

Lotus Tissues brand extension to drive the fight against private label

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Georgia-Pacific's new product launch shows the type of innovation needed to rescue the flagging UK tissue market providing consumers with a premium product, added value and increased, health orientated functionality.

The new co-branded product contains Olbas Oil® capsules release a vapour when crushed. The manufacturers claim the product relieves cold and flu symptoms including blocked nose.

The launch is very timely as the UK tissue market certainly needs a decongestant; sales volumes are down by more than a quarter over the past five years. Consumers apparently are abandoning the product altogether, dispelling the myth that they are simply switching to less expensive private label products.

Whilst overall sales may be down, declining from a high of £243 million in 2002 to slightly less than £192 million in 2006, both volume and value sales in the pocket tissue sub-segment have actually risen. This indicates that while consumers are happy to purchase private label boxed tissues products for use around the home (when they are often used as to mop up spills), when purchasing pocket tissues they are willing to spend that little extra to ensure quality. This trend has caused an unusual decline in the market share of private label products, with PL value share in the pocket tissue sub-sector declining from 48% to 40% between 2001 a 2006. This has also resulted in a modest increase in average unit costs. Ideal combination product

In theory the combination of a decongestant and a premium tissue brand should add real value for consumers as people suffering from colds will invariably purchase tissues as well as decongestants.

This product removes the need for two separate purchases, and therefore provides consumers with extra convenience. Unlike many other decongestive products, such as inhalant devices or sprays, which ideally shouldn't be shared, impregnating individual tissues with a decongestant also means they can be shared safely with no issues regarding hygiene. Opportunities exist for further collaborations

The launch is also the first time that a tissue product producer has worked with an OTC manufacturer in the UK market, and if it proves successful then we are likely to see further collaborations. Kimberly-Clark has already shown itself willing to move into the medicines territory with the 2004 US launch of its anti-viral tissues and SCA has often spoken of the need to develop new premium products.

While companies such as Johnson & Johnson and P&G are constantly looking for new ways to increase sales of their key brands and in Sudafed and Vicks they have two brands with global recognition.

There are also other areas which could benefit from tissue/OTC combinations. Hay-fever treatment is certainly one of them, particularly for younger children, where it may be difficult to use nasal sprays or drops. Adrian Atterby; Industry Analyst Disposable Paper Products: adrian.atterby@euromonitor.com

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