

## RENOVA paper towels and napkins:

### Understanding people needs, predicting people choices

It is not always easy to be an active force contrary to the widespread movement of customers toward the value-oriented part of the market. Low cost products drives to market depreciation and short term market gains can be followed to product commoditization, less brand loyalty and consequent long term prejudice.

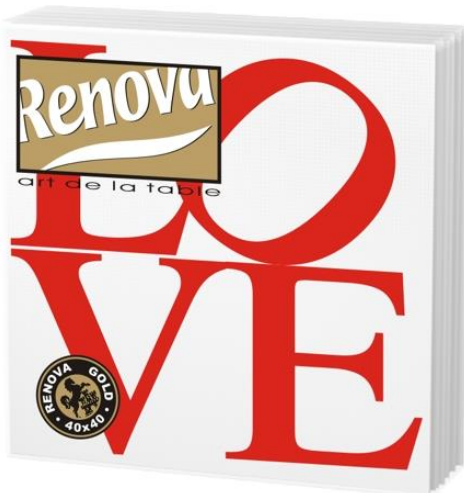
Renova is aware of the risks and keeps on an active obsession about market research, focused on customer needs.

Well-articulated brand values serve as the customer experience "North Star".



In a world of competing alternatives, product design has a crucial role in a game where a brand may have only seconds to convey its message. The degree of choice is well bewildering and standing out from the crowd assures a better likelihood of getting picked in the first place;

In Portugal, over the past decade, Renova brand has been able to introduce a huge batch of new premium tissue products. High differentiation justifies higher prices and customers can gladly pay more for an experience that is not only functionally but also emotionally rewarding.



Innovation based on customer experience conducted to seasonable printed design napkins, strong and fashionable paper colours (black tissue, orange, red and green), and high bulk compact and folded napkins.

Being brand leader with more than 30%<sup>1</sup> market share, during 2006 Renova paper napkins were sold at Portuguese supermarkets by an average price 40% higher than the mean market price. The difference was around 25% in 2003 and only 15% in 2000.

The situation in the Spanish market it's even more notorious. Being a new player, with lower brand awareness than its competitors, Renova have conquered the leadership of the napkins segment in 2002, and has finished 2006 with more than 12,5%<sup>2</sup> of value

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<sup>1</sup> AcNielsen

<sup>2</sup> TNS World Panel

market share. Renova brand napkins average price is about 35% higher than the Spanish mean market price.

It is clear that Renova has been able to offer more economic value to the market, winning clients and avoiding commoditization of the segment.

Paper resistance and absorption capacity have played a major role in tissue market in the recent past. People were starting to get used to disposable paper products and technology has to be able to achieve product standards for new uses every day. Multipurpose paper towels were sold based on the physical and mechanical properties of the paper.

Tissue towels have enormous use versatility and people are discovering everyday a new way to make use of them. That explains the significant market growth and potential for paper towels. Once again, differentiation has a crucial role in business.

Renova introduced in end of 2001 the Double-Face concept: a new range of two-ply paper towels, one interior blank sheet for safe contact with aliments, complemented with an exterior colored ply, conferring a colored and fashionable design status for a product that was sold in blank or with poor design.

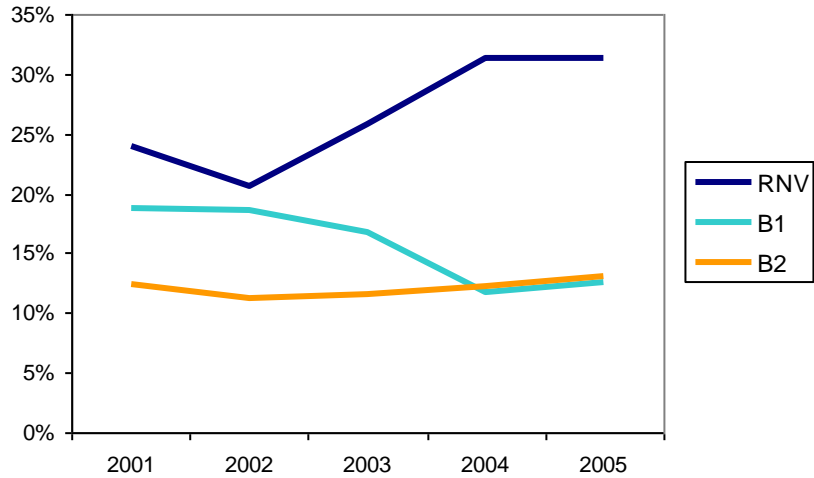


Besides that, the range was complemented with seasonal releases of blank two-ply paper with very nice art printed on. Renova brand essence and customers loyalty got re-forced and this high level of product differentiation was a passport for new markets, namely France, Belgium and Luxemburg.

More recently and understanding people necessity to use paper towels in different contexts or occasions, Renova extended its Maxi-Absorption brand portfolio with paper towels in a box. This is a really Swiss-knife for tissue paper. It's now easier than ever to use a high quality paper towel outside the kitchen, any time, anywhere.



The results of this strategy are very well expressed in Renova market share in the Portuguese market. From 2002 to 2006, Renova market share jumped from 20% to 30%, being the only brand that was able to conquer market share during this period.



*Paper towels: Value Market share in PORTUGAL ( Ac Nielsen)*



Renova keeps on converting simple ideas on a constellation of products that deliver a seamless, wonderful experience to people: unlocking emotional issues and creating economic opportunities and value.