Toilet paper case study

Regina Rotoloni

(The history of Compact toilet paper in Italy)

April 4, 2006
Graziano Ferrari

What does innovation means?

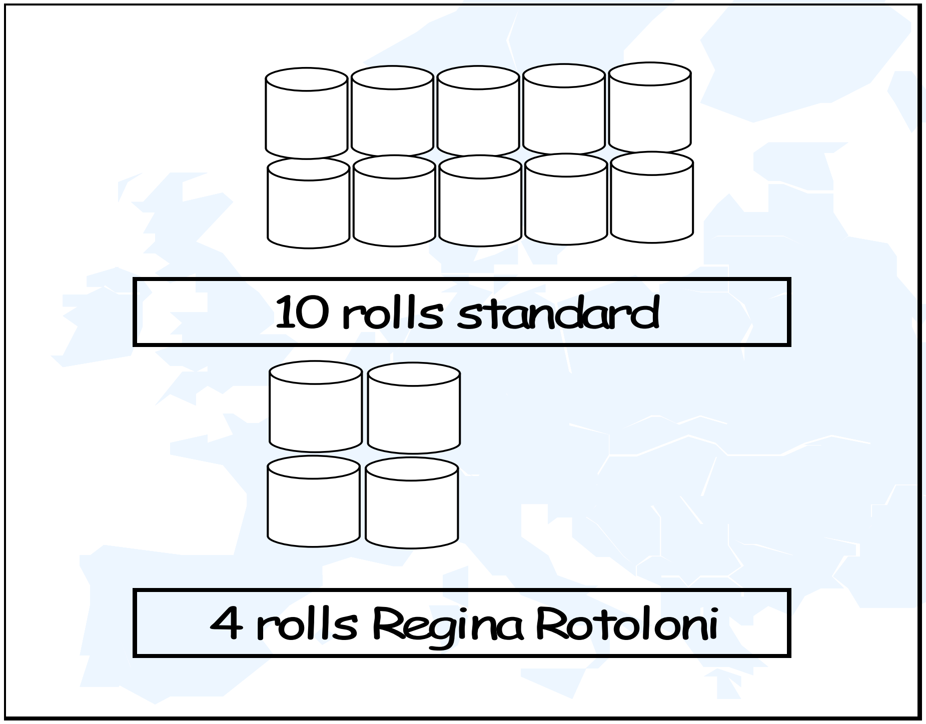
- To create ➔value added for the consumers
- To satisfy ➔consumers needs
- To improve ➔ product quality (in a “real” ways)
- To improve service

Key factors of Regina Rotoloni

- **Value added for the consumers ➔ same paper in less space (especially in bathroom)**
- **Consumers needs ➔ Some sentences from a consumer research made before the launch of Regina Rotoloni**
  - “Sometime I need more toilet paper when I need it”
  - “ I need to change the roll every day”
  - “ Generally the bathroom is the smallest room, but we need space in it”
  - “Toilet paper rolls have every day less paper; I think that producer doens’t like to sell paper!”
- **Product quality ➔ A mix between consumer needs and technology (We don’t do what we can do, but we do what consumers want)**
- **Service: Same paper, less space; easy to storage; easy to bring**

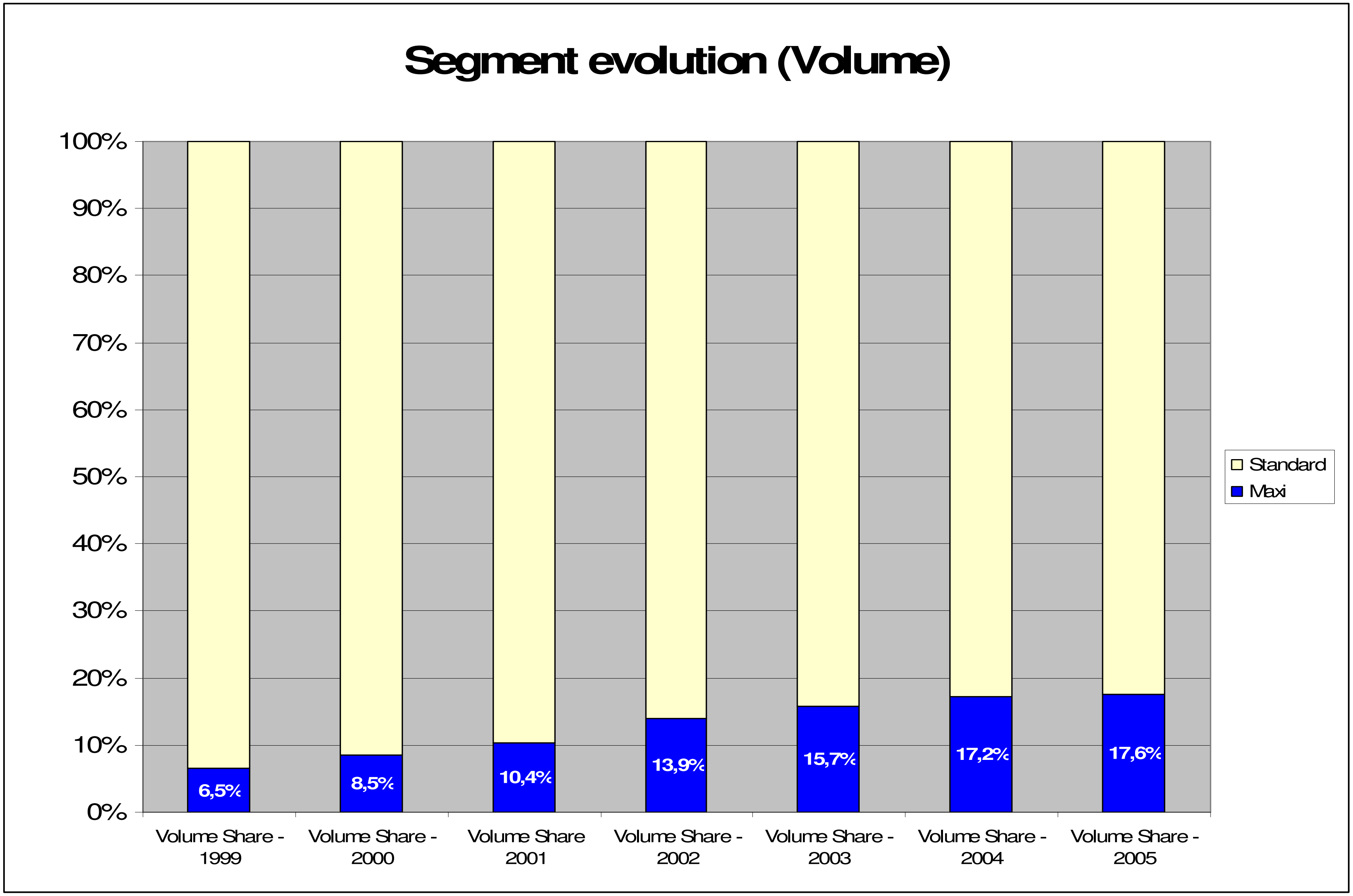
Focus of this innovation

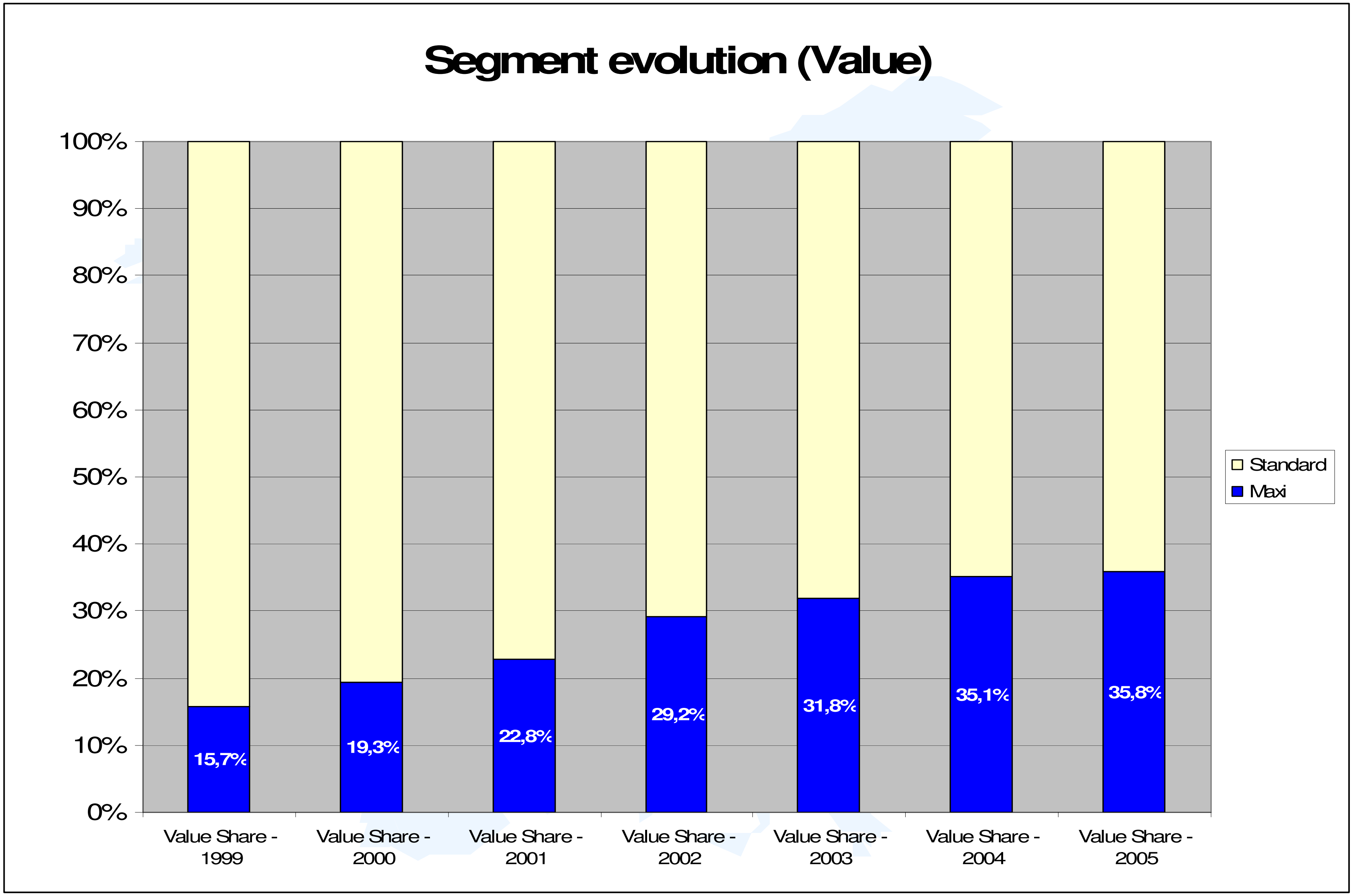
- 1 Roll = 2, 5 rolls
- 4 rolls = 10 rolls
- Quality, service and consumer needs
- Easy to understand



The history of “Regina Rotoloni”

- 1988 / 1989 – Soffass introduces on toilet paper market a “Compact” toilet paper under the name “ Super 4”, with the claim “ 4 = 10” (at that time each normal roll has 200 sheets)
- 1990 – The name of the product was changed (after a legal controversy) in “Regina Rotoloni”
- 1991 – First advertising campaign
- 1994 /2000 – Small producers start to produce Compact toilet paper.
  The total number of similar products on the market increased till 35
- 2000 /2005 – Small producers disappear, retailers introduce under their own brand compact toilet paper, big players start to sell compact toilet paper.


Segment evolution (Volume)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
6,5%
8,5%
10,4%
13,9%
15,7%
17,2%
17,6%
Volume Share - 1999
Volume Share - 2000
Volume Share 2001
Volume Share - 2002
Volume Share - 2003
Volume Share - 2004
Volume Share - 2005
Standard
Maxi

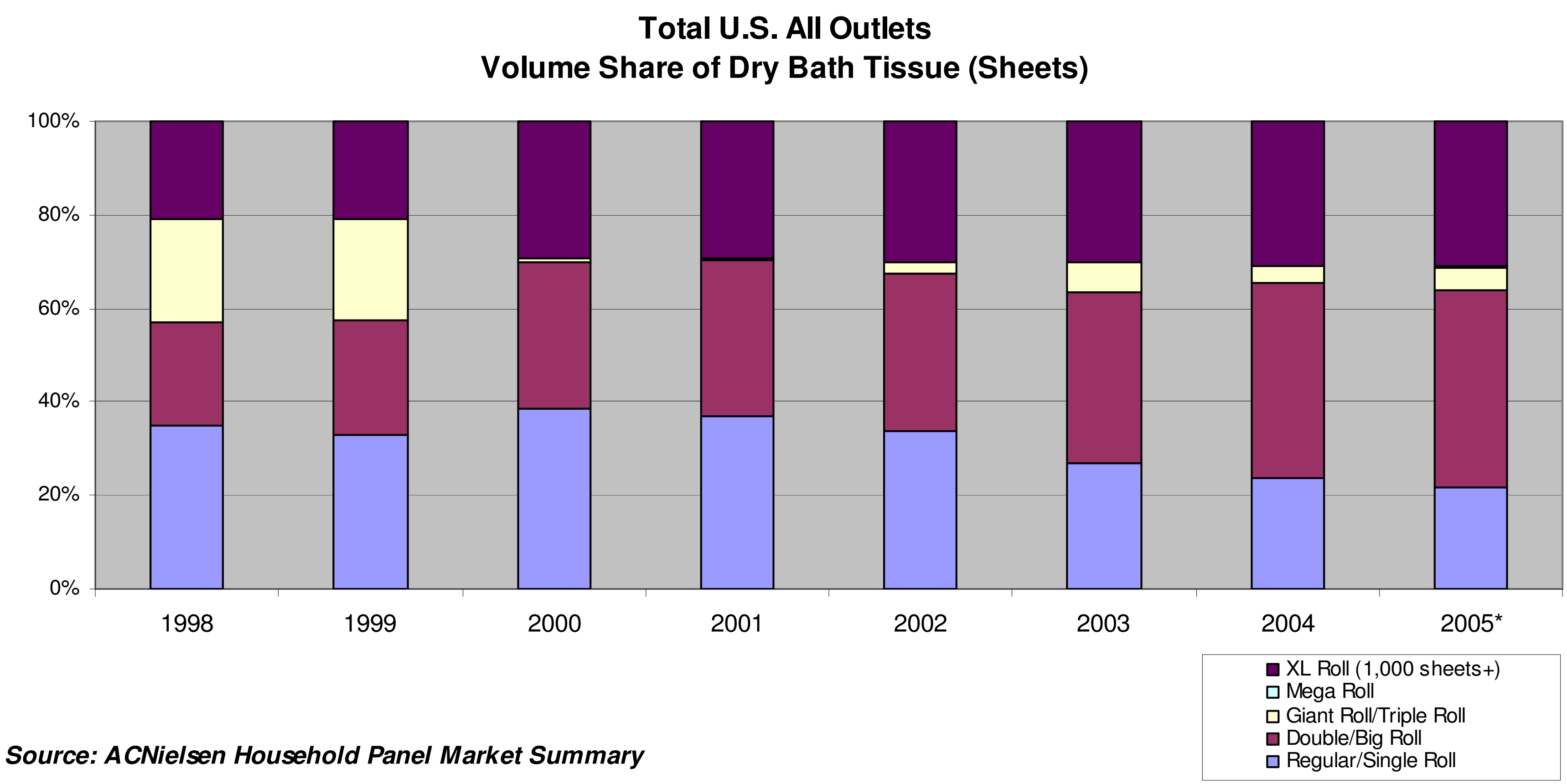

Segment evolution (Value)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
15,7%
19,3%
22,8%
29,2%
31,8%
35,1%
35,8%
Value Share - 1999
Value Share - 2000
Value Share - 2001
Value Share - 2002
Value Share - 2003
Value Share - 2004
Value Share - 2005
Standard
Maxi

Results

- **“Compact” toilet paper increase the category value indirectly (it maintains the category value)**
- **The number of “Compact” toilet paper increase every year**
- **We have a “new” category of product**
- **Main effect of this innovation is to increase the DPP (direct product profitability):**
  - Shelf and stock rationalization
  - Possibility to introduce more innovation (same shelf space more SKU’s)
  - Basket efficiency

Toilet Tissue Market:
Big Roll versus standard roll sales evolution in the US market

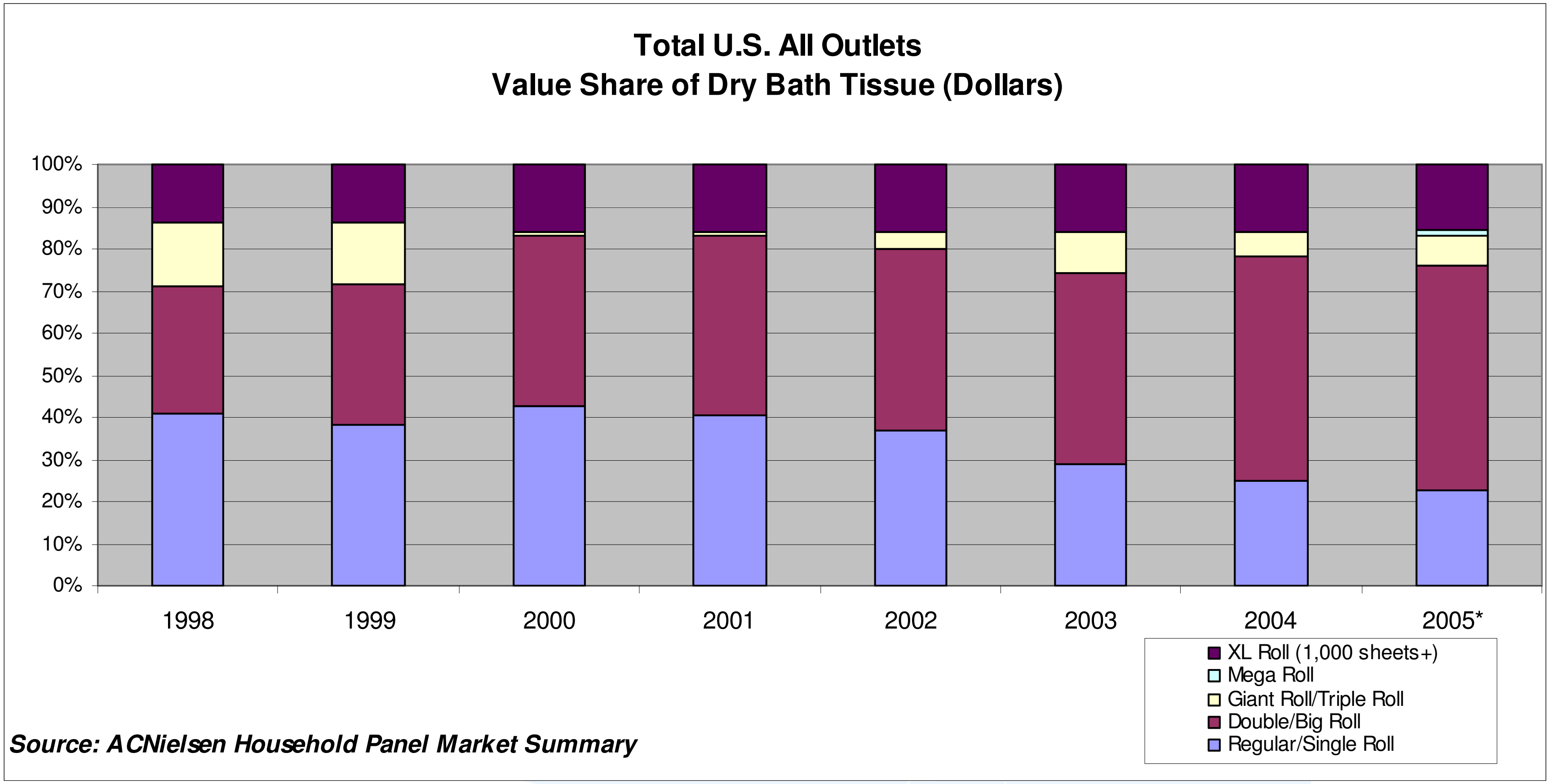
US Case Study of Big Roll Segment Growth



Source: ACNielsen Household Panel Market Summary

Volume Share (Sheets)								
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005***
Regular/Single Roll	44%	42%	38%	37%	34%	27%	23%	22%
Double/Big Roll	28%	31%	32%	33%	34%	36%	42%	42%
Giant Roll/Triple Roll	28%	27%	1%	1%	3%	6%	4%	5%
Mega Roll	0%	0%	0%	0%	0%	0%	0%	1%
XL Roll (1,000 sheets+)	27%	26%	29%	29%	30%	30%	31%	31%
Source: ACNielsen Household Panel Market Summary								

US Case Study of Big Roll Segment Growth



Value Share (Dollars)								
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005***
Regular/Single Roll	48%	44%	43%	40%	37%	29%	25%	23%
Double/Big Roll	35%	39%	40%	42%	43%	45%	53%	53%
Giant Roll/Triple Roll	17%	17%	1%	1%	4%	10%	6%	7%
Mega Roll	0%	0%	0%	0%	0%	0%	0%	1%
XL Roll (1,000 sheets+)	16%	16%	16%	16%	16%	16%	16%	16%