



SUSTAINABLE BRANDS CASE STUDY

Lipton Turkey & Sustainable Tea: The Path to Future-proofing Regional Supply Chain and Brand as Part of an Ambitious Global Strategy

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Lipton Turkey & Sustainable Tea

When one of the oldest multinational consumer goods companies faces the risk of raw materials extinction, to what extent could it act to save local agriculture? And how can any resulting efforts be communicated to its consumers?

Executive Summary

Unilever announced its Sustainable Living Plan in 2010, when CEO Paul Polman set ambitious environmental and social impact targets, including sustainable sourcing of 100% of its agricultural raw materials by 2020 and improving livelihoods in developing countries by working with the Rainforest Alliance to integrate over 500,000 smallholder farmers and small-scale distributors into its supply chain.ⁱ

These Sustainable Living Plan targets were strategically significant to Lipton Turkey, seeing as the supply of tea in Turkey was expected to come to an end within approximately 25 years. Unilever's Lipton brand became fully engaged with these targets and turned into a sustainability leader and well-known innovator within the tea sector, providing benefit to the business and long-term stability to the local agricultural industry.

Background and Objectives

The production of tea in Turkey started in the early years of the Republic along the eastern Black Sea region. The first large-scale cultivation occurred in 1937 when 20 tons of seeds were brought from Batum, in the Georgian Republic. Tea bushes mature for commercial harvest 5 to 7 years after being planted and remain productive for approximately 100 years, so a substantial percentage of the productive Turkish tea supply was expected to come under risk by 2037. Turkey is the fifth largest tea producer in the world, with 76,800 hectares of Turkish land devoted to tea agriculture. In addition, Turkey has the highest per capita consumption at 4.6 pounds.ⁱⁱ Tea drinking is a long-standing Turkish tradition, which ranks the country as the second biggest tea market in the world following India.ⁱⁱⁱ Saving Turkish tea means saving the incomes of one million people in the Black Sea region, helping Lipton stay in business in the region, and protecting respective crops and soil for future generations. Key stakeholders and contributors in the initiative included farmers, local municipalities and universities, all of whom helped Lipton set success metrics and find local solutions.

The key business driver behind this Lipton Turkey project was to support Unilever's global sustainability targets of 100% sustainably sourced raw agricultural material by 2020 while improving the lives of its stakeholders.

Initiative Design

After the Sustainable Living Plan was introduced in 2010, Toloy Tanridagli, Brand Building Director at Unilever Turkey, and Nihan Kayli, Brand Building Manager at Lipton Turkey, felt overwhelmed by the vastness of challenges it presented and struggled to find a starting point to tackle these problems. Toloy Tanridagli explains, "Drinking tea that is coming from the Black Sea region is a long standing tradition that is completely embedded in Turkish culture, and we are doing our best to keep that tradition alive." But once the team rolled up their sleeves and got into the project, it turned into something beautiful.

The "Sustainable Tea Agriculture Project" was launched in July 2011 with the intention to deliver environmental, economic and social benefits to multiple stakeholders. The initiative started with a milestone commitment to partner with the Rainforest Alliance and source all Lipton teas sold in Turkey from RA-certified farms by 2018.

Even though Unilever partners with the Rainforest Alliance globally, it is important for each region to tailor the Rainforest Alliance criteria based on local needs. Rainforest Alliance certification involves a holistic approach -- treating environment, ethics and economics equally. To meet the standards, farmers must commit to continuous improvements in worker welfare, farm management and environmental protection. Farmers must apply productivity improvements such as reducing costs by lowering pesticide use, eliminating waste and introducing better farming techniques. Workers need to earn decent wages and have access to good housing, education and healthcare. And the environment on which these farmers depend should also be protected.^{iv} To satisfy these criteria, based on their knowledge from being in the region for over 28 years, the Lipton Turkey team assessed farmer needs and came up with 8 specific projects, which included farmer training, establishing solid waste collection and water waste management systems in the region, providing health scans to women farmers, establishing a soil analysis lab, saving seeds for future generations, improving agricultural practices by achieving ergonomic design in tea farming, and ultimately obtaining Rainforest Alliance Certification for all three tea plants.

In addition to partnering with the Rainforest Alliance, the Lipton Turkey team partnered with the Regional Chamber of Agriculture to establish a soil analysis lab in order to diagnose the soil conditions and determine corrective measures of fertilizer usage. This



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led to the need for new record keeping and the opportunity for Lipton to join forces with Vodafone, a multinational telecommunications company, to provide mobile tools to farmers for recording data from annual Rainforest Alliance audits, soil analysis results and farmers training sessions. Vodafone created a tablet application specific to Lipton's needs, allowing accurate analysis of collected data and database maintenance over time.

Other successful collaborative efforts included partnerships with various universities throughout Turkey, including a seed project with Akdeniz University, an ergonomics project with Istanbul University and Trabzon Karadeniz Technical University, and a wastewater management project with Istanbul Technical University. Toloy Tanridagli notes, "The team initially thought sustainability would be a costly project, but once the project plan was communicated with other key players, such as regional municipalities, corporations and universities, everyone wanted to be involved and us." Partnerships were also set up with the government to establish a much-needed solid waste collection system. This resulted in protecting natural sources and establishing recycling systems in the region, starting with the Firtina River Basin.

On the social impact side, Lipton provided health screenings to over 6,000 female farmers working in the region to ensure that any health issues of tea growers were addressed.

All in all, the Lipton Turkey team has trained over 17,000 farmers to date in work safety, erosion control, pruning, fertilization, waste management, record keeping, and biodiversity.

Obstacles

First obstacle Lipton team encountered was the farmer's reaction towards the projects. "People of the Black Sea region are skeptical by nature," Nihan Kayli stated, "They will not accept new things easily. They have to thoroughly consider all the aspects of the project before fully engaging. Given that Lipton has been a reputable brand in the region since the first tea factory in Turkey started production in 1986, we have credibility in the region. When farmers saw that training sessions were helping them become more efficient and saved them money, our ideas were welcome." Farmers saw the value of the projects over time and felt more comfortable by changing their practices to align with sustainable agriculture targets.

Another obstacle, which turned out to be profitable for Lipton at the end, was the brand's role as the only driver of the project. Nihan Kayli explains that because project goals were so ambitious, it was very important to make the right connections. When Lipton first started this sustainability journey, they reached out to their competitors, who appreciated

the idea but refused to participate.

Decision Support

Since the Lipton team had been in the region for over 28 years, tea farms were already closely monitored and the team already had enough data and resources to kick off the project. Rainforest Alliance certification was not only good for the brand itself, but it also benefitted farmers to sell their tea to other brands, as certified tea commands a better price in the market. Certification trainings and audits underlined the need for reliable data tracking and record keeping. That is the point at which the Vodafone partnership was established to develop a digital data collection and soil analysis process, using a tailor-made app to speed up and simplify land and crop auditing processes supporting Rainforest Alliance certification.

Results and Communications

Since its inception, the Lipton Turkey tea initiative has exceeded expectations. Not only have Unilever's three Turkish tea factories, all of which produce tea for the Lipton brand, achieved Rainforest Alliance certification a year ahead of their schedule, but also 100% of Unilever Turkey's tea, including loose tea, is planned to be sustainably sourced by 2018. Lipton's sustainability efforts in Turkey don't end in tea production; the Turkish team has also worked with the farmers in the Black Sea Region to understand their needs and collaborated with various stakeholders to improve the lives of farmers in the communities where Lipton works.

The Lipton marketing team has been very engaged with Unilever's sustainability targets and on a personal level, has understood the benefits of sustainability for everyone involved. As a result of their commitment, they have been able to exceed corporate goals, despite the team's limited background in sustainability and engineering.

In order to gain customer support for its efforts, the Lipton Turkey team had to find a way to help consumers value the results of the project. They needed to drive home that the local tea industry was at real risk of becoming extinct soon, and explain the implications of that kind of future scenario. However, since the sub-projects and results revolved around scientific facts and figures, communicating results alone wasn't seen as likely to touch people's hearts. The team needed to find a more human story in order to capture consumer imagination and engagement.

Most of the farmers working in tea fields are women. Tea farming is tough and these

women harvest tea leaves on steep slopes under difficult weather and soil conditions. Lipton decided to tell the story of these farmers and the impact of Lipton's work through the real owners of the story – the women themselves. To do so, they established a choir of tea growers and worked with them to produce a professional multimedia performance, which was launched at Sustainable Brands Istanbul in May of 2014^v. From there, they were invited to present on TV shows and other events and were applauded everywhere they went. The results of the campaign were incredible: the brand has received 11 hours of television visibility, 6 million print media impressions, 8 million video views online^{vi}, and it reached millions of viewers through TV programs, for a total of 45 million total impressions.

As an important sign of increased visibility and stakeholder appreciation, a survey conducted in 2014 shows that 74% of Turkish consumers think that Lipton takes actions to make tea agriculture more sustainable, a huge jump from 56% in 2013 and 38% in 2012. At the same time, the same study shows that only 19% of consumers think the same about Lipton's closest competitor in 2014.^{vii}

Future Plans

One of the projects Lipton Turkey is now working on is "Saving the Seed of Turkey," which aims to save tea seeds for future generations. Seed germination creates genetic variation. As of today, there are over 200 different seedling variations in the Black Sea region. In order to keep the flavor of the Lipton tea coming from Turkey consistent, processing the best crops is essential. The expected outcome of this project is to raise those different variations of seedlings in a greenhouse and save the healthiest crop amongst them, in order to cultivate the single strongest crop in the Black Sea region.

Even though the feasibility results of this project appear appealing for the moment, concern could arise around the potential unintended consequences of promoting monoculture or introducing new seed varieties as it there has been evidence to show monoculture crop strains can be vulnerable to a single virus, fungus, destructive insect or other disease as natural resistance is very low. Another potentially problematic result of pursuing an optimized monoculture is that the reduced habitat for insects and wildlife that can in turn lead back to the need for increased use of pesticides.^{viii} This might conflict with the Lipton's sustainability efforts in the future, as Unilever is taking steps to encourage the global tea industry to raise the bar and eliminate or reduce the use of pesticides to a minimum in tea production.

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