



THE ECONOMIC IMPACT OF RECKITT BENCKISER IN THE US

JULY 2020

CREATING A CLEANER & HEALTHIER ECONOMY

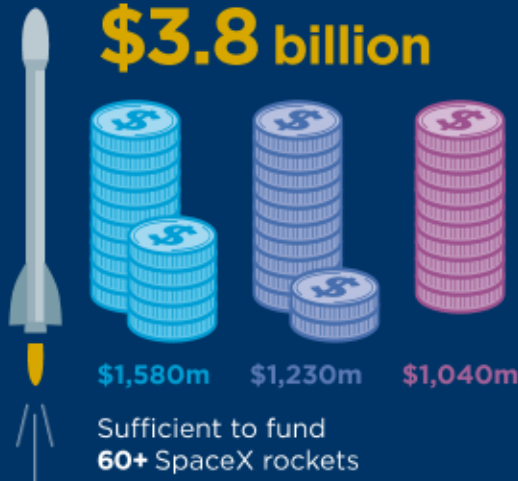
TOTAL ECONOMIC CONTRIBUTION IN 2019

■ Direct ■ Induced ■ Indirect

Sources: Oxford Economics & Reckitt Benckiser (RB)

GDP CONTRIBUTION

\$3.8 billion



EMPLOYMENT CONTRIBUTION

25,200 jobs

10,740



3,930 (RB)



10,530



MULTIPLYING US EMPLOYMENT



1 RB job **supports 5.4 jobs**
elsewhere in the US
= 2x the US national average

RB's sales of OTC medicines* in 2019 saved

\$2.6 billion

* OTC = Over-the-counter

in clinicians' time
and foregone
healthcare expenses



MAJOR STATE CONTRIBUTIONS

GDP CONTRIBUTION

EMPLOYMENT CONTRIBUTION

	NEW JERSEY	\$752 million	4,230 jobs
	GEORGIA	\$417 million	3,560 jobs
	ILLINOIS	\$290 million	2,630 jobs
	INDIANA	\$392 million	1,720 jobs
	UTAH	\$280 million	1,720 jobs

SPREADING ECONOMIC VALUE & JOB CREATION ACROSS THE COUNTRY

Generating impacts in all **50** states

Suppliers in **41** states

21 RB sites across the US

5 RB manufacturing locations



DRIVING INNOVATION IN THE US

3 RB GLOBAL CENTRES
OF EXCELLENCE
(CoEs) IN THE US

PARTNERSHIPS WITH
38 US COLLEGES
& UNIVERSITIES

54 NEW PRODUCTS
DEVELOPED IN
THE US IN 2019 ALONE

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EXECUTIVE SUMMARY

Reckitt Benckiser (RB) may not be a household name in the US, but its products certainly are. As a global health, hygiene and nutrition company, RB manufactures some of the most recognizable brands in the US, including Mucinex, Lysol, Woolite, Finish, Air Wick, K-Y, and Enfamil. **In 2019, American households bought roughly 2 million individual RB products per day, or more than 700 million products a year.**

This study, commissioned by RB, evaluates the total contribution the company's US operations made to the US economy in 2019. We have used sophisticated economic modelling to assess the impact of RB's own operations, its procurement from US suppliers, and its payment of wages to American workers (including those in the company's US supply chain). RB's contribution is evaluated using three key metrics: Gross Domestic Product (GDP), jobs, and tax revenues. We also investigate the impact RB is having on the long-term productive potential of the US economy through its significant investment in R&D and training.

The current global COVID-19 pandemic has further underscored the social importance of RB's production in serving public health imperatives. While this study focuses primarily on RB's business and economic activities, we would be remiss if these more qualitative aspects were not acknowledged at the outset of this report.

RB'S CONTRIBUTION TO US GDP

In 2019, we calculate that RB contributed a total of \$3.8 billion to the US economy—of which 41% (\$1.6 billion) was generated directly by the company's 21 operational sites across the US.

RB's operational, procurement, and wage expenditure stimulated economic activity in all 50 states. We find that the biggest GDP impacts occurred in Georgia, Illinois, and New Jersey—between them, these three states accounted for more than 41% of RB's total economic impact in 2019.

\$3.8 billion

Contribution to the US economy, through all channels of activity.



5.4 additional jobs

supported for every one RB job in the US economy.



Jobs multiplier factors supply-chain connected employment and wage/salary spending by those workers in the US.

RB'S CONTRIBUTION TO US EMPLOYMENT

RB also supported more than 25,000 jobs throughout the US economy in 2019—of which 3,933 (16%) were direct employees of the company. RB's procurement from US suppliers stimulated a further 10,740 jobs, while its payment of wages supported 10,527 jobs in the consumer economy and its supply chains.

Our findings therefore indicate that RB has a “jobs multiplier” of 6.4. This means that for every one person employed by the company, its expenditure supports another 5.4 jobs elsewhere in the US economy.

RB's own staff are very productive. On average, each RB employee directly contributed approximately \$400,000 to US GDP in 2019. Their productivity helps to boost the price competitiveness of the products RB manufactures, and also the wages RB's workers receive.

Furthermore, the economic activity supported by RB in 2019 generated a total of \$582 million in tax receipts across all levels of US government. This would have been sufficient to pay the salaries of nearly 14,000 school teachers.

\$100 million

Invested in US-based R&D in 2019



RB'S WIDER ECONOMIC IMPACT ON THE US ECONOMY'S PRODUCTIVE POTENTIAL

RB also boosts the long-term productive potential of the US economy by investing in R&D. In 2019, RB:

- Invested over \$100 million in US-based R&D.
- Employed 322 R&D staff.
- Operated three “Centres of Excellence” R&D facilities.
- Had partnerships with 38 US colleges and universities, ranging from internship programs to joint research endeavors.
- Developed 54 new products from US-based R&D. Of these, 33 products were launched in the US, and 21 launched around the rest of the world.
- Spent approximately \$800,000 on formal employee training programs for its US-based workers, increasing the human capital skills of its employees.

CASE STUDY

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

The WIC program, administered by the US Department of Agriculture, aims to safeguard the health of low-income parents, infants, and children up to five years old who are deemed to be at nutritional risk.¹ Established in 1974, the program provides nutritious foods to supplement diets, as well as information on healthy eating and referrals to healthcare. Reckitt Benckiser acquired infant nutrition business Mead Johnson in 2017, which has been involved with WIC from the start.

RB's involvement relates to the Enfamil family of infant formulas. Provision of these helps tackle poor infant growth and development while removing the financial burden for low-income parents of paying for infant food. They simply exchange food instruments (vouchers, checks, or electronic benefit transfer cards, depending on the state) for infant formula in participating stores. The agencies then pay the store, and RB rebates them for each tin of formula purchased.

RB has a strong track record of supporting babies in US Neonatal and Intensive Care Units (NICU), including the 10% of US infants born prematurely. Of the 900,000 US babies admitted annually into a NICU, one in four are fed with products RB supplies. After leaving the hospital, approximately 75,000 premature infants continue to receive nutrition RB has developed to accelerate their growth and contribute to normal development. RB also helps babies born

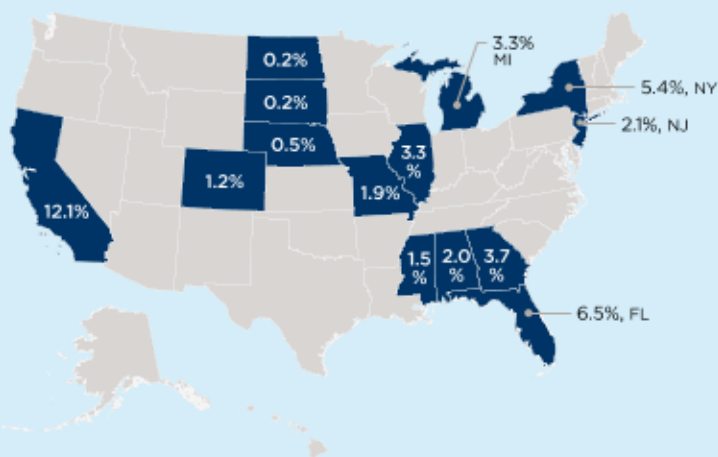


with allergies and rare diseases. Around 10% of US babies suffer allergies, and over 200,000 annually receive RB's hypo-allergenic products to help manage them. And for those babies that enter the world with inborn errors of metabolism (IEM), meaning their bodies cannot properly turn food into energy, RB provide specialized products for inclusion in their nutrition management programs.

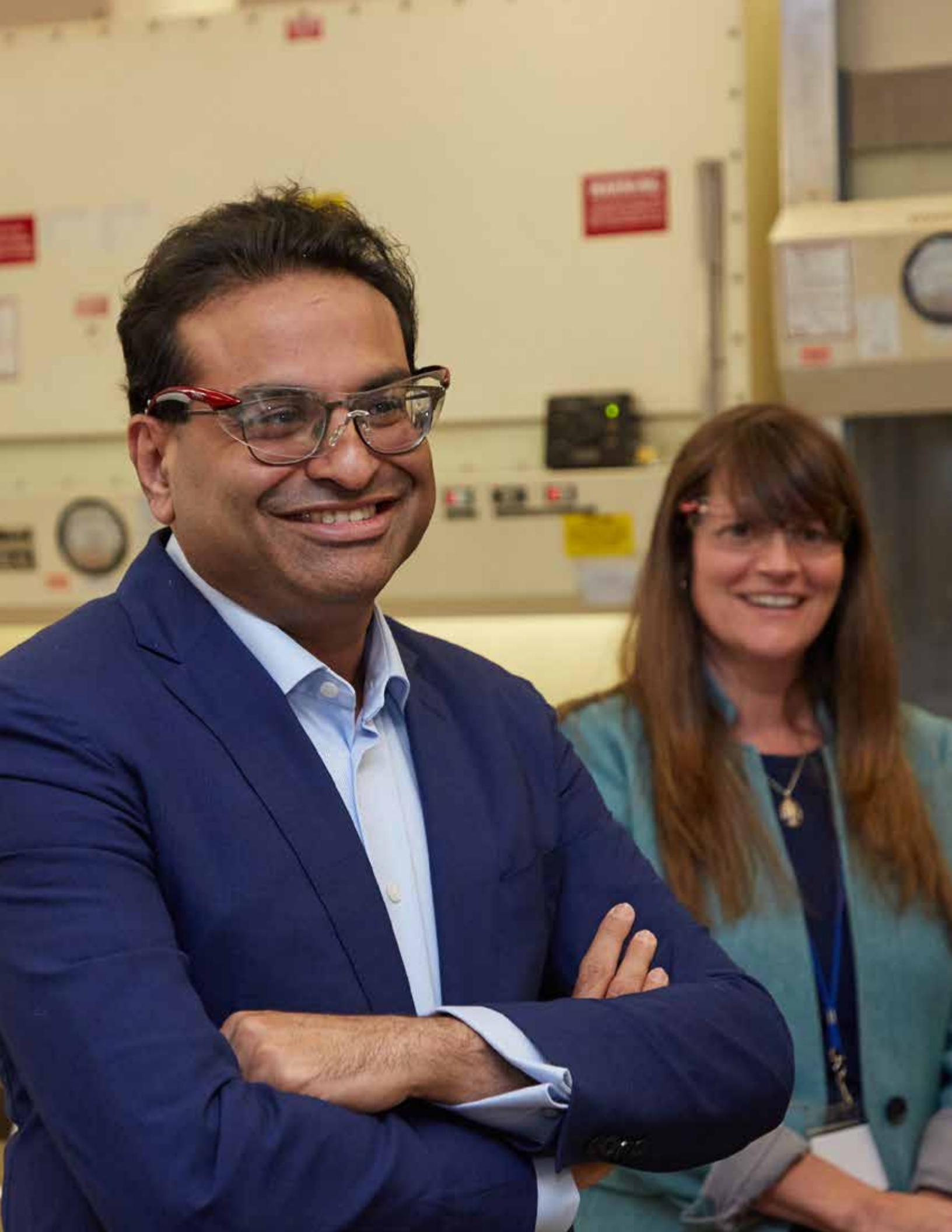
In 2020, RB held the WIC infant formula contract in 15 states (see Fig. 1) and supported more than 680,000 eligible infants—some 44% of all WIC-eligible infants in the US. RB paid out more than \$700 million in rebates a year—equating to some 43 million tins of infant formula. In contrast, WIC suppliers of non-infant milk foods do not have to pay rebates.

Fig. 1. States where RB holds the WIC infant formula contract, number of WIC infants, and share of total WIC infants in 2020

State	Infants	State	Infants
Alabama	31,300	Mississippi	22,700
California	188,100	Missouri	29,800
Colorado	18,700	Nebraska	7,800
Florida	101,400	New Jersey	31,900
Georgia	57,600	New York	84,200
Illinois	50,800	North Dakota	2,400
Michigan	51,500	South Dakota	3,600



¹ USDA. 2019. Factsheet: The Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program). United States Department of Agriculture. Available from: <https://fns-prod.azureedge.net/sites/default/files/wic/wic-fact-sheet.pdf> [Accessed 24 June 2020]



1. INTRODUCTION

Reckitt Benckiser (RB) may not be a household name in the US, but its brands certainly are. Across its three core product categories—health, hygiene & nutrition—RB manufactures some of the most recognizable consumer brands in the United States, including Mucinex, Lysol, Woolite, Finish, Air Wick, K-Y, and Enfamil. As a global enterprise, RB's role in providing basic frontline health, hygiene and nutrition products underscores a mission to reduce healthcare costs, improve health outcomes and quality of life at scale. In fact, most American households likely have multiple RB products in their medicine cabinets, under their sinks, or in their pantries. This reflects the sale of two million RB products each day to American households in 2019.

Each of RB's three core businesses underpins a range of products and key initiatives—each in a unique position to make a difference in the US. In **health**, Mucinex treats cold/flu and sinus congestion symptoms. RB's **hygiene** category is leading the way in battling COVID-19 by disinfecting surfaces, fabrics and skin. Lysol, for example, is a leading surface cleaning and disinfecting product that has been around for over a century. More recently, at the time of writing, Lysol has partnered with the Mayo clinic and Hilton Hotels to establish new standards of hotel cleanliness—a key economic ingredient in supporting consumer safety confidence in boosting the travel/tourism and accommodation sector. Within RB's **nutrition** category resides a number of products that offer breastmilk alternatives for infants and children—such as Nutramigen, an infant formula for babies with allergies to cow's milk formula.

Fig. 2. Top RB brands in the US by dollar sales

Health	Hygiene & home	Nutrition
Mucinex	Lysol	Enfamil
Airborne	Air Wick	Nutramigen
Move Free	Finish	Enfagrow
Delsym	Resolve (Fabric/Carpet)	Prosobee
K-Y	Woolite	Vi-Sols

This study, which was commissioned by RB, evaluates the economic impact of RB's US-based operations and activities across all relevant businesses and brands in 2019. The results provide an objective analysis of the firm's economic contribution to US jobs, GDP, wages and taxes. However, the value of RB's activities extends well beyond the company itself. RB's numerous corporate initiatives reflect their commitment to improving public health and safety. While not formally quantified in this economic impact study, we highlight through case studies key initiatives, which serve critically important societal roles, especially in the COVID-19 and post-COVID world. Additionally, we analyze and quantify the value provided by RB's R&D activities to the company itself, the economy as a whole, and consumers.

1.1 RB'S GLOBAL FOCUS

RB is a major health, hygiene, and nutrition consumer product company headquartered in Slough, UK. From origins dating back to the early 19th century, RB has grown into one of the world's largest and most ubiquitous health, hygiene, and nutrition companies, with more than 40,000 global employees working in some 60 countries (see Fig. 3).

In its present form, RB was formed in 1999 by the merger of British company Reckitt & Colman plc and Dutch company Benckiser NV. It now sells more than 20 million products every day across more than 190 countries, and in 2019 generated global revenues of some \$16 billion.

Fig. 3. RB's global presence



RB's mission is to protect, heal and nurture in its relentless pursuit of a cleaner and healthier world. This purpose informs the three key areas of RB's operations and products:

- **Health.** RB provides basic frontline health education and effective treatments for everyday ailments such as cold, flu, pain, and fever.
- **Hygiene.** These RB products eliminate the dirt, germs, pests and odor that have an impact on both the health and happiness of people all over the world.
- **Nutrition.** RB is a major producer of infant formula and breast milk substitutes (BMS), as well as vitamins and supplements.

1.2 THE CHALLENGE OF CORONAVIRUS AND RB'S RESPONSE

RB's longstanding commitment to improving health outcomes in all its markets "by putting health in people's own hands" has been strongly tested by the coronavirus pandemic. In response, RB committed £40 million (about \$49 million) as part of its RB "Fight for Access Fund," in an effort to break the chain of infection.

"Our brands have a critical role to play in promoting hygiene and health in the fight against the COVID-19 pandemic," said Laxman Narasimhan, RB's Global Chief Executive Officer. "I have been witness to heroic efforts across the company to live our Purpose and our Fight."²

As one example of the impact of Coronavirus on RB's operations, during the pandemic there has been unprecedented demand for hand sanitizers, such as RB's Dettol. To successfully meet the increasing demand, RB has had to optimize the

production processes, working with a range of partners and suppliers to bring on new sources of raw materials, which requires testing to ensure proper quality. In response to a shortage of the standard hand sanitizer packaging, RB rapidly tested and deployed a unique solution, using bottles from its existing manufacturing line for Durex personal lubricant to instead hold hand sanitizer. As a result, RB was able to produce the same volume of sanitizers in 2020 through May as it produced in the whole of 2019.

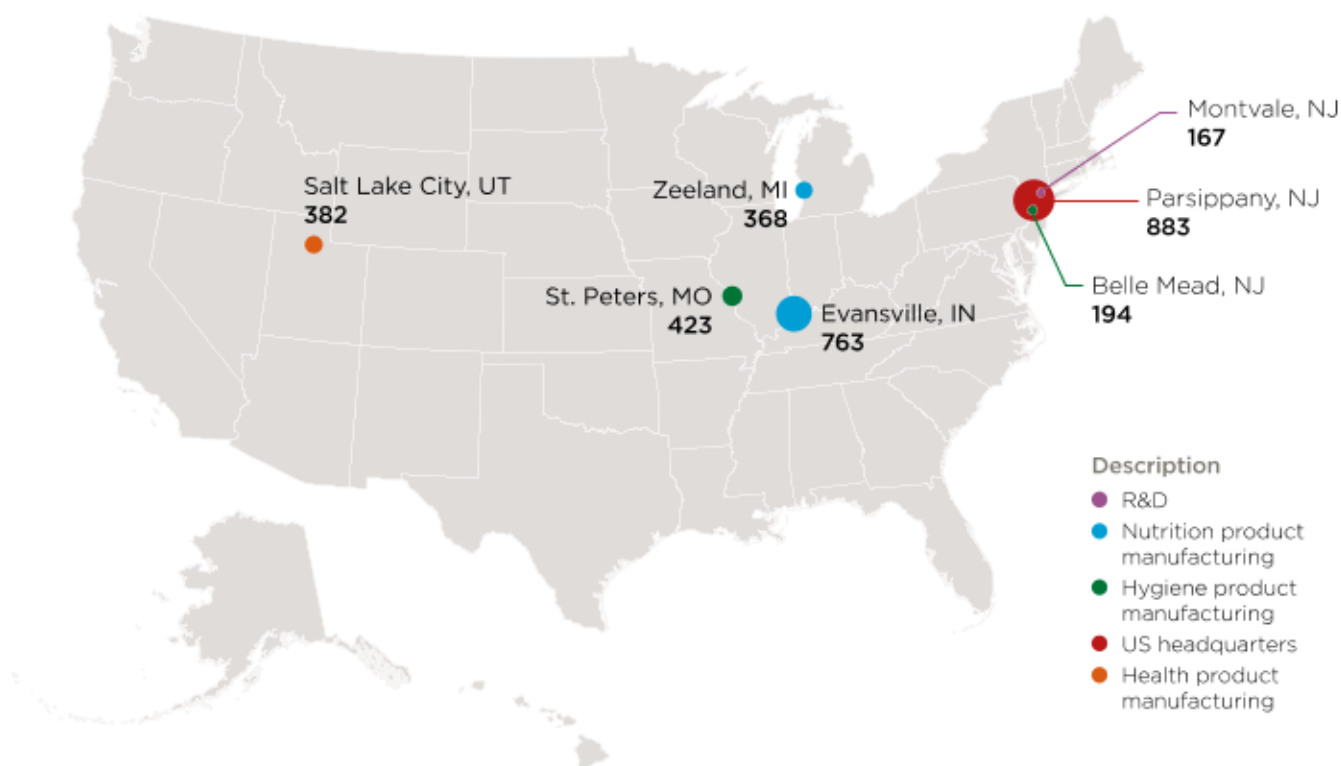
To help the provide clear and up-to-date facts on the disease, its symptoms and means of prevention, while dispelling some of the myths that emerged, RB also developed the website: www.COVID-19Facts.com.

1.3 RB'S FOCUS IN THE US

RB's portfolio of health, hygiene, and nutrition products includes significant operations in the United States, employing approximately 4,000 workers directly, and spending over \$1.3 billion on its supply chain in the US. From its US headquarters in Parsippany, NJ, RB manages five manufacturing plants in New Jersey, Missouri, Utah, Indiana, and Michigan (see Fig. 4). Moreover, as the US recovers from COVID-19 and the severe economic downturn, RB is well positioned to light the way toward economic recovery. The company operates three "Centres of Excellence" R&D facilities in the US, in Montvale, NJ, Salt Lake City, UT, and Evansville, IN, as well as having an R&D team at its headquarters in Parsippany. R&D is an integral part of RB's US operations, and is discussed in more detail in chapter 5. In addition to these facilities, RB manages smaller sales and distribution offices throughout the country, with direct employees in 45 states.

² See <http://www.rb.com/us/media/news/2020/march/rb-launches-fight-for-access-fund/>.

Fig. 4. Main RB facilities across the United States



In addition to RB's product manufacturing, distribution, and research operations, the firm also convenes partners to support a range of health-focused campaigns, designed to promote healthier habits and behavior. Some of these campaigns are described in case studies throughout this report, including those to encourage recycling and reduce waste from product packaging, teach children healthy habits to prevent the spread of disease, improve maternal health, and support fundamental research into the emergence of dangerous new diseases like COVID-19.

Just recently, RB has partnered with the United Negro College Fund (UNCF) to provide 100

scholarships for students pursuing studies in public health, nutrition, and other STEM related fields.³ Additionally, RB has announced that it is investing more than \$20 million over three years to expand its HERE for Healthy Schools program, described in the case study in this chapter, to reach 15 million school children by 2022, including every 'Tier 1 school' (those with a high proportion of low-income students) in the US.⁴

The value that RB's products provide to consumers is harder to quantify, but extremely significant. For example, RB's over-the-counter (OTC) medications play a key role in the US health care ecosystem, providing consumers an inexpensive alternative to costlier prescription

³ See <https://www.rb.com/media/news/2020/june/rb-and-lysol-partner-with-the-uncf-united-negro-college-fund/>.

⁴ See <https://www.rb.com/media/news/2020/june/lysol-expands-here-for-healthy-schools-program-to-reach-58-000-schools-in-u-s-areas-hardest-hit-by-the-COVID-19-pandemic/>.

medications and physician visits for basic medical conditions like colds, and aches and pains. In fact, a recent study found that every dollar Americans spend on OTC medications saved on average \$4.9 in spending on clinical visits.⁵ **Based on RB's 2019 sales of OTC medicines of \$659 million, this implies \$3.2 billion in foregone healthcare expenses, or a net savings of \$2.6 billion.**

1.4 THE SCOPE AND METHODOLOGY OF THIS STUDY

Despite RB's extensive and longstanding economic activity across the US, no comprehensive analysis had previously been undertaken of the impact of this activity on the US economy. To do this, we first collected data both on RB's direct operations and on its US suppliers, tracing the impact of RB's spending throughout the US economy. We then quantified the economic contribution of RB using an "economic impact analysis" at both national and state levels (see Box 1). This allows us to quantify RB's *total economic footprint* in terms of its contribution to GDP, the employment it supports, and the tax revenues it generates at the federal and state levels.

BOX 1: AN INTRODUCTION TO ECONOMIC IMPACT ANALYSIS

Channels

A standard economic impact analysis identifies three channels of impact that stem from an activity, from which we can calculate the total economic impact (see Fig. 5). In this case:

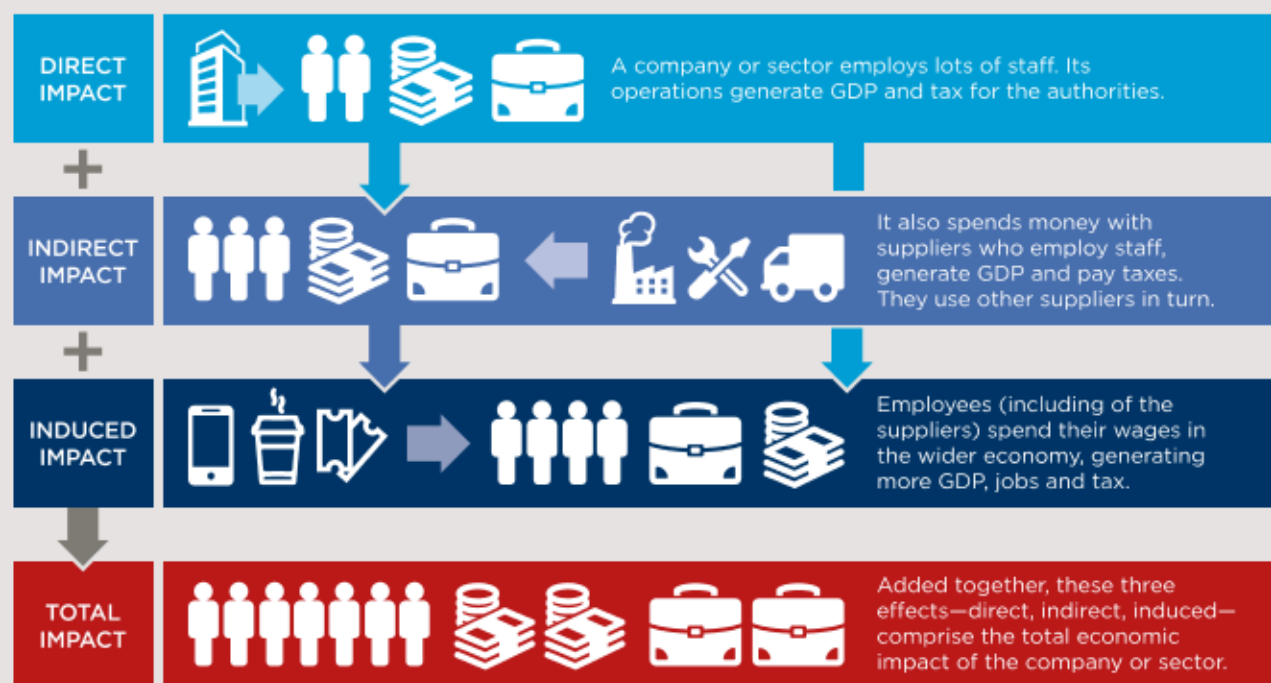
- The **direct impact** measures the economic benefit of RB's own operations and activities across the US.
- The **indirect impact** encapsulates the activity driven by RB's US supply chain as a result of the procurement of goods and services from other US businesses.
- The **induced impact** captures the impact of the spending of wages on consumer goods and services by RB employees, and those in RB's US supply chain.

The sum of these channels makes up the total of RB's impacts.



⁵ Booz & co. (2012). "The Value of OTC Medicine to the United States."

Fig. 5. The channels of economic impact



Metrics

In accordance with standard economic impact assessments, the scale of RB is measured using three key metrics:

- **GDP**—the value-added of production of goods and services, reflecting the contribution to national US output.
- **Employment**—measured in terms of the headcount of US workers.
- **Taxes**—gross tax receipts paid at federal, state and local levels.

Catalytic impacts

Lastly, the analysis examines RB's **catalytic impacts**. These are the impacts the company has on the productive potential of the US economy. These occur through the training and other investment in the staff's human capital which boosts their productivity. It also includes the company's expenditure on R&D, which drives improvements in organisation and methods of production, and develops new products and services. These are largely treated in a qualitative way and cannot be added to the expenditure impacts summarised above.

Notes

- All monetary impacts in this report are presented in 2019 US\$ unless otherwise specified.
- The results are presented on a gross basis. They therefore do not consider any displacement of activity from RB's competitors or other firms, or what the resources currently used by RB or stimulated by its expenditure could alternatively produce.

CASE STUDY

LYSOL'S HERE FOR HEALTHY SCHOOLS⁶

Every school year, illnesses like cold and flu cause countless sick days for students and disrupt classroom learning across the country, and as we're seeing right now with COVID-19, some illnesses even have the potential to shutter schools for extended periods of time. The impacts of sick days and school closures are wide ranging: beyond causing a myriad of logistical problems for parents, sick days deprive children of important lessons and social interactions, taking away the wonder of learning and lasting experiences gained in the classroom.

To help ensure that children are engaging in the classroom to learn, grow and thrive, Lysol launched the HERE for Healthy Schools initiative in 2019 to support its mission: curbing the spread of illness in classrooms. Lysol brought its mission to life through healthy habits education, key strategic partnerships and research funding.

The best weapon against germs is knowledge, which is why in 2013 Lysol created the *Healthy Habits Program* in partnership with the National Education Association (NEA), National PTA, and the Centers for Disease Control and Prevention (CDC).⁷ The Healthy Habits Program includes downloadable activities for teachers and parents of children grades K-5 to help them build illness prevention habits, and in 2019 Lysol expanded the program by partnering with Nickelodeon to create "Slime School," an enhanced interactive healthy habits curriculum. Slime School featured even more interactive elements, such as redesigned lesson plans and animated videos. This school year, the program saw more than 8,500 downloads of lesson materials from the HERE for Healthy Schools website.

Lysol also partnered with Kinsa, a public health company curbing the spread of infectious illness, to donate smart thermometers to more than 1,150 schools across the country, impacting more than 630,000 students. Kinsa smart thermometers and the connected mobile app gives school nurses a dedicated platform to help parents



anonymously understand which illnesses are circulating through schools and the ability to post messages so that teachers and parents can track symptoms and illnesses among students in real time, and guide them through next steps. Through HERE for Healthy Schools, more than 60,000 smart thermometers—as well as Lysol disinfecting products—have been donated to US schools. Furthermore, as communities return to school in the wake of COVID-19, smart thermometers can be used by public health officials to provide early population-level warnings about infectious disease.⁸

Additionally, to incentivize parents and children to bring disinfecting wipes into their classrooms, Lysol participates in the "Box Tops for Education" program, through which RB has donated more than \$3.5 million to schools over the past three years.

In June 2020, RB announced plans to invest more than \$20 million over three years to expand the HERE for Healthy Schools program into every Tier I school in the US, reaching 15 million children by 2022.⁹

⁶ See <http://lysol.com/here>.

⁷ See <http://lysol.com/healthy-classrooms>.

⁸ See <https://www.nytimes.com/2020/03/18/health/coronavirus-fever-thermometers.html>.

⁹ As provisioned by the US Elementary and Secondary Education Act, schools with high percentages of children from low-income families are eligible to receive federal funding and other assistance, known as Title I funding, to support successful education outcomes. See <https://www.rb.com/media/news/2020/june/lysol-expands-here-for-healthy-schools-program-to-reach-58-000-schools-in-u-s-areas-hardest-hit-by-the-COVID-19-pandemic/>.



2. RB'S CONTRIBUTION TO THE US ECONOMY

Reckitt Benckiser has a considerable economic footprint in the United States. This starts with the products it sells. On average, Americans buy approximately two million individual RB products every day.

RB's direct operations in the United States include 21 operational sites with a total US employment of 3,933 in 2019. RB's total US economic footprint goes far beyond the activities of those directly employed by the company. The purchases made by RB from US suppliers—both in the manufacturing process and in other areas of RB's operations—enable further activity throughout the US economy, sustaining thousands more jobs across the country. Furthermore, the wages paid to RB employees, and those employed in the company's supply chain, fund consumer spending—for example, in grocery stores and gas stations—which delivers additional economic benefit to the US economy.

In this chapter, we analyze these three core channels of impact—known as the direct, indirect, and induced impacts—in terms of their contributions to the country's GDP and tax revenues. By combining these impacts, we are then able to estimate the total economic impact of RB in the US in 2019. In addition, we also assess RB's impact on each sector of the US economy.

\$3.8 billion

GDP contribution
in 2019.



This is made up of direct, indirect and induced effects as the impact of RB operations spreads through the US economy.

2.1 RB'S US GDP IMPACT

2.1.1 Direct US GDP impact

RB's direct US GDP impact comprises the value added by RB's own US operations, that is the value of the company's US production output minus the cost of the inputs RB purchases to produce this.

Another equivalent way to calculate this direct economic impact is as the sum of the *income generated* by RB's direct economic activity. This income accrues primarily to two groups: RB's employees in the form of wages and other employee compensation, and the company itself, in the form of corporate income.¹⁰

In 2019, RB's direct contribution to US GDP was approximately \$1.6 billion. This represents a productivity of just over \$400,000 for each of RB's 3,933 workers.

¹⁰ Besides these two components, the third, much smaller part of the GDP contribution is taxes on production and imports, which consists of taxes paid directly by RB to federal, state, and local governments as part of the production process itself. Examples include import duties on materials used in production, and property taxes on company facilities. Note that the majority of the tax impact, described in section 2.3, consists of taxes paid out of labor and corporate income, such as personal and corporate income tax.

2.1.2 Indirect US GDP impact

In 2019, RB spent approximately \$1.3 billion with over 1,800 vendors in its US supply chain. These purchases were spread across suppliers in 41 states and the District of Columbia. Just over \$500 million of this was production spending, on materials and non-material inputs (e.g. utilities) used to make products themselves, while the remainder is nonproduction spend, which includes things like business services (e.g. marketing, accounting, legal, etc.), R&D expenditures, and outside staffing.

RB's *indirect* GDP impact reflects the value-added GDP contribution made by its suppliers, and, in turn, by its suppliers' suppliers, and so on down the domestic supply chain. By adding up the value-add of each link in this supply chain, we calculate the full GDP impact of this production.

In 2019, this full GDP contribution of RB's domestic supply chain was \$1.2 billion.¹¹

2.1.3 Induced US GDP impact

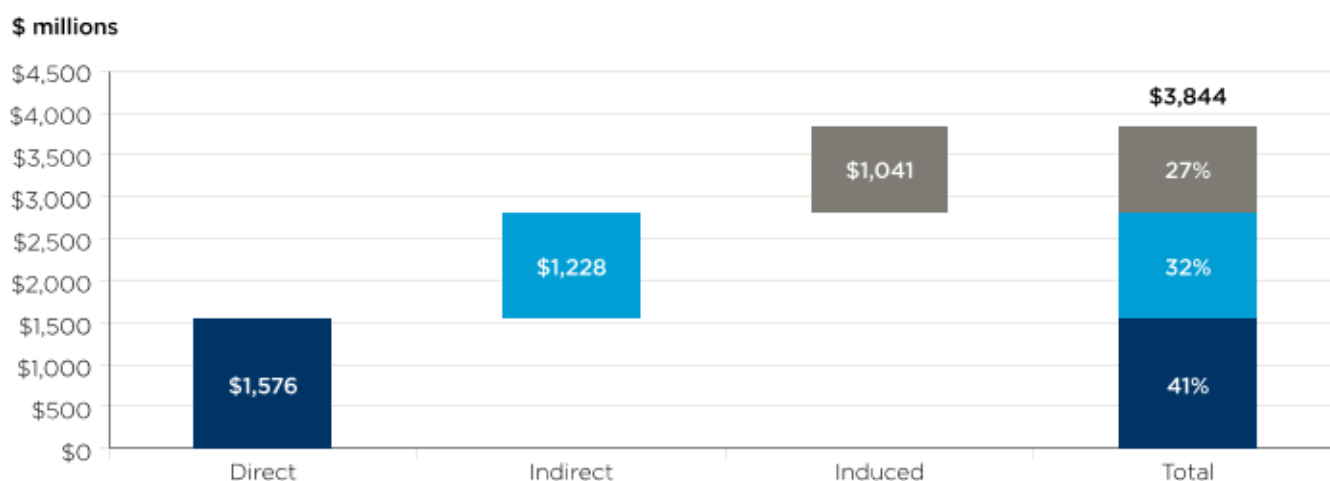
In addition to the direct and indirect GDP impacts calculated above, RB also generated economic activity through the spending of RB's employees, and those employed in RB's supply chain. The spending of these employees stimulates economic activity at the outlets they visit and along their supply chains.

Using the wage data and IMPLAN model, we estimate this wage-financed spending contributed a further \$1.0 billion to US GDP that year.

2.1.4 Total US GDP impact of RB

Combining all three channels of impact—direct, indirect (supply chain), and induced (wage spending)—we find that the total impact of RB on the US economy in 2019 amounted to \$3.8 billion, in terms of its contribution to US GDP. Fig. 6 shows the breakdown of this impact across the three core channels.

Fig. 6. The total US GDP impact of RB operations



Source: RB and Oxford Economics

¹¹ The difference between the amount RB spent in its US supply chain (\$1.3 billion) and the final indirect GDP impact (\$1.2 billion) represents leakages in the form of imports from abroad by RB's suppliers.

RB's direct operations represent only 41% of this total, in part reflecting our conservative quantification ignoring corporate earnings. The indirect impact represents 32% of the total, while the induced impact represents 27% of the total.

A comparison of the total impact with the direct impact reveals how, for every \$100 of value-added output created by RB directly, a further \$144 of value added is created in other industries of the US economy as a result of supply chain and employee expenditure impacts. This means that **RB has a US GDP impact multiplier of 2.4.**

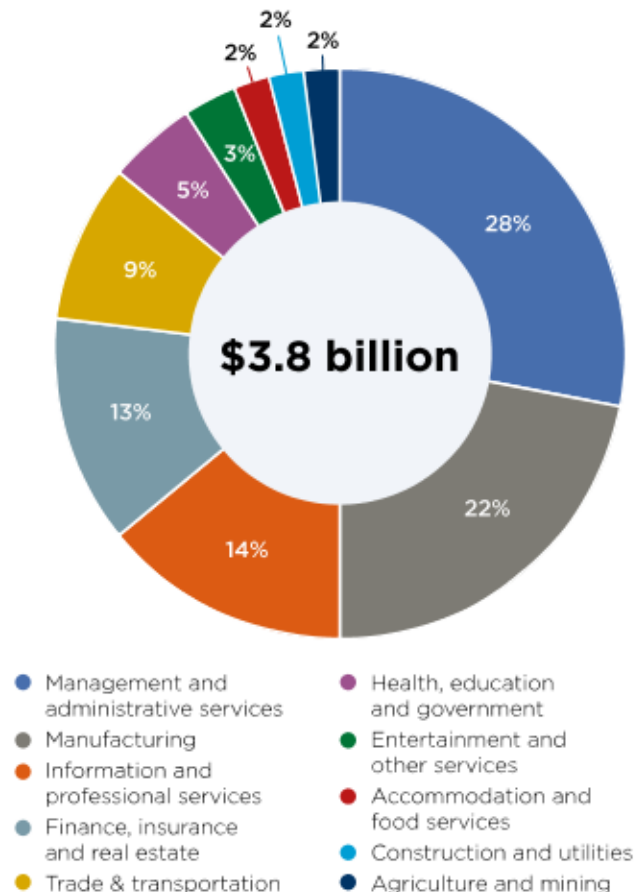
2.2 ANALYZING RB'S US GDP IMPACT BY SECTOR

The economic impact of RB's activities is spread throughout the US economy, as RB purchases inputs from a diverse range of industries, and as its employees and its suppliers' employees spend their incomes purchasing goods and services from all types of other businesses including restaurants, utilities, healthcare services, etc.

RB's direct impact is split largely between manufacturing and management and administrative services. Additionally, RB's indirect spend is largely split between manufactured goods and business services as well. Consequently, the largest overall GDP impacts are also seen in manufacturing (22%) and in business services such as information and professional services (14%); finance, insurance and real estate (13%); and management and administrative services (28%), or 55% of the GDP impact overall.

The remaining 23% of RB's GDP impact is generated in a diverse set of industries beyond manufacturing and business services. Outside of those sectors, the largest impacts are in trade and transportation (9%); and health, education, and government (5%). The induced spending of

Fig. 7. RB's total 2019 GDP impact by sector



Source: Oxford Economics

\$870 million

Contribution to GDP from manufacturing activities in 2019.



RB and RB supply chain workers help contribute to these and other sectors such as entertainment and other services (3%) and accommodation and food services (2%)

Fig. 8. RB's 2019 GDP impact by sector in US\$ millions

Sector	Direct	Indirect	Induced	Total
Management & administrative services	\$860	\$171	\$54	\$1,084
Manufacturing	\$637	\$161	\$73	\$870
Information & professional services	\$67	\$356	\$121	\$544
Finance, insurance & real estate	\$0	\$200	\$300	\$499
Trade & transportation	\$12	\$163	\$166	\$341
Health, education & government	\$0	\$16	\$163	\$180
Entertainment & other services	\$0	\$39	\$67	\$106
Accommodation & food services	\$0	\$34	\$56	\$91
Construction & utilities	\$0	\$39	\$26	\$65
Agriculture & mining	\$0	\$48	\$16	\$64
Total	\$1,576	\$1,228	\$1,041	\$3,845

Source: Oxford Economics

The full set of GDP impacts, broken out by the three channels of impact, are presented in Fig. 8.

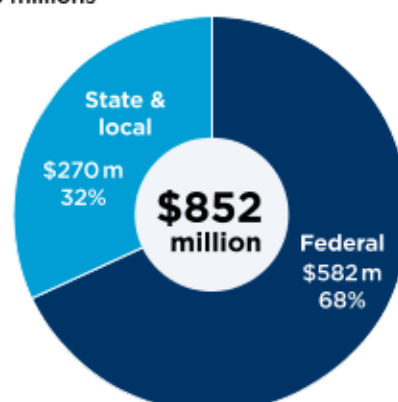
2.3 WHAT IS RB'S TOTAL TAX IMPACT IN THE US?

RB's \$3.8 billion 2019 GDP impact, generated large tax revenues at the federal, state, and local levels. These include income and payroll taxes, corporate income taxes, and certain taxes paid as part of the production process, such as excise taxes and import duties.¹²

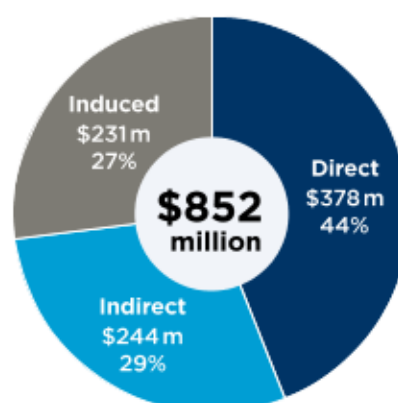
We calculate that the direct, indirect, and induced economic activity supported by RB generated \$582 million in federal tax revenues in 2019, and an additional \$270 million in state and local tax revenues. This amount can also be broken out by the three channels of impacts described above, in which case \$378 million of the taxes are direct, \$244 million indirect, and \$231 million induced.

In total, therefore, RB's economic activities in the US supported some \$852 million in taxes for all levels of government in 2019 (see Fig. 9). This is enough to pay the salaries of nearly 14,000 school teachers.¹³

Fig. 9. RB's US tax contribution
\$ millions



Source: RB and Oxford Economics



Source: Oxford Economics

¹² Specifically, the IMPLAN software includes the following federal tax categories: social insurance (Social Security and Medicare), personal income, corporate income, excise taxes, customs duties, and other taxes on production and imports. These categories are all included in our results. In addition, IMPLAN software includes the following state and local tax categories: social insurance, personal income, taxes on corporate profits and dividends, personal and business property taxes, various sales and excise taxes, motor vehicle taxes, severance tax, and other personal and business taxes.

¹³ Based on a mean 2019 salary for preschool, elementary, middle, secondary, and special education teachers of \$61,420. See https://www.bls.gov/oes/current/oes_nat.htm.

CASE STUDY

HEALTHY YOU, HEALTHY PLANET

Only 9% of all the plastic produced in the world has previously been recycled.¹⁴ In response to this statistic, RB North America launched the Healthy You, Healthy Planet initiative in 2019 with the international waste management company, TerraCycle.

Healthy You, Healthy Planet allows consumers to collect and return hard-to-recycle waste using prepaid shipping labels and nearly 930 drop-off locations across the US. Moreover, for every shipment of packaging waste sent to TerraCycle, collectors earn points that can be used for charity gifts, or converted into cash and donated to a non-profit, school, or charitable organization of their choice.

A key goal of this initiative is to educate more than 100 million RB customers across the US about recycling and the issues around plastic packaging. Since the launch, the program succeeded in recycling more than 125,000 pieces of material which equates to over 6,000 pounds of “difficult” waste, while raising over \$6,000 for charity.

But recycling is only part of the solution. RB is currently reviewing all packaging in its health portfolio's product range to see how levels of plastic use can be reduced. Of course, to ensure that RB's products are safe and effective, its packaging must meet stringent technical specifications that, in some cases, necessitate more durable packaging that is not easy to recycle—such as blister packs for over-the-counter medicines.

However, while only 30-40% of RB's packaging is currently recyclable, the company aims to be 100% recyclable across the US by 2025. This is facilitated by RB's “5R” action plan, launched in 2018, which seeks to **reduce** its use of plastic and **replace** some materials altogether; enable the **reuse** of more products through refills; improve the **recyclability** of its packaging materials; and increase its own use of **recycled** materials.



¹⁴ <https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/plastics-material-specific-data>



3. THE EMPLOYMENT IMPACT OF RB

RB's full economic activity supports thousands of jobs throughout the US economy. This includes RB's own operations (direct), its supply chain spending (indirect), and the economic activity driven by the spending of wages of those employed directly and indirectly.

3.1 CALCULATING RB'S TOTAL CONTRIBUTION TO US EMPLOYMENT

3.1.1 Direct jobs impact

RB directly employed 3,933 workers in 2019. A little over half (2,139) of these worked at RB's five major manufacturing plants across the US, while 22% (883) worked at RB's US headquarters in Parsippany, NJ, and another 167 at its US R&D facility in Montvale, NJ (Fig. 10). The remaining employees are distributed throughout the country in smaller sales and distribution facilities. Overall, RB has employees in 45 US states and the District of Columbia.

Fig. 10. Main RB facilities in the United States

City	State	Description	Employees
Parsippany	NJ	US headquarters	883
Belle Mead	NJ	Hygiene product manufacturing	194
St Peters	MO	Hygiene product manufacturing	423
Salt Lake City	UT	Health product manufacturing	382
Evansville	IN	Nutrition product manufacturing	763
Zeeland	MI	Nutrition product manufacturing	368
Montvale	NJ	R&D	167
Distributed in multiple states		Sales and distribution	753
Total			3,933

Source: RB, Oxford Economics

Given RB's direct GDP contribution of \$1.6 billion estimated in section 2.1.1 above, RB's nearly 4,000 US workers had an average productivity of about \$400,000, nearly four times the overall average US labor productivity of \$107,000.¹⁵ This high level of productivity helps boost the price competitiveness of the products RB manufactures, as well as the wages that RB's workers receive.

¹⁵ Based on GDP and employment data from the Bureau of Economic Analysis.

3.1.2 Indirect jobs impact

RB's \$1.3 billion of procurement from over 1,800 US suppliers **supported an additional 10,740 jobs** across the US in 2019. This includes both direct inputs into RB's products (e.g. chemical and cardboard manufacturers), as well as business services purchased by RB, as well as the US-based supply chains of those suppliers. Additionally, RB's full supply chain, including the suppliers of its suppliers, are included in this estimate.

3.1.3 Induced jobs impact

As noted above, in 2019, RB paid its employees \$496 million in compensation. We estimate the employees its procurement supports were paid an additional \$632 million in compensation.

This \$1.1 billion in employee compensation allowed workers at RB and in its supply chain to consume a variety of products out of their wage income. These products in turn have their own US-based supply chain, which is all included in the induced economic impact.

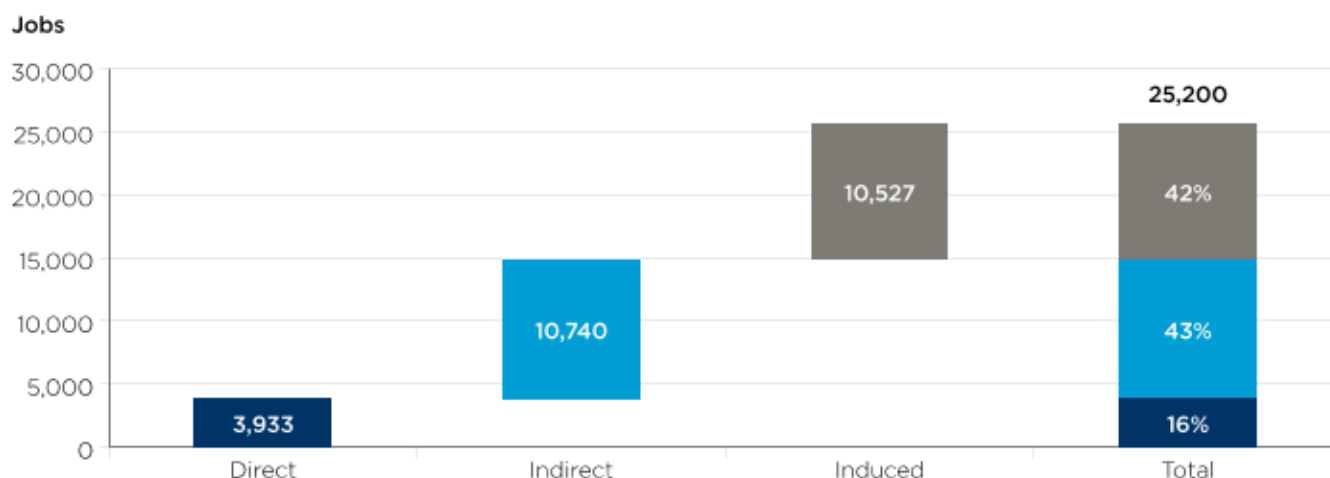
In total, we estimate that **a further 10,527 induced jobs** were sustained as employees of RB and its supply chain spent their wages on consumer goods in 2019.

3.1.4 Total jobs impact

In total, therefore, we find that the economic activity of RB supported 25,200 jobs throughout the US economy in 2019. This is slightly larger by employment than the entire US railcar manufacturing industry.

Overall, RB's direct employment of 3,933 made up only 16% of this total jobs impact. The supply chain (indirect) and consumer spending (induced) jobs impacts were of similar size, 43% and 42% respectively. Relative to the GDP shares of these three channels discussed in section 2.1.4 above, the direct jobs impact is slightly smaller than the direct GDP impact, reflecting RB's high labor productivity, while the induced jobs impact is slightly larger, possibly reflecting the lower productivity of many consumer service industries.

Fig. 11. The total jobs impact of RB operations



Source: RB and Oxford Economics

3.2 JOBS IMPACT BY SECTOR

Similar to the GDP impact, RB's largest total employment impacts are business services industries such as information and professional services (13%), finance, insurance and real estate (11%), and management and administrative services (19%). Following this is manufacturing at 14%, and trade and transportation at 13%.

Relative to the GDP sectoral impacts described in section 2.2 above, the jobs impacts considered here were higher in low labor productivity sectors such as accommodation and food services, and arts and other services. RB's total jobs impacts are therefore even more diverse from a sectoral perspective, with 47% of all jobs supported by RB in industries other than business services and manufacturing.

Fig. 12 and Fig. 13 present the full breakout of RB jobs by sector and channel of impact.

Fig. 13. Detail of RB's jobs impact by sector

Sector	Direct	Indirect	Induced	Total
Management & administrative services	1,603	2,320	765	4,687
Manufacturing	2,130	868	458	3,456
Information & professional services	167	2,489	745	3,401
Trade & transportation	33	1,331	2,038	3,401
Finance, insurance & real estate	0	1,486	1,269	2,755
Health, education & government	0	136	2,307	2,442
Accommodation & food services	0	723	1,262	1,985
Entertainment & other services	0	620	1,349	1,968
Agriculture & mining	0	632	217	849
Construction & utilities	0	137	119	256
Total	3,933	10,740	10,527	25,200

Source: RB and Oxford Economics

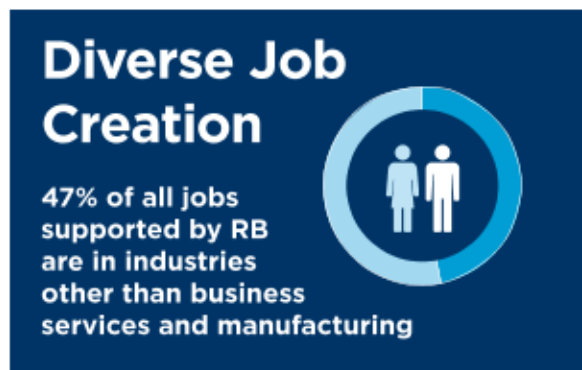
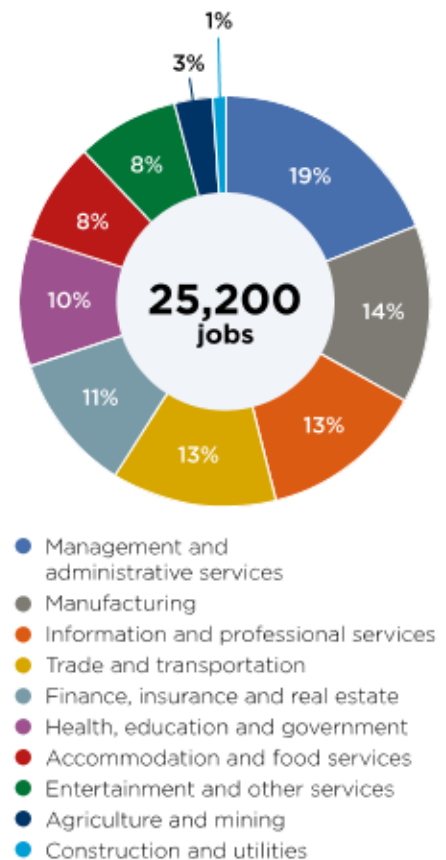


Fig. 12. Share of RB's jobs impact by sector



Source: Oxford Economics

6.4

Jobs multiplier of RB's US domestic operations.



For every direct job employed by RB, an additional 5.4 jobs are supported elsewhere in the US economy.

3.3 JOBS MULTIPLIER

Different industries and businesses affect the US economy in different ways. One way to compare these is through jobs multipliers. An industry or firm's jobs multiplier is defined as the total number of jobs (direct plus indirect plus induced) that it supports for every one direct job.

Key factors influencing an industry's jobs multiplier include how labor-intensive the industry is, and how much of its final output is final value-add by the ultimate producer. For example, in many (though not all) manufacturing industries, the final value of the output is made up to a large extent by the inputs into production—these industries will tend to have very high jobs multipliers. By contrast, many (but, again, not all) service industries have lower jobs multipliers.

Our findings indicate that RB has a jobs multiplier of 6.4. This means that for every direct job employed by RB, an additional 5.4 jobs are supported elsewhere in the economy.

This multiplier is significantly higher than many US industries, especially those that are labor-intensive or that have a high value-add share of production, including textile manufacturing, and about the same as food manufacturing. At the same time, RB's job multiplier is lower than some capital intensive industries and industries with a low value-add share of production, such as computer manufacturing.

Overall, RB's jobs multiplier reflects its mixture of manufacturing and business services functions in the US.

Two primary factors result in RB's relatively high jobs multiplier: RB's high level of supply chain spending relative to its direct operations, and the average wages of RB employees in the US, which generate a large induced impact.

Fig. 14. Multipliers of RB compared to US industries

Industry	Jobs Multiplier
Computer manufacturing	9.5
Pharmaceutical manufacturing	7.7
Soap manufacturing	7.7
RB	6.4
Food manufacturing	6.4
Textile manufacturing	2.7

Source: RB, IMPLAN and Oxford Economics

3.4 MOVING THE GENDER EQUALITY NEEDLE

RB has expressed a firm commitment to gender equality across its global operations. This gender balance aligns with their corporate commitment to Goal 5 of the 17 UN Sustainable Development Goals.

A 2019 review of RB's gender pay gap, independently assured by Deloitte, found that, in the US, the median female employee actually received 10% more base salary than the median male employee, while on average female RB employees was paid 98% as much as the average male employee in base salary. Bonus pay was less evenly distributed between the sexes, with women still receiving 3% more at the median but 38% less on average.¹⁶

CASE STUDY

BETTER STARTS FOR ALL



More than 5 million women in the US live in maternity care deserts—counties with no hospitals offering obstetric care and no obstetrics providers, making the US one of the most dangerous countries in the developed world in which to give birth.¹⁷ About 150,000 babies are born to women in these maternity care deserts that make up 35% of US counties.

This is why, in collaboration with March of Dimes, RB initiated “Better Starts for All,” a program designed to tackle some of the most complex issues around pregnancy and childbirth. The program includes [BetterStartsforAll.com](https://www.betterstartsforall.com), a digital destination for pregnant women and families to access information on preconception, prenatal and postpartum care, as well as the latest facts on the COVID-19 pandemic as it relates to their health and well-being.

RB will work with March of Dimes through Better Starts for All to advance solutions towards

eradicating maternity care deserts by utilizing mobile health resources, supportive pregnancy care, and virtual programming. Pilot programs will take place in Ohio and Washington, D.C.—two markets where maternity care deserts pose a huge challenge for moms and babies getting the care they need. RB has committed \$6 million to this three-year pilot, which aims to improve the lives of more than 7,000 pregnant women in these two areas.

Future plans to expand the program include building partnerships with corporations, foundations, and local retailers to increase both funding and awareness. Other initiatives could include involving taxi and rideshare companies to drive mothers to their appointments. RB intends to involve many of its employees in the program through volunteerism, days of service, fundraising, and events.

¹⁷ March of Dimes (2018). “Nowhere to Go: Maternity Care Deserts Across the U.S.” https://www.marchofdimes.org/materials/Nowhere_to_Go_Final.pdf



4. RB'S STATE-LEVEL DETAIL

Reckitt Benckiser's direct operations are concentrated in the five states where it has manufacturing facilities: New Jersey, Indiana, Missouri, Michigan, and Utah. However, RB's indirect supply chain impacts extend throughout the US, as RB purchases from suppliers across the country, and these suppliers in turn distribute spending even further. Additionally, RB's induced impacts from the spending of workers out of wages help spread the full impact of RB's operations nationally as consumers purchase goods made in all 50 states.

In this chapter, we will show how RB's total jobs and GDP impacts are distributed across the US, both in states where RB has direct production and those where it does not. This is accomplished using a system of inter-connected multi-regional input output models that track the flow of spending not just between industries, but geographically across the US.

4.1 TOP IMPACTS BY STATE

In 2019, the states where RB had major production facilities were New Jersey, Indiana, Michigan, Missouri, and Utah. Each of these states were among the top 10 largest impacts for both jobs and GDP; however altogether these five states accounted for only 38% of RB's total jobs, and 51% of its total GDP impacts (see Fig. 15).

The five states where RB has its major production operations together accounted for only 38% of its total jobs and 51% of total GDP impact.

These states are New Jersey, Indiana, Michigan, Missouri, and Utah.



38%
total jobs



51% total
GDP impact



Fig. 15. Top states by GDP and employment impacts

TOP GDP STATE IMPACTS			TOP EMPLOYMENT STATE IMPACTS		
State	GDP impact (\$ millions)	% of total	State	Employment impact	% of total
New Jersey	\$752	20%	Georgia	4,320	17%
Georgia	\$417	11%	New Jersey	3,563	14%
Indiana	\$392	10%	Illinois	2,364	9%
Missouri	\$333	9%	Indiana	1,721	7%
Illinois	\$290	8%	Utah	1,719	7%
Utah	\$280	7%	Missouri	1,587	6%
Michigan	\$202	5%	California	1,350	5%
California	\$191	5%	Texas	1,348	5%
Texas	\$160	4%	New York	997	4%
New York	\$151	4%	Michigan	958	4%

Source: Oxford Economics

In fact, RB's largest jobs impacts was in Georgia, which does not have a major RB production facility, but is a major recipient of RB's intermediate spending.

Fig. 16 and Fig. 17 present RB's total jobs and GDP impacts across all 50 US states and DC. Whether considering jobs or GDP, every state in the country showed a sizable economic impact from RB's operations when considering the full (direct plus indirect plus induced) economic impact.

Fig. 16. RB GDP impacts by state

GDP (\$ millions)

- \$0 - 10
- \$11 - 50
- \$51 - 200
- \$201 - 400
- \$401+

Source: Oxford Economics, RB, IMPLAN

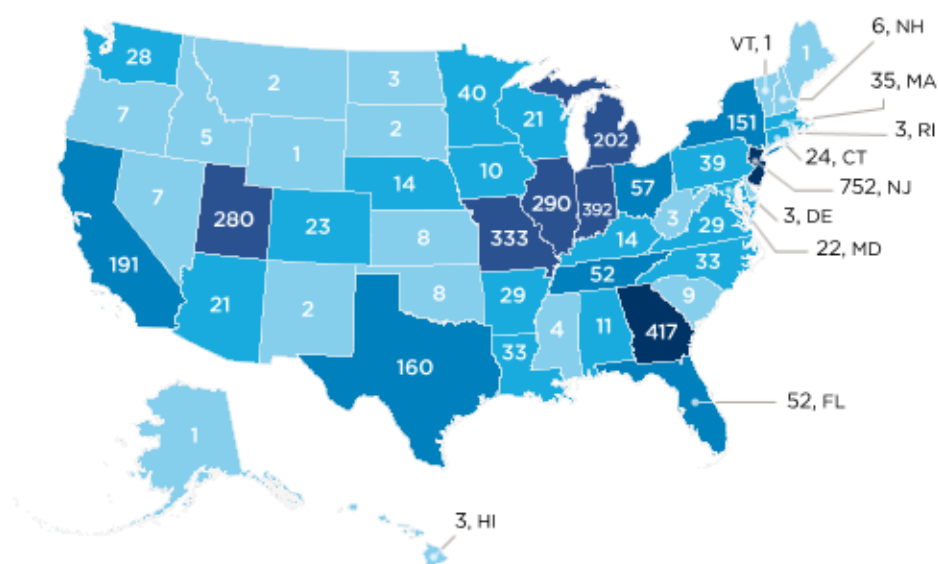
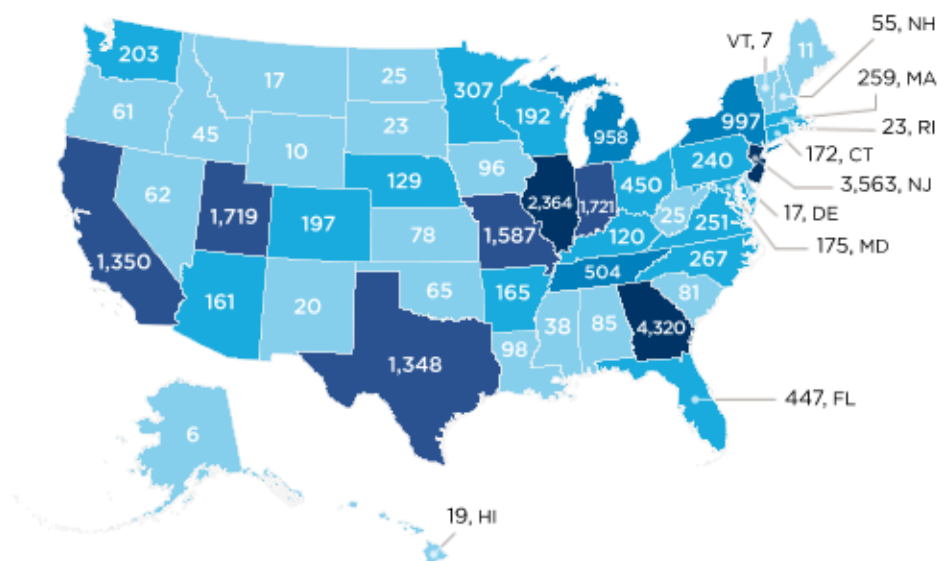


Fig. 17. RB's Employment impacts by state

Employment

- 0 - 100
- 101 - 500
- 501 - 1,000
- 1,001 - 2,000
- 2,001+

Source: Oxford Economics, RB, IMPLAN



CASE STUDY

RB'S MUCINEX PARTNERSHIPS

RB is committed to creating a cleaner and healthier world. Through Mucinex, RB has partnered with multiple US organizations to promote improved health education, and more affordable access to health products. Some examples of RB's Mucinex partnership approach are:

- RB has partnered with **Pharmacy Benefit Managers** and commercial prescription plans to provide lower income patients with low-cost and free access to Mucinex, to help treat symptoms of coughs, cold and stable bronchitis. In the first quarter of 2020, 38,000 prescriptions for Mucinex were covered under Medicaid, with a further 75,000 covered under commercial healthcare plans.
- Through its **Global Respiratory Infection Partnership (GRIP)**, RB has worked on reducing the overuse of antibiotics. Starting in November 2019, Mucinex has developed and distributed brochures to 15,000 medical offices and funded a waiting room video program in which around 2,300 physician offices aired an informative GRIP video on antibiotic overuse.
- Working with health care data-company **Kinsa**, RB has implemented data driven solutions to reduce the spread of diseases. Kinsa uses data from two million smart thermometer users to provide real-time and predictive county-level illness information across the United States,



making unpredictable illness more predictable. Mucinex uses this information to inform its stocking decisions, ensuring appropriate products are available where and when needed and to provide supporting information to customers.

- RB has partnered with healthcare publisher **WebMD** for the past seven years to help disseminate flu relief advice. WebMD data gives insights into which areas of the US are experiencing high incidents of cold and flu. RB is able to use these data to understand, in real time, which areas of the country are being hardest hit, and to work with retailers to ensure they have ready supply for people who need it when they do.





5. THE IMPACT OF RESEARCH ACTIVITY CONDUCTED BY RB

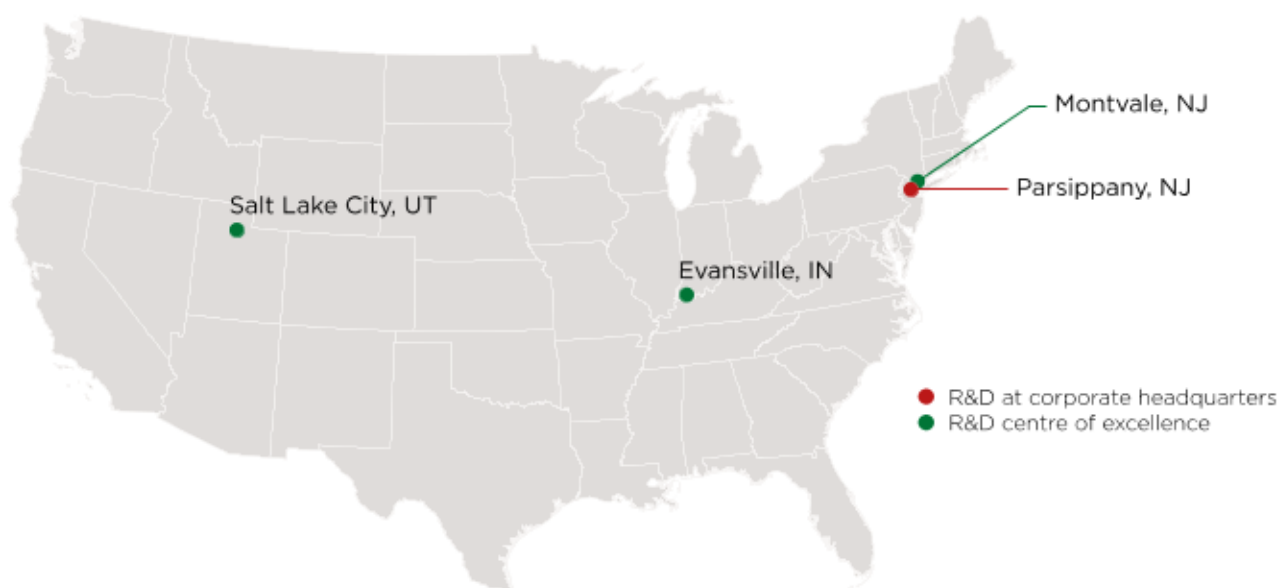
This chapter examines Reckitt Benckiser's R&D activities in the United States. It shows how they not only boost RB's own productive potential, but also that of many other firms across the US economy—while also ensuring a better experience for RB's many consumers and customers.

5.1 OVERVIEW OF RB'S R&D ACTIVITIES IN THE US

R&D is a critical element of RB's global operations. Differing regulatory and consumer demands across the world, along with R&D's collaborative role in each manufacturing process and in market product support, mean the company's R&D teams need to be spread throughout the world.

Globally, RB maintains nine R&D Centres of Excellence—of which three are located in the US, in Montvale, NJ; Evansville, IN; and Salt Lake City, UT. Additionally, a small number of RB's R&D staff work out of the company's US headquarters in Parsippany, NJ. Overall, RB has 322 R&D employees in the US, which means that just over 8% of RB's 3,933 US-based employees worked in R&D in 2019.

Fig. 18. Map of RB's US R&D activity





5.2 QUANTIFYING RB'S US-BASED R&D

5.2.1 RB's spending on US-based R&D

In 2019, RB spent just over \$100 million on R&D activities in the United States, up 2% from its spending in 2018 (see Fig. 19).

In general, a company's expenditures on R&D contribute to a "stock of knowledge" that **pays dividends to the initiating firm** (in this case, RB) over time in the form of increased productivity and output. The returns to R&D investment are, however, by no means confined to the private return accruing to RB itself. Indeed academic studies have consistently shown both a private return to R&D activities, and **an even larger "spillover" return**, whereby other firms, and the economy at large, benefit from another business's R&D, as a result of various forms of knowledge transfer. Such knowledge transfer can happen as a result of, for example:

- Joint work and collaboration between businesses, or between businesses and universities.

Fig. 19. RB's US-based R&D spending, 2018-2019



Source: RB and Oxford Economics

- Knowledge passing between businesses as a result of other relationships, such as customer-supplier relationships.
- Employees moving from one business to another, taking their knowledge and skills with them.
- New products and production techniques becoming public knowledge and being copied or adapted by other firms.

Finally, a third important group that benefits from RB's R&D activity are its consumers, who benefit from newly developed product offerings and the safety and consistency of products that R&D enables.

5.2.2 Additional measures of R&D investment

In addition to its own 322 US-based R&D staff, RB currently has established partnerships with 38 US colleges and universities, ranging from internship programs to joint research endeavors. For an example of a research partnership, with

the not-for-profit EcoHealth Alliance rather than an academic institution, see the case study at the end of this chapter.

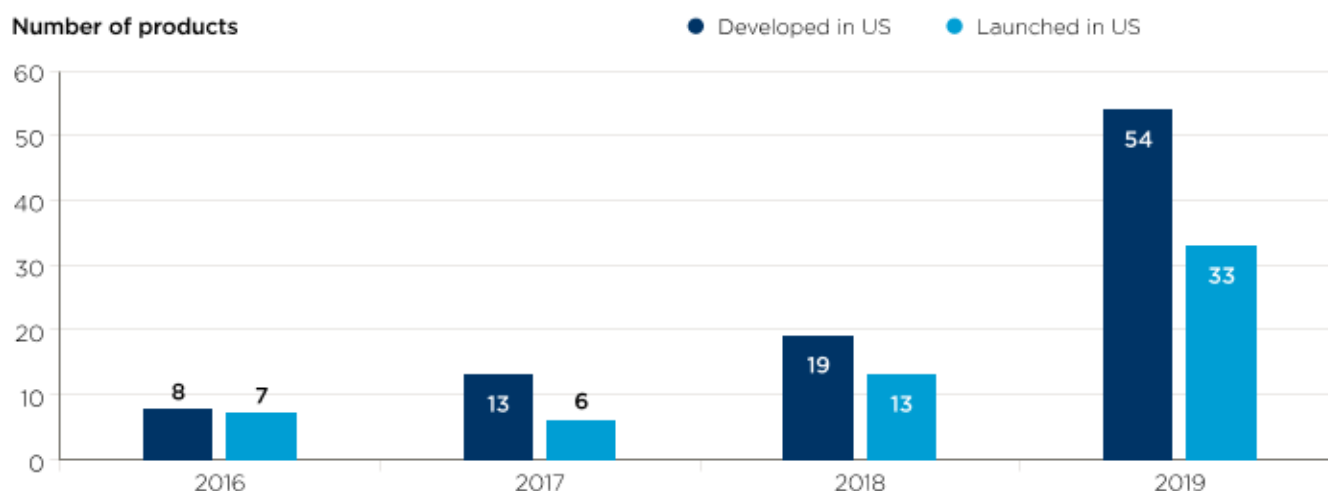
Across its entire US workforce, RB spent approximately \$800,000 in 2019 on formal employee training programs, developing the human capital of its employees.

Over the five years to 2019, RB's R&D in the US has led to the filing of 180 new patents and 284 designs. This in turn saw RB develop 54 new products in 2019, of which 33 were launched in the US (Fig. 20).

5.3 DESCRIPTION OF RB'S R&D

The term R&D brings to mind images of scientists in white lab-coats mixing chemicals in beakers. As a consumer products company with a strong chemistry dimension, RB has some of these—but the role of R&D goes much wider and deeper in the company.

Fig. 20. Number of new products developed and launched in the US, 2016-2019



Source: RB and Oxford Economics

In addition to developing new products and making improvements to existing ones, R&D plays a key role in the production process itself, optimizing supply chains and ensuring the quality of raw materials. Furthermore, R&D plays an important business continuity role by supporting products once they are out in the marketplace. This role has been particularly on display during the COVID crisis, as established sources of raw materials have frequently been interrupted, and specific product lines (e.g. hand sanitizer) have had to ramp up production on short notice without sacrificing product integrity.

5.3.1 Product innovation

R&D relating to *product development* ranges from fundamental science and new insights—creating greater innovation or even the development of brand new product classes—to smaller, but still important, enhancements to existing products. Even seemingly trivial aspects of a product, such as the packaging it comes in, require significant R&D to optimize the consumer experience, maintain safety, and ensure regulatory compliance.

An example of a major innovation to come out of RB's US-based R&D is the development of **Nutramigen**, the leading hypoallergenic infant formula for the treatment of cow milk allergy and atopic dermatitis. Developing an infant formula that was not based on cow milk required fundamental advances in the understanding of the nutritional requirements for infant formula, and the development of original small-chain amino acid sequences. There was also a significant clinical component involved in testing the formula.

Another major innovation that RB is currently pursuing is sanitizers for laundry detergent. This requires agents that maintain their anti-microbial

properties at the high-dilution levels of laundry detergents, but are also safe for clothing, and wash out at the end of the cycle.

In addition, incremental innovations are also important to meet consumer demands. Important recent examples from RB's US R&D include the development of biodegradable baby wipes, and the development of new fragrances for products ranging from hand and body wash to air fresheners.

5.3.2 Process development

R&D also plays a critical role in designing and optimizing RB's production processes. The lab prototype to scale-up production process is critical, not only to ensure successful trial to product launch production but also subsequent improvements. This enables RB supply chains to operate efficiently. RB's Evansville Centre of Excellence R&D facility has a state-of-the-art pilot plant which can emulate the process conditions and specifications of most of RB's world-wide Infant Nutrition manufacturing facilities on a representative pilot scale.

5.3.3 Supporting marketed products

R&D also supports existing RB products in the marketplace, reducing risk in Business Continuity, supporting retail customers in the US, and ensuring continued supply.

A critical R&D role here is to identify and test any new sources of raw materials used in production, to ensure quality and regulatory compliance. This function has been particularly crucial during the coronavirus pandemic, with its associated disruptions in existing supply chains and shifting consumer demands.

CASE STUDY

RB'S PARTNERSHIP WITH ECOHEALTH ALLIANCE

EcoHealth Alliance is a nonprofit organization dedicated to protecting humans, animals, and the environment from emerging diseases. It works in more than 30 countries worldwide, developing innovations in research, training, capacity building, and policy initiatives. A key aspect of its work is designing tools and interventions to prevent pandemics (like COVID-19), while also promoting conservation across the world.

Reckitt Benckiser partnered with EcoHealth Alliance a year and a half ago after hearing about the nonprofit's involvement in the Global Virome Project—a collaborative scientific initiative aimed at discovering viruses that could become future pandemics. RB's funding for the Alliance is general in scope—not restricted to carrying out particular projects and achieving specific goals, like most federal funding.

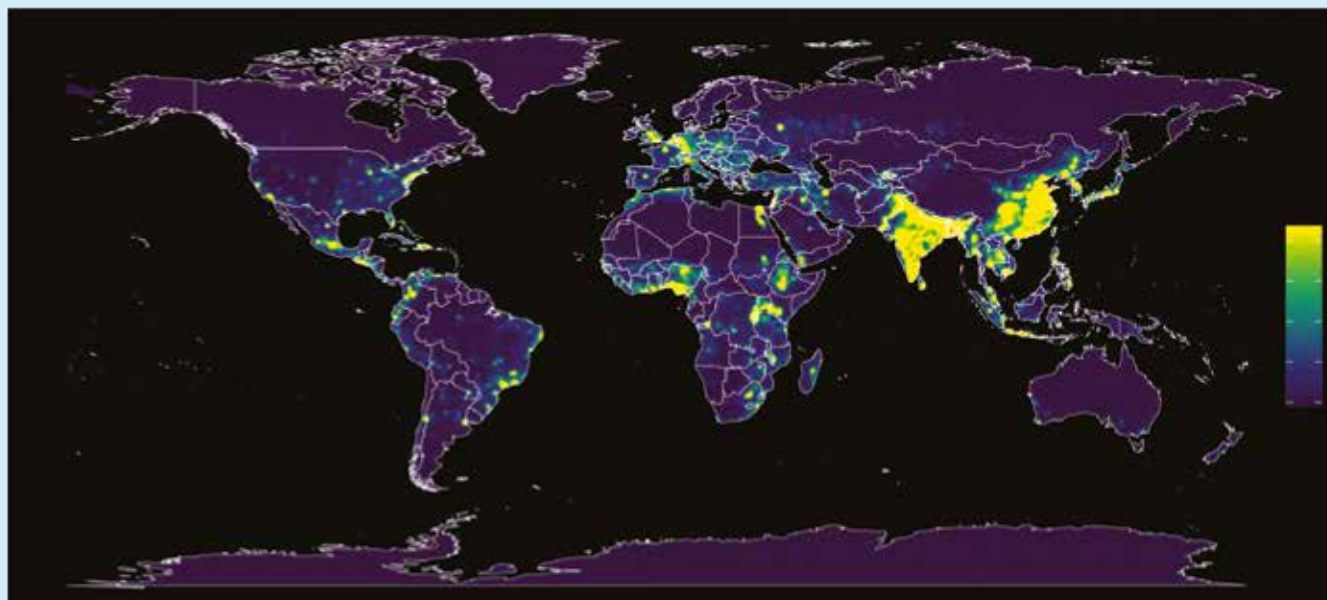
This support enables EcoHealth Alliance to send out field teams in search of 'risk behaviors' where humans interact with wild animals (such as people harvesting birds nests and bat guano from the bat caves in Malaysia and using bat faeces in Chinese medicine) and novel viruses in hitherto unstudied countries or regions. Such

'blue sky' investigations would not be possible without the support provided by corporate partners such as RB.

EcoHealth Alliance's Emerging Disease Hotspots program, for example, aims to predict where future pandemics are most likely to emerge, with China, South East Asia, India, South Asia, Bangladesh, West and Central Africa among the regional hotspots identified (see Fig. 21). Since these locations are where the highest levels of risk behaviour are occurring, they could also potentially see the biggest impacts from greater use of disinfectant products.

EcoHealth Alliance scientists regularly exchange information with RB's R&D team regarding the latest scientific knowledge on emerging diseases—whether based on on-the-ground reports or cutting-edge academic literature. In the future, such information on low-probability, high-impact disease events may help RB better manage its response to emerging disease threats—both by understanding where in the world demand will emerge, and by getting advance warning to boost production and transport its sanitizers and disinfectant products.

Fig. 21. Emerging disease hotspots



6. CONCLUSION

This report set out to quantify the economic impact of Reckitt Benckiser's operations throughout the United States. In total, our modelling finds that in 2019 alone, this economic activity supported a \$3.8 billion contribution to US GDP and some 25,200 US jobs.

These impacts are spread right across the US. RB's US operations purchase goods and services from suppliers in more than 40 states, and support economic activity and jobs in all 50 states—with the largest impacts being felt in Georgia, New Jersey, Illinois, Indiana, and Utah.

In addition to these impacts, RB's customers also derive significant benefits from its products. On average, RB sells around 2 million individual products each day in the US alone, with its over-the-counter (OTC) medication generating sales worth approximately \$659 million. Based on previous research which found that every dollar spent on OTC medicines saves people \$4.9 in clinician visits, we estimate the sale of RB's OTC medications alone represents a total net saving of \$2.6 billion per year.

RB undertakes a large amount of research and development at its three Centres of Excellence in the US. This boosts the productive potential of the US economy, both directly and through 'spillover impacts' on other firms besides RB. In 2019, RB spent more than \$100 million on R&D in the US, with 322 (8%) of its US employees

working in R&D functions—both developing new, and improving existing, RB products. This R&D work resulted in the launch of 54 new products in 2019, of which 33 were introduced in the US and 21 abroad. Furthermore, RB's R&D scientists and other professionals work on tasks such as optimizing production line efficiency, and ensuring the continuity of operations by testing alternative sources of raw materials used in the production process.

RB also makes significant contributions to wider society in the US, touching on all elements of its business. These include:

- A partnership with TerraCycle to encourage the recycling and reuse of product packaging.
- The Better Starts for All program, designed to improve maternal health in two pilot schemes in Washington, DC and rural Ohio.
- Lysol's HERE for Healthy Schools initiative, intended to teach school children the importance of healthy habits and to help prevent the spread of infectious disease such as cold and flu.
- A partnership with the UNCF to provide 100 scholarships to students in public health and related fields.
- A partnership with the USDA's Women, Infants, and Children (WIC) nutrition program to provide Enfamil infant formula to families in need.

ABOUT OXFORD ECONOMICS

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JULY 2020

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