

BY KATHIE CANNING

# PROTECTION PERFECTED

Private label feminine-care products continue to enjoy strong growth by staying current with national brand convenience- and comfort-minded innovations.



The feminine care category has been in "slim-down mode" for a number of years now. Gone are the bulky pads and the awkward tampon applicators. In their place? Downsized versions that are much more convenient and comfortable than previous incarnations.

Moreover, the national brands aren't the only ones sporting new designs. Private label manufacturers are coming up with some impressive-looking items that are convincing former disbelievers to give the store brand a try.

Indeed, data from Chicago-based Information Resources Inc. (IRI) show 9.3 percent and 23.7 percent dollar sales gains for the private label sanitary napkins/liners and tampons subcategories, respectively, during the 52 weeks ending Feb. 24, 2008, with unit sales up 0.4 percent and 19 percent. In contrast, the overall sanitary napkins/liners and tampons subcategories realized only 0.8 percent and 0.4 percent dollar sales gains, respectively,

while unit sales actually fell 5.2 percent and 4.1 percent.

"Private label feminine hygiene products have closed the gap in technology with the branded leaders," stresses Bill Hemann, president of Highland Heights, Ohio-based Hospital Specialty Co. "As such, our retail partners are able to provide national-brand-equivalent or better products to match each of the branded product offerings. We have seen significant growth with some of our retailer partners, especially in the mass and dollar channels which serve the more value-conscious consumer."

## SLIMMER, SLEEKER — AND MORE

The move toward slimmer and sleeker is expected to continue, with Tampax and Playtex both pushing the look while trying to appeal to a younger client base, notes Dan Saylor, national sales manager for Lincoln, R.I.-based Rostam US.

"We will continue to see improved graphics and designs," he

says. "Notice the recent package changes to Playtex and Tampax."

Women also want tampons that are easier to use — one reason why pearl-type tampons have become so popular, says Rebecca Alvandi, marketing and development manager for Maxim Hygiene Products, Roslyn Heights, N.Y.

Along with thinner, more absorbent products, the sanitary napkin category is now home to renditions that come complete with wet wipes, says Jean Fleury, president and general manager of Drummondville Quebec-based Fempro Inc.

And size options continue to expand in this arena as well, Hemann notes. From scented and unscented maxi, super maxi and mini options to winged and extra-long pads, the list seems almost endless.

But such SKU proliferation is not necessarily a good thing, Hemann says, because some products end up collecting dust on the shelves.

Still, innovation is needed to gain

a share of the "mature" external feminine hygiene market, Hemann stresses.

Here, advances such as larger wings provide a more secure fit and better leakage protection, he says, while super-absorbent polymers ensure greater absorbency, dryness and odor protection. And "dual-use" products for incontinence and menstruation have growth potential, particularly in the overnight maxi and ultra-thin formats.

At the same time, however, the environmental movement threatens to thwart the growth of some of the fastest-growing product types in both the national brand and private label sectors.

A growing base of educated, environmentally responsible consumers now is questioning the national brands about factors ranging from product content to packaging content, Alvandi says.

"As popular as the pearl and plastic applicators have become, I wouldn't be surprised if we start seeing some decline in their popularity because of the amount of attention being placed on waste management and eco-friendly alternatives," Alvandi says. "Feminine hygiene products are huge waste offenders."

## PRIVATE LABEL'S APPEAL

Consumers today are less likely than those in years past to be influenced by commercial advertising and "large marketing agendas" when it comes to purchasing decisions, Alvandi says, paving the way for strong growth in private label feminine care.

"Consumers are looking for authenticity, quality, promise and

## FEMININE CARE PRODUCT PERFORMANCE

CATEGORY	DOLLAR SALES (IN MILLIONS)	% CHANGE VS. YR. AGO	DOLLAR SHARE	UNIT SALES (IN MILLIONS)	% CHANGE VS. YR. AGO	AVG. PRICE PER UNIT
<b>SANITARY NAPKINS/TAMPONS*</b>						
TOTAL PRIVATE LABEL	\$140.2	13.7%	9.5%	50.4	4.8%	\$2.78
TOTAL CATEGORY	\$1,478.8	0.6%	100%	367.4	-4.8%	\$4.02
<b>SANITARY NAPKINS/LINERS</b>						
TOTAL PRIVATE LABEL	\$93.2	9.3%	10.7%	36.8	0.4%	\$2.53
TOTAL SUBCATEGORY	\$871.0	0.8%	100%	244.6	-5.2%	\$3.56
<b>TAMPONS</b>						
TOTAL PRIVATE LABEL	\$46.9	23.7%	7.7%	13.6	19.0%	\$3.44
TOTAL SUBCATEGORY	\$607.8	0.4%	100%	122.8	-4.1%	\$4.95
<b>FEMININE NEEDS**</b>						
TOTAL PRIVATE LABEL	\$86.7	3.0%	18.1%	14.7	1.9%	\$5.90
TOTAL CATEGORY	\$478.8	3.3%	100%	72.0	-2.1%	\$6.65

\*Includes subcategories not listed here.

\*\*Includes douches, personal lubricants, vaginal treatments and all other feminine hygiene/medicinal treatments.

Source: Information Resources Inc.

Total U.S. supermarket, drug store and mass merchandise sales for the 52 weeks ending Feb. 24, 2008, excluding Wal-Mart.

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loyalty, and realize that big brands aren't always the most reliable," she says. "Big brands have become so marketing focused that they forget about the actual product they are marketing and how it relates to their audience."

"Private label fosters a more localized sense of brand loyalty," Alvandi continues, "because it isn't mass-marketing focused; rather, it is product focused. It is simply giving the consumer what they need without all the marketing gimmicks."

And most often, what consumers need is reliable good quality — at an affordable price.

"The value-conscious customer has always been the core customer for private label, and this holds true for private label tampons as well," Saylor says. "While this base supports private label, the growth is coming from 'mainline' customers looking for a better value than the brands propose. In a recent panel test we conducted, the number-one [complaint] from branded users was about the high price."

On the tampon side, the growth leader will continue to be the higher-priced plastic applicator tampons, Saylor says.

"Private label tampons should continue to see double-digit growth, with leading retailers approaching 13 percent to 14 percent penetration," he says.

### Product differentiators such as individually wrapped liners can make a huge difference.

Younger consumers (between 18 and 24) also are more inclined to buy both private label and ultra-thin sanitary napkin products, Fleury says. Overall private label share will increase significantly with promotions and new products, helped along by consumers' heightened economic sensitivity.

As for innovation at private label, manufacturers have done their homework to stay on top of trends.

Fempro works side by side with its clients to be the first to market the national brands' trends, Fleury notes.

For its part, Hospital Specialty Co. has adopted most of the significant national brand feature changes, Hemann says, while maintaining the competitive cost structure that's necessary for private label customers. The company has expanded its manufacturing operations into China, and supports them through a robust quality assurance program that involves on-



Photo courtesy of Hospital Specialty Co.

site quality control, independent third-party inspection and a working relationship with STR Co. (Shuster Labs) in China.

"We also have relaunched our Maxithins brand for the small- to mid-tier retailers that might not warrant a private label, but still want to provide a state-of-the-art product line at private label retail pricing," Hemann adds. "We are also developing trial sizes and combo packs to increase trial and drive private label sales growth."

As for Rostam US, the company launched its "Compare to Pearl" multipack last year with its light tampon.

"This item is fueling our growth," Saylor says. "It is quickly following the branded path, becoming the number-two item in the mix, both unscented and scented plastic applicator tampons."

And Maxim Hygiene Products is on top of the environmental responsibility trend, Alvandi stresses, with the development of its "green" organic and "white" natural lines. The chemical-free organic line, which

includes applicator and non-applicator tampons and pantliners, contains 100 percent certified organic cotton and is bleached with hydrogen peroxide instead of chlorine to avoid the release of dioxin. Both lines feature the use of natural cotton fluff, an eco-friendly alternative to cellulose fluff pulp or synthetic materials typically used to fill the sanitary pad's inner layers.

"Because both lines are chemical-free, primarily composed of cotton versus rayon viscose and other irritants like superabsorbents, they are also hypoallergenic," Alvandi says, "making them the softest alternative for all women — especially those who suffer from irritation when using traditional feminine hygiene products."

### MOVING RIGHT ALONG

Of course, retailers need to scrutinize much more than today's trends to find success within the store brand feminine-care category. But the right products in the right packaging — in conjunction with solid merchandising and promotion — can go a long way to grab consumer attention.

Retailers just getting started on the development of a store brand feminine-care product or category would be wise to first educate themselves on the category and its customers, Alvandi says, as well as to get involved in the consumer education process once the product is ready to go.

"Retailers need to be as educated

as the consumers that are emerging in the market so they can address all the concerns and values consumers are developing before they step into the marketplace," she says.

Consumer education can be accomplished through samples and in-store demos, Alvandi says, both of which also make a trip to the supermarket more of an experience.

"Consumers can't see the manufacturers' branding big brand products, but they can see and sense the retailer by being in the store," she adds.

National brands are launching many new products into the category, Fleury notes, so retailers need the flexibility to develop and adapt to new product innovations.

"Retailers have a lot to take care of," Fleury adds, "so the [private label] manufacturer must provide them with all the market information needed to make a sound decision. The manufacturer must be able to help them introduce new products other than national brand equivalent to give even more strength to their brand."

With national brand innovations coming fast and furious, retailers need to re-examine their store brand lineup from time to time to ensure it is still national brand equivalent or better, Hemann stresses. Product differentiators such as individually wrapped liners can make a huge difference here.

And he also recommends that retailers actively merchandise and promote the feminine-care category, whether that means two-for-one promotions, bonus packs or display shippers.

"We know that if the woman [tries] the product, she will repurchase, so merchandising that increases trial will build the business — especially as consumers of all income levels look to save money," Hemann says.

Finally, Saylor advises retailers to take a cue from what the leading private label retailers are doing well.

"For instance, CVS continues to lead the way with innovative promotions and by being ahead of the brand," he says. "Just look at the new 72-count 'Compare to Pearl' multipack. Even look to the brands for inspiration, and ask yourself, 'If the brands can do it, why can't I?'"

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