much of their K-C careers working or living abroad.

K-C spokesman Dave Dickson was not immediately able to report where Kalmanson and van der Merwe maintain homes, although the former is listed in the Fox Cities phone directory. In January, the company reported that one of Falk's four top staff deputies, Cheryl Perkins, would remain based in the Fox Cities. As senior vice president and chief technical officer, she is a seasoned researcher situated in the Neenah area, which K-C considers its research-and-development hub.

The global consumer products company is not a member of the Fox Cities Chamber of Commerce and Industry.

"Our link has been Kathi Seifert, because obviously she's such a Fox Cities person," said James Schlies, the chamber's vice president of economic development. "The only thing I could mention is that as those people become more familiar with this area that they'll have some closer ties to the community. That would be something that would be very positive for the Fox Cities."

Behind the scenes, the Fox Cities area was saved from a blow earlier this week when K-C announced the shutdown of a diaper-making facility elsewhere. K-C, whose local employment

has ranged from 5,300 to 5,800 in recent years, spared its Coldspring Road diaper plant in the Town of Menasha Monday.

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## PATENT REVIEW

### **METHOD FOR PRODUCING HYGIENE ARTICLES**

European Patent Number EP 1437994

Appl. Data EP 02781122 2002 10 07

Applicant: Microtac Systems AG

Inventor: Kramer, Walter

Abstract The invention concerns an extrusion method for producing hygiene articles, such as baby diapers. Said articles are produced in the form of PE or PP strip with five layers bonded in a single production cycle by means of two extruders using a specific multichannel flat die, one channel being use for each strip. During the production cycle, the film is drawn in the longitudinal direction to obtain good breathing activity in the inline drawing station). Then, an adhesive closure tab and simultaneously the associated looped fibers are extruded or sprayed on the outer strips, thereby producing a highly economical completely finished hygiene article with a simple type of production. The five individual extruded strips constitute a liquid impermeable central strip, two breathing film strips constituting the outer strips, a liquid permeable coating film provided with an extensible edge strip and an absorbent pad.

### **DEODORIZING FILM OF SANITARY ABSORBENT**

Pub. Number WO 2004060418

Applicant: Hanjin Printing & Chemical

Inventors: Shim, Jae Hun; Lee, Soo Young; Lyu, Seok Bong

Abstract Disclosed is a deodorizing film for sanitary absorbents including disposable diapers and sanitary napkins, coated with at least one of a fragrant layer by a fragrant coating agent and a deodorant layer by a deodorant coating agent on a partial portion or a whole portion of any one surface or both surfaces thereof, which is advantageous in terms of odor-barrier properties. In particular, even though a conventional preparation device and process of disposable diapers or sanitary napkins are not changed, the current deodorizing film can be manufactured. Further, the fragrant coating agent or the deodorant coating agent can be provided in any necessary amount according to odor strength. Therefore, the fragrant layer and the deodorant layer are coated on the absorbent film, thereby obtaining the deodorizing film capable of maintaining deodorization function of a deodorant material while diffusion of a fragrant material is not restrained, thus economic benefits occurring.

### **PROCESS FOR MANUFACTURING DISPOSABLE FLUID-HANDLING ARTICLE**

European Patent Number EP 1435887

Applicant: Procter & Gamble

Inventors: Davis, James, Harold; Malakouti, Nezam; Young, Terrill, Alan

Abstract A method and an apparatus for manufacturing disposable fluid- handling articles including absorbent articles (e.g., baby diapers, adult incontinence articles, feminine hygiene articles, baby swim diapers, dining bibs, wound dressing) and benefit-component-delivering articles (e. g., wash cloth, body wipes, body wraps, pet grooming articles, cleaning and polishing articles) are disclosed. The present invention can combine the web-forming technology with the web-converting technology into a continuous process for making a disposable fluid-handling article, wherein two or more of the components of the fluid-handling article are formed on the

converting line from extruded polymeric materials. Thus, the new method and apparatus can reduce or eliminate the need for continuous webs of fabrics, films, foams, elastics, etc. that have been transported from web producers in a packaged form, e.g., wound rolls and festooned boxes.

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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 September 10. In the meantime, feel free to contact editor Michael Jacobsen at 201-612-6601 or email at [mjacobsen@inda.org](mailto:mjacobsen@inda.org).

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