

But Is It Good?

Consumer-products giant Unilever aims to imbue each of its brands with a sense of purpose

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As chief executive officer of Unilever, Paul Polman transformed the sprawling maker of Dove soap, Knorr stock cubes, Cif cleaning sprays, and Hellmann's mayonnaise into a test bed for the idea that companies can benefit from affiliation with social causes, such as improved hygiene or better access to toilets. While investors and analysts were initially skeptical, Polman was ultimately lauded for redefining the corporation as something more benign than a purely profit-driven enterprise, even as margins edged up slightly from the midteens to almost 20% during his tenure. Now, Alan Jope, the Scotsman who succeeded Polman in January, is amping up the strategy.

To set Unilever apart and combat what Jope calls "woke-washing"—the social responsibility equivalent of bogus "greenwashing" campaigns aimed at

appearing environmentally conscious—he’s raising the volume on the message. In an effort to transform hundreds of products such as Tresemmé shampoo and Marmite yeast spread into beacons of justice and empowerment, Jope has ordered executives to assign a clear, specific mission to each. “We are committed to all our brands having a purpose—we will give them time to identify what this is and how they can take meaningful action,” he says.

The new CEO says that aligning each brand with a specific concern, rather than a wider abstraction of purpose at the parent company, will reinforce credibility. The 28 brands Unilever counts as “purposeful” contributed almost two-thirds of revenue and drove 75% of sales growth in the first half of 2019. These include Dove, which focuses on improving women’s self-esteem and has been celebrated for its “Real Beauty” campaign showcasing female bodies of all shapes and sizes; Lifebuoy soap, which teaches children hand-washing techniques in emerging economies to reduce the 5 million premature deaths a year from infectious diseases related to poor hygiene; and Ben & Jerry’s ice cream, which seeks to raise awareness about climate change with its Baked Alaska flavor. “If a brand can’t find its purpose,” Jope says, “we may sell it.”

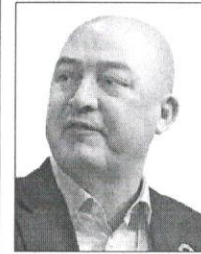
Shoppers are turning increasingly to products with images that extend beyond generating shareholder value, and shareholders are asking companies to consider their wider *raison d’être*. Brand consultant Kantar expects purposeful brands to grow at twice the rate of those without any higher-order societal aim. In January, Larry Fink, the CEO of \$6.5 trillion asset manager BlackRock Inc., wrote in an annual letter to business leaders that “purpose is not the sole pursuit of profits, but the animating force for achieving them.” He knows the danger: With shares of companies such as Exxon Mobil Corp. and BP Plc trailing the wider market as investors have shifted toward businesses focused on renewables, BlackRock lost more than \$90 billion on big oil investments over the past decade, according to the Institute for Energy Economics and Financial Analysis.

In consumer goods, a lack of purpose can foreshadow irrelevance. In February ketchup maker Kraft Heinz Co., which long championed extreme frugality at the expense of feel-good marketing (and which unsuccessfully tried to buy Unilever for \$143 billion in 2017), took a \$15 billion writedown on the value of has-been brands. Some of these, such as Oscar Mayer hot dogs and Velveeta processed cheese, have lost ground to new fare that’s considered better for the planet, such as plant-based meat and cheese. And companies that try to

invigorate old-line names with social cred can be met with ridicule if they do so clumsily. In January razor maker Gillette donated \$1 million to charities that combat toxic masculinity, but an ad unveiling the campaign has been panned for leaning on lazy stereotypes and commercializing the #MeToo movement; it’s gotten almost twice as much negative feedback on YouTube as positive. While many people buy goods simply to fill a need, about 60% of consumers—particularly millennials—“really care about the product’s wider mission, such as shampoos engineered to require less water,” and are willing to pay a premium, says London Business School professor Alex Edmans, who aggregated a series of consumer studies to come to his conclusions.

Unilever has even had problems with brands that it holds up as exemplary. Two years ago, Dove was excoriated for introducing shower gel bottles in shapes that caricatured female bodies. Shortly thereafter, the brand came under fire for an ad depicting a black woman morphing into a white one. The company had intended it as a celebration of diversity, but many observers deemed it racist. Hellmann’s was derided as a bully in 2014 when Unilever sued the maker of an eggless variant called Just Mayo, accusing it of false advertising—a blemish the company is seeking to soothe with a campaign in Canada aimed at tackling food waste. And Fair & Lovely, a line of skin-whitening creams sold in India, has been criticized for suggesting that fairer complexions are more desirable.

While sales grew about 25% to €51 billion (\$57 billion) during Polman’s decade at the helm, Unilever’s profitability has lagged behind that of rival Procter & Gamble Co. Jope says his campaign can supercharge growth and boost profits, asserting that a stable of purposeful brands will resonate with shoppers and offset declining demand ▶

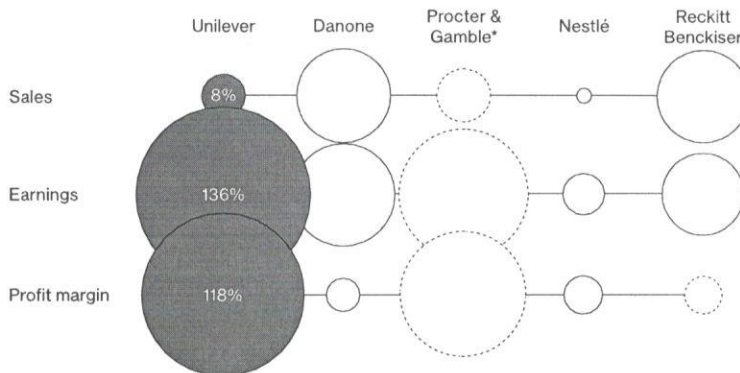


● Jope

Doing Well While Doing Good

Change in selected consumer companies’ metrics, 2009-18, yearend

○ Growth ○ Decline



◀ for run-of-the-mill products such as Breyer's ice cream, which has fallen behind low-calorie upstarts like Halo Top. "Our whole business is about staying relevant," Jope says. "If what people want is more environmentally sound products, remaining relevant requires us to respond to that."
—Thomas Buckley

THE BOTTOM LINE CEO Jope says aligning each of Unilever's hundreds of brands with a specific mission will reinforce the company's credibility in its efforts to effect change.

France May Take The Cuffs Off Its TVs

● Archaic broadcasting rules could be eased, leveling the field with web rivals and bringing millions of additional euros in ad revenue

France has long been known for having some heavy-handed regulations, whether requiring many stores to stay closed on Sunday or allowing judges to veto children's names. But some of the most arcane have involved the nation's television business. National broadcasters such as TF1 and M6 aren't allowed to show movies on Wednesday, Friday, and Saturday during prime time and can't run ads for books, movies, or sales at retailers. And unlike broadcasters in all other European markets, according to Bank of America Merrill Lynch, they aren't even allowed to tailor ads to the location or demographics of their viewers, a routine practice in the digital age.

Some rules were designed in part to protect French cinema and keep people going to movie theaters. The country—host of the Cannes Film Festival, known for its highbrow auteur movies—prides itself on its *exception culturelle*. Other restrictions were to buttress the nation's regional media operators.

Now the government of President Emmanuel Macron soon will consider overhauling the rules, which date to the late 1980s, when France had only six TV channels—at least three of them state-owned. The regulations are less relevant now that French broadcasters are competing with Alphabet Inc.'s Google, Netflix Inc., and other digital interlopers, which aren't covered by the restrictions and have made significant inroads. Netflix has garnered more than 5 million subscribers less than five years after it was introduced in France. "These archaic rules had the goal to protect some of our industries, like

French cinema," says Isabelle Vignon, who runs marketing and communications at SNPTV, a union for TV advertising. "But it makes no sense nowadays. Consumer habits have changed."

Broadcasters could see an annual windfall of as much as €200 million (\$224 million) in extra TV ad revenue should targeted advertising be allowed, according to a study commissioned by SNPTV. If movie and promotional retail ads were authorized, an additional €160 million a year would come in, says Publicis Media. That could boost overall revenue for the industry, which took in €3.43 billion last year, by 11%. "Traditional broadcasters consider it's a necessary modernization and would level the playing field with U.S. web giants, since these digital players can do targeted advertising," says Philippe Nouchi, media and advertising analyst at Publicis Media.

Media executives have thrown their weight behind loosening the rules. It "represents an economic opportunity," Alain Weill, chief executive officer of Altice Europe NV and founder of the BFM TV channel, wrote in a white paper in June. "If carried out in the right way," the reform will allow broadcasters to better defend themselves in a "market that's been totally upended."

The measure is scheduled to be discussed by the French cabinet starting in October and then in Parliament early next year. Final passage could happen by the end of 2020. "This reform has the potential to be a big bang for the sector," says Bank of America Merrill Lynch analyst Adrien de Saint Hilaire. "But it all depends on whether it does happen and, if it does, on how far it goes." Talks about such reforms have been going on for at least a decade, he says.

● Sources of advertising in French media

- Internet ads
- TV ads
- Other ads

