

Kimberly-Clark: Choosing how to compete in North American tissue

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Kimberly-Clark Corporation (K-C) entered 2024 with a familiar consumer-products challenge: how to defend branded value when shoppers can choose a lower-priced retailer brand. In its 2023 Form 10-K, the company identified increasing private-label share in tissue as a competitive risk. It did not disclose the size, timing, geography, subcategory, or retailer mix of that increase.

On April 23, K-C reported a stronger first quarter for North American Consumer Tissue. Organic sales rose 6%, with reported contributions of 2% from volume, 1% from mix, and 3% from net price. Management highlighted product innovation and commercial execution in discussing the result. The bridge describes what changed; it does not isolate which actions caused the change or show whether the gains will persist.

K-C had to decide how to direct its next North American Consumer Tissue commercial investment for the balance of 2024. Should it deepen product innovation and brand support, use targeted affordability or trade support, or stage a bounded retailer/category test before scaling either approach? This is a hypothetical advisory decision for the case; K-C had not disclosed a specific budget authorization or pending decision.

A better quarter after a price-led year

Consumer Tissue generated \$6.290 billion of K-C's \$20.431 billion in 2023 net sales and reported \$976 million in segment operating profit. These are broad segment figures, not the incremental economics of any North American brand, product, retailer, or proposed investment.

The year-over-year pattern raises a strategic question. In 2023, global Consumer Tissue organic sales increased 3%, as 6% net price growth more than offset a 3% volume decline. In North America, organic sales rose 5%, all attributed to net price; volume and mix were flat. By contrast, first-quarter 2024 North American tissue volume rose 2%, mix rose 1%, and price contributed 3% to 6% organic sales growth. The first-quarter mix of growth looks different from 2023, but one quarter cannot establish a durable shift in consumer preference or price sensitivity.

The comparison with Personal Care is informative but limited. In Q1, North American Personal Care organic sales rose 2%, with volume up 1% and mix up 1%, and no net-price contribution. Its products, purchase occasions, consumers, and competitive dynamics differ from tissue. It is not a control group for estimating what caused tissue's results.

Across K-C, first-quarter organic sales increased 6%, with net price contributing 4%, mix 1%, and volume 1%. The price contribution was mainly associated with hyperinflationary economies,

especially Argentina. North American organic sales rose 3%. K-C also reported a 37.1% gross margin, up 390 basis points year over year, and 14% growth in adjusted operating profit. Management said productivity and organic growth more than offset cost inflation and supply-chain investment; planned increases in marketing, research, and general expenses partly offset gains. These companywide results provide context, but they do not reveal the available tissue budget or the return on another dollar of spending.

What is driving the choice?

K-C's 10-K pointed to large-format retailers, discounters, and e-commerce as sources of pricing pressure. It also warned that greater private-label purchases could reduce sales of higher-margin K-C products. The disclosure does not tell leaders which retailers or tissue subcategories are most exposed, whether the gap is price, product performance, shelf access, or promotion, or how shoppers respond when the gap changes.

The company's Q1 results leave several explanations open. Product innovation or better execution may have attracted shoppers or improved the mix. Price and trade activity may have affected unit movement, even as the net-price contribution remained positive. Retailer assortment, competitor response, channel mix, timing, and comparison with prior periods may also matter. These mechanisms can coexist. Public reporting does not separate them at a level that supports a confident causal claim.

The research offers useful questions, not an answer. A multinational survey study associates perceived quality differences between national brands and private labels with consumers' stated willingness to pay; its authors also find that the role of marketing varies with private-label market maturity. This supports testing whether a concrete product benefit is noticed and valued, while cautioning against assuming that more advertising alone will work in a mature market. A separate study of historical supermarket categories models how retailers and brands may respond to each other's prices, underscoring that a promotion's economics depend on competitive reactions. Neither study estimates K-C tissue demand or returns. A brand-credibility experiment in juice, jeans, shampoo, and computers provides a further mechanism to consider, but no category-specific elasticity for tissue.

K-C reported \$1.075 billion in advertising expense and \$312 million in research expense for 2023 across the company. It did not allocate those totals to North American Consumer Tissue. Nor did it publicly provide tissue SKU margins, customer-level trade spending, private-label price gaps, household switching, product-level trial and repeat, or retailer-specific share trends. An investment recommendation must account for these gaps rather than imply that reported segment profit or academic estimates supply missing unit economics.

Your decision

Assume you are advising K-C's North American Consumer Tissue leadership on April 23, 2024. Recommend how to direct the next discretionary commercial investment for the balance of the year. Keep the decision open until you explain what evidence supports your choice and what would change your mind.

Consider three hypothetical paths, subject to operational and retailer feasibility:

1. **Differentiate:** deepen investment in product innovation and brand support, with a specific consumer benefit that can be tested for awareness, trial, repeat, and incremental economics.

2. **Improve targeted affordability:** direct trade or shopper support to retailer/category situations where a demonstrated value gap or switching risk warrants it, while monitoring retailer and competitor response.
3. **Stage a bounded test:** compare a defined innovation/brand intervention with an affordability or trade intervention in selected retailer/category settings, then make a scale decision using pre-agreed measures.

What should leaders authorize first, if anything? Identify the data needed to distinguish the competing explanations, the measures that should govern continuation or expansion, and the risks of acting on aggregate results. Explain how your proposal protects long-term brand value while responding to shopper affordability and retailer economics. Do not assume that a trial, specific budget, or company approval already exists.

Selected sources

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2. Kimberly-Clark Corporation, [Q1 2024 earnings release](#), 23 April 2024: consolidated and North American results, lines 24-41; segment table and Personal Care and Consumer Tissue discussion, lines 47-78.
3. Steenkamp, Jan-Benedict E. M., Harald J. van Heerde, and Inge Geyskens. 2010. [“What Makes Consumers Willing to Pay a Price Premium for National Brands over Private Labels?”](#) *Journal of Marketing Research* 47(6): 1011-1024, especially pp. 1018-1023, Tables 3-5 and limitations.
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