



THE UNIVERSITY OF
SYDNEY

THE FUTURE OF BUSINESS: OMO Case Study

Unilever has, from its origins, been a purpose-driven company. Today our purpose is simple but clear - to make sustainable living commonplace.

We are living in a world where temperatures are rising, water shortages are more frequent, food supplies are increasingly scarce and the gap between rich and poor increasing. Populations are growing fast, making basic hygiene and sanitation even more of a challenge. At Unilever we can see how people from all over the world are already affected by these changes. And the changes will pose new challenges for us too, as commodity costs fluctuate, markets become unstable and raw materials harder to source.

We believe that business must be part of the solution. But to be so, business will have to change; there is not 'business as usual anymore'. Sustainable, equitable growth is the only acceptable business model. Our vision is to grow our business, whilst reducing our environmental footprint and increasing our positive social impact.

In 2010 we launched the Unilever Sustainable Living Plan, which is our blueprint for sustainable business. We will achieve our vision through our Plan, which is helping us to decouple our growth from our environmental impact while increasing our positive social impact, driving profitable growth for our brands, saving costs and fueling innovation.

The Plan sets stretching targets across our business and our full product lifecycle, including how we source raw materials through to how consumers use our brands. The scale of our ambition means that we are finding new ways to partner with others in business, government and society to achieve change.

BACKGROUND TO OMO:

OMO is the Number 1 most trusted laundry detergent brand in Australia (Readers Digest 2019) with 24.1% market share, and the number 1 brand recommended by leading washing machine manufacturers. OMO was first registered in the United Kingdom in 1908, which makes it one of the oldest laundry powder brands in the world. Nowadays, OMO is used by more than 8M Australian households each year. OMO is currently distributed throughout Woolworths, Coles and IGA stores.

FUN FACTS ABOUT THE FABRIC CLEANING CATEGORY:

- In Australia Total Fabric Cleaning has 86.5% penetration.
- Penetration varies across different formats: powder (48.1%), liquids (54.1%) and capsules (6%).
- 9 out of 10 households in Australia buy fabric cleaning products.
- The average household purchases from the laundry category 4.7 times a year, spending \$40.1 dollars on average a year.
- 63% of the shoppers are women and have the primary role of being responsible for doing the laundry at home.
- Families are the largest growing segment, making up 37% of the fabric cleaning spend.



OMO'S COMMITMENT:

OMO has always been committed to delivering the very best in stain removal and laundry care innovation. Globally, hundreds of scientists are working on our laundry detergent formulations. These formulations are designed to provide our consumers with outstanding stain removal and clothes care. Whatever OMO product you choose you can trust OMO to help you make the job easier.

OMO's PLEDGE:

At Unilever, we started the Unilever Sustainable Living Plan, where one of our brands, OMO, has played a huge role in our venture, thus helping us to create a more sustainable future. By the year 2020, as our business grows, our goal is to have halved any negative impact that Unilever products have on the environment. By 2025, we are aiming for all of our liquid detergent bottles to be produced with 100% Post Recycled Plastic (PCR) to be kinder to the planet.

We've examined every aspect of what we do and taken measures to reduce our energy use and carbon emissions across the board, from developing more concentrated products that use less packaging to factories that minimise their energy and water use and maximise recycling.

However, we need everyone who uses our products to also get involved and help us to reduce greenhouse gases. For example, consumer use (heating the water, running a washing machine, using the detergent) contributes to 87% of the greenhouse gas impact of a wash.

The next biggest factor is raw materials (11.6%), followed by manufacturing (0.5%), distribution and retail (0.4%) and disposal (0.3%). But by switching to a green laundry method – washing at lower temperatures and using the correct dosage of laundry detergent – you can cut energy use at home, too.

HOW IS OMO DRIVING SUSTAINABILITY ACROSS THE PRODUCT LIFECYCLE?

As part of our Unilever Sustainable Living Plan, we have set ourselves the goal of halving the impact of all of our laundry care products on the environment by 2020.

Due to the world's current climate changes, lack of water is a huge concern, which is why it is so important for us all to do our part to conserve it. The scarcity of this much-needed resource is becoming an everyday reality for us all and, as responsible earth inhabitants, we need to be proactive to form part of the solution.

We strive to make sustainable living a big focus in terms of everything that we do, including changing the process of manufacturing our products for a greener environment. We've already relooked at our product formulations, from how we manufacture to how we package our products, in an effort to do our bit for the environment.

Since 2008, we've not only redesigned our powder formulation, but we've also managed to reduce the recommended dose per wash by a whopping 25%. That way, consumers use smaller measurements in order to achieve the same effective performance from OMO. Using less product simply means that the production will be less.



This means that less raw material would be necessary, as well as less packaging material, less production energy and fewer trucks for delivery, leading to less landfill waste. Other than product development, we have also implemented post recycled plastic (PCR) onto all of our laundry liquid bottles. We want to avoid using virgin plastic and keep increasing the PCR % in our laundry liquid bottles.

Unilever recently launched OMO EcoActive, OMO's most sustainable laundry detergent, delivering the trusted cleaning power of OMO with 70% plant-based cleaning ingredients. OMO EcoActive also comes in a 100% recyclable bottle that is made from 25% recycled Australia plastic. It contains 0% dyes and a biodegradable fragrance. EcoActive is tough on stains, not on nature.

Although it doesn't stop there. We strive to do everything that we can for the environment, but we also need you to help us by using our products in a sustainable way. 58% of our greenhouse gas impact derives from our consumers; this includes the heating of water and machine washing for laundry. Simple ways, such as using the quick wash cycle, or using water at a lower temperature, can make a big difference! Tips for a more sustainable wash:

- Opt for quick cycles, thus saving water and energy. Imagine the big difference it'd make if everyone who owned a washing machine in Australia changed their cycles from 2 hours to an efficient 30-minute wash.
- We've developed our great formulas to deliver brilliant cleaning results at even 30°C. Save energy by making sure that you set your washes to this lower temperature.
- Wash full loads for fewer washes, saving water and energy. OMO products are designed to give large loads the same clean outcomes as light loads. Use liquid detergent as its ingredients have less of a negative impact on the environment, both in production and packaging.
- Follow the dosage instructions on the back of our OMO packaging to save water. Even stubborn stains can be eliminated with our unique formula.

Such small changes can make a huge and positive impact. Help us to preserve the environment for our children, their children and their children after that, to get their hands dirty, and experience life out in the world.



THE ASSIGNMENT

Building on Omo's current sustainability initiatives, develop a Unilever Laundry Sustainable Business Strategy for OMO which focuses on driving long term commercial/financial benefits for the business at the same time as increasing positive social impact and decreasing environmental impact i.e. build a plan that drives both sales and profit for the business with sustainability at the heart of the plan. You may choose to focus on 1 big idea and delve deeply into that idea or you may choose a number of ideas/initiatives and be a bit broader. Both approaches are fine. The key to your presentation will be to show the business that by putting sustainability at the heart of the business strategy, we can drive more sales, reduce the cost of doing business, reduce risks across our value chain and ultimately build deeper connections with our consumers.

Think about the following when planning your assignment:

- How do your ideas fit into the 2 major pillars of Reducing the Environmental Impact & Enhancing Livelihoods? (See Unilever's Sustainable Living Plan for further details and definitions – <https://www.unilever.com.au/sustainable-living/>)
- The total supply chain i.e. the chain of events that occur to get a laundry detergent bottle into the hands of the Australian consumers (and then what happens after the consumer has finished with the laundry detergent bottle). Supply chain involves (but not limited to) areas like packaging, factories, transport and places of distribution like Woolworths, Coles and Independent Grocers.
- How do we get our sustainability message around post-consumer recycled plastic (PCR) out there to consumers through marketing, advertising and public relations in a credible and engaging way? How can we improve on what we have done in the past and/or how can we build on it? How do we influence public behaviours and ensure it's relatable to the Australian consumer?
- How can we encourage more consumers to consider buying Eco-Friendly, PCR-approved, and sustainably-sourced laundry detergents? (consider what cues are going to help influence path to purchase).
- How do we ensure our key stakeholders are engaged in our sustainability agenda i.e. how do you take people along the OMO sustainability journey and convince them of the importance of PCR? What's in it for them? Some of our key stakeholders may include (but not limited too) employees who work at Unilever, customers like Woolworths or Coles, consumers who buy our laundry detergent etc.

Remember the key is to make sure your OMO Sustainable Business Strategy is linked to commercials of the business i.e. drive sales (sell more product) and drive profit (i.e. take cost out of the business).

Good Luck

The OMO Team

