

# The disposable diaper industry

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The disposable diaper industry began in the mid-sixties when P&G was asked by the nun at Cincinnati Catholic hospital to invent a disposable diaper to eliminate the sanitary problems associated with cloth diapers which were prevalent in those days. Consequently, P&G began national expansion of its Pampers brand and it could establish the foundation of the growth of the disposable diaper industry in 1966.

The disposable diaper products had become the single largest brand at P&G with the sales growth in excess of 25% annually and became the industry leader with about 9% market share of the competitive disposable industry. In the competitive market, although many companies tried to penetrate, just a few of them could succeed in maintaining their business. I analyzed the major elements deciding the success of the company according to the product, demand, distribution, marketing, manufacturing, R&D. 2.

The key elements of the success: 1) Product: The quality of the disposable diaper was decided according to the performance characteristics of diapers included absorbency, strikeouts and rewet of the inner liner, softness, fit, fastening system, shedding, and ability to double up, and ease in disposal. The high quality was achieved by almost all of the companies including P&G by constant investment to improve the quality of the products. 2) Demand: In spite of generally declining births in the US, the increase in disposable diaper sales was maintained with some changes of the society.

As main factors, there were the increase of the number of working mothers who valued the convenience and the parents who wanted to raise their children with high quality of the baby products. As a result, disposable

diapers had become the biggest product category in the baby care industry.

3) Distribution: Although gross margin of disposable diapers with around 18-20% which was lower than those for other baby care products, it could secure significant shelf space because they were regarded as a fast-growing item. ) Marketing: As starting the promotion by giving samples of their products at capital to mothers having new baby, they could have future consumers who could consume their product for over 24 months. In addition, by advertising through major media such as local newspapers or network televisions which were available only to nationally distributed firms, they could save the money allocated to the media budgets. 5) Manufacturing: One of the largest suppliers, P&G's highly complex, high-speed continuous process assembly operation could assemble diapers at speed of up to a remarkable 400 per minute.

The development of the high speed machine caused The Disposable Diaper Industry in 1974 By Verviers product, some companies try to integrate the whole process and the others just focus on assembling the product.

However, one of the biggest portions of the cost was caused by the transportation amounted to approximately over 10% of the total selling price and just only P could get the benefits of economic of scale transportation.

The key element of the success of P can be found on their large-scale of overall of the process from making product to promotion.