

Tampax Environmental Strategy Proposal

by

Bren Consulting Group

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Dear David S. Taylor,

The following proposal suggests a new sustainability initiative for Tampax - a biodegradable tampon applicator. This environmental initiative will capture value from a diverse range of Tampax's stakeholders while reducing the company's environmental and social impact. In the proposal, we address the environmental problem with plastic applicators and present the biodegradable tampon applicator as a potential solution. We also outline Tampax's stakeholders and analyze the value Tampax can acquire from developing and distributing a biodegradable tampon applicator. The proposal concludes with strategies to maintain and progress Tampax's credibility. We look forward to working with Tampax to advance this timely innovation.

Sincerely,

Bren Consulting Group - Annie Combs, Taylor Gries , Meghna Rao, Sarah-Anne Rohlfing and
Julia Wilson

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Executive Summary

Tampax is in the position to develop a revolutionary medical grade biodegradable applicator that will maintain their competitive advantage, increase profitability, and reduce their environmental footprint. Tampax must enter the eco-friendly feminine hygiene market because of the increased consumer demand for sustainable products and risk of losing business to competitors. Creating the first biodegradable tampon applicator in partnership with Greenpeace will reduce development costs, meet the demands of key stakeholders, and maintain Tampax's competitive market position. By creating a similar plastic product to their current applicator, Tampax will maintain their customer base that wants continued convenience and comfort. Furthermore, the collaboration will enhance Tampax's publicity and credibility. Developing a certification for biodegradable plastic and placing a patent on their new technology will increase Tampax's credibility and outcompete other greenwashing eco-brands. We suggest that Tampax works with Greenpeace to co-purchase intellectual property rights for the new technology to capture additional value from competitors. This innovation aligns with the company's history and mission in feminine hygiene care. The environmental initiative will increase value capture from stakeholders in exchange for its environmental initiative.

Background:

Tampax invented the tampon in 1931, becoming the first commercial tampon manufacturer, paving the way for modern female hygiene care (Tampax, 2021). The company provided a solution for the modern working woman to efficiently manage her menstruation cycle while on the go. Tampax was the first to advertise feminine products and to use the word "period" in a commercial. These two pivotal marketing campaigns earned Tampax the title of leading tampon brand (Tampax, 2021). In 1997, Procter and Gamble (P&G) acquired the

company after a failed attempt to launch its own tampon product, Rely (Elmhirst, 2020). Shortly after its sale to Procter and Gamble, Tampax released the modern version of its signature plastic applicator (Tampax, 2021). This new product empowered women around the world with an efficient, comfortable, and discrete menstruation management tool. The product quickly became industry standard, changing the way that women viewed menstrual care.

Tampax's signature plastic applicator advanced comfort and safety for the modern woman. Unlike other brands, Tampax products were not responsible for large numbers of Toxic Shock Syndrome, or TSS cases. Gynecologist endorsement and favorable TSS study statistics made Tampax a brand that consumers could trust. This trust created a generational taste based loyalty. Procter and Gamble's leadership increased Tampax's budget, allowing the company to rapidly expand its manufacturing and distribution. The acquisition quickly created economies of scale that gave Tampax a competitive edge over smaller competing brands.

Despite its historic success, the company is losing momentum. Competitors offer ethically-sourced feminine products that capture concerned consumers' attention, drawing business away from Tampax. Tampax is trying to create sustainable options like the Tampax cup, tampons with cardboard applicators, and organic cotton tampons, but there is still a demand for the easy-insert plastic applicator that women have grown accustomed to. To maintain alignment with its customer base and effectively compete with ethical brands while pleasing stakeholders, Tampax should partner with Greenpeace to create biodegradable material for its product.

Environmental Problem and Improvement:

Plastic pollution is an epidemic. Every part of our planet, from remote parts of Antarctica to the deepest ocean trenches, are cluttered with plastic litter. Single-use plastic tampon applicators are a large contributor to the problem. Throughout her lifetime, the average woman

throws away approximately 300 pounds of plastic waste to manage her menstruation cycles, much of which ends up in landfills, sewer systems, and the ocean (The Keeper, 2014). According to the executive director of the Marine and Environmental Research Institute, sea animals often mistake applicator-sized plastics for food and starve to death when the plastic blocks their digestive tract (Mother Jones, 2016). Microplastics from the breakdown of these applicators are also consumed by small marine creatures, including oysters and other shellfish, making their way up the food chain and onto our dinner tables (National Geographic). In a world threatened by plastic pollution, single-use plastics in menstrual products need to be replaced with more sustainable alternatives.

With a 29% global market share on tampons, Tampax is in a position to fight the plastic epidemic by developing medical-grade biodegradable plastic applicators in tandem with a sustainable bioplastic company (Elmhirst, 2020). Biodegradable plastics decompose by natural processes and are an eco-friendly replacement for plastics often flushed into our oceans. This new technology embeds enzyme nanoclusters into plastic. Exposure to water or warm soil activates these nanoclusters to break down the plastic in as little as seven days. (DelRe et. al 2021). This process eliminates the current damage caused by plastics both in the ocean and on land.

By replacing traditional plastic applicators with medical grade biodegradable plastics, Tampax can lower manufacturing costs and greenhouse gas emissions, qualifying the company for government subsidies as countries shift away from plastic production. Biodegradable plastics manufacturing requires less energy than traditional plastics manufacturing (Columbia Climate School). Additionally, bioplastics produce significantly less greenhouse gas emissions than traditional plastics over their lifetime (Columbia Climate School).

Stakeholders:

Key stakeholders for the biodegradable tampon include customers, activist groups and NGOs, and investors and lenders. Women want more environmentally-friendly female hygiene products which has led to a higher demand in menstrual cups, period panties, and other eco-brands. Ultimately, current market report trends point towards increased tampon sales. Tampons have gained a dominant position in the market due to the simplicity of use and the comfort of application, making them different from reusable products that can be hard to clean or messy to use. According to ReportLinker, “the global tampon market is growing at a faster rate, expected to reach \$6.3 billion by 2025 and about \$4.6 billion of that is expected to come from the applicator segment” (ReportLinker). Although the demand for tampons is increasing, women’s values are also shifting. Women want the ease and flexibility of a tampon, but also demand the environmental co-benefits. Tampax is capable of creating a high quality and environmentally friendly product demanded and appreciated by women around the world.

Customers are leaning towards green menstrual products, and in response, the market has been saturated with “natural” or “organic” tampons. There is currently a lot of greenwashing happening in the tampon space (Greenpeace, 2018). Competitors even state that their products contain “biodegradable” materials; however, this can be misleading to the consumer when it comes to plastic applicators. These “biodegradable” applicators must be broken down in industrial composting facilities to degrade at a faster pace than regular plastic materials (Greenpeace, 2018). NGOs like Greenpeace are driving a need for truly sustainable tampon products through social media campaigns, letters and petitions to local governments, and targeted protests to eliminate single-use plastics. Tampax has already been targeted by these efforts, putting Tampax at risk of negative publicity.

NGOs and activists are turning their attention toward Tampax and fighting to end single use plastic. Key players include the Green Party, Surfers Against Sewage, the Marine Conservation Society, Greenpeace, and collective local activists. For example, British activist, Ella Daish, founded a campaign called #EndPeriodPlastic that directly protested Procter & Gamble's plastic applicators (The Guardian, 2020). She argued the law that the European Union passed banning single-use plastics did not include the plastic in tampon applicators. She believed tampons need to be included in the fight against single-use plastics, and that P&G should be held accountable for their environmental footprint. (The Guardian, 2020). This campaign could be detrimental to Tampax's profits. Large NGOs like Greenpeace could negatively impact Tampax's publicity by exposing the damage plastic applicators have on the environment. If more activists come together to ban single-use plastic, Tampax would be forced to redesign their product overnight, which would be detrimental to their manufacturing process. NGOs play a key role in Tampax's continued brand success. Through addressing key environmental issues like single-use plastics, Tampax can mitigate risk and gain support from activists.

Tampax can increase the bottom line from creating the first truly biodegradable tampon in tandem with Greenpeace which would satisfy lenders and investors' demands who could adopt this new material in other products. By creating and patenting the biodegradable plastic with Greenpeace, Tampax will have control of who will be able to use this profitable technology. Stakeholders also want to be associated with a sustainability focused company, which will give them confidence to continue investing and ensure the longevity of the company. The prospect of innovating a new material and patenting the technology will generate new sources of revenue and credibility, leading investors to continue supporting Tampax as a company. According to the 2020 Trends Report from the United States Forum for Sustainable and Responsible Investment,

total sustainable investment assets under management reached \$17.1 trillion which is a 42% increase since 2018 (US SIF, 2020). While investors will be attracted to the growth potential, lenders will also see Tampax as ahead of the curve. Also, with the potential for patents, Tampax, lenders, and investors would be in a position of power among its competitors. Reliable sustainable products are necessary to maintain customer loyalty, stay in good standing with NGOs, and attract investors. Tampax will benefit from good publicity from the innovation and set them apart from competitors.

Value Capture:

The new biodegradable applicator will capture value from various stakeholders through financial and non-financial channels. Market stakeholders include: customers, lenders and insurers, and Greenpeace. Tampax will obtain market value and generate revenue directly from customers who will have an increased willingness to pay for a biodegradable product that alleviates pollution burden. Given the increased demand for environmentally friendly feminine hygiene products, Tampax can expect high demand for these “green” tampons around the world. Purchasing the biodegradable tampons will make women feel like they are engaging in political or environmental advocacy, and give them a “warm glow” feeling of satisfaction. These “co-benefits” increase willingness to pay and provide a financial channel that Tampax can capitalize on with its new environmentally superior product (Potoski, Chapter 3).

Tampax can also secure financial value through lenders and insurance companies. Both lenders and insurance companies prefer environmentally-conscious companies because they usually have lower long-term risk. Tampax’s biodegradable applicator will convey its environmental commitment to lenders and insurance companies, allowing the company to have more effective relationships with these two parties. Strong relationships with lenders and insurers

is crucial because insurers and lenders have the power to refuse lending money and issuing insurance rates to companies. Lenders and insurers also evaluate companies' environmental performance to set the prices they charge. If Tampax has high environmental performance, it will face lower insurance rates and financial borrowing costs (Cheng et al., 2013). By adopting a biodegradable applicator, Tampax will improve its current and future relationships with lenders and insurers, bringing them lower costs and positive relationships.

Tampax will capture its primary source of non-financial and financial value through its partnership with Greenpeace. Greenpeace will provide Tampax with research and development support for the biodegradable applicator, lowering Tampax's production costs to improve the company's bottom line (Potoski Chapter 7). Furthermore, Tampax will receive free marketing, positive publicity, and enhanced credibility as non-financial benefits by working in tandem with Greenpeace. This public endorsement from Greenpeace communicates Tampax's environmental commitment to other stakeholders and builds trust amongst consumers. Acquiring credibility through a partnership with Greenpeace is less expensive than what Tampax could achieve independently.

To further capture value, we suggest Tampax collaborates with Greenpeace to co-purchase intellectual property rights for the new technology. To ensure that Tampax captures value from the joint intellectual agreement, we recommend that the company creates a contractual provision that necessitates Tampax's approval on any patent distribution on behalf of Greenpeace. This will allow Tampax to maintain its competitive position in the marketplace and capture financial value from competitors who are interested in purchasing the intellectual property. Furthermore, the patent will create a barrier of entry for feminine hygiene competitors attempting to acquire an environmentally-conscious customer base.

Credibility/Alignment:

As the world's largest tampon company, Tampax is in a position to remain an innovator in the market. Tampax's partnership with Greenpeace will assure positive publicity, loyal customers, and valuable investors. However, to capture value through their innovation, Tampax will need to increase, then maintain their credibility. The company can increase its credibility by remaining true to its mission and history, publishing peer-reviewed articles, creating a biodegradable certification, and patenting their new technology.

Tampax initially set itself apart by supporting women on the go. Maintaining alignment with this mission will ensure stakeholders of their continued efforts to create quality products that women need. Their customers want convenience, discretion, and comfort. The disposable applicator is a product that women have become accustomed to; they have developed a taste based loyalty. If Tampax can spearhead this new biodegradable technology, they could be seen as innovators and environmentalists rather than plastic polluters. To maintain their place in the market, they need to continue providing a product that women trust and demand.

Partnering with Greenpeace, a well-known and trusted NGO, will help Tampax show another angle of credibility throughout their innovation development process. Greenpeace will save Tampax time and money by taking on many of the research challenges through their labs and resources. Greenpeace will also be able to ensure momentum of the research, testing and development to their activists and stakeholders. By publishing peer reviewed papers, its research transparency can further assert credibility.

Creating a certification for their product will further credibility and quality. This certification can be used across all future biodegradable products, allowing customers to quickly distinguish an environmental product. This environmental strategy will allow Tampax to

outcompete other ethically-focused brands. It would be difficult for smaller companies to imitate the manufacturing and production once the development process is perfected by such a large company.

Conclusion:

Tampax's mission is to normalize conversations about menstruation, and in turn, empower women around the world. On their website they state, "We continue to believe in a culture of confidence, female empowerment, and courage that comes with knowing women can live their life without limits, even while on their periods. Period (Tampax, 2021)." To continue fostering female empowerment, Tampax needs to prove their commitment to environmental stewardship for future generations. Protecting our earth, and in turn ourselves and children, starts by reducing or eliminating single use plastics.

Tampax's history as a trailblazer for women's menstrual products gives the company a dominant position in the market. However, Tampax's lack of ethical products threatens this position. Tampax can leverage the launch of a biodegradable applicator to advance in the market. A patent on the technology will keep Tampax ahead of competitors on sustainability measures, leaving brands like Kotex and Lola scrambling to green their own products. This innovation upsets the market in Tampax's favor, allowing the company to stay true to its bold and innovative branding platform. Tampax was the first to sell and advertise tampons, the first to create a comfortable applicator, and the first company to discuss women's menstrual cycles in a public setting. A new biodegradable applicator will make Tampax the first major feminine product company to innovate in favor of sustainability.

The opportunity to be a leader in the disposable plastics industry could highlight Tampax in a new way. The world is changing, with people becoming more aware and concerned about

the increasing threat of climate change and plastic pollution, markets need to respond to these pressing concerns. Sustainability will soon be a requirement rather than an afterthought. If Tampax fails to redesign its product, there is a chance they could fall behind and never recover. Tampax should leverage its current position, corner the market, and put an end to plastic pollution.

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