

Access to Affordable Health and Wellness Products

Colgate-Palmolive / MIT Sloan S-Lab Project
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Colgate

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MIT
MANAGEMENT
SLOAN SCHOOL

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.



Brands That
Delight
Consumers
and Sustain
Our World

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**

Colgate

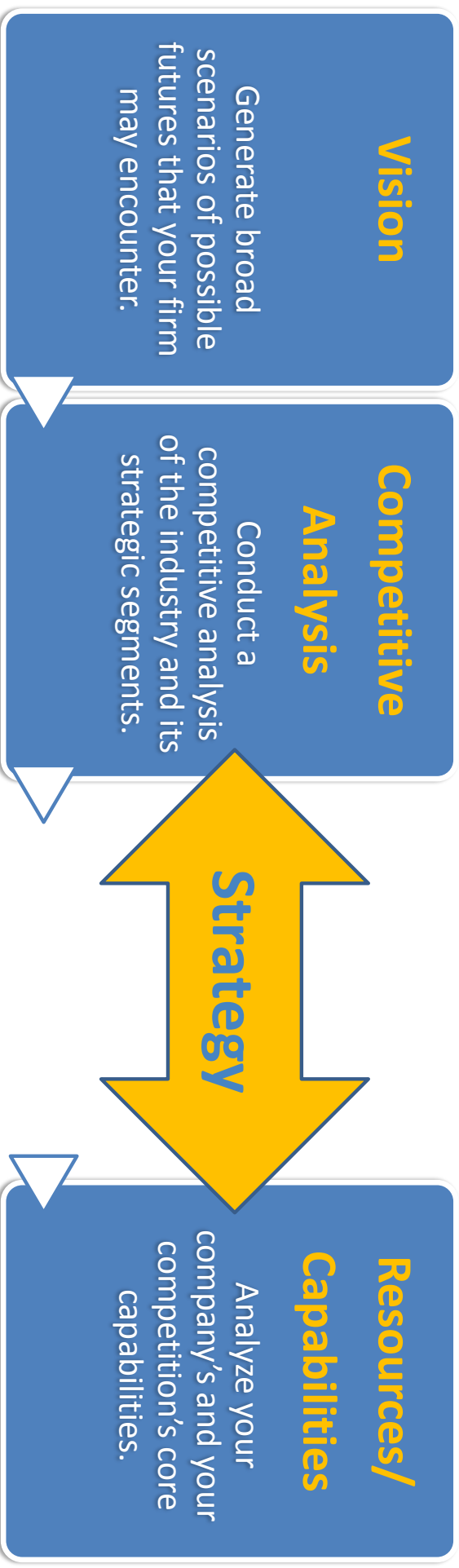
S-Lab Project Goals

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

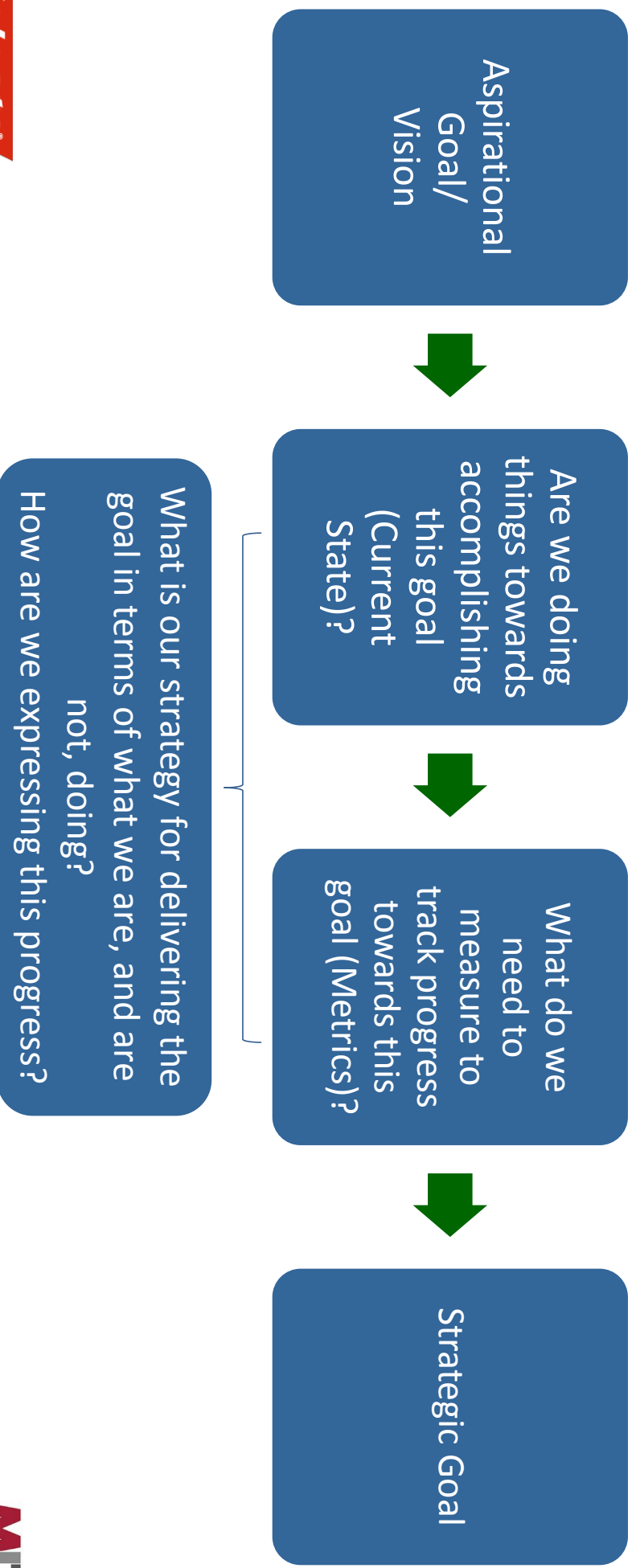


A Resource-Based Approach to Strategy Analysis¹



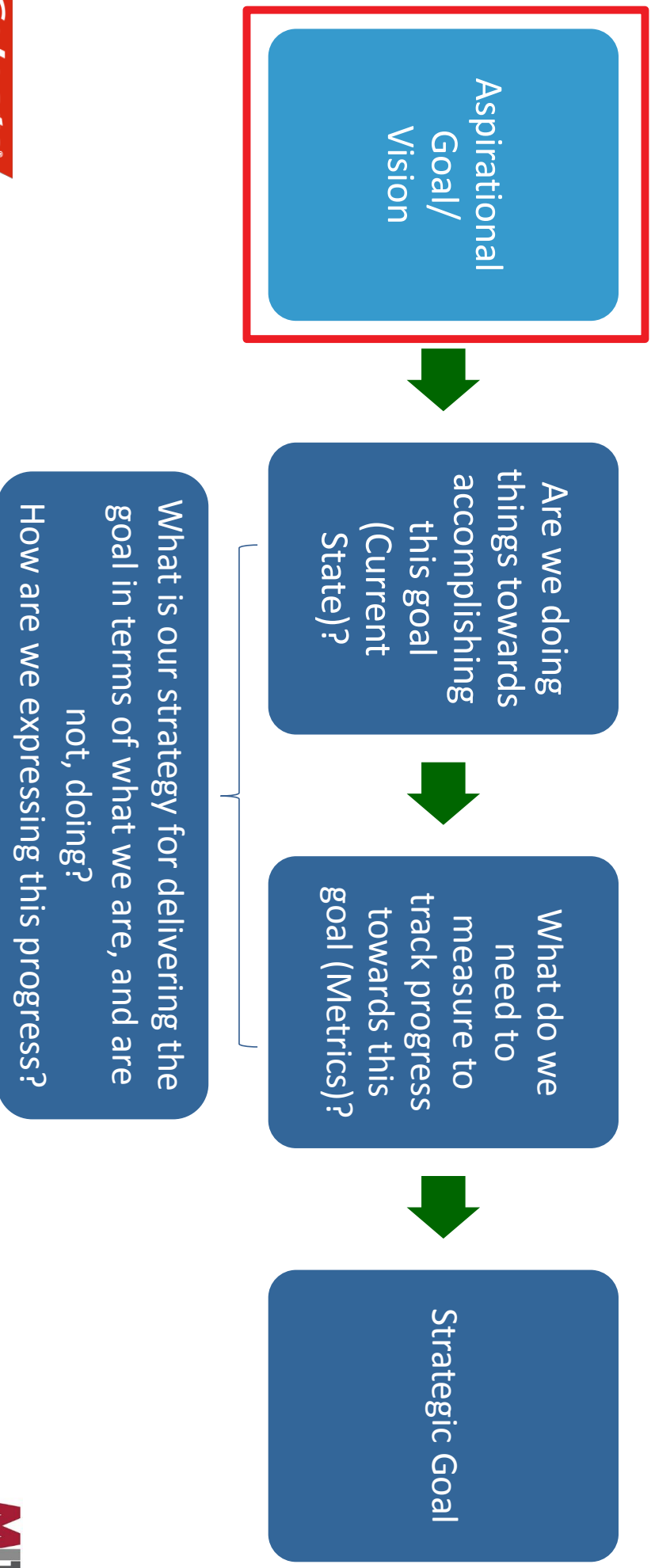
Develop a strategic vision and identify your strategic options that bridge the gap between vision and capabilities

Evolution of a Sustainability Goal



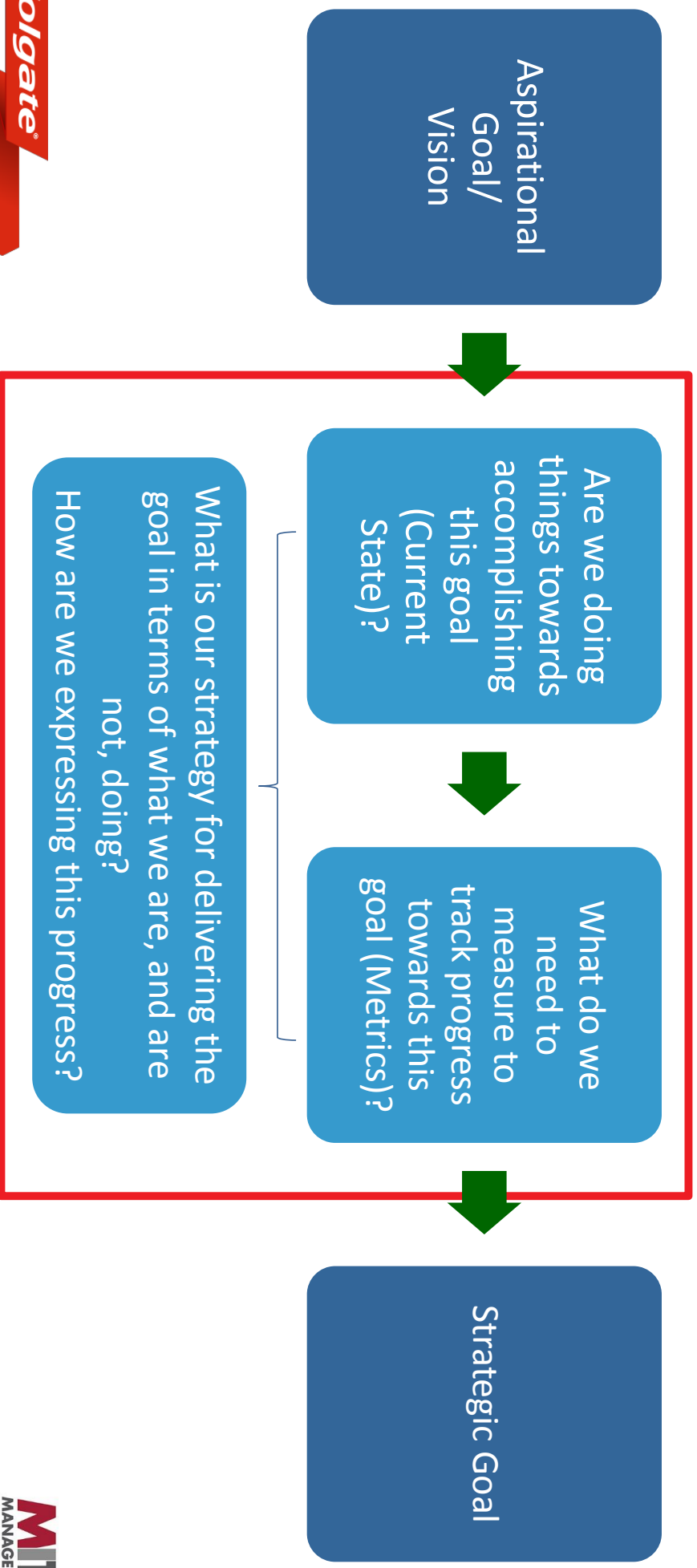
Evolution of a Sustainability Goal

Current State of 2020 Sustainability Goal

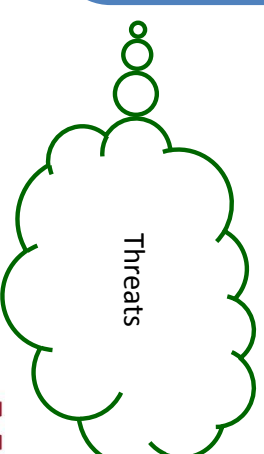
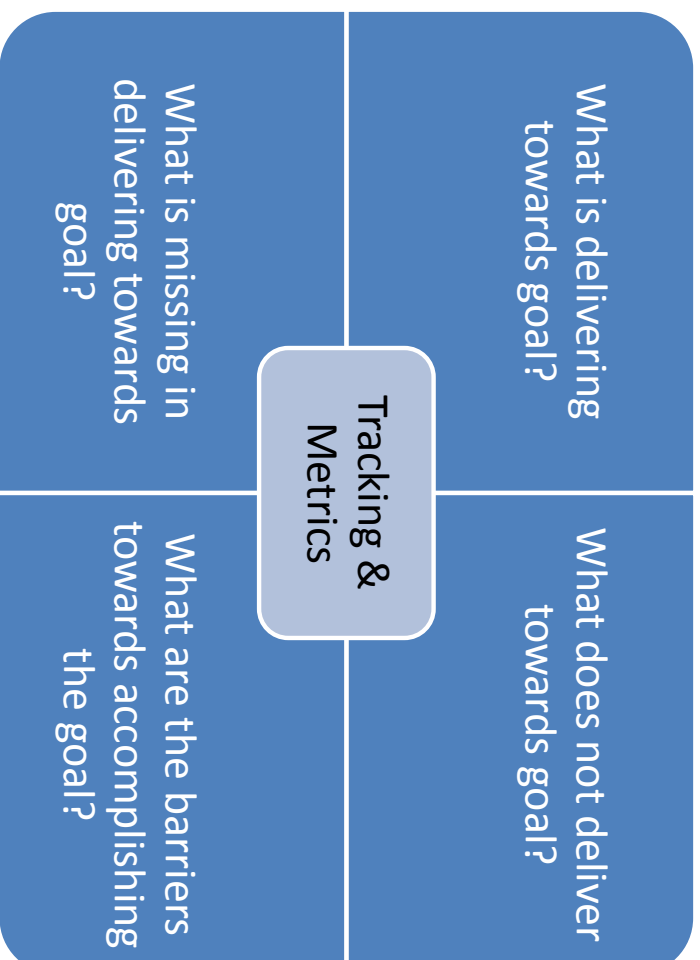
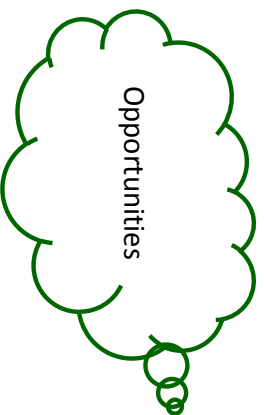
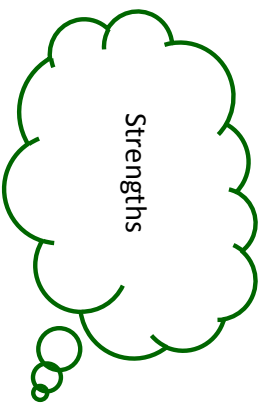


Evolution of a Sustainability Goal

S-Lab Project Focus



Expression of Strategy



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

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



Contributing to the Communities Where We Live and Work



Product Innovation

Innovating product and packaging at affordable price points



Brands That Delight Consumers and Sustain Our World



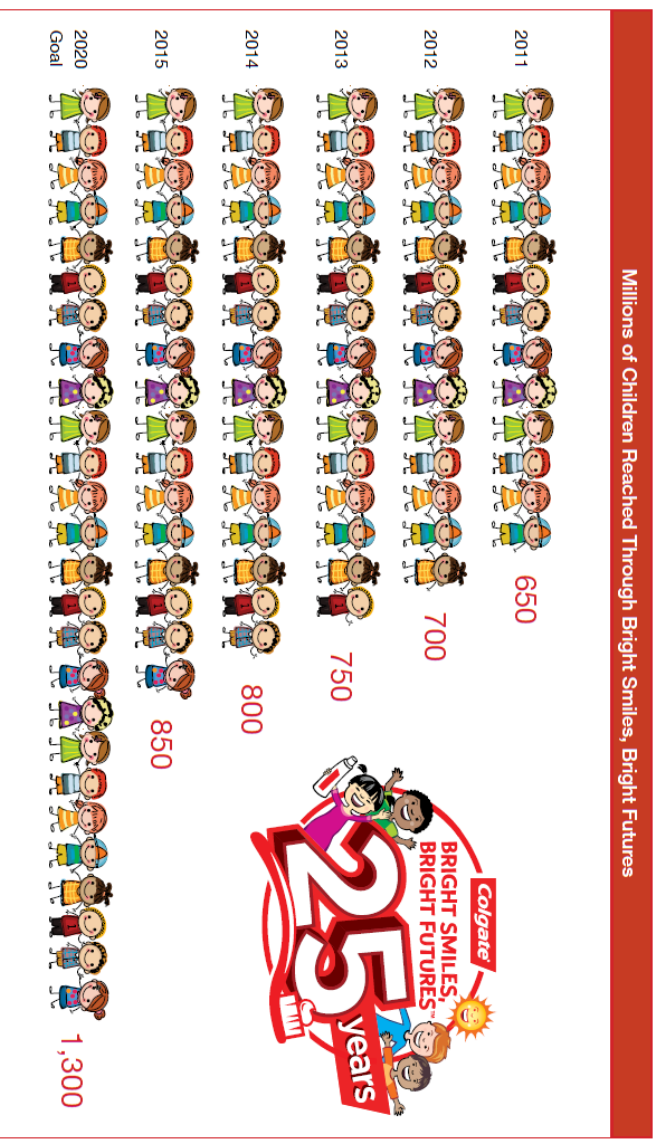
Distribution

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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Contributing to the Communities Where We Live and Work



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Brands That Delight Consumers and Sustain Our World

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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



Colgate's Current Initiatives – Access and Affordability



Jeevika 'life'



Mobile Vans



Keep India Smiling



Doy Packs

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^{3,6}



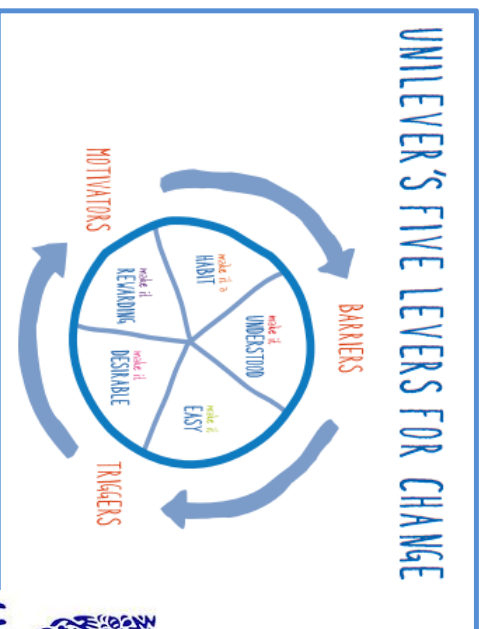
Affordability

- **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**



Unilever



Johnson & Johnson's Access & Reporting Highlights^{7,8}



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**

Expression of Strategy Example

People
We'll help people be healthier by providing better access and care in more places around the world.

Our goals

- Develop and deliver innovative, life-changing solutions to address the world's major health challenges.
- Deliver innovative health care access and training programs that impact a billion lives in underserved areas.
- Collaborate with government, nonprofit and private sector to foster care in key emerging markets.

TARGETS AND METRICS

- Expand the database documenting bedaquiline's (Sirturo)[®] effectiveness, efficacy and safety for drug-resistant tuberculosis to further increase access.
- Initiate Phase 3 trials and regulatory submissions for raltegravir CQ, the first anti-hepatitis delta agent for HIV.
- Produce and donate 1 billion doses of mefloquine (Vermoq)[®] to treat >100 million children at risk of malaria from sub-Saharan Africa through integrated treatment and prevention.
- Deliver HIV/AIDS therapy access to a cumulative 130,000 adults and 5,000 children, and access to MDR-TB therapy to a cumulative 200,000 children and 197,000 people with MDR-TB of the disease.
- Train 30,000 skilled birth attendants to assist 6 million births.
- Support the delivery of 6 million eye care screenings to underserved children, and provide corrective treatments as needed to 100,000.
- Activate signature partnerships/initiatives for five of our largest Consumer brands to promote the health and well-being of people in need around the world.
- Drive policy thought leadership and strategic engagements to expand health care access (Global Change Initiatives) and leadership to the public to demonstrate improvements in economic, productivity and health outcomes.

⁷Target of 7.2 billion people. ⁸As of March 31, 2019. ⁹Target of 100,000. ¹⁰Target of 100,000. ¹¹Target of 100,000. ¹²Target of 100,000. ¹³Target of 100,000. ¹⁴Target of 100,000. ¹⁵Target of 100,000. ¹⁶Target of 100,000. ¹⁷Target of 100,000. ¹⁸Target of 100,000. ¹⁹Target of 100,000. ²⁰Target of 100,000. ²¹Target of 100,000. ²²Target of 100,000. ²³Target of 100,000. ²⁴Target of 100,000. ²⁵Target of 100,000. ²⁶Target of 100,000. ²⁷Target of 100,000. ²⁸Target of 100,000. ²⁹Target of 100,000. ³⁰Target of 100,000. ³¹Target of 100,000. ³²Target of 100,000. ³³Target of 100,000. ³⁴Target of 100,000. ³⁵Target of 100,000. ³⁶Target of 100,000. ³⁷Target of 100,000. ³⁸Target of 100,000. ³⁹Target of 100,000. ⁴⁰Target of 100,000. ⁴¹Target of 100,000. ⁴²Target of 100,000. ⁴³Target of 100,000. ⁴⁴Target of 100,000. ⁴⁵Target of 100,000. ⁴⁶Target of 100,000. ⁴⁷Target of 100,000. ⁴⁸Target of 100,000. ⁴⁹Target of 100,000. ⁵⁰Target of 100,000. ⁵¹Target of 100,000. ⁵²Target of 100,000. ⁵³Target of 100,000. ⁵⁴Target of 100,000. ⁵⁵Target of 100,000. ⁵⁶Target of 100,000. ⁵⁷Target of 100,000. ⁵⁸Target of 100,000. ⁵⁹Target of 100,000. ⁶⁰Target of 100,000. ⁶¹Target of 100,000. ⁶²Target of 100,000. ⁶³Target of 100,000. ⁶⁴Target of 100,000. ⁶⁵Target of 100,000. ⁶⁶Target of 100,000. ⁶⁷Target of 100,000. ⁶⁸Target of 100,000. ⁶⁹Target of 100,000. ⁷⁰Target of 100,000. ⁷¹Target of 100,000. ⁷²Target of 100,000. ⁷³Target of 100,000. ⁷⁴Target of 100,000. ⁷⁵Target of 100,000. ⁷⁶Target of 100,000. ⁷⁷Target of 100,000. ⁷⁸Target of 100,000. ⁷⁹Target of 100,000. ⁸⁰Target of 100,000. ⁸¹Target of 100,000. ⁸²Target of 100,000. ⁸³Target of 100,000. ⁸⁴Target of 100,000. ⁸⁵Target of 100,000. ⁸⁶Target of 100,000. ⁸⁷Target of 100,000. ⁸⁸Target of 100,000. ⁸⁹Target of 100,000. ⁹⁰Target of 100,000. ⁹¹Target of 100,000. ⁹²Target of 100,000. ⁹³Target of 100,000. ⁹⁴Target of 100,000. ⁹⁵Target of 100,000. ⁹⁶Target of 100,000. ⁹⁷Target of 100,000. ⁹⁸Target of 100,000. ⁹⁹Target of 100,000. ¹⁰⁰Target of 100,000.

Colgate

Johnson & Johnson
Sustainability **2020 GOALS**



Procter & Gamble⁹

Not a comparable strategy, but a compelling reporting strategy

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

ENVIRONMENTAL SUSTAINABILITY

Global Measurement & Additional Operational Data



2020 Goal Measurement Systems

We go to great lengths to ensure rigor, accuracy and transparency in our reporting. Below, we share additional information on our some of our 2020 Goal Measurement Systems to help ensure clarity and transparency on the data we are reporting:

GREENHOUSE GAS EMISSIONS

For our process of measuring progress against our goal and listing emissions levels in charts and graphs, we utilize market-based Scope 2 GHG emissions. For more information on the WRI/WBCSD GHG Accounting Protocol or for additional perspective on market-versus location-based GHG emissions, please visit www.ghgprotocol.org.

LOW ENERGY CYCLE MACHINE WASHING LOADS

Low energy cycles are considered to use less than 0.4 kWh / C per wash cycle. In Europe, this would include front load 30° C loads. In NA, this would include traditional and HE Cold Cycles, as well as Normal and Quick HE warm cycles.

PACKAGING REDUCTION

The average packaging reduction is calculated using products that represent the top 70% by volume of the categories that have the biggest impact on packaging use (Fabric Care, Home Care, Baby Care, Feminine Care, Family Care, Oral Care, FCC, Shave Care, Hair Care and Hair Color). While a subset of overall sales, these categories represent the biggest volume and category that have the biggest impact on packaging.

RECYCLABILITY OF PACKAGING

For purposes of tracking progress against our goal, a package is considered recyclable when there is an in-market, at-scale recycling system in place for that material type (e.g., collection, separation, processing for end use, established end market). For example, a package made of 100% recycled paper may not be in place in at least one geography, we do not require a minimum percent access or recovery rate per package in every country or market where a package may be sold for the package to be considered recyclable for purposes of tracking progress versus our goal.

PAPER PACKAGING

Data for calculating progress versus our paper packaging goal was self-reported by our suppliers. The data collected this year covered materials produced directly by P&G as well as contract manufacturers and covered over 95% of our global spend.

RENEWABLE ENERGY

When calculating the renewable energy powering our plants, we include the renewable energy level of the local electrical grid and not provide power to the plant.

WATER CONSERVATION

Our goal to reduce water use in manufacturing facilities by 20% per unit of production applies to freshwater consumption, which means freshwater intake from the following sources:

- Tap water—water supplied by municipalities or third-party companies via piping systems or trucks, at any quality they deliver
- Net water via purchased steam
- Ground water from site wells
- Surface water—from brook/streams, lakes, creeks, etc., at any quality they deliver

BASELINE RESTATEMENT

This year P&G adjusted our GHG emissions baseline to include the impact of the 2019-2020 period. Changes to the Corporate Standard for Greenhouse Gas Accounting included adjustments for acquisitions/divestitures as well as other minor modifications and corrections to historic data. Our original baseline was 5,488,224 metric tons. Our revised baseline, which we will use for calculating progress versus GHG emissions reduction goals, is now 5,467,933 metric tons.

As part of this work, we also updated our baselines for energy, water and waste. Original energy baseline was 670,904,220 gigaBtu's. It is now 670,024,993 gigaBtu's. Original water baseline was 354,543 metric tons. It is now 351,153 metric tons. The baseline year remains the same—FISCAL FY09H10.

Non-Competitor Examples: Pfizer and Coca-Cola

Pfizer: (SDG Goal 3.0)¹⁰

Commitment to SDG Goal

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

Target by 2030

Progress

Target 3.1: By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births.

We support a program with the 2020 MicroClinic in Kenya to implement evidence-based interventions that decrease maternal and neonatal mortality and improve access to antenatal and postnatal services, including access to a skilled birth attendant.

Target 3.2: 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

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 290,000 children with health and nutrition services while working with the local Ministry of Health to address barriers to integrating family planning services.



Coca-Cola (Distribution)

Project Last Mile¹¹



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



United Nations Sustainable Development Goals (UN SDGs)¹²



- 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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Strategic Framework

Key Elements Critical to Increasing Affordability and Accessibility



Education

Increasing consumer awareness and willingness to purchase



Product Innovation

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Distribution

Last mile reach and increase in sales points

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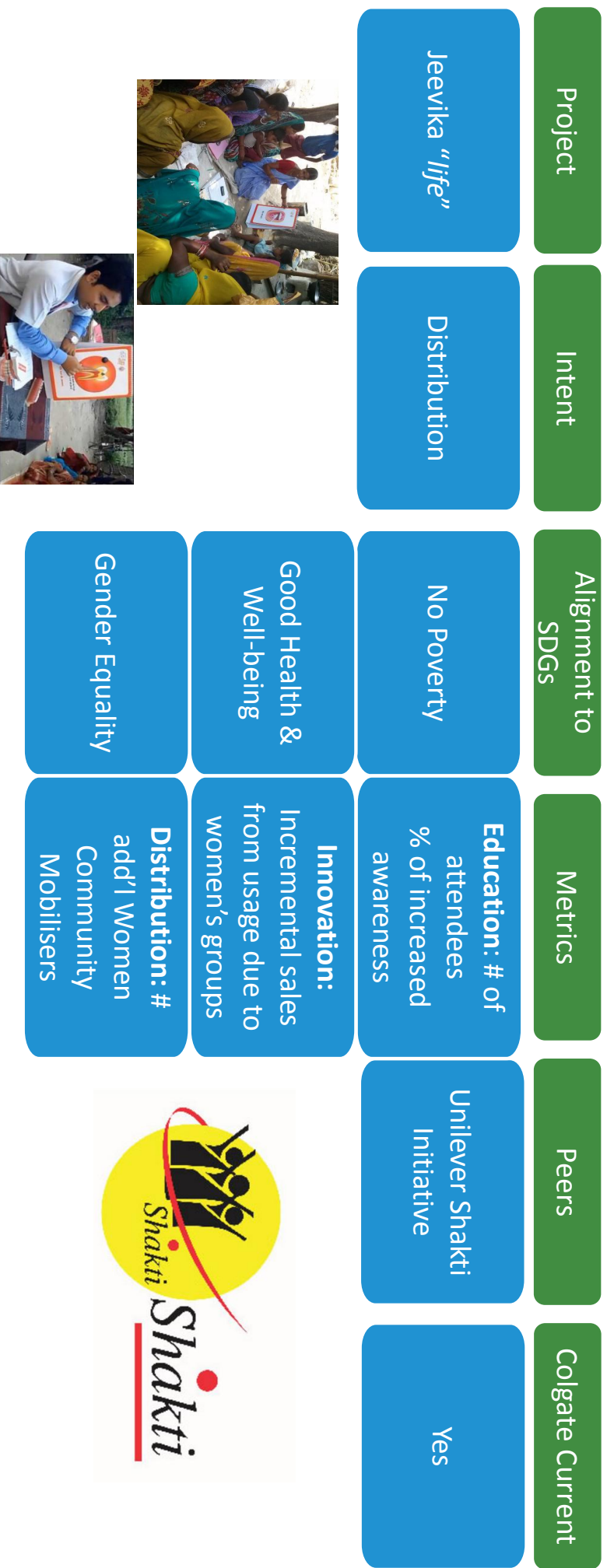
Colgate's Current Initiatives

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Alignment to United Nations Sustainability Development Goals (UN SDGs)

Metrics

Strategic Framework Application Example



Local Considerations: cultural strength of women's influence as change agents in their families, communities, circles



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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

Focus initially on **internal stakeholders** by distributing strategic framework

Build upon strategic framework by **gathering Colgate initiatives** on product innovation and creative distribution tactics from around the globe, replicable in many regions

Limit communication to external stakeholders about access and affordability goal to items related to **oral health care products**

Standardize at least one metric that can obtain global collections where applicable



“Telling our Story” on Affordable Access

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 wide distribution so that more consumers have access to Colgate products. Offerings are customized to best reach consumers within 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 dose properly to eliminate waste.

Globally, we strategically balance Colgate's portfolio between mass and premium lines as appropriate for the region. Products like our Colgate Maximum Cavity Protection toothpaste are targeted for usage by the whole family at an affordable price point, while offerings like Colgate Total Multi-benefit or Colgate Sensitive 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



In emerging markets, Colgate makes products more affordable with smaller sizes, refill packages and value options.

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 cleaning products, dish detergent and fabric softener are available at lower price points. In India, Colgate developed toothpaste variants at a 10 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 stores 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 2015, 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 more consumers. For example, in India we are reaching remote village areas with special compact vans, increasing our coverage in rural areas from 22,000 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.



Telling our Story: Access & Affordability

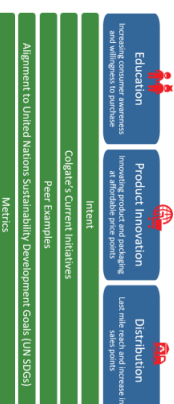
GOAL:

- 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).

Key Elements Critical to Increasing Affordability and Accessibility



IMPACT ACHIEVED: Showcasing _____ Country

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

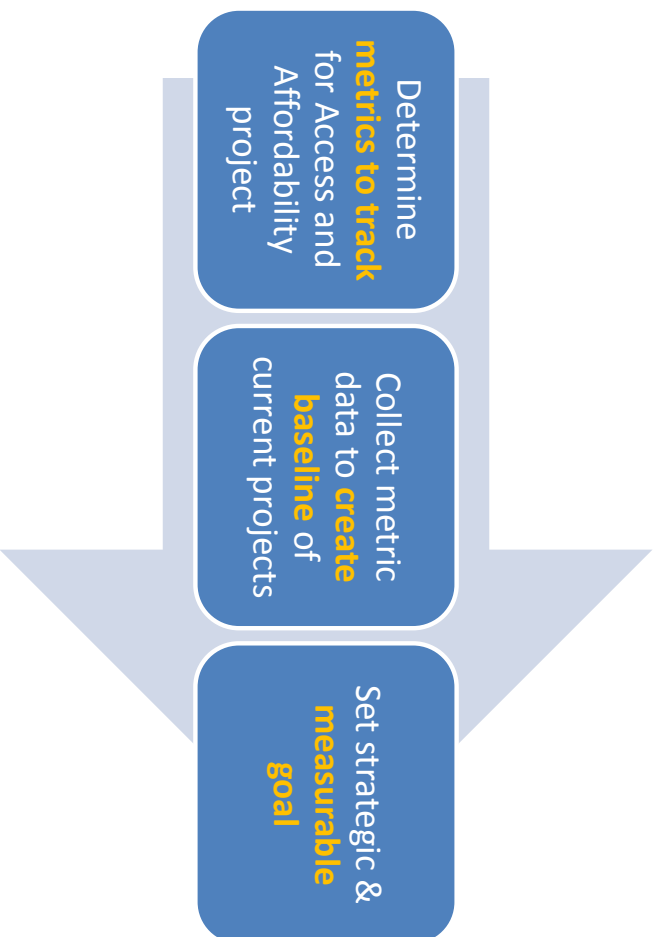
PROGRESS: We have reached X% of our goal by providing Y rural communities with Z number of sachets, reaching a total of X people who previously did not practice oral care. We are able to assess our progress using SMS based tracking via our rural sales channels.

15%

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

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