

Mr. Clean, Meet Mr. Green

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While everyone at this point is probably aware of Wal-Mart's efforts to build a more sustainable, green business model, Procter & Gamble's initiatives are a bit more under-the-radar. Still, the company's goal is no less impressive. By 2012, P&G plans to cut its carbon footprint by as much as 40%, in part by cutting the size of its packaging. Perhaps the most visible manifestation of the program is the compaction of P&G's liquid laundry detergents, which are now half the size they were two years ago and do the same number of washloads. Len Sauers, vp-sustainability at P&G, corresponded with Brandweek editor Todd Wasserman via e-mail. Here are some excerpts:

Brandweek: Where does green-ness fall on most consumers' hierarchy of product needs? Are they willing to pay extra for something with green credentials? If so, how much extra? I've read that only 5-10% of consumers will buy a product chiefly because they're eco-friendly. Do you expect that number to rise?

Len Sauers: Consumer research has shown that there is a very small niche of consumers (~5-10%), who are willing to accept some trade-off (e.g. higher cost, lesser performance) in order to purchase a product that claims environmental benefits. The vast majority of consumers (~50-75%) feel environmental issues are important, but are not willing to accept such trade-offs. However they will choose a product that claims environmental benefits if it meets all their other needs: performance, value, cost, etc. The rest of consumers seem indifferent to these issues at this time. It is hard to judge how these numbers will change into the future. They have remained relatively constant over the past couple of years, even with increased public attention paid to these issues.

BW: You probably loathe to comment on a competitor, but what are your thoughts about the approach taken by Clorox with the Green Works line? Would P&G consider a "green" line like that? Conversely, why has P&G's approach so far been to pitch eco-friendly products like Cold Water Tide with greenness as a selling point rather than say "Tide Green"?

LS: We do not comment on competitors. To your other question, P&G believes we can make the greatest contribution to environmental sustainability by developing 'sustainable innovation products.' These are products for which there has been a meaningful improvement in the environmental profile of the product relative to current products, but for which there are no trade-offs. The consumer gets it all—all the performance and value she expects and an ability to be environmentally sustainable. In this way, we are able to bring sustainability to the mainstream consumer.

An example of one such product is Tide Cold Water. With this product, consumers see the same performance in cold water as they do in hot/warm water. There are no trade-offs. However if everyone in the U.S. switched from hot/warm water to cold water for machine laundering, we would eliminate up to 34 million tons of carbon dioxide from being released. This is nearly 8% of the U.S.' Kyoto target. A product like this shows the great value of bringing sustainability to the vast majority of consumers.

Another example is the compaction of liquid laundry detergents in the U.S. Moving the entire U.S. market to concentrated liquid laundry detergents will eliminate 140 million pounds of materials from being used and transported. P&G has set a goal of developing and marketing at least \$20 billion in sustainable innovation products in the next five years.

BW: Has it been difficult and/or expensive to comply with Wal-Mart's new eco-friendly packaging mandates? Are you surprised that Wal-Mart has gone this route?

LS: Wal-Mart's approach of minimizing nonvalue added packaging, while demanding the same level of package performance, is very consistent with P&G's 'No Trade-Offs' approach to packaging sustainability. Overall, the costs have been relatively neutral; in fact, there have been several instances where we have both reduced costs and provided a more sustainable package to the consumer.

BW: Do you believe P&G has taken a thought leadership role on the area of eco-awareness? If so, why?

LS: Our goal is to bring sustainability in a meaningful way to the mainstream consumer. That is how one can make the biggest difference.

BW: How far along is P&G in its goal to reduce its carbon footprint 40% by 2012?

LS: Over the past five years, we have reduced by 30% per unit of production our CO2 emissions, energy/water consumption and disposed solid waste. We have set a goal of reducing an additional 10% over the next five years, leading to total reductions over the decade of at least 40%. We are well on our way to achieving this goal.

BW: I've read that the impact of cloth and disposable diapers is roughly the same if you take into account energy expenditures to clean cloth diapers. Does that jibe with what you've heard? Is that something P&G makes public?

LS: The U.K. Environment Agency has recently published a *Life Cycle Assessment*, which reviews the environmental impacts of both reusable and disposable diapers. The study confirms that there is little-to-no difference in terms of overall environmental impacts between disposable and reusable diapers. The study has already been made public.

BW: Which company outside of P&G do you think has done a good job going green?

LS: I am impressed with the programs at General Electric and Wal-Mart. Like P&G, both of these companies see sustainability as both a responsibility and business opportunity. They have also integrated sustainability into the rhythm of their business. I have particularly appreciated Wal-Mart's leadership in moving the liquid laundry detergent market to compacted products.

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