



Stanford eCorner

Serial Innovation to Create Change

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Co-Founder Adam Lowry loves it when competitors copy Method's products because it means they are changing the rules of the game. Lowry also explains why this allows his company to innovate in the cleaning products category and pushes their industry to create desired social change.



Transcript

As we started looking into the category you know, we took our usual lens, which is how do we redesign this thing not only from an aesthetic standpoint, but from a sustainability and actually from a technology standpoint. We started from a place we normally start, which is asking ourselves, you know, what does a truly sustainable laundry detergent look like. And that it turns out is actually not that hard to imagine, a truly sustainable laundry detergent's probably not a liquid that gets consumed all the time with every load with your laundry detergent. It's probably something where you've got a load of detergent in your machine, you press a button, it gets used, out the back comes dirty soapy water, you separate the water from the soap from the dirt, water and the soap go back in the front, dirt goes out, you know, you use it your compost or in your garden to grow vegetables. And actually that technology pretty much exists today to be able to do something like that and so you ask yourself the question like well why, you know, why doesn't that exist and I think it actually it lends itself to something I will talk a lot about, which is the role of adoption in the innovation process. So, you know, starting with that end state in mind what we developed was actually a couple of steps shy of that vision. What we first noticed in the laundry category, a big dissatisfier: jugs, big messy wasteful, you pour it, it spills all over the place, it's messy and so back in '04, we created the first triple concentrated laundry detergent. It may not seem like that big a deal, there is some technology that's required to concentrate laundry detergent to that degree and what we did is we took that to our retailers and we were able to do some pretty interesting things. We actually displaced Tide out of the lead in in the laundry aisle at Target and this was, you know, if there is ever a first shot triggered in the laundry revolution this is the one, where we were able to move over the largest and most well known consumer brand on the planet and get that prime space. And we were able to do that because we were using a third as much shelf space and creating a lot more profit in the category per bottle purchased than the commodity brands that had been there.

So, we were serving a role for our customers. This started to catch on, we launched it nationally. We ultimately took this to Target - or to Wal-Mart, a little while later, so this is now late '04 we take it to Wal-Mart. I call this our Where's Waldo photograph. The Method is on the second to bottom shelf there, a little blue bottle, but you can see how much less space it takes up. We actually didn't go ahead with this test with Wal-Mart sort of for obvious reasons, but we started a dialogue with Wal-Mart that they very much carried on, which was about the role of compacting laundry detergent and making it smaller and more environmentally friendly, obviously that's a big thing at Wal-Mart. What we saw was really interesting after that, so about 15 months later, All, a Unilever brand at the time, launched All Small & Mighty with some very similar graphics and language around a triple concentrated laundry detergent. They started to run ads, the one on the left ran in August of '04, the one on the right ran in October of '05. Interesting quote from an Unilever intern, anonymous at the bottom, which I find particularly interesting a couple of years later on May 24, 2007 when Helena Misk, Unilever's Marketing Director, said we are delighted that everyone has decided to follow our lead after P&G and all of the other laundry brands at the pressure of Wal-Mart went to compacted formats. That actually happened, it was done and dusted by May of '08.

So, in less than four years you've got the largest and one of the most stodgiest consumer categories on the planet with the most ingrained consumer habits, laundry, you are taught how to do laundry by your mother. And so it is very hard to change, but here you have an industry with Method serving as a catalyst working with customers to syndicate this movement, actually creating a change that ends up saving - these are numbers very similar to our initial presentation to Wal-Mart - where 400 million gallons of water, 95 million pounds of plastic and 125 million pounds of cardboard just from compacting laundry detergent, the scale of that category. So, you know, I get asked the question a lot, well okay you got copied, everybody went to these compacted formats, you know, isn't that a bad thing? Well in one sense sure, but going back to our mission as a business to create - to use business to create positive social and environmental change, that's an opportunity for us to innovate again and that is exactly what we did. What we did this time is we took it a step further. We developed this product which is - this is the same number of loads that you get in the typical large jug, but this is smaller than the size of a soda can. This is smaller than - or it's eight times concentrated rather than three times concentrated and the way we were able to do that, I don't have time to go into the technology, but briefly is to say that forever liquid laundry detergent has been water that you put detergents in, and just like putting sugar in your coffee, you can only put so much detergents in those - in that water before you run out of room and that happens at about three times concentrated. We developed an entirely new chemistry, which is - the analogy is putting a tiny amount of coffee on the inside of your sugar and allows us to actually concentrate laundry detergent by putting a tiny amount of water on the inside of detergent to eight times and it's something that's uniquely ours and of course that has further sustainability benefits that are immense. And we've since done a refill version, this is 85 loads of laundry detergent in a pouch, if you use these two products together you cut down on the packaging and waste footprint of laundry detergent by over 90%, not to mention the carbon benefits and everything else. That's great, I love that, I'm an environmental scientist, I geek out about that but the most important thing about this product is not any of that stuff. The most important thing about this product is it's the worlds only one handed laundry detergent.

It's light enough, you pick it up four squirts in your laundry and you are done, and that's solves a major problem that people have and a dissatisfier that they have with laundry detergent that makes this a product that is revolutionary in a very non revolutionary category.