

Nielsen Insights in Action: Determining Consumer Lifetime Value

Kimberly-Clark Leverages Nielsen's Marketing Performance Practice to Identify Huggies Growth Opportunities



Company Kimberly-Clark

Babies change everything—just ask any new parent. From sleep patterns to shopping lists, they transform their families' lives upon arrival. No one knows this better than Kimberly-Clark, one of the world's largest consumer product good (CPG) companies and maker of Huggies brand diapers and baby care products. Introduced in 1978, Huggies is one of Kimberly-Clark's most recognizable brands, extending beyond diapers to include baby wipes and training pants.

According to Nielsen, the typical family spends over \$1,000 on diapers and baby wipes during the two-and-a-half years their children are in diapers. Competition in the baby care market is stiff and numerous branded and store brand products at various price points compete for mom's attention.

Company Facts

Kimberly-Clark

- Headquartered in Dallas, with 56,000 employees in 35 countries
- 2009 sales of \$19.1 billion
- Brands include category leaders, such as Huggies®, Kleenex®, Scott® and Pull-Ups®

The Business Issue

Recently, Kimberly-Clark's Huggies Brand Marketing and Marketing Analytics teams set out to determine how best to maximize Kimberly-Clark's opportunity for the brief period moms are in the baby care market.

"When you think about it, 30 months—the average amount of time moms are in the baby care market—is an incredibly short window of opportunity to win moms over to the Huggies brand," explained Stu Schneider, Senior Director Huggies Brand at Kimberly-Clark. "We are constantly looking for new ways to gain a deeper understanding of the choices moms make—not just at the birth of a child, but throughout the entire baby care lifecycle."

Kimberly-Clark turned to Nielsen to conduct its first-ever lifetime value study to better document how long first-time and experienced moms shop the baby care category and quantify the lifetime value of each consumer. Specifically, the team sought answers to the following questions:

- What products do first-time and experienced moms buy when they enter the category?
- What are their key challenges throughout the lifecycle, and when do they transition to other products?
- Where do they buy their diaper and baby care products?
- How deal-sensitive are they and what products are consumers most loyal to?
- What are the common product switching behaviors?

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The Solution

Nielsen's Marketing Performance practice assembled an integrated cross-functional team of Nielsen experts to determine the lifetime value of each consumer in dollar terms. In the process, Nielsen analyzed historical consumer behavior during their entire lifecycle in the category and identified which products consumers bought at each purchase location and how preferences changed over time. The analysis included highlighting key transition points when moms are most likely to switch products and/or brands, such as when babies move from diapers to training pants.

In addition, Nielsen analyzed the overall dollars spent in the category, product volume and marketing data, and the demographics of each household to help Kimberly-Clark gain a clearer picture of which market segments were delivering the greatest return on investment.

“We are now better able to evaluate opportunities from a more holistic and informed perspective and findings from this study are driving a reprioritization of Huggies' marketing strategies across the board.”

--Stu Schneider, Senior Director,
Huggies Brand at Kimberly-Clark

A Win-win Outcome

Nielsen delivered the results of the comprehensive study to Kimberly-Clark's baby care brand teams. The unique consumer lifetime value approach confirmed some of Kimberly-Clark's existing hypotheses around consumer behavior and disproved others. Most importantly, the study was able to quantify the dollar value of key consumer segments, the critical nature of brand selection at various points in the consumer lifecycle and distinct differences in channel choices through key points in the baby care lifecycle.

Finally, Nielsen provided recommendations on how Kimberly-Clark could improve customer retention throughout the consumer lifecycle and quantified what each percentage gain in retention would mean in terms of increased revenue. As a result of the study, Kimberly-Clark has a clearer picture of its target market and where its greatest marketing and promotional opportunities exist to extend and expand their market share.

“Nielsen's lifetime value study enabled our Brand Marketing Team to look at our business through a fresh new lens, which is incredibly valuable when it comes to making marketing and promotion decisions,” said Stu Schneider, Senior Director, Huggies Brand at Kimberly-Clark.

To learn more about how Nielsen can help with your marketing ROI strategies, contact sales.us@nielsen.com or visit www.nielsen.com.