



THE MARKET

At home or away, few products are considered more indispensable than toilet paper. Annual global sales exceed \$19 billion. While this statistic isn't likely to come up in daily conversation, the fact remains: Everybody needs toilet paper.

Everyone seems to have an opinion about it, too. Four attributes — softness, strength, absorbency, and value — lie at the core of this ongoing debate. Some other concerns are aesthetic qualities, such as tissue color and designer patterns. Whether the paper should unroll from above or beneath is an issue that may never be resolved.

Paper towels and paper napkins are other important segments in the steadily growing tissue product market. In these categories, consumer preferences are strongly influenced by product aesthetics in addition to basic qualities of physical performance.

ACHIEVEMENTS

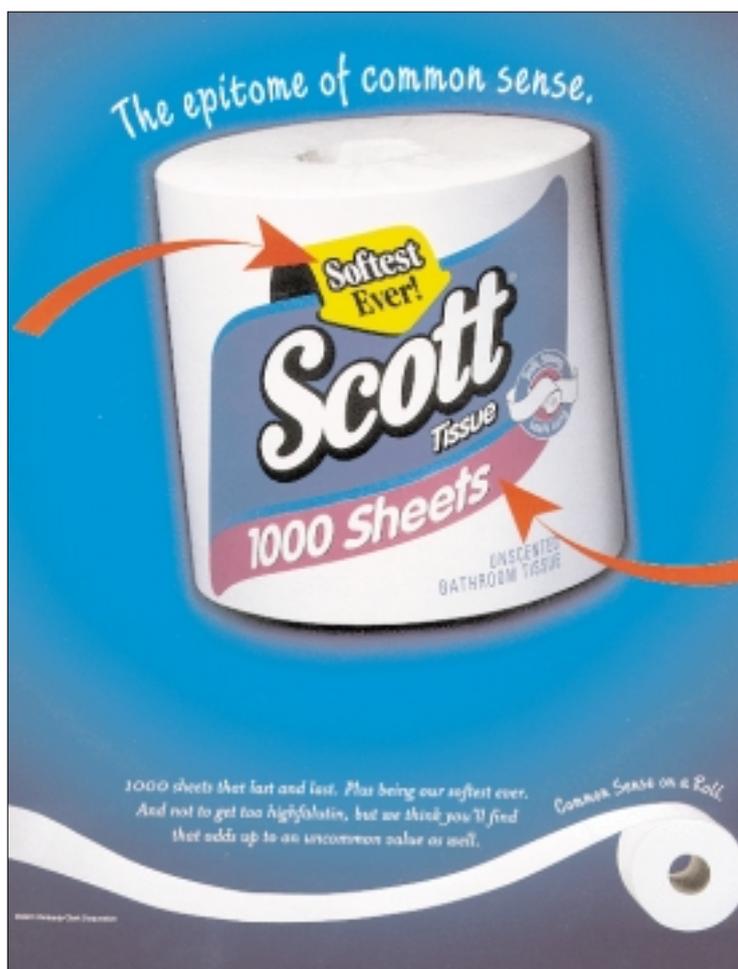
The SCOTT® brand is a leader in the paper products industry with a heritage of innovation. Scott was the first company to market rolls of tissue specifically for use as toilet paper. By 1939, SCOTT was the largest-selling brand in the United States.

In 1907, Scott also introduced the first paper towel in America. Originally sold only to commercial customers, this breakthrough product invention was easily dispensed and disposable while providing an economical and sanitary option to cloth-roll towels in high-traffic restrooms. Scott also was the first to introduce paper towels to the consumer market. SCOTTOWELS®, rolled out in 1931, were the first paper towels sold in grocery stores. This product was a winner for consumers looking for a convenient, hygienic solution to kitchen tasks.

Scott introduced the first paper napkin as well. The company was the first to introduce pastel-colored tissue products in all three categories, and later the first to introduce designer prints on SCOTT Towels. Among its many packaging “firsts,” Scott introduced the largest paper towel roll — the Mega Roll — in 1991. In 2001, *Good Housekeeping* rated SCOTT Towels a “Best Buy.”

HISTORY

In the late 19th century, the public's desire for better hygiene coincided with improvements in residential and commercial indoor plumbing —



a convenience we take for granted today. Brothers E. Irvin and Clarence Scott founded Scott Paper Company Limited in Philadelphia in 1879. Scott became the first company to market rolls of tissue specifically for use as toilet paper rather than its previous use as a medical item.

Developing the emerging category wasn't easy. The market was limited and the subject was unmentionable in the Victorian 1890s. Consumers wouldn't discuss it, merchants wouldn't display it, and publications wouldn't advertise it. To overcome this resistance, the Scotts devised an interesting strategy. They gave their merchant customers (primarily druggists and variety stores) a proprietary interest in selling toilet tissue by customizing the product to each customer's specifications for the size and form of the package, the weight of the tissue, and the name and design that appeared on the wrapper. Under this private-label arrangement (then known as “ghost manufacturing”), the Scotts purchased large “parent” rolls of paper and converted them into the various small rolls and packages of toilet tissue.

The strategy worked. Business grew steadily each year as toilet tissue became an essential

item in homes and workplaces. The company expanded, and with the added capacity Scott was producing private-label brands for more than 2,000 customers.

Around 1896, the company began to phase out the private-label business and concentrate on the manufacture of its own distinctive brands. By 1911, SCOTT-branded products accounted for nearly 80 percent of SCOTT Tissue's annual sales.

In 1907, a Philadelphia school-teacher blamed a mild epidemic of colds on the fact that all of her students used the same cloth towel, which she believed was the source of infection. She cut heavy paper into squares and gave them to the children for individual use. Her idea sparked a new idea for the Scott Paper Company: the paper towel. Called SANI-TOWELS originally, the product was manufactured from thick, heavy rolls of creped tissue that were made into smaller rolls of towels and perforated into individual sheets. As other uses emerged, the product was renamed SCOTTISSUE TOWELS. One of its popular slogans was “For use once by

one user.” The product line was also expanded to include SCOTT paper napkins.

When Scott celebrated its 75th anniversary in 1954, its sales of \$228 million represented 750 percent growth in the decade following



World War II. Five products — bathroom tissue, paper towels, paper napkins, facial tissue, and wax paper — accounted for most of the sales. Four of the five products were unknown when the company was founded, and the fifth — bathroom tissue — was considered a luxury item at the time of Scott's inception.

Significant activity occurred outside of Scott's core businesses over the next two decades — from feminine napkins and air conditioner filters to BABYSCOTT disposable diapers and leisure furniture. Scott continued to be a leader in a variety of product categories, but the company fell on hard times in the early 1990s. The result was a harsh wave of restructuring that left Scott lean and ready to become part of Kimberly-Clark Corporation.

THE PRODUCT

As cofounder Irvin Scott once stated, "Quality cannot be acquired by good intentions alone, but must actually be built into the products." For more than a century, the SCOTT® brand has stood for quality products at a fair price. Generations of smart shoppers trust the quality and value of SCOTT® products. When customers purchase the SCOTT brand, whether it's bathroom tissue, paper towels, or family napkins, they know they've made the common sense choice.

SCOTT® bathroom tissue is famous for its common sense value. With 1,000 sheets per roll and surprisingly good softness, it's no wonder that SCOTT Tissue is the only brand so many parents choose for their families. SCOTT Tissue is also safe for sewer and septic systems. In fact, it's safe for RVs and boats as well. Made from 100 percent virgin fiber, SCOTT Tissue is available in white or solid colors: pink, blue, and beige.

Made from 100 percent virgin fiber, SCOTT® Towels are available in one-, three-, six-, eight-, and 12-roll packages, with 64 sheets per roll. The SCOTT Mega roll has 96 sheets per roll. SCOTT Towels also offers Choose-A-Size rolls that enable consumers to dispense the appropriate size towel for each job.

SCOTT® Napkins are available in an attractive array of contemporary colors and designer prints with kitchen, contemporary, and floral themes, in 120-, 250-, 400-, and 600-count packages.

RECENT DEVELOPMENTS

Announced on July 17, 1995, the merger of Kimberly-Clark and Scott Paper was completed December 12 of the same year, following overwhelming approval by shareholders of both companies.

After the merger, Kimberly-Clark continued to build quality into SCOTT® products. In 1999, SCOTT® bathroom tissue was improved to become the softest SCOTT Tissue ever. Still 1,000 sheets per roll, the improvement further elevated the value delivered by the brand, reinforcing its consumer appeal.

In 2001, SCOTT® Towels introduced a revolutionary product feature: Fast-absorbing wide ridges. These ridges have a unique channeling action, so they absorb like no other towel. This physical product distinction, along with Scott's enduring reputation for honest and practical value, has the product well positioned for the 21st century.

SCOTT®
Makes Good Sense.

Our softest ever,
and still 1000 sheets.

Fast absorbing ridges
absorb like no other towel.

Strong, absorbent
and long-lasting.

SCOTT. The Common Sense Choice.
www.scottbrand.com

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PROMOTION

With the 1927 hiring of a new advertising company, J. Walter Thompson of New York, Scott became aggressive in communicating its benefits relative to competitive products. Other products were inferior — filled with pieces of wood and other rough material. Ads also cited the health advantages of using SCOTT® products and warned consumers of contracting "Toilet Tissue Illnesses." Statements from doctors were used to support Scott's views. Statements such as a child saying, "They have a pretty house, Mother, but their bathroom paper hurts," caused a storm of complaints from competitors. A new policy was more positive, and subsequent advertising stressed SCOTT® quality.

Today, "Common Sense on a Roll™" is the slogan brandished by national television and print campaigns promoting SCOTT® brand products. The theme captures a philosophy that has driven SCOTT® quality, value, and advertising for over a century: Caring for family and the pride that can only be known by making a sensible choice.

BRAND VALUES

All SCOTT® branded products share a genuine commitment to practical quality and good value that our consumers appreciate. What's more, because each SCOTT® product has a unique balance of quality, quantity, and price, SCOTT® customers don't sacrifice their families' comfort — or their pocketbooks.

Portions of this article were taken from *Shared Values: A History of Kimberly-Clark* by Robert Spector (Greenwich Publishing, 1997).

THINGS YOU DIDN'T KNOW ABOUT SCOTT

- In 1913, SCOTTISSUE with 1000 sheets per roll was introduced at a cost of 10 cents per roll and was considered a medical item. Print ads were used to increase awareness and address embarrassment.
- Over 1 billion rolls of SCOTT bathroom tissue are produced annually. Unrolled, they would circle the earth over 2,900 times.