MEMO

To: Beth Springer, Vice President of Strategy and Growth

After a careful analysis of Clorox and the market, I’ve identified a major issue that Clorox needs to address as it looks to grow the product portfolio including Burt’s Bees and Green Works. The threat is tied with the term “natural” and the value that consumers associate with that term. The market is starting to be flooded with products branded as natural that don’t align to the same standards as Clorox. The efforts to create a standard with the Natural Product Association is a good step but time is of the essence and it’s unknown on how quickly that consensus can be had followed by the work in developing branding, logo and then incorporating these into products. By the time these efforts are finalized, competitors have an opportunity to grab market share and make the decisions of the NPA irrelevant and the success of the product portfolio diminished. My recommendation to mitigate this risk is two-fold, first independent market research needs to begin immediately to validate the proposed assumptions and validate what customers define as natural. Second, we need to launch a branding campaign around natural products that showcases Clorox’s commitment to natural products and becomes the standard that other companies need to follow.

As the market for natural products continues to grow it’s a real possibility that the definition of a natural product can shift. Early adopters of Burt Bee’s products may hold a higher value on a truly natural product that takes into consideration elements such as carbon footprint while a working Mom may be more concerned about the harsh fumes that traditional cleaners has and is looking for a safer alternative. Market research will provide us an updated reference point and ensure that we haven’t missed the target market and give us the time to make adjustments if needed. The need to launch a marketing campaign is to ensure that Clorox’s definition of what's natural is known in the market. Supporting the NPA may be a good long-term option but with a growing market, it’s imperative that we set the tone and standard of natural products. This will minimize the impact of competing products with less investment in making their products natural but will support the evolution of Clorox’s product portfolio.

Before performing research, a cross-sampling of households and their thoughts on natural products will be needed. As timing is key, it is recommended that an outside agency develop questions so that focus groups can begin in the next 60 days with a readout shortly after. It is recommended to also work with research firms to revalidate the market and the definition of natural and see if there have been any shifts that need to be addressed. For the branding campaign, the recommendation is to focus more on the importance of natural products, their efficacy and the preferred definition that Clorox holds. Clorox's commitment to natural products should be the primary goal with product promotion being secondary.

The definition of natural is growing in popularity and evolving. Clorox needs to once again re-evaluate three of the 5C’s (Customers, Competitors and Context) and once completed should update market segmentation, target market selection and positioning.