Access to Affordable Health and Wellness Products

Colgate-Palmolive / MIT Sloan S-Lab Project
May 18, 2018

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Colgate’s Sustainability Goal

2020 Sustainability Goal:
To have a positive impact by expanding access to affordable health and wellness products for millions of people in underserved communities.

The goal reflects shared value of providing community health and business growth benefits.
Colgate’s Current Efforts

Current Colgate efforts are tactical, but should be aligned under a cohesive global strategy.
S-Lab Project Goals

1. Understand Colgate’s current global efforts towards achieving access and affordability

2. Gather information on competitor practices and industry standards / benchmarks

3. Define global strategic framework for Colgate, including key metrics for tracking progress towards goal*

4. Address how Colgate can effectively communicate its strategy and progress towards increasing access and affordability

*Although, Project focused on access to affordable oral health care, we developed a global strategic framework, customizable to other goals
A Resource-Based Approach to Strategy Analysis

Develop a strategic vision and identify your strategic options that bridge the gap between vision and capabilities.
Evolution of a Sustainability Goal

Aspirational Goal/Vision

Are we doing things towards accomplishing this goal (Current State)?

What do we need to measure to track progress towards this goal (Metrics)?

Strategic Goal

What is our strategy for delivering the goal in terms of what we are, and are not, doing?

How are we expressing this progress?
Evolution of a Sustainability Goal

Current State of 2020 Sustainability Goal

Aspirational Goal/Vision

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Evolution of a Sustainability Goal

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S-Lab Project Focus

Strategic Goal
Expression of Strategy

- **Strengths**: What is delivering towards goal?
- **Weaknesses**: What does not deliver towards goal?
- **Opportunities**: What is missing in delivering towards goal?
- **Threats**: What are the barriers towards accomplishing the goal?

**Tracking & Metrics**
## Strategic Framework

### Key Elements Critical to Increasing Affordability and Accessibility

<table>
<thead>
<tr>
<th>Education</th>
<th>Product Innovation</th>
<th>Distribution</th>
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<tr>
<td>Increasing consumer awareness and willingness to purchase</td>
<td>Innovating product and packaging at affordable price points</td>
<td>Last mile reach and increase in sales points</td>
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### Intent

- Colgate’s Current Initiatives
- Peer Examples
- Alignment to United Nations Sustainability Development Goals (UN SDGs)
- Metrics
Strategic Framework

Key Elements Critical to Increasing Affordability and Accessibility

**Education**
Increasing consumer awareness and willingness to purchase

**Product Innovation**
Innovating product and packaging at affordable price points

**Distribution**
Last mile reach and increase in sales points

2020 Sustainability Goal:
To have a positive impact by expanding access to affordable health and wellness products for millions of people in underserved communities.
Colgate’s Current Initiatives – Education

- Bright Smiles, Bright Futures has reached more than **900 million children and their families** in **80 countries** by offering free dental screenings and education.²

- BSBF educational curriculum is available in **30 languages**.²
Strategic Framework

Key Elements Critical to Increasing Affordability and Accessibility

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Increasing consumer awareness and willingness to purchase

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Barriers/Challenges considered in Framework

- **Education**
  - Cultural Practices/Norms

- **Product Innovation**
  - Too Expensive or product size not fit for consumer

- **Distribution**
  - Limited access to sales points or infrastructure challenges

Local considerations, such as regulations, restrictions, and policies
Colgate’s global Oral Health Care programs selected based on our conversations with Colgate teams. They encompass Asia, Africa, Latin America. Does not represent all of Colgate’s Access and Affordability Oral Health Care programs.
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COMPETITORS’ PRACTICES
Unilever’s Access & Affordability Strategies

**Affordability**

- **Philippines** – created cream version of single-use deodorant packet at 10 cents | **Measurement:** Penetration
- **Pureit Water Filters** – launched various models in 12 countries tailored to different income levels that bring cost of water purification below that of boiling | **Measurement:** liters of safe drinking water provided

**Access**

- **Shakti initiative** - Trains local women as rural sales agents in their communities | **Measurements:** # of rural sales agents, # of new villages served, inventory management
- **Philippines** – use larger stores to double as sub-distributors who also act as activations (product demonstration + giveaways) | **Measurements:** sales following promotional events, rural coverage, average distribution costs
- **Thai Platinum Stores** – brings urban shopping experience with more offerings to rural customers | **Measurements:** market share & competitive positioning, customer traffic, sales, sales relative to in-store displays of Unilever products
Johnson & Johnson’s Access & Reporting Highlights

**Affordability**

- Global Access & Partnership Program - provides sustainable and affordable access to HIV medicine through “special effort” pricing
- Tiered Pricing Framework – combines country’s economic conditions & public health situation to develop pricing strategies

**Access**

- Unjani Clinics - J&J supports these owner-operator mobile clinics made from shipping containers | Measurements: # of containers, # of patients reached, # of jobs created
Procter & Gamble

Assessment of current strategy:
• No clear efforts to promote affordability or access
• Majority of efforts centered around environmental impact but have clear

Expression of metrics for reporting/tracking

2020 Goal Measurement Systems

We go to great lengths to ensure transparency, accountability, and accessibility to stakeholders. We are releasing a transparent report in our 2020 Goal Measurement Systems to help us do this. To learn more about our 2020 Goal Measurement Systems, please visit www.procterandgamble.com.

GREEN ENERGY CYCLE PAVING PASSING SEAS

In 2009, we announced that we were setting a goal to reduce our energy consumption by 20% by 2020. We have since continued to make significant progress toward this goal. Our efforts have included optimizing our energy use at our plants, improving our supply chain efficiency, and investing in renewable energy sources.

PACKAGING REDUCTION

The packaging reduction is calculated using products that represent the top 75% by volume of the categories that have the largest impact on packaging: Procter, Clorox, Hug, Cill, Gain, Safe, Ivory, and Soft Scrub. We believe that this reporting framework provides a more comprehensive view of our progress toward reducing packaging waste.

WATER CONSERVATION

Our goal to reduce water use in manufacturing facilities by 20% per unit of production applies to all the data we report. We have made significant progress toward this goal, and we are committed to continuing to improve our water efficiency.

BASELINE ESTIMATION

The water baseline we use for our water reduction goals is 0.25 gal per package. Our baseline is based on the average water usage at our manufacturing plants. We have made significant progress toward reducing water use, and we are committed to continuing to improve our water efficiency.

Other information on our corporate environmental initiatives can be found in our annual sustainability report and on our website, www.procterandgamble.com.
Non-Competitor Examples: Pfizer and Coca-Cola

**Pfizer: (SDG Goal 3.0)**

**Commitment to SDG Goal**

Progress Made toward Transforming Good Health and Well-being by 2030

<table>
<thead>
<tr>
<th>Target by 2030</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target 3.1:</strong> By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births.</td>
<td>We support a program with the 2020 MicroClinic in Kenya to implement evidenced-based interventions that decrease maternal and neonatal mortality and improve access to antenatal and postnatal services, including access to a skilled birth attendant.</td>
</tr>
<tr>
<td><strong>Target 3.2:</strong> By 2030, end preventable deaths of newborns and children under five years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-five mortality to at least as low as 25 per 1,000 live births.</td>
<td>Since 2014, the Pfizer Foundation has supported a program with Save the children to improve access to childhood immunizations and family planning services for women in Malawi. The initiative provides vital newborn services like immunization, along with access to information and services in family planning for post-partum women. Through this program we have reached over 200,000 children with health and nutrition services while working with the local Ministry of Health to address barriers to integrating family planning services.</td>
</tr>
</tbody>
</table>

**Coca-Cola (Distribution)**

**Project Last Mile**

By utilizing The Coca-Cola Company’s business, route-to-market, technical and marketing expertise, Project Last Mile is helping to reduce that number by getting medical supplies the “last mile” to remote communities in Africa. Since the initiative launched in 2010, Tanzania’s Medical Stores Department (MSD) reports that it has been able to improve medicine availability by 20-30 percent in some regions where new processes have been rolled out.

Tanzania, geocoded software has helped identify the most efficient delivery schedules and routes from warehouses to clinics, generating significant savings in delivery costs.
SUSTAINABILITY BENCHMARKS
17 Sustainable Development Goals were adopted on 25 September 2015 by 193 UN member states

Also known as “Transforming our world: the 2030 Agenda for Sustainable Development”

Together they cover 169 targets
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Intent

Colgate’s Current Initiatives

Peer Examples

Alignment to United Nations Sustainability Development Goals (UN SDGs)

Metrics
### Strategic Framework Application Example

<table>
<thead>
<tr>
<th>Project</th>
<th>Intent</th>
<th>Alignment to SDGs</th>
<th>Metrics</th>
<th>Peers</th>
<th>Colgate Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeevika “life”</td>
<td>Distribution</td>
<td>No Poverty</td>
<td><strong>Education:</strong> # of attendees % of increased awareness</td>
<td>Unilever Shakti Initiative</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Innovation:</strong> Incremental sales from usage due to women’s groups</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Distribution:</strong> # add’l Women Community Mobilisers</td>
<td></td>
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Local Considerations: cultural strength of women’s influence as change agents in their families, communities, circles
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**Intent**

**Colgate’s Current Initiatives**

**Peer Examples**

**Alignment to United Nations Sustainability Development Goals (UN SDGs)**

**Metrics**
Key Factors of Access and Affordability Metrics

**Affordability**
- Improved product to packaging ratio
- Innovation in production processes
- Diverse offerings for low-income price points

**Accessibility**
- Improved ease of travel to/from low-income communities
- Leverage of local community members, in particular women
- Increased use of or availability to technology
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Recommendations on Communications

1. Focus initially on internal stakeholders by distributing strategic framework.
2. Build upon strategic framework by gathering Colgate initiatives on product innovation and creative distribution tactics from around the globe, replicable in many regions.
3. Limit communication to external stakeholders about access and affordability goal to items related to oral health care products.
4. Standardize at least one metric that can obtain global collections where applicable.
**Access and Affordability**

Product sustainability at Colgate also means a commitment to providing affordable product options in our portfolio. We have established a 2020 goal to have a positive impact by expanding access to affordable health and wellness products for millions of people in underserved communities.

We make products more affordable while maintaining quality with smaller sizes, refill packages and value options. We work for wider distribution so that more consumers have access to Colgate products. Offerings are customized to be familiar with their socioeconomic level, taking into account available household income and specific consumer needs. We are also finding ways to offer the benefits of more premium products at affordable price points to provide products that yield more product per use and to help consumers to use properly to eliminate waste.

Globally, we strategically balance Colgate’s portfolio between base and premium tiers as appropriate for the region. Products like our Colgate Maximum Cavity Protection toothpaste and toothbrush are targeted for usage by the whole family at an affordable price point, while offerings like Colgate’s Total Multi-benefit or Colgate Sensitivity Pro Relief toothpastes are offered at higher price points, addressing more therapeutic needs of consumers. In Colgate’s Africa/Eurasia Division, toothbrush offerings range from value options of Extra Clean and Double Action to Zig Zag, a mid-tier price product, to Colgate 360, a super-premium option. In the Philippines, we supply small, low-priced items to Sari Sari stores. These stores contribute almost 50 percent of our sales in the country. In Latin America and Africa, sachets of closing products, dish detergent and fabric softener are available at lower price points. In India, Colgate developed toothpaste variants at a 19 rupee price point to meet the needs of those consumers with a low, fixed budget. This toothpaste offering has grown to play a key role for Colgate in the India toothpaste segment, demonstrating strong year-on-year growth. We are reaching consumers in rural areas and building distribution; over 40 percent of stones that sell toothpaste in India now offer this product.

Colgate is also finding ways to offer the benefits of more premium products at affordable price points both in emerging markets and for value consumers in developed markets. In 2016, Colgate launched a toothbrush with a tapered bristle at an affordable price point in Vietnam, Taiwan and China. Tapered bristles have been shown in a clinical study to remove more plaque, reduce gingivitis and reduce gum abrasion. Our Extra Clean toothbrush was also relaunched globally last year at an affordable price point. We also continue to expand distribution of Colgate Maximum Cavity Protection Plus Sugar Acid Neutralizer toothpaste, which provides an important public health benefit, which is enhanced anticavity protection. In Brazil, smaller, more affordable sizes of this toothpaste as well as Colgate Luminous White toothpaste are contributing to our growth in the region.

In some markets, building rural distribution is challenging. We are working to develop innovative models and distribution networks to reach many more consumers. For example, in India we are reaching remote village areas with special compost vans, increasing our coverage in rural areas from 23,000 villages in 2012 to 57,000 villages in 2015. In that time, Colgate has also recruited over 1,000 new salespeople and added over 1,000 new vans. In Cameroon, Colgate has improved coverage and customer service levels in smaller towns by using branded motorcycles able to visit remote villages to take orders. As next steps, we will identify key markets for replication of these models and test the model in new locations.

**GOAL:**
- Colgate is committed to upholding the 2020 target of expanding access to affordable health and wellness products for millions of people in underserved communities around the world.

**APPROACH:**
- Colgate is able to provide access and affordability through a strategy comprised of three parts: education (BSBF), product innovation (affordability), and distribution (access).

**IMPACT ACHIEVED:** Showcasing ______ Country

**GOAL:** To provide single use sachet priced at $XYZ to 100 rural communities in ______ country by 2020.

**PROGRESS:** We have reached X% of our goal by providing Y rural communities with Z number of sachets, reaching a total of X people who previously did not practice oral care. We are able to assess our progress using SMS based tracking via our rural sales channels.

**AREAS FOR CONTINUED FOCUS:** We will continue to leverage our open-market distribution channels to target the remaining communities as local sales channels are hindered by distribution challenges.
Next Steps

**Additional Recommendations:**

- Give an internal award to a **champion** of the initiative
- Create **database** of current Colgate Access and Affordability Initiatives
- Continue to build out **S.M.A.R.T. metrics** leveraging the IRIS Metrics framework developed by the Global Impact Investing Network (GIIN)
Thank you and Questions
Sources

8. [https://www.jnj.com/gph/5-ways-johnson-johnson-is-on-the-fast-track-to-helping-end-aids](https://www.jnj.com/gph/5-ways-johnson-johnson-is-on-the-fast-track-to-helping-end-aids)
11. Project Last Mile: [http://www.coca-colacompany.com/project-last-mile](http://www.coca-colacompany.com/project-last-mile)