



Unilever – Sustainable Living Plan

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Case Study

1. Unilever – History and Mission

“160 million times a day somewhere someone chooses a Unilever product.” (Unilever, 2011).

Unilever is a global corporation with over 400 consumer brands. Unilever products are in more than 180 countries around the world. The company was created in 1930 by a merger of the Dutch company Margarine Unie and the British soap maker Lever Brothers. Both companies experienced a huge demand for their products and hoped that a merger would allow them to import palm oil, their main raw material, more efficiently. A [video](#) on the company’s website narrates the early history of Unilever. Unilever was founded in the midst of the Great Depression and the company survived World War II before the economic growth of the 50s and 60s helped the company to expand its product portfolio and launch in new countries around the globe. Unilever continued to diversify in the 70s and strong sales in African countries balanced out decreasing revenue in Europe and the United States. With the acquisition of Lipton International Unilever became one of the largest tea businesses in the world. In the 80s and 90s Unilever reduced its product categories from 50 to only 13 (Unilever, n.d.). This trend continued in the 2000s as Unilever focused on three main product areas: nutrition, personal and home care. In 2004 the company redefined its mission: “to meet everyday needs for nutrition, hygiene and personal care with brands that help people look good, feel good and get more out of life” (Unilever, 2011).

2. Unilever Moves Toward Sustainability

In the 1990s, Unilever started to react to growing environmental pressure and consumer concerns. The company set up a sustainable agricultural program, started water-preserving initiatives, sourced fish only from sustainable stocks, improved the nutritional quality of its food products, partnered with non-profit organizations such as the Rainforest Action Network and co-founded the Roundtable on Sustainable Palm Oil.

A global company such as Unilever does not only affect the environment but it is also affected by it. The company sources 12% of its black tea and 6% its tomato supply worldwide; Unilever understands that climate change, tightened environmental legislation, and increased consumer awareness have an impact on its business. Unilever focuses its sustainability efforts on four key areas: greenhouse gas emissions, water conservation, waste reduction and sustainable sourcing. The Unilever website gives customers a comprehensive overview of the various sustainability efforts the company is undertaking. Customers can find information on all facets of Unilever’s sustainability efforts in the interactive charts on the website. In addition, one can read comprehensive articles about partnerships and metrics the company has developed on this side. Like Nestle with its “Creating Shared Value” approach, Unilever’s language around sustainability has changed over time. For instance, sustainability is no longer just Unilever’s business, Unilever now shares that responsibility with its customers and suppliers by “inspiring billions of people to take small, every day actions that add up to a big difference.”(Unilever, n.d.)

In March 2010, Unilever’s CEO Paul Polman announced a new vision: “to double the size of the business while reducing the company's environmental impact" (Unilever, n.d.). Then in fall 2010, Unilever started a new initiative called the “Sustainable Living Plan” (SLP): “Our plan isn’t just the right thing to do for people and the environment. It’s also right for Unilever: the business case for integrating sustainability into our brands is clear.”(Unilever, n.d.) The company launched the 10-year SLP and its website with four simultaneous live debates in London, Rotterdam, New Delhi and New York around the question: Can consumption become sustainable?

3. Thesis Statement

This paper examines if the SLP is a stringent continuation of Unilever’s sustainability efforts documented on its website and assess if the SLP is a roadmap for the company’s 400 brands towards sustainability.

4. Analysis of the Sustainable Living Plan

SLP formulates three goals that it aims to reach by 2020:

- Help more than one billion people improve their health and well-being
- Halve the environmental impact of its products
- Source 100% of agricultural raw materials sustainably

The SLP website is structured around these three goals and offers some metrics and examples on how to achieve the goals in the following areas: health and hygiene, nutrition, greenhouse gases, water, waste, sustainable sourcing, better livelihoods, and people. The SLP was well received by green blogs and sustainability experts (DiBenedetto, 2010), (Gunther, 2010). And at first glance, it looks like Unilever is a model of sustainability. But a deeper analysis of the SLP reveals that the plan does not add anything new to the company’s current sustainability efforts. The following analysis shows that the SLP is not a sustainability strategy, but a marketing tool, which encourages consumers to buy more of Unilever’s products.

- Most of the recommendations and the metrics on the SLP website are concerned with the footprint suppliers and consumers produce. For example, under the rubric “Water” one can read that water is a scarce resource that needs to be protected (Unilever Sustainability, n.d.). Instead of making concrete goals on how Unilever plans to act on this issue customers learn: “But the water actually contained in products is just 7% of the total, compared to the 92% used by consumers.” (Unilever, n.d.). The subcategory “Manufacturing” is a testament of what the company has already done to reduce its water use. The company claims that new reductions are harder to accomplish since the company was already very progressive in this area (Unilever Sustainability, n.d.)

- Under the category “Hygiene” customers find information and can watch a [video](#) explaining how the use of Unilever’s products (soaps, toothpaste and water purifier) enhances children’s life and prevents them from diarrhea. But nothing is said about the product itself: are its ingredients sustainably sourced, is the environmental impact on water less harmful than that of other soaps? Encouraging customers to wash hands is a reasonable effort, but diarrhea can be prevented with any soap not just Unilever’s.
- The “[Product Analyzer](#)” which is offered on the website claims to assess the environmental impact of 1600 of Unilever’s products across their life cycles, is especially disappointing. The user learns, for example, that the largest water impact of a laundry product occurs while the consumer is washing clothes. The data analyzer does not give any information on how Unilever wants to lower the impact of its products, for example, by making the laundry detergent less toxic or more efficient with less water. The reader of the SLP gets the impression that consumer impact (using the product) and supplier impact (providing raw materials) is so much larger that it would only make sense to start reducing here.
- The SLP cites only a few brands and their sustainability efforts. The category “Sustainable Sourcing” describes Unilever’s partnership with the Rainforest Action Network around sustainable cocoa farming. The goal is to source all cocoa sustainably for their brand Magnum by 2015. Currently it sources 6% of the total demand sustainably. This means they have to improve a lot to reach their goal by 2015. But instead of defining a clear roadmap towards that goal the customer is asked again: “Through the small act of buying an ice cream that has ingredients which are sustainably sourced, consumers can enjoy small moments of pleasure for themselves while helping to protect the environment and making others happy as well.” (Unilever Sustainability, n.d.) Since currently only a small part of the product is sourced sustainably, statements like this could be seen as greenwashing.

Other Unilever brands and their sustainability efforts are mentioned only sporadically on the SLP website and it remains unclear how the company and its brands will achieve the above mentioned goals. Under the headline “ownership of our brands” Unilever offers support by identifying key priorities, but in the end the brands are “responsible and accountable for reaching our targets” (Unilever, n.d.). The SLP does not mention any concrete strategies or information on how individual brands are planning to become sustainable businesses.

5. Recommendations

Unilever should use the SLP platform to state clearly how it will achieve its goal of becoming a “sustainable business in every sense of the word” (Unilever, n.d.). The company should rephrase SLP’s goals and make them more concrete and measurable.

For example, Unilever could develop a metrics system or use an existing system, such as the Global Reporting Initiative (GRI) or the environment standard ISO 14001. Though the SLP uses some metrics it is very hard for

customers to track those to see how much progress has been made. Unilever could adopt “Key Performance Indicators” that are similar to those Nestle developed, which are also comparable to the GRI indicators (Nestle, n.d.).

A company representative answered questions about the SLP and what distinguishes it from Unilever’s current efforts with the following statement: “What the plan allows us to do is to set comprehensive targets across the whole organisation and focus the business on achieving them. In parallel with the external announcement is an internal cascade across all our operations, so everyone with a role to play knows what is expected of them.” (Personal email communication with Flip Doetsch, April 19, 2011) Unilever should make at least some of the internal plans available on the SLP website and help customers to understand how the company will achieve its goals.

Lastly, Unilever should develop and communicate a sustainability strategy for its brands. A comprehensive overview of their performance in each sustainability category, concrete goals and steps towards reaching those would be a coherent continuation of Unilever’s efforts.

6. Conclusion

Unilever “wants to be a sustainable business in every sense of the word” (Unilever, n.d.). A careful analysis of the SLP revealed that it is not a continuation of the company’s existing sustainability efforts nor does it present a green strategy for its 400 brands.

From the above analysis it can be concluded that the company puts customers and suppliers in charge and is trying to minimize its own responsibility. Though the education of customers and suppliers is a laudable effort and should be integrated into every sustainability strategy, this alone is not enough for a company that claims to take its environmental responsibility seriously. The message SLP sends is: if customers use Unilever products they act sustainably. Recommending that people in the developing world use Lifebouy’s soap five times a day to protect their children from diarrhea (Unilever Sustainability, n.d.) serves to increase sales without increasing Unilever’s sustainability efforts. In fact, the opposite is the case - increased sales will help Unilever to fulfill the first part of the vision the CEO announced last November: “Double the size of the business...”. But the SLP fails to articulate how the company will achieve the latter part: “...while reducing the environmental impact”. It remains to be seen if Unilever refocuses on its sustainability efforts or continues to confuse customers with the SLP.

7. References

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